

Consonance Capital Partners



Part 2A of Form ADV Brochure for:

Consonance Capital Partners, LP

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This Brochure provides information about the qualifications and business practices of Consonance Capital Partners, LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Mary Sobon at (212) 660-8060 or by e-mail at msobon@consonancecapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority, and references in this Brochure to the Adviser as a “registered investment adviser” are not intended to imply a certain level of skill or training. Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Consonance Capital Partners, LP routinely makes changes throughout its Brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Since the last annual amendment update to its Brochure, dated March 31, 2023, Consonance Capital Partners, LP has not made any other material changes to its Brochure. However, this annual update includes routine annual updating changes, certain enhanced disclosures, and updated regulatory assets under management.

Except as otherwise specified, all information set forth or referenced in this Brochure is as of the date hereof. Subject to the requirements of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and other applicable laws, Consonance Capital Partners, LP is under no obligation to update any such information.

We encourage all recipients to read this Brochure carefully in its entirety.

Item 3 – Table of Contents

ITEM 1 – COVER PAGE.....	1
ITEM 2 – MATERIAL CHANGES	2
ITEM 3 – TABLE OF CONTENTS	3
ITEM 4 – ADVISORY BUSINESS	4
ITEM 5 – FEES AND COMPENSATION	6
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ...	9
ITEM 7 – TYPES OF CLIENTS	10
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	10
ITEM 9 – DISCIPLINARY INFORMATION	32
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS ..	32
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	33
ITEM 12 – BROKERAGE PRACTICES.....	41
ITEM 13 – REVIEW OF ACCOUNTS.....	41
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	41
ITEM 15 – CUSTODY	42
ITEM 16 – INVESTMENT DISCRETION	42
ITEM 17 – VOTING CLIENT SECURITIES.....	42
ITEM 18 – FINANCIAL INFORMATION	42

Item 4 – Advisory Business

Consonance Capital Partners, LP, a Delaware limited partnership (the “Adviser”), was formed in 2012 as a limited liability company. In December 2014, the Adviser changed its form of organization from a limited liability company to a limited partnership.

The Adviser provides discretionary investment advisory services solely to pooled investment vehicles and co-investment vehicles organized as private investment funds (collectively, the “Funds”). The Funds are private investment funds organized principally to invest in healthcare businesses. References to the Adviser herein should be read to include affiliates of the Adviser, as applicable.

The Funds are:

- Consonance Private Equity, L.P., a Delaware limited partnership (the “Main Fund I”);
- Consonance Private Equity PV, L.P., a Delaware limited partnership (the “PV Fund I”);
- Consonance Private Equity AF, L.P., a Delaware limited partnership (the “Friends and Family Feeder Fund I”);
- Consonance Private Equity II, L.P., a Delaware limited partnership (the “Main Fund II”);
- Consonance Private Equity PV, II, L.P., a Delaware limited partnership (the “PV Fund II”);
- Consonance Private Equity AF II, L.P., a Delaware limited partnership (the “Friends and Family Feeder Fund II”);
- Consonance Bako Co-Invest Partners, L.P., a Delaware limited partnership (the “Bako co-invest”);
- Consonance II Priority Ambulance Co-Invest Partners, L.P., a Delaware limited partnership (the “Priority co-invest”);
- Consonance II Embark Co-Invest Partners, L.P., a Delaware limited partnership (the “Embark co-invest”);
- Consonance II Embark Co-Invest PV, L.P., a Delaware limited partnership (the “Embark PV co-invest”);
- Oliver OPS Blocker LLC, a Delaware limited liability company (the “OPS Blocker”); and
- Oliver OPS Blocker PV, LLC, a Delaware limited liability company (the “OPS Blocker PV”)

Main Fund I, PV Fund I and Friends and Family Feeder Fund I are referred to collectively herein as “Fund I”. Main Fund II, PV Fund II and Friends and Family Feeder Fund II are referred to collectively herein as “Fund II”. Main Fund I and Main Fund II are referred to collectively herein as the “Main Funds,” PV Fund I and PV Fund II are referred to collectively herein as the “PV Funds” and Friends and Family Feeder Fund I and Friends and Family Feeder Fund I are referred to collectively herein as the “Friends and Family Feeder Funds”. Bako co-invest, Priority co-invest, Embark co-invest and Embark PV co-invest are referred to collectively herein as the “co-invest vehicles”. OPS Blocker and OPS Blocker PV are referred to collectively herein as the “OPS vehicles”.

Consonance Private Equity GP, L.P., a Delaware limited partnership (the “Lower GP I”), serves as the general partner of Fund I. Consonance Private Equity GP II, L.P., a Delaware limited partnership (the “Lower GP II”), serves as the general partner of Fund II. It should also be noted that Consonance GP Capital Feeder, L.P., a Delaware limited partnership (the “GP Capital Vehicle”), and Consonance GP Carry Feeder, L.P., a Delaware limited partnership (the “GP Carry Vehicle”), are limited partners of the Lower GP I and the Lower GP II. Certain affiliates of the Adviser are limited partners or members of the GP Capital Vehicle and the GP Carry Vehicle. Consonance Private Equity GP, LLC, a Delaware limited liability company (the “Upper GP”), serves as the general partner for the Lower GP I, the Lower GP II, the GP Capital Vehicle and the GP Carry Vehicle.

Consonance Bako Holdings GP, LLC, a Delaware limited liability company (“Bako GP”), serves as the general partner of the Bako co-invest. Consonance II Priority Ambulance Holdings GP, LLC, a Delaware limited liability company (“Priority GP”), serves as the general partner of the Priority co-invest. The Lower GP II serves as the general partner of the Embark co-invest and Embark PV co-invest.

The Adviser is the investment adviser to the Funds, each a private investment fund that invests in private equity investments in lower to middle market companies in high growth sectors of the healthcare industry (the “Investments”). The Adviser will advise the Funds as to their investment strategy. This strategy typically includes companies in the lower to middle market of the healthcare industry with revenues between \$20 and \$150 million with respect to Fund I, and revenues between \$25 and \$500 million with respect to Fund II.

The Funds’ investment objectives and/or parameters are set forth in more detail in the Funds’ governing documents (the “Fund Documents”) provided to each investor.

The investment management services rendered to the Funds primarily consists of sourcing, structuring, and negotiating investments and dispositions, monitoring the performance of Investments, and performing certain administrative services. Generally, the Adviser does not tailor its advisory services to the individual needs of investors, and investors may not impose restrictions on investing in certain securities or types of investments. As applicable, the Fund Documents set forth the Funds’ investment strategy, including guidelines regarding the types of securities or other assets the Fund will invest in and portfolio limits (if any). However, from time to time, the general partner of a Fund enters into side letters or other similar agreements with one or more investors that provide such investors with terms additional to or different from those set forth in the Fund Documents.

Mitchell J. Blutt, MD, Benjamin B. Edmands, Stephen V. McKenna and Nancy-Ann DeParle are the founding members (“Founders”) of the firm and serve on the investment committee of Fund I. The Founders as well as Javier Starkand and Sean Breen serve on the investment committee of Fund II. Consonance Capital Partners GP, LLC is the general partner of the Adviser. Mitchell J. Blutt, MD, Benjamin B. Edmands, Stephen V. McKenna and Nancy-Ann DeParle are the principal owners of Consonance Capital Partners GP, LLC.

The Adviser does not participate in wrap fee programs.

As of December 31, 2023, the Adviser managed approximately \$2.24 billion of the Funds’ assets on a discretionary basis. The Adviser does not currently manage any Fund assets on a non-discretionary basis.

The information provided herein about the investment advisory services provided by the Adviser is qualified in its entirety by reference to the Fund Documents of the Funds.

Item 5 – Fees and Compensation

Management Fees

The Adviser receives a management fee from the Main Funds and the PV Funds in an amount equal to 2% per annum (the “Management Fee”), which is paid quarterly in advance. The Management Fee is based on the aggregate commitments of investors or the adjusted cost of all unrealized investments, as applicable, taking into account permanent write-downs and write-offs of such investments, as described in the applicable Fund Documents. The co-invest vehicles, the Friends and Family Feeder Funds and the OPS vehicles do not pay a management fee.

Management Fees and advisory fees applicable to investors are paid quarterly in advance and are deducted from investors’ capital contributions. Investors are not permitted to withdraw from the Funds, and may not sell or transfer any of their interest in the Funds without the prior written consent of the Adviser or its affiliates. As such, the ability to refund a fee is not relevant to investors.

Expenses

The Funds, subject to the relevant Fund Documents, generally will pay all expenses relating to the operation, winding up and liquidation of the Funds and proposed or actual investments (whether or not consummated), including, but not limited to, expenses of counsel, consultants or advisers (but excluding Operating Council members and members of the Senior Advisory Board (“OC/SAB members”) acting in their capacity as OC/SAB members), accountants, and custodians, travel (including first class travel), and related expenses incurred in connection with transactions (whether or not consummated), portfolio monitoring expenses, any insurance (including, but not limited to, D&O, E&O, and cybersecurity), indemnification or litigation expenses, any principal, interest, fees (including, without limitation, commitment, arrangement, set-up, administration, placement and other similar fees) and any other obligations or expenses of any lender or other financing source or otherwise arising out of any indebtedness incurred by the Funds, and any taxes, fees or other governmental charges levied against the Funds. See Item 12 for a description of the Adviser’s brokerage practices.

The Funds will also bear the offering and organizational expenses incurred in the formation of the Funds (including, but not limited to, legal and accounting expenses, and travel expenses (including first class travel)) up to \$1.5 million for Fund I, and up to \$2 million for Fund II. Offering and organizational expenses in excess of these amounts, together with any placement agent fees, will be borne by the Funds subject to a 100% offset against the Management Fee (if any).

The co-invest vehicles pay all of their expenses related to their operations, such as audit fees and tax expenses. The co-invest vehicles only invest in a single portfolio company, at the same time as the relevant Fund, and therefore do not pay any broken deal expenses and/or other expenses such as subscription credit facility fees and expenses, which are generally allocated entirely to the applicable Fund that is the borrower under such facility.

The Adviser (or its affiliate) is entitled to receive topping, break-up, monitoring, directors’, organizational, set-up, advisory, investment banking, underwriting, syndication, and other similar fees in connection with the purchase, monitoring, or disposition of investments or from unconsummated transactions, including warrants, options, derivatives and other rights, in each case valued as of the grant date. These fees will first be applied to reimburse the Adviser or its affiliate for their unreimbursed out-of-pocket expenses in connection with the transaction giving rise to such fees and 100% of the Funds’ pro-rata share of the balance, if any, net of any unrecouped fees and expenses for transactions not consummated and other Fund

expenses that the Adviser or its affiliates have elected to pay, will be applied to reduce the subsequent installments of the Management Fee.

In certain limited circumstances, monitoring fee arrangements with portfolio companies have in the past and may in the future include provisions that permit acceleration of monitoring fees upon certain events, such as the initial public offering or strategic sale of a portfolio company. These acceleration provisions typically require a termination payment by the portfolio company, which often reflects the net present value at the time of the termination of the fees that would have been payable for the remaining term of the agreement. Because the monitoring agreements with portfolio companies often have prolonged terms, the effects of such acceleration is often substantial.

Any Funds that do not pay a Management Fee, such as the co-invest vehicles, the Friends and Family Feeder Funds and the OPS vehicles, will not receive the benefit of any offset.

The Adviser and its affiliates from time to time will incur fees, costs and expenses on behalf of more than one Fund, portfolio company and/or the Adviser. In that event, expenses are allocated in the Adviser's good faith discretion with a view to being fair and reasonable and having regard to all relevant and available information, including the extent to which the relevant entity(ies) or group(s) required or benefitted from the goods or services giving rise to the expense and whether all or a portion of a multiple-purpose expense should be viewed as overhead and absorbed by the Adviser.

The Adviser and/or its personnel can be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Funds that will not be subject to the Management Fee offset or otherwise shared with Fund investors and/or portfolio companies. For example, airline travel or hotel stays incurred in connection with Fund business will often result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to the Adviser and/or its personnel even though the cost of the underlying service is borne by the Funds or their portfolio companies.

The Adviser has entered and may from time to time in the future enter into arrangements with service providers that provide for fee discounts for services rendered to the Funds and the Adviser or its affiliates. In some cases discounts will be based on volume and so certain Funds or portfolio companies could receive a greater discount than others depending on the timing of their transactions (e.g., if a transaction occurs early in a year it may not receive the same discount as a transaction that occurs later in the year).

The Adviser may, from time to time, engage third-party consultants in connection with the Funds' investment processes. This could include individuals who are not employees or affiliates of the Adviser but consultants who work with the Adviser on an exclusive or partly-exclusive basis. Such individuals or other consultants will likely also provide services directly to a portfolio company of a Fund. Fees paid and expenses reimbursed with respect to such persons will in certain cases be allocated to or borne by the Adviser, or one or more Funds and/or one or more portfolio companies depending on the particular services provided by the consultant and the terms of any agreement that could exist between the consultant and a portfolio company. None of the Funds, the general partners of the Funds, the Adviser or any of their respective affiliates or related persons is entitled to all or any portion of the compensation payable to such persons (including, without limitation, any fees or any payments in respect of expense reimbursements), and such amounts will not offset or reduce the Adviser's Management Fees.

In addition, in certain instances, a Fund has borne and may in the future bear expenses in respect of an existing or prospective portfolio company that was not or will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment funds), where the Adviser has determined such arrangement to be in the best interest of such Fund (e.g., a Fund engages or pays for a consultant for

services in respect of a portfolio company without reimbursement by other owners of the portfolio company).

The expenses described above are detailed, but do not include every possible expense a Fund will incur. In addition, the discussion herein generally summarizes the Management Fees, carried interest, fund expenses and other fee provisions applicable to the Funds; however, fees and expenses are negotiated on a vehicle-by-vehicle basis. Accordingly, investors should review the applicable Fund Documents for further details.

Performance-Based Fee payable upon Distribution/Realization of Proceeds:

Subject to a clawback, net proceeds from the sale of a portfolio investment and other amounts, including dividends or other proceeds, for each portfolio investment will, in the first instance, be apportioned among investors pro rata in proportion to their percentage interests in such portfolio investment. Thereafter, the amount apportioned to the affiliate of the Adviser will be distributed and the amount apportioned to investors will generally be distributed in the following amounts and order of priority:

Fund I

1. 100% to each investor until the investor has received cumulative distributions equal to:
 - a. the capital contributions by the investor that were used to acquire the investment plus the investor's proportionate share of any permanent write-downs or write-offs of unrealized investments; and
 - b. the investor's capital contributions for all organizational and Fund-related expenses, including the Management Fee (net of any fees previously applied against such capital contributions in respect of the Management Fee);
2. 100% to all investors until cumulative distributions are sufficient to provide an 8% cumulative annual return on the investors' capital contributions;
3. 100% to the affiliate of the Adviser until the cumulative amount distributed equals 20% of the sum of the cumulative amounts distributed to investors under paragraph (2) above and to the affiliate of the Adviser as described in this paragraph (3); and
4. 80% to all investors, and 20% to the affiliate of the Adviser.

Fund II

1. 100% to each investor until the investor has received cumulative distributions equal to:
 - a. the capital contributions by the investor that were used to acquire the investment plus the investor's proportionate share of any permanent write-downs or write-offs of unrealized investments; and
 - b. the investor's capital contributions for all organizational and Fund-related expenses, including the Management Fee (net of any fees previously applied against such capital contributions in respect of the Management Fee);
2. 100% to all investors until cumulative distributions are sufficient to provide an 8% cumulative annual return on the investors' capital contributions;
3. 100% to the affiliate of the Adviser until the cumulative amount distributed equals 25% of the sum of the cumulative amounts distributed to investors under paragraph (2) above and to the affiliate of the Adviser as described in this paragraph (3); and

4. 75% to all investors, and 25% to the affiliate of the Adviser.

The Adviser has and may in the future enter into side letters or other similar agreements with certain Fund investors that have the effect of establishing rights under, supplementing or altering the terms of a Fund's partnership agreement or an investor's subscription agreement. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, investment limitations, information rights, co-investment rights or transfer rights. For the most part, any rights established, or any terms altered or supplemented will govern only the investment of the specific investor and not the terms of the Fund as a whole. Other side letter rights are likely to confer benefits on the relevant investor at the expense of the relevant Fund or of investors as a whole, including in the event that a side letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

It is important that investors refer to the applicable Fund Documents for a complete understanding of how the affiliate of the Adviser is compensated for services. This is particularly true with respect to performance-based compensation. The information contained herein is a summary only and is qualified in its entirety by such documents.

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

As described in Item 5, an affiliate of the Adviser (including through an investment in a general partner of the Fund) is eligible to receive performance-based compensation from investors upon the distribution of investment proceeds.

The Adviser recognizes that the Funds have different terms in respect of fees and performance allocations and that, accordingly, actual or perceived conflicts of interest could arise in allocating opportunities to, between or among the Funds. As a fiduciary, the Adviser has a duty to allocate investment opportunities among the Funds in a fair and equitable manner. If the Adviser determines that it would be appropriate for more than one Fund to participate in an investment opportunity, the Adviser will seek to allocate the investment opportunity to all of the participating Funds on a fair and equitable basis. Generally, investment opportunities will be allocated pro rata based upon each participating Fund's assets under management; provided, however, that the Adviser, in its sole discretion, can make allocations based upon other considerations, in accordance with the Fund Documents and the Adviser's investment allocation policies and procedures.

It should be noted that the possibility of an affiliate of the Adviser's receipt of performance-based compensation creates a potential conflict of interest in that it could create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based fee. Investors are provided with clear disclosure in applicable Fund Documents as to how the performance-based compensation is charged. In addition, the method of calculating performance-based compensation presents certain conflicts of interest between the applicable general partner and a Fund with respect to the management, valuation and disposition of investments, as well as the determination of the timing, method, and amount of distributions by a Fund, and the use of Fund-level credit facilities.

The Adviser has full discretion in determining to whom and in what relative amounts to allocate co-investment opportunities, whether through an entity it or one of its affiliates controls or directly into a portfolio company. In addition to allocating co-investment opportunities on a case-by-case basis as they arise as described above, the Adviser could determine to provide priority rights with respect to future co-investment opportunities generally to certain Fund investors (but not to others, including similarly situated Fund investors) or other persons, pursuant to commitments, arrangements or agreements between the

Adviser and Fund investors or other persons or through the formation of one or more funds or other vehicles in which such investors or other persons would invest.

Additionally, the co-invest vehicles and OPS vehicles do not pay a performance fee. We do not believe that this arrangement creates a conflict of interest for the Adviser because the co-invest vehicles invest only in portfolio companies alongside the Funds and OPS vehicles are intermediate entities through which the Funds invest in portfolio companies.

Item 7 – Types of Clients

The Adviser provides investment advisory services to the Funds, which are pooled investment vehicles and co-investment vehicles organized and operating as private investment funds.

The Funds will offer interests only to certain qualified investors who meet qualification requirements under applicable securities laws and other laws. Admission to the Funds is not open to the general public.

The minimum capital commitment of an investor in each Fund (excluding the co-investment vehicles) is \$5,000,000, although lesser commitment amounts have been and may in the future be accepted in the discretion of the Adviser (or its affiliate).

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

As described in Item 4, above, the Adviser provides advisory services to private investment funds that invest in healthcare business models that add sustainable value to the healthcare system by facilitating the delivery of higher quality care at a lower cost.

Investment Strategy

The Adviser focuses on private equity investments in lower to middle market companies in the healthcare industry. Transactions include growth equity investments, leveraged buyouts and build-ups. The Adviser invests in companies with proven business models and attempts to generate returns by developing and shaping those companies into strategically valuable assets. The Adviser's goal is to capitalize effectively on the underserved and undermanaged lower to middle market of healthcare.

The Adviser typically targets companies in the healthcare market with revenue of between \$20 million and \$150 million with respect to Fund I, and revenue between \$25 and \$500 million with respect to Fund II, which represent the majority of U.S. healthcare companies with over \$10 million in revenue due to the industry's high level of fragmentation. The Adviser sees the lower to middle market as providing a compelling opportunity to generate attractive returns.

This strategy involves risk of loss to investors and investors must be prepared to bear those risks.

Investment Process

The Adviser has a proactive, targeted investment approach to sourcing deals in subsectors of the healthcare industry that it believes have outsized growth opportunities. This process emphasizes macro "investable theme" identification and the application of these themes across the hundreds of subsectors that are actively tracked. The Adviser is focused on target identification in high priority subsectors, which is followed by an active calling effort on specific companies.

To enhance the Adviser's sourcing, evaluation, and portfolio management capabilities, the Adviser has established an Operating Council, which is comprised of healthcare operating executives with extensive managerial experience within the healthcare industry. Operating Council members are highly involved in macro theme discussions, idea generation, sector research, target identification, and diligence. Once an investment is made, the Operating Council members are important contributors in the development of strategic goals and the prioritization and implementation of key initiatives that drive value. Adding to the breadth and depth of the team, the Adviser has also established a Senior Advisory Board of recognized healthcare leaders and senior business professionals. These advisors offer strategic and operational expertise and, due to their significant individual reputations and networks, provide value through sourcing, diligence, and portfolio oversight. In certain cases, OC/SAB members could serve as consultants, advisers or board members of a portfolio company. Fees paid to OC/SAB members for such services by a Fund or its portfolio companies do not reduce the applicable Management Fee (or other compensation) payable by such Fund.

Market and Investment Risks

General Risk

Investing in portfolio companies involves a high degree of business and financial risk that can result in substantial losses. In order for the Adviser to succeed, it must be able to identify potentially successful business enterprises, a process that is difficult even for those with extensive experience investing in such enterprises. Portfolio companies in certain cases will operate at a loss or with substantial variations in operating results from period to period, and could require substantial additional capital to support expansion or to achieve or maintain a competitive position. Investment in the Funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an investor's capital contributions. Prospective investors should not subscribe for Interests unless they can bear such a loss. There can be no assurance that the Adviser's investment objectives will be achieved, and investment results could vary materially from one reporting period to the next. In addition, there will be occasions when the Adviser and its affiliates encounter potential conflicts of interest in connection with the Funds. Consequently, an investment in the Funds is suitable only for sophisticated investors capable of making an informed independent decision as to the risks involved in an investment in the Funds. Additionally, the risks discussed here are generally applicable to the co-invest vehicles except that the co-invest vehicles do not have the benefits of any diversification of the portfolio. Any investor interested in an investment in a Fund should conduct its own investigation and analysis of the product and consult its own professional advisers as to the risks involved in making such an investment.

Long-Term Nature of Investment; Illiquidity

An investment in the Funds requires a long-term commitment, with no certainty of return. Generally, investments will be illiquid, and there can be no assurance that the Funds will be able to realize on such investments in a timely manner or at all. Consequently, dispositions of such investments could require a lengthy time period or result in distributions in kind to the investors. In addition, there could be little or no near-term cash flow available to investors. The Adviser typically will acquire securities for the Funds that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "1933 Act"), or in a private placement or other transaction exempt from registration under the 1933 Act and that complies with any applicable non-U.S. securities laws. In addition, in some cases, the Adviser could be prohibited or limited by contract from selling certain investments for a period of time, and, as a result, would not be permitted to sell an investment at a time it might otherwise desire to do so.

Additionally, the realizable value of a highly illiquid investment could be less than its intrinsic value. It is generally not expected that partial or complete dispositions of investments will result in a return of capital

or the realization of gains (if at all) for a number of years after an investment is made. A variety of factors (including economic conditions, asset conditions, political and regulatory considerations and public opinion) could affect the ability of the Adviser to buy or sell investments on favorable terms.

No Market for Limited Partnership

The investment program of each Fund is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates could undergo substantial changes, some of which could be adverse. Investment sourcing, selection, management and liquidation strategies and procedures exercised by the Adviser may not be successful, or even practicable, throughout a Fund's term.

Interests; Restrictions on Transfers

An investment in the Funds is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment and who understand that they have the potential to lose all or a significant portion of their invested capital. Investors must be willing to bear the economic risk of an investment in the Funds for an indefinite period of time. The interests in the Funds have not been, nor will they be, registered under the 1933 Act, the securities laws of any state of the U.S. or the securities laws of any other jurisdiction; and, therefore, cannot be resold unless they are subsequently registered under the 1933 Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the interests in the Funds under the 1933 Act or other securities laws will ever be effected. There is no public or private market for the interests and none is expected to develop. Interests are not transferable and may not be encumbered except with the prior written consent of the Adviser or its affiliates, and subject to various other limitations. Any credit facility of the Funds, which could be secured by a pledge of unpaid capital commitments, could impose additional restrictions on the transferability of interests in the Fund. Withdrawals from the Funds will generally not be permitted. Consequently, investors will not be able to liquidate their investments prior to the end of the Funds' terms.

No Assurance of Investment Return

An investment in the Funds involves a significant degree of risk. The Adviser cannot provide assurance that it will be able to choose, make, and realize investments in any particular Fund investment. There can be no assurance that the Funds will be able to generate returns for investors or that the returns will be commensurate with the risks of investing in the type of assets and transactions described herein. Past or current investment activities of the Founders, and any entities with which they were associated, provide no assurance of any Fund's future results. There can be no assurance that any investor will receive any distribution from the Funds. In addition, the Funds will bear the expenses of transactions that are not consummated. While such expenses could be reimbursed by offsetting certain amounts payable to the Adviser, there can be no assurance that sufficient offsetting fees will be generated to reimburse all such expenses. Furthermore, the Adviser could enter into agreements to consummate transactions which involve payments, such as reverse break-up fees, by the Funds in certain circumstances if the Funds do not consummate the transaction. As a result, the Funds could incur a substantial cost with no opportunity for a return. Even if the investments of the Funds are consummated and successful, they may not produce a realized return to the investors for a number of years. Accordingly, an investment in the Funds should only be considered by persons who do not require current income and can afford a loss of their entire investment capital. There is no assurance that any benefits or advantages to investors suggested or implied will be available or accomplished. There can be no assurance that projected or targeted returns for the Funds will be achieved.

Relationships with Affiliates and Related Conflicts of Interest

For a discussion of risks that might arise from conflicts of interest involving affiliates, please see Item 10 below.

Reliance on Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such portfolio company's management team. The Adviser intends to seek management rights, including board representation or other rights, where appropriate. However, there is no assurance that these rights, if sought, will be obtained. Furthermore, even in cases where the Adviser is represented on management boards or have other management rights, the Adviser does not expect to have an active role in the day-to-day operations of its investments. The success or failure of many of the portfolio companies will depend to a significant extent on the financial and management talents and efforts of specific employees of such portfolio companies, whose death, disability or resignation could adversely affect the performance of the portfolio company. No assurance can be given that a portfolio company's management team will be able to operate the portfolio company successfully and there likely will be legal, contractual or practical limits on the Adviser's or a portfolio company's ability to affect changes in management on a timely basis and on the ultimate outcome of any such change. In addition, the Adviser could co-invest with non-affiliated co-investors whose ability to influence the day-to-day management and affairs of the portfolio companies' investments could be significant and even greater than that of the Adviser.

Risks of Investing in the Healthcare Sector

The Adviser expects to make investments in the healthcare industry which is subject to regulatory controls by national, local and in some instances international governmental authorities. The nature and scope of healthcare regulations generally are subject to political forces and market considerations. New laws, regulations and judicial decisions, or new interpretations of existing laws, regulations and decisions, that relate to healthcare availability, methods of delivery or payment for products and services, or sales, marketing or pricing, could have a material negative impact on the performance of portfolio companies that operate in this industry. The Adviser cannot predict whether new legislation or regulations governing the healthcare industry will be enacted by legislative bodies or governmental agencies, or what effect such legislation or regulations might have. In addition, obtaining any necessary regulatory approval likely will be a lengthy and expensive process with an uncertain outcome. The Funds and existing or prospective portfolio companies likely will be unable to obtain necessary regulatory approvals on a timely basis, if at all, and the failure to obtain approval could have an adverse effect on the success of the portfolio companies.

In the United States, healthcare providers often rely on governmental and other third-party payers, such as federal Medicare, state Medicaid and private health insurance plans, to pay for all or a portion of the cost of the products and services they provide. Their ability to obtain appropriate coverage and reimbursement for their products and services from governmental and other third-party payers is critical to their success. Cost-containment incentives continue to result in increased discounts and contractual adjustments to charges for products and services in the healthcare industry. Future legislative or administrative changes to insurance coverage requirements and to the payment system in the United States could significantly reduce the amount of reimbursement available for the products and services provided by portfolio companies from governmental and other third-party payers or result in a denial of coverage entirely. There can be no assurance that a company's proposed services will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment. There can be no guarantee that government's role in the healthcare industry will not adversely impact the performance of the Funds.

Further, companies in the healthcare industry are often subject to significant risks related to litigation and liability for damages in connection with their operations, or products and services offered. The litigation and liability environment in the healthcare industry is constantly evolving, and new judicial decisions and legislative activity will likely increase exposure to any of these types of claims. Even if liability insurance is maintained by a portfolio company, it may not be adequate to cover potential liabilities, including as a result of warranty and product liability claims.

Changes to Healthcare Regulation in the United States

In the United States, there have been a number of legislative and regulatory proposals affecting the healthcare system that could affect the ability of portfolio companies to sell their products or services profitably. The Adviser cannot predict whether legislative or regulatory changes will be adopted, or how such changes would affect the healthcare industry generally.

Liability for Return of Distributions

An investor's capital commitment is susceptible to risk of loss as a result of any liability of the Funds irrespective of whether such liability is attributable to an investment to which such investor contributed any capital. An investor could be required to return distributions made to such investor under various circumstances, including to meet Fund obligations. In certain circumstances, applicable law could require that an investor return previously received distributions with interest. In addition, an investor could be liable under applicable federal and state bankruptcy or insolvency laws to return a distribution made during the Fund's insolvency. Such obligations will survive the dissolution of the Funds.

Failure to Make Capital Contributions

The interests of a Fund in certain cases will be materially and adversely affected by the failure of an investor to meet its contribution or other payment obligations to the Fund (whether arising through an investor's default, its excuse or exclusion from one or more investments, or a permitted withdrawal or removal from the Fund). If an investor fails to make any contribution or payment to a Fund for any reason, the other investors could be required to fund the shortfall, with the consequence that the non-defaulting investors could have greater exposure to the Fund's investments or liabilities than they otherwise would. An investor's failure to make any contribution or payment to a Fund for any reason could also cause the Fund to be unable to meet the Fund's obligations when due, which could materially and adversely impair the Fund's ability to execute on its investment strategy or to otherwise continue operations. In such event, the relevant Fund could be subjected to significant liabilities or penalties that could materially reduce the returns to the participating investors (including non-defaulting investors). A substantial default by (or discontinued participation of) one or more investors would leave a Fund with less available capital commitments and would limit opportunities for investment diversification and likely reduce returns to the Fund.

Recall and Reinvestment; Reserves

Under certain circumstances, proceeds distributable (or previously distributed) to the investors in a Fund that constitute a return of capital contributions could be retained and reinvested (or recalled for reinvestment) by the Fund or used (or recalled for use) by the Fund for any other proper purpose. Subject to the Fund Documents, amounts available for recall will be restored to the investors' respective unfunded commitments. Accordingly, an investor could be required to fund for investments or expenses during the term of a Fund in an aggregate amount that significantly exceeds its commitment, and to the extent such recalled or retained amounts are reinvested by a Fund, an investor will remain subject to investment and other risks associated with such investments. As a general matter, recycling and reinvestment will have the

effect of amplifying a Fund's returns, either negative or positive, depending on the performance of investments.

The Adviser expects to offset against distributions amounts necessary to satisfy and create reserves for partnership expenses, Management Fees, other liabilities of a Fund, as well as for future investments.

Recourse to the Funds' Assets

The Funds' assets, including any investments made by the Funds and any capital held by the Funds, are available to satisfy all liabilities and other obligations of the Funds. If the Funds become subject to a liability, parties seeking to have the liability satisfied could have recourse to the Funds' assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Co-Invest Opportunities

The applicable general partner may, in its sole discretion, make a portion of any investment opportunity available for co-investment with a Fund (a "Co-investment Opportunity"). In connection with any such Co-Investment Opportunity, the applicable general partner may, in its sole discretion, offer the opportunity to participate therein to limited partners and other persons. Such co-investments will be made at substantially the same time and on substantially the same terms as those on which a Fund invests, subject to applicable legal, tax, regulatory or other similar considerations. While no carried interest and/or management fees will be required to be paid by any co-investors that are limited partners in respect of any Co-Investment Opportunity, the applicable general partner and any of its affiliates may, in its sole discretion, charge a carried interest and/or a management fees in respect of any other co-investors, and the applicable general partner and any of its affiliates may, in its sole discretion, make an investment in any vehicle formed in connection with any Co-Investment Opportunity to the extent it is necessary or advisable for legal, tax or regulatory considerations. Such co-investment will generally be sold or otherwise disposed of concurrently with the sale or disposition by a Fund of a like proportion of a Fund's investment in the applicable portfolio company, and only on substantially the same terms and conditions as those of a Fund's sale or disposition of such investment, subject to applicable legal, tax, regulatory or other similar considerations. Although co-investors will generally bear an allocable portion of transaction-related expenses associated with the investment opportunity (other than certain broken-deal expenses), certain expenses associated with a given investment opportunity (*e.g.*, commitment fees, legal expenses and other costs related to borrowing to consummate the investment, interest charges incurred as a result of such borrowing, etc.) in certain circumstances may not be allocated to co-investors (including the portion of such expenses attributable to the portion of such investment acquired by the co-investors) and instead will be borne in full or in part by a Fund. While the applicable general partner may, in its sole discretion, offer Co-Investment Opportunities to limited partners, limited partners should not expect to be offered such Co-Investment Opportunities and should not make an investment in a Fund based on an expectation of potential future Co-Investment Opportunities.

A Fund may co-invest in one or more investments with certain strategic investors, lenders, limited partners (or affiliates thereof) and/or other third parties through joint ventures or other entities, which parties in certain cases may have different interests or superior rights to those of a Fund. A Fund may not have control rights over certain of its investments and, therefore, may have a limited ability to protect its position therein. In addition, a Fund's investments will be subject to typical risks in connection with third-party involvement, including the possibility that a third-party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take (or block) action in a manner contrary to a Fund's investment objectives. A Fund may also in certain circumstances be liable for the actions of its third-party partners or co-investors. Investments made with third parties in joint ventures or other entities may involve carried

interests or fees payable to such third-party partners or co-investors, thereby reducing the distributions to a Fund. In addition, such co-investments may or may not be on substantially the same terms and conditions as a Fund, and such different terms may be disadvantageous to a Fund or to any investor participating directly or indirectly therein.

Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is competitive and involves a high degree of uncertainty. The Adviser could be competing for investments with private equity funds, hedge funds, strategic investors, financial institutions, large and well-capitalized industrial groups, commercial, investment and merchant banks, or other investors, and certain of these competitors could have larger capital pools or superior access to investment opportunities. The availability of, and competition for, investment opportunities will depend on, among other things, financial, market, business and economic conditions. There can be no assurance that the Adviser will be able to locate, complete and exit investments that satisfy investment objectives or realize upon their values or that it will be able to invest fully the available capital or to diversify the investment portfolio. Additionally, competition for appropriate investment opportunities could increase, thus reducing the number of opportunities available and adversely affecting the terms upon which investments can be made.

Possible Future Activities

The Adviser and its affiliates from time to time could expand the range of services it provides over time, as well as the number and types of funds it sponsors. Except as provided herein and in a Fund's Documents, the Adviser and its affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether such conflicts are described herein.

To the extent a former employee of the Adviser becomes employed by a portfolio company, no compensation earned by such former employee from such portfolio company will offset the Management Fee notwithstanding that such former employee has a remaining interest in the relevant Fund's general partner of affiliated entity.

Limited Number of Investments; Lack of Diversity

The Funds are expected to participate in a limited number of investments and the Adviser and the Funds may not be able to identify or acquire an appropriate volume of investment opportunities and, as a consequence, the aggregate returns of a Fund could be materially and adversely affected by the unfavorable performance of even a single investment. On any given investment, loss of all or a portion of the investors' capital is possible. Investors have no assurance as to the degree of diversification in the investments. Because the investments can be concentrated within a single industry or sector, portfolio diversification will be less than would be possible if the Adviser were to invest in a broader range of industries or sectors. Such reduced diversification could increase the volatility of the returns, and could reduce the returns relative to diversified funds to the extent that such industries or sectors do not perform as well as other industries or sectors. Although the Adviser intends to diversify its investments among different assets, no assurances can be given that it will, in fact, so diversify its investments. The Adviser is also expected to make investments that are not diversified geographically.

Uncertain Exit Strategies

Due to the illiquid nature of the investments which each Fund expects to make, there can be no assurances as to what, if any, exit strategy will ultimately be available for any given investment position. Exit strategies

which appear to be viable when an investment is initiated could be precluded when the investment is deemed to be ready for realization due to economic, legal, political or other factors. The larger the transaction, the greater the risk to a Fund's total returns and success if there is uncertainty around the Fund's exit strategy. Further, the terms of any disposition or realization transaction will necessarily be affected by economic and other market conditions at the time. Similarly, a Fund generally will not be able to sell securities of a portfolio company publicly unless the issuer has gone public and such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases, a Fund will be prohibited or limited by contract from selling certain portfolio company securities for a period of time and, as a result, may not be permitted to sell a portfolio company investment at a time it might otherwise desire to do so.

Control Positions

The Adviser is deemed to have a control or management position with respect to one or more of the portfolio companies in which it has an investment. This in turn could expose the Funds to risk of liability for product defects, failure to supervise management, pension and other fringe benefits, violation of laws and governmental regulations (including securities laws), violation of fiduciary duties to minority owners and other types of liability, including, in the case of debt investments, lender liability. If these liabilities were to arise, the Funds might suffer a significant loss. The exercise of control over a portfolio company could expose the assets of the Funds to claims by such portfolio company, its security holders and its creditors.

U.S. Taxation of Carried Interest

U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which could be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that could be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its general partner, or the Adviser who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant general partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for the Adviser to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

Investment Platforms

A Fund, alone or co-investing alongside third parties, could create or acquire companies that serve as a platform for investment in a particular sector, geographic area or other niche (such arrangements, "Investment Platforms"). In the case of acquired Investment Platforms, a Fund likely will rely on the existing management, board of directors (or similar governing body) and other shareholders of such companies, which could include representation of other financial investors with whom the Fund is not affiliated and whose interests could conflict with the interests of the Fund. In other cases, a Fund could potentially recruit a management team to pursue a new Investment Platform expected to lead to the formation of a future Investment Platform. A Fund in certain circumstances will also form a new portfolio company and recruit a management team to build the Investment Platform through acquisitions and organic growth. The Fund or the Investment Platform, as applicable, will bear the expenses of such management team and their activities, including any overhead expenses (including salary, benefits and other employee compensation), diligence expenses or other related expenses in connection with backing the management

team or building out the Investment Platform. Such expenses could be borne directly by a Fund or indirectly as the Fund bears the start-up and ongoing expenses of the newly formed Investment Platform. There can be no assurance that such management team will lead to a successful Investment Platform or other portfolio company investments. In certain cases the services provided by such management team likely will overlap with the services provided by the Adviser to the Fund. The compensation of management of an Investment Platform could include interests in the profits of the Investment Platform, including profits realized in connection with the disposition of an asset.

Expedited Transactions

Investment analyses and decisions by the Adviser could be undertaken on an expedited basis in order for a Fund to take advantage of investment opportunities. In such cases, the information available to the relevant Fund at the time of an investment decision has the potential to be limited, and the Fund may not have access to the detailed information necessary for a full evaluation of the investment opportunity.

Risks Relating to Due Diligence and Conduct at Portfolio Companies; Fraud

Before a Fund makes an investment, the Adviser will conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to the investment. Due diligence likely will entail marketing studies, business plan development, evaluation of important and complex business, financial, tax, accounting, environmental and legal issues as well as background investigations of individuals and feasibility and technical studies. Outside professionals, experts, consultants, legal advisors, accountants, investment banks and other third parties likely will be involved in the due diligence process to varying degrees depending on the type of investment. The involvement of such third parties could present a number of risks primarily relating to reduced control of the functions that are outsourced and could entail significant third-party expenses, which will be borne by the relevant Fund. In addition, if a Fund is unable to timely engage third-party providers, its ability to make investments could be adversely affected. Due diligence investigations with respect to any investment opportunity may not reveal or highlight all relevant facts that are necessary or helpful in evaluating the investment opportunity. Moreover, there can be no assurance that attempts to identify risks associated with an investment will achieve their desired effect.

Instances of fraud, material misrepresentations or omissions, professional negligence and other deceptive practices committed by any seller of securities or assets of a portfolio company or such seller's representatives, by a portfolio company or any of its affiliates, members of senior management, employees, officers or directors, or by any other third party could undermine the Adviser's due diligence efforts with respect to such companies and, if such fraud or other action or omission occurs, the relevant Fund could suffer a material loss of capital and the value of the Fund's investments could be adversely impacted. The Funds will rely upon the accuracy and completeness of representations made by various persons in the due diligence process, and cannot guarantee such accuracy or completeness. In addition, when discovered, financial fraud could contribute to overall market volatility that can negatively impact a Fund's investment program.

Leverage

The Adviser's investments have included and may in the future include companies whose capital structures utilize significant amounts of leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Although the Adviser will seek to use leverage in a prudent manner, the leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by the Funds could be the most junior and thus subject to the greatest risk of loss. The Adviser can make investments for which

third-party financing will be desirable but not necessarily available (on desired terms or at all) at the time of investment. Such financing may never become available, or a refinancing may not be able to be completed on desirable terms. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. This could result in the Funds having a variety of unintended long-term investments or reduced diversification.

Risks related to the use of leverage are generally expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. Except where otherwise required by the relevant governing documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

Credit Risks in Investments

The Adviser invests in various forms of equity and debt securities issued by portfolio companies. The Adviser likely will enter into financial contracts with third parties or hedging arrangements. There is no minimum credit standard required for investment in any such security or any other financial instrument or the counterparty's credit standing, in the case of financial contracts, and many, if not all, of the securities or instruments issued by portfolio companies or financial contracts with third parties are expected to be illiquid or non-transferable and non-investment grade or non-rated.

Hedging

Certain of the investments by the Adviser or the portfolio companies could employ hedging techniques designed to reduce risks, such as from adverse movements in prices, inflation, interest rates or currency exchange rates. While such transactions could reduce certain risks, such transactions themselves often entail certain other risks. Thus, while the Adviser can benefit from the use of these hedging mechanisms, unanticipated changes in prices, inflation, interest rates or currency exchange rates could result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

Inflation

Certain countries have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and could continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Fund invests. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Fund.

Bridge Financings

From time to time, the Adviser is permitted to cause a Fund to make loans on a short-term, unsecured basis in connection with a portfolio investment in anticipation of a future equity or long-term debt take-out refinancing. There can be no assurance that such take-out refinancing will occur on time, on desirable terms or at all, and such bridge loans could remain outstanding. In such event, the Fund will bear the risk of any changes in capital markets that may adversely affect the ability of such counterparty to refinance the bridge investments. As a result, a Fund could have a long-term investment in a junior security and the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund. Subject to the Fund Documents, the Adviser will have the sole discretion to set the terms of any bridge loans on behalf of a Fund (including whether to charge any interest or require any return or charge, and if

so charged, the amount) and there is no requirement that the terms of any bridge loans are on market terms or negotiated on an arm's length basis.

The use of bridge loans present conflicts of interest because the preferred return does not accrue on a bridge loan. As a result, use of such bridge loan arrangements with respect to investments (or portions thereof) could reduce or eliminate the preferred return received by the investors and accelerate or increase distributions of carried interest to the affiliate of the Adviser, providing the affiliate of the Adviser with an economic incentive to fund investments (or portions thereof) utilizing such bridge loan arrangements. As a general matter, use of bridge loans amplifies returns (either negative or positive) to investors. In addition, bridge financings and similar arrangements have the potential to cause a Fund to be less diversified than had the bridge financing not been utilized. Subject to any limitations in the Fund Documents, the use of bridge loans by the Funds is within the Adviser's sole discretion. There can be no assurance that any such bridge loan will actually generate any returns for a Fund or result in a full return of capital on any such refinancing or other disposition.

Use of Subscription Lines

The Funds have funded, and may in the future fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which being, for example, the undrawn capital commitments of investors (i.e., subscription lines) or other security or collateral as determined by the Adviser in its discretion) prior to calling capital commitments. Investors could be required to acknowledge and consent to any such pledge, charge and/or assignment and to provide certain representations, legal opinions and other documents and information (at such investor's expense, which will not be reimbursed by the applicable Fund) as required by (and for the benefit of) the credit facility lenders. If a Fund does not honor its obligations pursuant to a credit facility, the provider(s) of such credit facility will likely have the right to take action against any investor or its interest in the applicable Fund, including, without limitation, directly drawing capital from such investor. Any such credit facilities or any other indebtedness or credit support could be incurred, replaced, refinanced or restructured at any time, on terms the Adviser determines are appropriate. There can be no assurance that the Funds will be able to obtain indebtedness on terms similar to terms available to competitors, including terms that are currently available in the market, or that indebtedness will be accessible by the Funds at any time, and to the extent that such indebtedness is available, there can be no assurance that such indebtedness will be on terms favorable to the Funds. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. The failure by the Funds to obtain or extend indebtedness on favorable terms (or at all) could adversely affect the returns of the Funds.

In addition, the use of a subscription-based credit facility presents certain conflicts of interest because the interest expense and other costs of any such borrowings will be borne by the relevant Fund and, accordingly, will decrease net returns of such Fund. Further, it is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. In light of the foregoing, the Adviser has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund. As a general matter, use of borrowings in lieu of drawing down commitments amplifies returns (either negative or positive) to investors. Subject to any limitations in the Fund Documents, the use of a subscription-based credit facility by the Funds is within the Adviser's sole discretion.

Certain Risks and Costs of Leverage Below a Fund

Even though it presents many of the same risks as Fund-level borrowing, indebtedness of entities other than a Fund will not be treated as Fund-level borrowing for purposes of the Fund Documents, even if the special purpose vehicles or other entities incurring such leverage engage in borrowings that are cross-collateralized with or among multiple investments such that multiple investments and a substantial portion of a Fund's value are at risk. As a result, these borrowings will not be subject to any limitations on Fund-level borrowing in the Fund Documents. Since the Adviser has more flexibility to engage in these structures, the Adviser has an incentive to incur significant leverage at the level of holding companies beneath the Funds. The negative performance of one asset in certain cases can materially and adversely impact the performance of other investments or a Fund as a whole.

Risks of Early-Stage Investments

The Adviser has invested and may in the future invest in the securities of smaller, less-established companies. Investments in such companies could involve greater risks than are generally associated with investments in more established companies. Less-established companies tend to have less capital and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies likely will have shorter operating histories on which to judge future performance. While the Adviser anticipates making investments that range in size from approximately \$15 million to \$50 million, the Adviser has not established any minimum size for the companies in which it will invest.

Investments in Restructurings and Distressed Companies

The Adviser could make investments in portfolio companies that are experiencing or are expected to experience financial difficulties which may never be overcome. These financial difficulties could cause such portfolio companies to become subject to bankruptcy proceedings and could, in certain circumstances, subject the Funds to certain additional potential liabilities that exceed the value of the investment therein. For example, under certain circumstances, lenders who have inappropriately exercised control over the management and policies of a debtor could have their claims subordinated or disallowed or be found liable for damages suffered by parties as a result of such actions. Certain of the Funds' investments could be originated by or acquired from persons or entities, including financial institutions, that are insolvent, in serious financial difficulty or are no longer in existence and, as a result, the standards by which such investments were originated, the recourse to the seller or the standards by which such investments are being developed could be materially and adversely affected. Additionally, under certain circumstances, payments to the Funds and distributions by the Funds to the investors could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws.

Effects of Bankruptcy Laws

The Adviser could make investments in portfolio companies that are or could become the subject of voluntary or involuntary bankruptcy proceedings under applicable bankruptcy laws. Certain risks faced in bankruptcy cases that must be factored into the investment decision include, without limitation, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under applicable bankruptcy laws, or as a result of a liquidation proceeding, the Funds could suffer a loss of all or a part of the value of the investment in a portfolio company. A bankruptcy filing likely will adversely and permanently affect a portfolio company. The portfolio company could lose market position and key employees, and the liquidation value of the portfolio company may not equal the liquidation value that was believed to exist prior to the making of the initial investment. In general, bankruptcy laws could be expected to have a variety of adverse impacts on the value of the investments and the timing and amount of any

distributions the Funds are able to receive therefrom. In addition, investments in restructurings could be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Need for Follow-On Investments

Following its initial investment in a given portfolio company, a Fund could decide to provide additional funds to such portfolio company or have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There is no assurance that any Fund will make such follow-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments could have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or result in a lost opportunity for such Fund to increase its participation in a successful operation. To the extent a portfolio company receives additional investments or other funding and the applicable Fund does not participate, such Fund's interest in such portfolio company would be diluted.

Accuracy of Third-Party Information

The Adviser likely will select investments for the Funds, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by third parties. Although the Adviser will evaluate all such information and data and will ordinarily seek independent corroboration when the Adviser considers it is appropriate and when such corroboration is reasonably available, the Adviser may not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Difficulty in Valuing Investment Portfolio

The Funds generally invest in assets for which there is no public market nor readily available market quotation. Accordingly, the fair market value of all Fund investments, or of property received in exchange for any investments (as applicable), will generally be determined in good faith by the Adviser in accordance with the respective Fund's governing documents and the Adviser's valuation policies. In the case of the Funds, portfolio valuation inherently is highly subjective and imprecise and requires the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value. The valuation of a Fund's portfolio involves significant uncertainties and judgmental determinations, and a range of values may reasonably be derived. In establishing the value of a Fund's portfolio, the Adviser expects to consult with accounting firms, investment banks and other third parties when needed, to assist with the valuation of the investments. There can be no assurance that a Fund will be able to realize its investments at prices that are commensurate with the value at which such investments have been carried on the Fund's books, and the difference between carrying value and the ultimate sale price could be material.

Regulatory Status

The Adviser is registered as an investment adviser pursuant to the Advisers Act and, as such, is subject to the provisions of the Advisers Act. Failure to comply with the requirements imposed as a consequence of registration or requirements that could be imposed as a result of future regulation could have a significant adverse effect on the Adviser's ability to perform its duties to the Funds. In addition, the Adviser and the Funds must comply with various legal requirements, including requirements imposed by laws governing anti-money laundering, bribery and corruption, securities, commodities, tax and pensions. A failure to

satisfy the requirements of those laws or changes in the applicable law over the life of a Fund or of any of its portfolio investments could have material adverse consequences to that Fund or any of its investments. The Adviser's ability to source and execute transactions for the Funds could also be adversely affected by negative publicity arising from any regulatory compliance failures or other inappropriate behavior attributed to or any other publicity related to the Adviser, its affiliate or any of their respective investment professionals.

The United States Securities and Exchange Commission (the "SEC") and other various U.S. federal, state and local agencies likely will conduct examinations and inquiries into, and could bring enforcement and other proceedings against, the Funds, their respective general partners, the Adviser or their respective affiliates. The private equity industry has recently been under increased scrutiny by regulators. Changes in law or regulations could adversely affect the value of instruments held (directly or indirectly) by the Funds, affect the ability of the Funds to pursue their investment strategies, or restrict or prevent the Adviser from continuing to perform services for the Funds in the manner currently contemplated. The effect of any future regulatory changes on the Adviser, the Funds, and/or any investor, could be substantial and result in material amendments to the terms of the Fund Documents.

SEC Regulation: Impact of Private Fund Adviser Rule Reforms

Changes in law or regulations could adversely affect the value of investments held (directly or indirectly) by the Funds, affect the ability of the Funds to pursue their respective investment strategies, restrict the Adviser's ability to operate as it has in the past, and increase the amount of fees or expenses borne by the Funds and indirectly, the investors. For example, in August 2023, the SEC adopted significant rules under the Advisers Act concerning certain private fund advisers. These rules include new (i) restrictions and prohibitions on certain conflicted activities (including the charging or allocation of certain fees and expenses to private fund clients); (ii) prohibitions and restrictions on preferential treatment relating to redemption rights and investment information, as well as requirements concerning increased transparency of preferential treatment; (iii) requirements to issue detailed quarterly statements to investors on performance, fees and expenses, and adviser and related person compensation; (iv) enhanced annual audit requirements; and (v) requirements relating to adviser-led secondary transactions. The dates by which advisers will be required to comply with these rules vary depending on the specific provision and by the amount of a private fund adviser's assets under management.

The time and attention as well as the financial costs associated with compliance with these rules, or other rules adopted in the future, could divert the Adviser's resources away from managing the investment programs of the Funds, which could adversely affect both the Funds and their Investments. Similarly, the cost of new compliance obligations attributable to the Funds – such as the costs associated with quarterly reporting or audit requirements – will increase the financial burden on the Funds to the extent those costs are treated as Fund expenses and could reduce distributions to investors. Further, the impact of these rules is uncertain and could become subject to increased uncertainty in the event the rules are challenged in court by industry groups or other market participants. Any legal or regulatory uncertainty with respect to these or other rules is likely to result in a diversion of the Adviser's time and resources as well as expose the Adviser to regulatory risk, all of which in turn could negatively impact the Funds and their Investments.

Cybersecurity Incidents and Risks

The Adviser, the Funds, their affiliates, each of the Funds' portfolio companies, and each of their respective service providers increasingly rely on the Internet, computer networks, and various software and hardware ("IT Systems") for current and planned internal and external-facing operations. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. IT Systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons

and security breaches and usage errors by their respective professionals. There can be no guarantee that the Adviser or the Funds will be able to prevent or mitigate such incidents. The failure of these systems could cause significant interruptions in the operations of the Adviser, the Funds, their affiliates and the portfolio companies and could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Funds. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any of which could be materially adverse to the Funds.

IT Systems are subject to a number of different threats or risks that could adversely affect a Fund and its investors, including through social engineering/phishing, malware (including ransomware), malfeasance by insiders, human or technological error, and vulnerabilities in software (including malicious code) that is integrated into IT Systems. While the Adviser has taken steps to protect its IT Systems, threat actors are increasingly sophisticated and using advanced tools and techniques (including artificial intelligence) to circumvent security controls, evade detection and delete forensic evidence, which impacts the Adviser's ability to timely and effectively detect, investigate, mitigate and recover from attacks and incidents. The Adviser also engages third parties to perform various functions, and we cannot control their actions entirely.

The Adviser, the Funds or a Fund's portfolio company could experience cybersecurity incidents in the future that have a material adverse impact on its business or operations.

Risk Management

Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior could be entirely different and, accordingly, the risk management techniques employed on behalf of the Adviser, Funds or their portfolio companies could be incomplete or altogether ineffective. Any inadequacy or failure in risk management efforts could result in material losses to clients.

Banking System Volatility

The U.S banking system continues to experience volatility resulting from the recent closure of certain U.S. banks. These closures, and any additional closures that may occur within the banking system, could significantly increase costs for the Adviser, the Funds, their affiliates and the portfolio companies, negatively impact a Fund's ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert the Adviser's time, attention and resources away from the pursuit of a Fund's investment strategy. These closures, and any additional closures could increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and their major customers that rely on such bank relationships. In addition, these closures could lead to financial system and participant regulatory reform, and such increased regulatory oversight could impose additional administrative burden on the Adviser and the Funds. The foregoing could materially adversely impact a Fund's operations and its ability to realize its investment objectives in a timely manner, and it is currently unclear what the ultimate effect of the situation will be on the private equity industry and global markets as a whole.

Access to Deposits

The Adviser maintains the majority of its and the Funds' cash and cash equivalents in accounts with major U.S. financial institutions, and the Adviser's and the Funds' deposits at these institutions are expected to, from time to time, exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where the Adviser maintains its and the Funds' cash and cash equivalents, there can be no assurance that the Adviser would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect the Adviser's or the Funds' business and financial positions.

Business Continuity Plans

In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, the Adviser will initiate its business continuity plan to safeguard employee access to the resources and technology necessary to continue their responsibilities and meet portfolio company and investor needs. The business continuity plan is tested to ensure that appropriate measures are put in place to manage any such catastrophic events. However, the Adviser is not able to predict the level of disruption that such catastrophic events could have on its operation or the ability of the plan to succeed in a time of crisis, and such plans could still result in reduced collaboration and less ideal communication and supervision relative to traditional office structures which could severely impair the Adviser's, its Funds', and its portfolio companies' business and operations. If personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, that business will likely be more vulnerable to cybersecurity incidents and cyberattacks and could have more difficulty resuming normal operations if it is the target of such incident or attack. As a result, its business continuity plan could be insufficient to continue operating the Adviser's business as usual. The failure of the business continuity plan for any reason could cause significant interruptions in the operations of the Adviser, the Funds and/or portfolio companies. Similar types of operational risks are also present for the portfolio companies in which the Funds invest, which could have material adverse consequences for such companies and could cause the Funds' investments to lose value.

Global Economic Conditions; Market Dislocation

General global economic conditions likely will affect a Fund's activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and participation by other investors in the financial markets likely will affect the value of investments made by a Fund. Global developments related to international policy and trade have fueled doubts about the future of global free trade. The U.S. government, along with other governments, have indicated their intent to alter their approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. Any instability in the global trade or securities markets likely will increase the risks inherent in portfolio investments made by a Fund and instability in the fixed income markets could cause significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high yield bond markets, as well as in the wider global financial markets. To the extent a Fund's portfolio companies participate in such markets, the results of their operations could suffer. In addition, certain market events could have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of a Fund's portfolio companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, such Fund could lose both invested capital in and anticipated profits from such portfolio companies.

In addition, current global economic conditions could materially and adversely affect: (a) the ability of a Fund, its portfolio companies or their respective affiliates to access the credit markets on favorable terms

or at all in connection with the financing or refinancing of investments; (b) the ability or willingness of certain counterparties to do business with a Fund or its affiliates; (c) a Fund's exposure to the credit risk of others in its dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents); (d) consumer spending and demand for the products and services offered by a Fund's portfolio companies; (e) growth opportunities for a Fund's investments; (f) a Fund's ability to exit its investments at desired times, on favorable terms or at all; (g) availability of reliable insurance on favorable terms or at all; and (h) the ability of a Fund's limited partners to meet their obligations to such Fund in a timely manner or at all.

National and global market and economic conditions could deteriorate during the term of a Fund, and such conditions could deteriorate materially and for an extended period of time. National and global concerns about future economic growth, rising unemployment, changes in demographics, lower consumer sentiment, market instability, inflationary pressures, fluctuating oil prices, adverse developments in the credit markets and mixed corporate earnings could present significant challenges to the national and global economies and equity markets. Any of the foregoing could have a material adverse impact on a Fund.

Brexit

The United Kingdom (the "UK") withdrew from the European Union (the "EU") on January 31, 2020 ("Brexit"). In connection with Brexit the UK and the EU agreed to the Trade and Cooperation Agreement ("TCA") that governs the future trading relationship between the UK and the EU in specified areas. On June 27, 2023, the UK signed a Memorandum of Understanding with the European Union to increase co-operation on financial services. The Memorandum of Understanding does not represent an agreement or roadmap towards reconstituting any of the mutual freedoms prior to Brexit; rather, it represents an arrangement to cooperate around shared objectives and establishes a "forum" mechanism to facilitate discussion.

The Memorandum of Understanding sets out a shared objective of preserving financial stability, market integrity and the protection of investors and consumers. Brexit continues to lead to changes to the regulatory environment and regulatory divergence between the UK and EU. In particular, in the UK the Financial Services and Markets Act 2023, which received Royal Assent on 29 June 2023, made provision for all retained EU legislation (known as "assimilated law" from 1 January 2024) to be repealed and replaced with UK-specific legislation and regulatory rules. While this will not necessarily result in policy changes to all regimes inherited from the EU, it does afford policymakers with the opportunity to make such changes and will result in divergence in certain areas. Further, the EU is also working on legislative changes as part of scheduled reviews of various regulatory regimes; such changes will not be reflected in the UK equivalent regimes.

There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on the Adviser, the Funds and/or their portfolio companies, including the ability of the Funds to achieve their investment objectives. The ongoing effects of Brexit have the potential to result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities), an adverse effect on the ability of the Adviser to manage, operate and invest the Funds and increased legal, regulatory or compliance burden for the Adviser or the Funds, each of which has the potential to negatively impact the operations, financial condition, returns or prospects of the Funds.

Environmental, Social & Governance ("ESG") Matters

ESG matters have been the subject of increased focus by regulators in the US and EU, among other jurisdictions. While the Adviser considers the ESG aspects of its investment practices, in accordance with its ESG Policy, there can be no assurance that the Adviser will be able to identify all ESG issues or will be

able to successfully implement ESG policies. The use of ESG metrics in the investment process can be subjective and the metrics themselves are not subject to uniform standards, and, as such, there is no guarantee that the Adviser will be able to accurately assess and measure the ESG risks and ESG compliance of a Fund's investments and/or potential investments. ESG-related investment considerations could result in a Fund foregoing opportunities to make certain investments when it might otherwise be advantageous to do so, and/or selling certain investments because of their ESG characteristics when it might be disadvantageous to do so. Taking ESG considerations into account could affect a Fund's investment performance and, as such, a Fund could perform differently compared to similar funds that do not use such considerations. Additionally, it should not be assumed that any ESG practices or standards will apply to every investment in which a Fund invests or that they have applied to all of a Fund's prior investments. ESG is only one of many considerations that the Adviser takes into account when making investment decisions, and other considerations can be expected in certain circumstances to outweigh ESG considerations. Any ESG information provided is intended solely to provide an indication of ESG initiatives and standards that the Adviser applies when seeking to evaluate and/or improve the ESG characteristics of an investment as part of the larger goal of maximizing financial returns on investments. Accordingly, certain investments could exhibit characteristics that are inconsistent with the practices or standards described herein.

Enacted or proposed "anti-ESG" legislation in certain states require that relevant state entities or the administrators of state investments base their investment decisions solely on financial factors or investment returns without consideration of certain ESG factors. In addition, other potential investors could voluntarily implement strategies to limit their investments in such funds. To the extent such state laws apply to prospective investors in the Funds or a significant number of such prospective investors adopt strategies to limit their investments in private funds that consider ESG factors in their investment process, the Adviser may be required to modify or eliminate its ESG policies to the extent the Adviser targets such investors for investment in the Funds, or limit its investor base to exclude such investors, which could materially affect the amount of capital a Fund has available for implementing its investment objectives. In addition, the evolving nature of ESG and sustainability-related regulations and practices means that there is likely to be in the future a degree of divergence as to the regulatory and market meaning of such terms, as well as the divergent views on the degrees to which such matters contribute to long-term performance.

Public Health Concerns and Epidemics

The impact of disease, epidemics and pandemics, including coronavirus, could have a negative impact on a Fund, its investments and their performance and financial position. Renewed outbreaks of existing pandemics or the outbreak of new epidemics or pandemics (or variants thereof) could result in health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline. For example, as is currently the case, such events could adversely impact economic activity through disruption in supply and delivery chains. Moreover, the Adviser's operations and those of a Fund and its investments could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses could have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence could negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the business of the Adviser, a Fund and its investments. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated.

Natural Disasters, Geopolitical Events and Similar Dislocations

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on portfolio companies and other developing economic enterprises in such country. Terrorist attacks and related events can result in increased short-term economic volatility. The effects of future terrorist acts (or threats thereof), ongoing and future wars (including the recent outbreak of war between Ukraine and the Russian Federation) or other military actions or similar events on the economies and securities markets of countries cannot be predicted. Such disruptions of the global financial markets could affect interest rates, ratings, credit risk, inflation and other factors relating to a Fund's investments.

Russia-Ukraine Conflict

Following the Russian Federation's invasion of Ukraine in February 2022, geopolitical tensions remain high and the U.S., the United Kingdom, EU member states, and other countries continue to maintain economic sanctions on the Russian Federation, as well as various designated parties. These sanctions have impacted the Russian economy. As military conflicts and economic sanctions continue, it remains difficult to determine the long-term impact of these events or how long they will last. The Russian Federation-Ukraine conflict continues to exacerbate the normal risks associated with a fund and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping, energy and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) demand for investments; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords, and governmental policies. Ongoing economic and military sanctions related to the Russian Federation-Ukraine conflict, or other conflicts, have the potential to impact markets, global supply and demand, import/export policies, and the availability of labor in certain markets. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be imposed. The foregoing could seriously impact each Fund's operations and its ability to realize its investment objectives in a timely manner.

Israel Conflict

Following the invasion of Israel on October 7, 2023 by certain organizations residing in territories and countries adjacent to Israel, military activities conducted immediately thereafter by many of the parties involved or indirectly involved have significantly increased the risks related to the conduct of international policy and trade in the area. The foregoing could impact the operations of the Funds and their ability to realize investment objectives in a timely manner.

The AIFMD and the UK AIFMR

The Directive on Alternative Investment Fund Managers, together with any supplementary regulation implemented in the UK following Brexit ("UK AIFMR"), or subordinate legislation or guidance thereto implemented in any relevant jurisdiction (the "AIFMD"), imposes requirements on AIFMs (as defined in the AIFMD) that market AIFs (as defined in the AIFMD) to professional investors who are domiciled or have a registered office within the European Economic Area (the "EEA") or the UK, as applicable. The UK AIFMR currently imposes compliance obligations that are broadly similar to those described below in connection with a non-EEA AIFM marketing a non-EEA AIF.

For these purposes certain of the Funds are non-EEA and non-UK AIFs and the Adviser is a non-EEA and non-UK AIFM. As a non-EEA entity, the Adviser, is required to comply with the national private placement regimes in those EEA member states that allow private placement and in which interests in a Fund is marketed and sold. Compliance with these requirements may result in significant additional costs over the life of the Funds and may reduce returns to investors. In addition, the Adviser relies on third party

AIFMs to manage certain of its AIFs from time to time. The Adviser and its affiliates and agents have endeavored to comply with these rules as interpreted but there is not absolute certainty as to their successful compliance. In the event that the Adviser or any of its affiliates or agents, including any third party AIFMs, is found to have breached the provisions of the AIFMD (inadvertently or otherwise), such parties (and/or a Fund indirectly) would potentially face regulatory sanctions and/or EEA investors may seek to rescind their interests, which would result in significant costs and ultimately materially and adversely affect such Fund.

AIFMD II

On November 25, 2021, the European Commission adopted a legislative proposal to amend the AIFMD and Directive 2009/65/EC (the “Amending Directive”). On November 16, 2013, the Council of the European Union and the European Parliament announced that they had reached political agreement on the text of the Amending Directive. The Amending Directive is expected to become effective in 2026, subject to certain transitional arrangements. The text provides a number of provisions that, when implemented have the potential to adversely affect the ability of certain of the Funds to achieve their investment objectives, as well as the ability of certain of the Funds to conduct their operations, including but not limited to: concentration limits, limits on lending to connected entities, cap on leverage and risk retention requirements for loan originating funds, and also mandated liquidity management mechanisms. As a result, certain of the Adviser’s Funds and their investments could be adversely affected. It is possible that the Amending Directive will entail certain of the Funds incurring additional costs, expenses or resources, and restrict or prohibit certain activities.

Data Privacy and Protection Laws and Regulations

The Adviser, each Fund, their respective affiliates, portfolio companies, and, on their behalf, third-party vendors, collect, use, handle and otherwise process information related to individuals (“personal information”), including information concerning actual and prospective individual investors (and the beneficial owners of investors) and representatives of institutional investors, as well as employees, job applicants, representatives of companies the Adviser does business with, and others, which subjects the Adviser to certain foreign, federal and state laws, regulations, rules and other requirements related to the privacy, security and processing of personal information.

These requirements, and their application and interpretation, are constantly evolving and increase the Adviser’s potential exposure to regulatory enforcement or litigation. Compliance with such emerging requirements will likely result in increased compliance costs and have the potential to lead to changes in the Adviser’s business practices.

In addition, the Adviser, each Fund, and their respective affiliates receive, store, handle, transmit, use and otherwise process information related to our portfolio companies and prospective portfolio companies, including from and about actual and prospective investors (and the beneficial owners of investors), as well as our employees, job applicants, contractors and representatives of companies we do business with (collectively, “confidential information”). As a result, the Adviser, each Fund and its respective affiliates is, and could in the future become subject to further U.S. federal and state laws, rules and regulations related to data privacy, data protection and information security which could apply to personal information provided by, or on behalf of, any investor. For instance, the federal Gramm-Leach-Bliley Act of 1999 (“GLBA”) and Regulation S-P adopted by the SEC pursuant to the GLBA, impose certain privacy obligations on financial institutions that offer financial products or services, including to notify customers of their privacy policies and establish sufficient safeguards of its confidential information. Additionally, many states are currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information about individuals and there remains increased interest at the federal level.

We could be required to modify our data collection or processing practices and policies and incur substantial costs and expenses in an effort to comply with such laws, and increase our potential exposure to regulatory enforcement and/or litigation. Additionally, these requirements, and their application, interpretation and amendment are constantly evolving and developing. Compliance with existing and emerging data privacy and security laws, regulations and industry standards could result in increased compliance costs and/or lead to changes in business practices and policies. Any actual or perceived failure to protect the confidentiality of client or other personal information could adversely affect the Adviser's reputation, result in legal claims or proceedings (including class actions), regulatory investigations or enforcement actions, fines or other financial loss, require the Adviser to incur significant costs or investment in resources, and impact strategies, any of which could materially and adversely affect the Adviser and each Fund's business, results of operations and financial condition.

Data Privacy Risk - GDPR

The protection of personal data has been the subject of national, international, and other regulatory guidance and proposals for reform. The General Data Protection Regulation and equivalent legislation in the UK impose comprehensive data privacy compliance obligations in relation to the processing of personal information which are actively enforced (the "GDPR"). The GDPR also regulates the international transfer of personal information from the European Economic Area ("EEA") and UK. Following development of regulatory guidance and enforcement action in this area, we expect legal complexity and uncertainty regarding data transfers to continue. To the extent that the Adviser actively offers investment opportunities to natural persons located in the EEA and the UK ("Data Subjects"), the Adviser will be deemed to be a "controller" with respect to personal data collected from such Data Subjects and subject to the GDPR. In such case, the Adviser will be required to comply with the provisions of the GDPR and related UK laws, which are extensive and implement stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, requiring expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for controllers to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities. The GDPR provides that EEA member states could possibly make their own additional laws and regulations in relation to certain data processing activities, and could impose stricter governance requirements, which could limit the Adviser's ability to use and share personal data or could require localized changes to the Adviser's or a Fund's operating model, if applicable. The provisions of the GDPR and related UK laws could also apply to a Fund's investments, to the extent that they are established in the EU and the UK, or offer goods or services to, or monitor the behavior of, EEA and UK Data Subjects. The Adviser is also subject to certain rules with respect to cross-border transfers of personal data out of the EEA and the UK.

As regulatory authorities issue further guidance on the collection and use of personal data and/or start taking enforcement action, the Adviser could incur additional costs, and/or become subject to regulatory investigations or fines, which could affect the manner in which the Adviser conducts its business. The Adviser could also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs and diversion of internal resources. An assessment by a regulatory authority that the Adviser has not complied with the requirements of the GDPR or other application privacy regimes could result in serious financial and reputational damage to the Adviser or a Fund. These laws (if applicable) also could cause costs of a Fund and its investments to increase and result in further administrative burden, which is likely to reduce capital and time that can be deployed for making investments.

Systems and Operational Risk

The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and by third party service providers, including prime brokers, third-party administrators, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems could be subject to certain defects, failures or interruptions. Despite certain measures established by the Adviser and third-party service providers to safeguard information in these systems, the Adviser, clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which could result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions could lead to financial losses, the disruption of the client investment or operational activities, liability under applicable law, regulatory intervention or reputational damage.

Possibility of Fraud or Other Misconduct of Employees and Service Providers

Misconduct by employees of the Adviser, portfolio company officers or employees, service providers to the foregoing or their respective affiliates could cause significant losses to the Adviser and/or the Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, or the improper use or disclosure of confidential or material non-public information, any of which could result in litigation or serious financial harm. The Adviser has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurance can be given that the Adviser will be able to identify or prevent all such misconduct. Where such misconduct occurs, the Funds could still have indemnification obligations to such employees and services providers and have limited remedies for such misconduct.

Alternative Data and Automated Decision-Making Technologies

The Adviser could obtain and use alternative data in its investment process. Alternative data consist of datasets that have been culled from a variety of sources, such as internet usage, payment records, financial transactions, applications and devices (such as smartphones) that generate location and mobility data, data gathered by satellites, and government and other public records databases (this data is sometimes referred to as “big data” or “alternative data”). The Adviser reserves the right to apply this alternative data to better anticipate micro- and macroeconomic trends and otherwise to develop or improve trading or investment themes. No assurance can be given that the Adviser will be successful in utilizing alternative data in its investment process.

In addition, the Adviser is permitted to use machine learning, predictive data analytics, automated decision-making technologies and similar technologies, including proprietary algorithms and models, in certain limited circumstances. For example, the Adviser could use such technologies for certain administrative tasks, virtual assistants, fraud detection, predictive analysis, and the interpretation of data. As with many technological innovations, there are significant risks involved in developing, maintaining and deploying these technologies and there can be no assurance that the usage of such technologies will enhance our services or be beneficial to the Adviser or its Funds.

In particular, if the models underlying such technologies are incorrectly designed or implemented; trained or reliant on incomplete, inadequate, inaccurate, biased or otherwise poor quality data, or on data to which we do not have sufficient rights or in relation to which we and/or the providers of such data have not implemented sufficient legal compliance measures; are used without sufficient oversight and governance to ensure their responsible use; and/or adversely impacted by unforeseen defects, technical challenges, cybersecurity threats or material performance issues, such technologies could produce inaccurate or misleading content or other discriminatory or unexpected results or behaviors, such as hallucinatory

behavior that can generate irrelevant, nonsensical, or factually incorrect results, or infringing material, all of which has the potential to adversely affect our operations and the performance of the Funds, and we could incur liability through the violation of laws or contracts to which we are a party or civil claims.

Use of alternative data and technologies presents certain conflicts of interest to the Adviser and risks to the Funds and their investors. For example, conflicts of interest can arise from the data utilized (including investor data) and the inferences such technologies make in analyzing such data, other data, securities, or other assets. Use of these data and technologies has the potential to increase the risk that certain conflicts of interest remain unidentified or unaddressed, while also potentially increasing the scalability of the transmission of such conflicts of interest. Additionally, use of such data and technologies could result in the recommendation of products or services that financially benefit the Adviser but may not be consistent with the investment goals or risk tolerance of the Funds.

Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data and technologies, and the use or misuse of such data and technologies under current or future laws and regulations could create liability for the Adviser and the Funds in numerous jurisdictions. The Adviser cannot predict what, if any, regulatory or other actions could be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to the Adviser or to the Funds. Conversely, any future limitations on the use of alternative data could have a material adverse impact on the performance of the Funds.

It is critical that investors refer to the applicable Fund Documents for a complete understanding of the material risks involved in an investment in the Funds. The information contained herein is a summary only and is qualified in its entirety by such document.

Item 9 – Disciplinary Information

Neither the Adviser nor any of its management persons have had any legal or disciplinary events that would be material to an investor's evaluation of the Adviser or the integrity of the Adviser's management.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser serves as investment adviser to the Funds. Affiliates of the Adviser also invest directly in the Funds and employees of the Adviser or its affiliates also invest indirectly in the Funds (through an affiliate).

The Adviser is affiliated with Consonance Capital Management LP ("CCM"), previously a registered investment adviser whose registration was terminated December 22, 2022. Mitchell J. Blutt, a Founder of the Adviser, is the Managing Member of Consonance CapMan GP LLC, the General Partner of CCM. Mr. Blutt serves as an executive officer of CCM and also serves as executive officer of the Adviser. CCM was previously an adviser of healthcare focused hedge funds that invested in public life sciences equities; the Funds' investment focus on private equity investments is sufficiently distinct from those investment funds previously advised by CCM. However, conflicts could arise in the allocation of time, services and function between the Adviser and CCM. CCM is winding down and has yet to be fully liquidated as of the date of this brochure. CCM continues performing various administrative and financial services associated with its underlying funds, but is no longer making new investments, managing investment positions or accepting investor capital.

The success of each Fund will depend substantially on the ability of the Adviser to, among other things, source and complete investments, improve the operations and performance of the portfolio companies and assets acquired and exit investments at the appropriate time and at attractive valuations. Investment professionals, also spend time assisting other Funds with their investment activities and work on other

matters, certain of which are noted above. Additionally, the Adviser or its affiliates could over time expand the range of services provided. Conflicts could arise with respect to such future activities and/or the allocation of time and resources of the Adviser's investment professionals.

A Fund may in the future invest in a company that competes with, is a customer of, or a service provider or supplier to a portfolio company of another Fund. In addition, principals and employees of the Adviser could serve as directors and officers of companies that are competitors of portfolio companies of certain Funds. These circumstances are likely to give rise to certain conflicts of interest. The Adviser, the Lower GP I, the Lower GP II, the Upper GP, the GP Capital Vehicle, the GP Carry Vehicle, the Bako GP, the Priority GP and/or each of their members, principals, managers, affiliates and employees (collectively, the "Consonance Affiliates") engage in other activities, which could include providing investment management and advisory services to other funds and accounts, and shall not be required to refrain from any activity, to disgorge profits from these activities or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Funds, or its affairs. These other funds or accounts could pursue a substantially similar investment strategy as that of the Funds. These activities could be viewed as creating a conflict of interest in that the time and effort of the Consonance Affiliates will not be devoted exclusively to the business of the Funds, but will be allocated between the business of the Funds and other business activities of Consonance Affiliates. The Adviser reviews all such business activities for conflicts of interest. The Adviser also requires that all employees receive prior approval from the Chief Financial Officer before engaging in a business activity outside of their employment with the Adviser.

Also, the Lower GP I, the Lower GP II, the Upper GP, the GP Capital Vehicle and the GP Carry Vehicle are related persons of the Adviser and as such are eligible to receive performance-based fees. The Adviser attempts to mitigate this conflict by disclosing the fees to investors in the Funds prior to their investment.

The Adviser serves as investment manager to certain co-investment vehicles that invest alongside the Funds in certain portfolio companies and also, from time to time, have in the past and are likely in the future to offer certain investors or other persons the opportunity to co-invest directly in a portfolio company. The Adviser has sole discretion in terms of offering such co-investment opportunities, and co-investment opportunities typically will be offered to some and not to other Fund investors. In circumstances where an entire investment could be made by a Fund, the Adviser could allocate a portion of such investment to one or more co-investment funds or other co-investors in accordance with the applicable Fund Documents.

The Fund Documents are detailed agreements that establish complex arrangements among the Adviser, the Funds, the partners of the Funds and other entities and individuals. From time to time, questions will arise under the Fund Documents regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of drafting and execution of the Fund Documents. While the Adviser will construe the Fund Documents in good faith and in a manner consistent with its legal obligations, the interpretations adopted will not necessarily be, and need not be, the interpretations that are most favorable to the Funds and/or their investors.

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

The Adviser's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to the Adviser's "Access Persons." Access Persons include, generally, any partner, officer or director of the Adviser and any employee or other supervised person of the Adviser (or an affiliate) who, in relation to the Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities

recommendations, or has access to such recommendations that are non-public. All employees of certain affiliates of the Adviser are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account the Adviser's status as a fiduciary and requires Access Persons to place the interests of the Funds and investors above their own interests and the interests of the Adviser and its affiliates. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Adviser's Chief Compliance Officer (the "Chief Compliance Officer"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Adviser's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, the Adviser's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

The Adviser manages the potential conflicts of interest inherent in personal trading by Access Persons through rigorous enforcement of its Code, which contains limitations on Access Persons' personal investment activities. Access Persons' personal securities transactions are required to be made in accordance with the Adviser's Code. In addition, the Adviser receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

With the exception of securities of public or private companies in the healthcare industry and initial public offerings, Access Persons are generally permitted to transact in securities for their personal accounts. As such, Access Persons generally are prohibited from personal trading in the securities and investments that comprise the vast majority of the investable universe of the Adviser's clients. However, if upon hire an Access Person holds any such securities or investments, the Access Person could retain them indefinitely or, subject to preapproval by the Chief Compliance Officer, close any such positions, but would not be permitted to make new investments in such securities while they are Access Persons of the Adviser.

The Adviser believes that these personal trading restrictions effectively address the material potential conflict of interest with the Adviser's clients that could arise as a result of personal trading activities.

The Adviser maintains a "Restricted List" with the names of issuers of securities about which the Adviser (or its Access Persons) has learned material, non-public information or that could require, for business or legal reasons, that the Adviser's clients and Access Persons do not trade in the securities for a specific period of time. Access Persons are strictly prohibited from trading securities on the Restricted List (or any other securities to which the material, non-public information relates).

It should be noted that members of the Operating Council and Senior Advisory Board (the "Members") are not considered Access Persons of the Adviser and could have material, non-public information as a result of their employment or activities outside of their involvement with the Adviser. The Adviser has implemented a periodic attestation in which the Members are asked to acknowledge that they will not communicate any material, non-public information to the Adviser's employees in violation of federal securities laws. The Adviser's employees are also aware of the Adviser's policies and procedures regarding insider trading and are periodically reminded to report any potential material, non-public information, whether received from the Members or any other source, to the Chief Compliance Officer immediately.

In addition, the Code seeks to ensure the protection of non-public information about the activities of the Funds. Investors or prospective investors can obtain a copy of the Code by contacting the Chief Compliance Officer at msobon@consonancecapital.com.

As explained in Item 10 above, the Adviser serves as investment adviser to the Funds, which are closed to new investors. If at some future date the Adviser serves as the investment adviser to funds that are open for investment, the Adviser will recommend interests in those funds to prospective investors. The Adviser, its affiliates and certain Access Persons can invest in those funds as they have in the Funds.

The fact that the Adviser, its affiliates and certain Access Persons each has a financial ownership interest in the Funds creates a potential conflict in that it could cause the Adviser and its affiliates to make different investment decisions than if such parties did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in the Adviser's Code of Ethics.

The Adviser addresses these potential conflicts through regular monitoring of the Funds' portfolio and investments for consistency with the Funds' objectives, strategies, and target capacity. Further, the Adviser and its affiliates carefully consider the risks involved in any investments and provide extensive disclosure to clients regarding the potential risks that come with an investment in the Funds. The Code requires Access Persons to place the interests of the Funds and investors over their own or those of the Adviser, its affiliates and all Access Persons are required to acknowledge their receipt and understanding of the Code.

Further, the Adviser (or its affiliate) receives management and performance-based compensation. The Management Fee is payable without regard to the overall success or income earned by the Funds and, therefore, could create an incentive on the part of the Adviser to raise or otherwise increase assets under management to a higher level than would be the case if the Adviser was receiving a lower or no management fee. Performance-based fees could create an incentive for the Adviser to make Investments that are riskier or more speculative than in the absence of such performance-based fee.

Certain Other Conflicts of Interest

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, management and other services to Funds and portfolio companies. In the ordinary course of the Adviser conducting its activities, the interests of a Fund could conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed below.

Successor Funds

Until such time as the Adviser is permitted to raise a successor investment fund to the then-current primary Fund, the Adviser will pursue all appropriate investment opportunities principally for the benefit of such Fund, subject to certain limited exceptions in accordance with its investment guidelines and subject to approval of its investment committee. The Adviser believes the significant investment by the Adviser in the Funds, as well as the Adviser's affiliate's interest in the carried interest, operate to align the interest of the Adviser with the interest of its Funds' investors, although the Adviser and its affiliates have economic interests in such other investment funds and investments as well and could receive Management Fees and carried interest relating to such interests. Such other investment funds and investments that the Adviser controls could compete with a Fund or portfolio companies acquired by such Fund. At such time as the Adviser is permitted to raise a successor investment fund to a particular Fund, the Adviser will continue to manage such prior Fund's investments but also likely will focus its investment activities on other

opportunities and areas unrelated to such Fund's investments and because the investment strategy of a successor fund will overlap with the investment focus of such Fund, not all investment opportunities suitable for such Fund will be allocated to such Fund, which could create certain conflicts of interest in respect of the allocation of time, resources and investment opportunities.

Overlapping Investment Opportunities

Investment opportunities are likely to be appropriate for multiple Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts could arise in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions could rise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring could raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

Fees and Reimbursement

A portfolio company typically will reimburse the Adviser, including the OC/SAB members, or service providers retained at the Adviser's discretion for expenses (including without limitation meals and travel expenses) incurred by the Adviser, OC/SAB members or such service providers in connection with its performance of services for such portfolio company. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements could be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to the management services agreement entered into with the respective portfolio company and Adviser's internal reimbursement policies and practices. The Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Fee payment or expense reimbursement practices of the Adviser or such service providers generally is subject to: arrangements with sellers, buyers and management teams; the review and supervision of the board of directors (or similar governing body) of or lenders to portfolio companies; and/or third-party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Intangible Benefits

The Adviser and its respective affiliates and their respective personnel can be expected to receive certain intangible and/or other benefits, rebates and/or discounts or perquisites arising or resulting from their activities on behalf of a Fund that will not offset or reduce the Management Fee or otherwise be shared with the investors and/or portfolio companies. For example, airline travel or hotel stays incurred in connection with Fund business have resulted, and likely will in the future result, in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to the Adviser and/or its respective affiliates and/or its respective personnel even though the cost of the underlying service is borne by the Fund or its portfolio companies. The Adviser, its personnel and other related persons also receive discounts on products and services provided by portfolio companies and/or customers or suppliers of such portfolio companies. Such other benefits or fees could give rise to conflicts of interest in connection with a Fund's investment activities, and while the Adviser will seek to resolve any such conflicts in a fair and equitable manner, there is no assurance that any such conflicts will be resolved in favor of a Fund.

Service Providers and OC/SAB Members

The Adviser and its personnel maintain relationships with service providers (including lenders, brokers, attorneys, investment banking firms and other professional service providers), and such service providers are, and may in the future be, investors in a Fund or be sources of opportunities for or counterparties in other transactions with the Funds or the Adviser. The Adviser and its personnel could receive other benefits from these relationships that are not made available to the Funds. This presents a conflict of interest, as it could influence the Funds or the Adviser in deciding whether to select such a service provider or have other relationships with that service provider. OC/SAB members and other service providers to a Fund or the Adviser could charge different rates for their services or have different arrangements for specific types of services, which could be more beneficial to certain of such persons than others or benefit the Adviser or its affiliates to a greater degree than the benefit accorded to the Fund. These benefits could include more favorable rates or arrangements available to the Adviser than those payable by the Fund, and the Fund will not be entitled to share in any such benefits.

The Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (a) the Adviser or a related person of the Adviser (which could include a portfolio company of such Fund), (b) an entity with which the Adviser or its affiliates or current or former members of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit, or (c) OC/SAB members and/or certain investors or their affiliates. For example, the Adviser from time to time is presented with opportunities to receive portfolio company management services in connection with a Fund's investments from OC/SAB members and/or certain investors that have relevant executive and/or management experience as determined by the Adviser. Such investors or other service providers from time to time are granted the right to purchase a portfolio company equity interest or receive compensation in the form of a portfolio company equity interest or cash fees in connection with their management services to such portfolio company, and such interest from time to time is granted at a valuation made at a date prior to the date of such investment, including the date of the Fund's original investment in such portfolio company. To the extent that such limited partners or service providers, including OC/SAB members, receive a portfolio company equity interest, it generally would be dilutive to the Fund's investment in such portfolio company. This subjects the Adviser to conflicts of interest, because although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser could have an incentive to recommend the related or other person because of its financial or other business interest. Service providers have and may in the future be granted the right to co-invest or otherwise participate alongside a Fund in transactions that they source or for which they provide advice. Such co-investment rights could result in a Fund investing less capital than it otherwise would have in such transactions. Fees or other payments or benefits received by service providers in connection with their services, including any amounts paid in connection with particular transactions or investments, will not reduce the Management Fee paid by a Fund. The decision by the Adviser to initially perform particular services in-house for a Fund will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties, and the Adviser has no obligation to inform a Fund of such a change. There is a possibility that the Adviser, because of such belief or for other reasons, (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Adviser) could favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. A Fund will also generally bear, directly or indirectly, its share of any travel costs or other out-of-pocket expenses incurred by service providers in connection with the provision of their services. Accounting, network, communications, administration and other support benefits, including office space, are likely to be provided by the Adviser or their respective affiliates to service providers without charge. To the extent that

communications or other equipment or services are provided by a Fund to a service provider, these costs could be borne by such Fund.

In addition, the Funds typically pay certain fees to OC/SAB members (although in certain instances such OC/SAB members' fees are paid by the relevant portfolio company or the Adviser) and other third-party consultants (including consultants introduced or arranged by the Adviser and/or its affiliates that regularly provide services to one or more Fund portfolio companies) and service providers, and such fees generally will not offset the Management Fee as described herein. Some OC/SAB members make use of the Adviser's resources and are otherwise associated with the Adviser, including being listed on the Adviser's website and receiving the Adviser's business cards. The Adviser could bear the cost of certain former investment personnel used as third-party consultants, although in some cases such former personnel will be retained by the relevant portfolio company or a Fund. Although the use of OC/SAB members and the allocation of compensation paid to them by the Adviser, its affiliates and/or the portfolio companies could subject the Adviser and/or its affiliates to conflicts of interest, the Adviser believes that such conflicts are mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the OC/SAB members is lower than market rates for the services provided and/or if the quality of the services of the OC/SAB members make a greater contribution to the success of the portfolio company. Although the Adviser seeks to retain OC/SAB members with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of factors could result in limited or no cost savings from such retention. The Adviser also seeks to reduce conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Funds' limited partners.

Pre-Existing Relationships

The Adviser and/or its affiliates from time to time could employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by the Adviser and/or its affiliates; conversely, former personnel or executives of the Adviser and/or its affiliates could serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser, its affiliates and/or personnel maintain relationships with (and invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates), to the Adviser and/or its affiliates and/or the Funds or other investment vehicles they advise. In such a case, the Adviser will have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser will have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Valuation of Investments; Write-Downs

As described above in Item 8, because the Funds generally invest in assets for which there is no public market nor readily available market quotation, the fair market value of all Fund investments, or of property received in exchange for any investments (as applicable), will generally be determined in good faith by the Adviser in accordance with the respective Fund's governing documents and the Adviser's valuation policies. The Adviser's exercise of discretion in the valuation of Fund assets, or of property received in exchange for any Fund assets (as applicable), presents conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management

Fees. Further, in connection with the Adviser's discretion in valuing certain assets, the Adviser maintains discretion to determine whether certain assets have experienced an impairment in value or otherwise is the subject of one or more permanent write-downs. A permanent impairment or write-off of an investment would generally reduce the basis from which the management fee or other fees are calculated. Accordingly, the Adviser has an incentive to value such investments at a higher level in order to enhance performance reporting and to receive a higher management fee or other fees. Likewise, the Adviser has an incentive to hold onto assets or other investments that have poor prospects for improvement and/or to avoid or otherwise delay determining that an investment has been subject to a permanent write-off or impairment in order to receive ongoing management fees or other fees in the interim.

Side Letters

The Adviser and/or a Fund have entered and will from time to time enter into side letters and other agreements with one or more investors whereby, in consideration for agreeing to invest certain amounts in the Fund or other consideration, such investors could be granted rights not otherwise afforded to any or all investors. Such agreements will entitle an investor to make an investment in the Fund on terms not available to other investors. Any such terms, including with respect to (a) access to information and reporting obligations of the Fund, (b) transfer rights, (c) preferential withdrawal or liquidity rights, (d) consent rights to certain acts or amendments, (e) economic incentives, (f) purchase rights, (g) advisory board seats, (h) preferential co-investment rights, or (i) other matters, could be more favorable than those offered to any other investors. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the Fund Documents to the benefit of such investor at the expense of the Fund or of the other investors as a whole, including in the event that a side letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

The Adviser or a Fund will enter into such agreements with any party as the Adviser or the Fund determines, in its sole discretion, at any time. Other investors in the Fund will not necessarily have most-favored-nation rights in respect of all or any of the more favorable terms provided to others, and investors will have no recourse against the Fund, the Adviser or any other person in the event that certain investors receive additional benefits or other rights pursuant to such agreements that are more favorable than the terms received by all investors. To the extent required by applicable law or otherwise agreed by the Adviser or the Fund, material terms of certain side letters could be made available to certain investors on a redacted basis without making such terms available to all investors. Investors generally will not otherwise receive disclosure of side letter agreements. As a result of certain side letters, investors holding the same interests will have different returns, or receive different information, depending on any arrangements applicable to a given investor's interest in a Fund. In addition, if the Adviser enters into a side letter entitling an investor to be excused or excluded from a particular investment, (a) any election to be excused or excluded by such investor will increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, future investments, and reduce the overall size of a Fund and/or (b) a Fund's ability to consummate certain investments could be inhibited. Any co-investment rights granted to an investor in a side letter or other similar agreement could result in fewer co-investment opportunities (or reduced or no allocations) being made available to other investors.

Diverse Investor Group

The investors in a Fund will likely be subject to different legal, tax, and regulatory regimes. The nature and diversification of the Funds' investments, as well as the manner in which the Funds make, structure, hold and exit such investments could therefore lead to a more favorable legal, tax or regulatory outcome for some investors. In selecting investments appropriate for a Fund, the Adviser considers the investment objectives of the investing Fund as a whole, not the investment objectives of any of a Funds' investors individually.

Use of Subscription Lines

As described above in Item 8, the Funds have funded and may in the future fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, *i.e.*, subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings will be borne by the relevant Fund and, accordingly, will likely decrease net returns of such Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. In light of the foregoing, the Adviser has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund.

Advisory Board

The Adviser will in certain cases present potential conflicts of interest to the advisory board of a Fund, as is applicable, made up from representatives of investors in a Fund as appointed by the Adviser or the applicable general partner. The Fund Documents of a Fund provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary or other duties to such Fund or any other partner, other than to act in good faith. In addition, representatives of the advisory board could have various business and other relationships with the Adviser and its partners, employees and affiliates that could influence their decisions as members of the advisory board. Any overlapping interest creates an incentive for such advisory board member to vote in favor of proposals submitted by the Adviser. The members of the advisory board of a Fund could disproportionately represent one or more of the entities or categories of investors comprising such Fund. Additionally, the composition of the advisory board of a Fund will likely have substantial overlap with the composition of the advisory board of another Fund, which could lead to conflicts of interest if there are transactions between such Funds that require advisory board consent or approval. For example, certain investors will, from time to time, have representatives on the advisory board of a fund and the advisory board of another fund where they have more substantial investments, and, therefore, may be required to vote, among other matters, on issues regarding conflicts between such fund on the one hand and such other fund on the other.

Other Private Vehicles

Certain of the Consonance Affiliates invest in other private investment vehicles (including single investor co-investments) managed by other advisers. It is possible that the Adviser or the Funds could purchase portfolio companies that are owned by such other investment vehicles, which then indirectly benefit any the Consonance Affiliates invested in such vehicles.

Any of these situations subjects the Adviser and/or its affiliates to conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. The Adviser could allocate a portion of any investment opportunity to one or more third-party investors, including a co-investment vehicle formed to participate in such investment alongside a Fund in accordance with the partnership agreement of the relevant Fund. Such co-investment opportunities could be allocated to one or more existing investors of such Fund, lenders, consultants, advisors (including OC/SAB members), employees and/or strategic or other investors, in each case subject to the terms of the governing documents of the relevant Fund. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from an advisory board consisting of investors of the relevant Fund and such other investment vehicles.

Item 12 – Brokerage Practices

As described in Item 4, above, the Adviser is the investment adviser to private investment funds that invest in private companies in the healthcare industry. Due to the nature of the Funds' investment programs, the Adviser and its affiliates do not select or recommend broker-dealers for Fund transactions or aggregate the purchase or sale of securities for its Fund clients.

The Adviser does not utilize "soft dollars."

Item 13 – Review of Accounts

The Funds' portfolio and Investments are under continuous periodic review by the Adviser's investment team. The Adviser is typically in daily or weekly contact with management at portfolio companies and will implement weekly or monthly reports designed to help both company management and the Adviser capitalize on potential opportunities and mitigate risks emerging in the business.

Generally, investors will receive unaudited reports at least quarterly. In addition, investors will receive annual audited financial statements within 120 days of the fiscal year-end. The Adviser will hold annual meetings to provide investors with the opportunity to review and discuss with the Adviser (and its affiliates) the Funds' investment activities and portfolio. In addition to the information typically provided to all investors, the Adviser has provided and expects in the future to provide, in certain circumstances (e.g., in connection with a co-investment opportunity), certain investors with additional information with respect to a Fund or a portfolio company or provide more frequent reports that other investors will not necessarily receive.

Item 14 – Client Referrals and Other Compensation

The Adviser does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to the Adviser's clients. The Adviser currently does not directly or indirectly compensate any person who is not a supervised person for client referrals.

Item 15 – Custody

The Adviser is deemed to have custody of the Funds' assets pursuant to Advisers Act Rule 206(4)-2. To ensure compliance with Rule 206(4)-2 under the Advisers Act, the Adviser provides audited financial statements to investors within 120 days after the end of the relevant Funds' fiscal year (i.e., generally by April 30).

As the Adviser's investment program exclusively involves investments in private companies in the healthcare industry, the Adviser generally will be exempt from the requirement that securities be maintained with a "qualified custodian." The Adviser anticipates that the majority of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

To the extent that the Adviser's investments involve securities that are certificated, but also are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering and (ii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer, the Adviser will maintain such certificates with a qualified custodian.

Item 16 – Investment Discretion

The Adviser has discretionary authority to manage securities accounts on behalf of the Funds. The Adviser is authorized to make transaction recommendations for the Funds. Investors do not have the ability to impose limitations on the discretionary authority of the Adviser. Further, investors must execute subscription documents that contain a power of attorney.

Item 17 – Voting Client Securities

Based upon the Adviser's investment strategy and business as a private equity fund manager (and lack of involvement in publicly-traded equities) it does not vote proxies. If in the future it is contemplated that the Adviser can exercise voting authority with respect to any client securities, the Adviser will adopt proxy voting policies and procedures that are consistent with Rule 206(4)-6.

Item 18 – Financial Information

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. The Adviser has not been the subject of a bankruptcy petition.