



Item 1 Cover Page

# NAVIMED CAPITAL ADVISORS, LLC

## Part 2A of Form ADV

### Firm Brochure

This Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of NaviMed Capital Advisors, LLC (“NaviMed Capital,”) the “Adviser,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact Pete Lee, NaviMed Capital’s Chief Compliance Officer (the “CCO”) at (202) 817-2845 or via e-mail at [pete.lee@navimed.com](mailto:pete.lee@navimed.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

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

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Brochure prepared on March 28, 2024

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## Item 2 Material Changes

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This Brochure dated March 28<sup>th</sup>, 2024, has been prepared by NaviMed Capital as an amendment to the last annual update which took place on March 31, 2023. Kun Seung Lee (“Pete Lee”) has assumed the role as the Firm’s Chief Compliance Officer (“CCO”) effective March 2024. This revised Part 2 contains routine annual updates and enhanced disclosures. Recipients of the Brochure are encouraged to read the Brochure carefully in its entirety. NaviMed Capital will send clients either an updated Brochure or a summary of material changes to this and subsequent Brochures on at least an annual basis. Clients are encouraged to read the Brochure in detail and contact the Firm with any questions. The latest version of the Brochure can be accessed via the SEC Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by requesting a copy by contacting Pete Lee, NaviMed Capital’s CCO by calling NaviMed Capital at (202) 817-2845.

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## Item 4 Advisory Business

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### **Advisory Firm Description**

NaviMed Capital, established in 2011, is a private investment firm focused exclusively on the healthcare industry. The Firm is based outside of Washington, DC in Arlington, Virginia and is controlled and wholly owned by its managing members, Mr. Ryan Schwarz, Mr. Brian Canann, and Dr. Bijan Salehizadeh (the “Founding Managing Directors”).

### **Types of Advisory Services**

NaviMed Capital provides investment advisory services to privately offered pooled investment funds (each a “Fund” and, collectively, the “Funds”). Interests in each Fund are offered only to qualified investors satisfying the applicable eligibility and suitability requirements (typically institutional investors and eligible high-net-worth individuals). The relationship between NaviMed Capital and each Fund is governed by the Investment Advisers Act of 1940, as amended (the “Advisers Act”), as well as the Offering Documents (as defined below) of each Fund, including the terms of investment advisory agreements executed between NaviMed Capital and each Fund.

NaviMed Capital does not act as a general partner of any of its managed Funds. Instead, certain NaviMed Capital affiliates, including NaviMed Investment Management, L.P. and NaviMed Investment Management II, L.P. (each a “General Partner” and, collectively, the “General Partners”) serve as general partners to one or more of the Funds and have delegated exclusive investment advisory and other authority with respect to such Funds to NaviMed Capital. See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for more information regarding NaviMed Capital’s affiliated entities.

### **Tailored Advisory Services**

NaviMed Capital tailors its advisory services to the investment strategies (as described in Item 8 of this Brochure), specific terms and conditions of each Fund in accordance with the relevant limited partnership agreement, investment management agreement, offering memorandum, or other applicable Fund document (collectively, “Offering Documents”). The Offering Documents include restrictions on investing in certain instruments or types of assets, including concentration limits and other restrictions. Fund investors should refer to the applicable Fund Offering Documents for specific information about the applicable Fund.

In accordance with the terms of each Fund’s Offering Documents, as well as common industry practice, NaviMed Capital has entered into letter agreements or other similar agreements (referred to as “side letters”) with one or more investors in a Fund (also referred to as “Limited Partners”) providing such Limited Partners with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information, reporting, and other rights. Except as otherwise agreed with a Limited Partner, NaviMed Capital is not required to disclose the terms of side letter arrangements with other Limited Partners. Once invested in a Fund, investors cannot impose additional investment guidelines or restrictions on the applicable Fund, but, in certain

instances, may be excused from a particular investment due to legal, regulatory or other applicable constraints.

### **Regulatory Assets Under Management**

As of December 31, 2023, NaviMed Capital managed approximately \$474,728,879 of Fund assets on a discretionary basis.

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## **Item 5 Fees and Compensation**

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### **Advisory Fees**

NaviMed Capital or an affiliate receives a management fee, and its affiliated General Partners are allocated carried interest as compensation for providing investment advisory services to the Funds (as described below). Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge. In addition, the General Partner of each Fund may, in its sole discretion, waive or reduce an investor's management fee or carried interest. Fund investors should refer to each Fund's Offering Documents for specific information about the applicable Fund's fees and expenses.

#### *Management Fee*

Each Fund will generally pay an annual "Management Fee" equal to a percent of such Fund's capital commitments or invested capital. The Management Fee for a Fund is paid in advance generally by way of a drawdown of capital from investors in the applicable Fund but may be paid from any other asset owned by the applicable Fund (including amounts received by the applicable Fund in respect of a portfolio investment and/or reserved by the applicable Fund). Generally, the Management Fee is not negotiable, provided that NaviMed Capital is permitted to waive, reduce or otherwise modify the Management Fee for any Limited Partner in a Fund with the result being that investors in the same Fund may pay different Management Fees.

All break-up fees paid to NaviMed Capital or its affiliates in connection with the Fund's unconsummated transactions will first be applied to offset broken deal expenses of NaviMed Capital and/or its affiliates and 100% of the Fund's pro-rata share of the balance will be credited against Management Fees. In addition, 100% of the Fund's pro-rata share of any transaction, closing, consulting, monitoring, directors' fees or other fees paid to NaviMed Capital or its affiliates (net of expenses) by a portfolio company will also be credited against Management Fees. However, as detailed in each applicable Fund's Offering Documents, any fees paid by a Fund portfolio company to certain outside experts or professionals (specifically "Health Policy Partners" or "Senior Advisors" as such terms are defined by the applicable Fund's Offering Documents, as well as terms or titles of similar import) will not be credited against Management Fees.

#### *Management Offset Fees*

From time to time, certain affiliates of NaviMed Capital (including the General Partners of certain Funds) receive monitoring fees, transaction fees, upfront fees, and/or breakup fees

from transactions with certain portfolio companies in which the Funds are invested. In these cases, it is generally NaviMed Capital's policy to allocate the fees to offset the Management Fee payable to NaviMed Capital by any Funds that participate in a transaction from which the fees were derived. Also, from time to time, employees or principals of NaviMed Capital serve as directors with respect to portfolio companies in which certain Funds invest, and compensation is paid to NaviMed Capital, its affiliates, or its employees or principals for the provision of the director's services. In these instances, it is generally NaviMed Capital's policy to allocate compensation received for serving as a director to offset the Management Fee of any Funds that participate in the transaction from which NaviMed Capital derived the right to the board seat.

As detailed in each applicable Fund's Offering Documents, any fees paid by a Fund portfolio company to certain outside experts or professionals (specifically "Health Policy Partners" or "Senior Advisors" as such terms are defined by the applicable Fund's Offering Documents, as well as terms or titles of similar import) will not be credited against Management Fees.

#### *Carried Interest Allocation (Performance-Based Fees)*

An affiliate of NaviMed Capital receives performance-based compensation from each Limited Partner (with limited exceptions) in each Fund in connection with the performance by such affiliate of its duties to the applicable Fund. Generally, such performance or carried interest allocation is equal to a percentage of distributions otherwise payable to such Limited Partner after a return to such Limited Partner of its aggregate capital contributions to the applicable Fund plus an agreed-upon annual return (or performance hurdle). These amounts are paid from cash otherwise distributable to such Limited Partner, such as receipt by the applicable Fund of proceeds from a portfolio investment. Generally, the performance allocation is not negotiable, provided that NaviMed Capital is permitted to waive, reduce or otherwise modify the performance allocation for any Limited Partner in a Fund with the result being that investors in the same Fund may pay different performance-based compensation.

### **Other Fees and Expenses**

In addition to the Management Fee and the performance-based compensation discussed above, each Fund, or in certain cases a Fund's portfolio company, may be required to reimburse NaviMed Capital and/or its affiliates for, and/or pay to one or more third parties, all out-of-pocket costs and expenses attributable to the applicable Fund's activities, other than ordinary administrative and overhead expenses of NaviMed Capital incurred in managing the applicable Fund. These additional amounts, including those identified below, are more fully described in the offering documents for each Fund. As noted earlier, differences may exist with respect to the fees and expenses charged from Fund to Fund, and certain Funds may not charge for certain fees and expenses. Examples of other fees and expenses that may be charged to one or more Funds include those set forth below:

#### *Organizational and Offering Expenses*

A Fund will generally reimburse NaviMed Capital or an applicable affiliate for all or stated portion of the Fund's organizational expenses incurred in the formation of the Fund and the

offering of the interests. In the event that only a stated portion of organizational expense are reimbursed by a Fund, organizational expenses in excess of such portion and any placement agent fees will generally be borne by the Fund but will be subject to a 100% offset against Management Fees; provided, however, that any such amounts so credited will not reduce any quarterly payment of Management Fees by more than 50%.

#### *Operating Expenses*

NaviMed Capital will bear all costs associated with the salaries of its investment and administrative personnel and its rent, utilities and office space. A Fund will generally pay all other expenses including legal, fund administration, accounting, audit, consulting, investment banking, reporting, research, due diligence, travel and other professional services to the Fund and filing and similar fees paid on behalf of the Fund, including such expenses with respect to transactions that are not consummated to the extent not reimbursed by portfolio companies, all custody, transfer, registration and similar expenses incurred by the Fund, all brokerage and finder's fees and commissions and discounts incurred in connection with the purchase or sale of securities, all premiums for insurance covering indemnified persons, all fees and expenses of the "LP Advisory Committee," all fees and expenses incurred in connection with partner meetings, all interest on borrowed funds, all extraordinary expenses, all taxes and similar fees and expenses.

#### *Fund Level Borrowing*

A Fund may from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, or to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all Limited Partners on a pro-rata basis, including the General Partner. In addition, credit facilities for a Fund may be available to provide borrowed funds directly to the portfolio companies of the Fund, in which case such borrowed funds would be guaranteed by the Fund.

To the extent that Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net internal rate of return calculations higher than otherwise would be the case without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. While a Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by NaviMed Capital by decreasing the amount of distributions from the Fund that are required to be made to the Fund investors in satisfaction of any preferred return. NaviMed Capital therefore has a conflict of interest in deciding whether to borrow funds because NaviMed Capital may receive disproportionate benefits from such borrowings.



Borrowings by a Fund will generally be secured by capital commitments made by the Fund's investors to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the Fund's investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of unrelated business taxable income.

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

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As indicated in Item 5, in connection with providing advisory services to each Fund, an affiliate of NaviMed Capital receives performance-based compensation (*i.e.*, the performance or carried interest allocation). This carried interest allocation may create an incentive for NaviMed Capital to make investments that are riskier or more speculative than would be the case in the absence of the carried interest allocation.

Performance-based compensation also may incentivize the General Partners to overvalue assets in order to increase the amount of its performance-based compensation. Moreover, the performance on which performance-based compensation is calculated may, in certain circumstances, include unrealized appreciation and depreciation of investments that may not ultimately be realized and as a result may create an incentive for the General Partners to time investments, and the realization of investments, so as to maximize performance-based compensation rather than the investment returns of Funds. Lastly, each Fund's respective General Partner may be required to return excess amounts of performance-based compensation as a "clawback," pursuant to the Fund's applicable Offering Documents. This clawback obligation may create an incentive for a General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

Prior to making a commitment to a Fund, investors are provided with information disclosing how NaviMed Capital's affiliate receives the carried interest allocation and how the carried interest allocation may increase investment risk, and the investors agree to these arrangements.

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## **Item 7 Types of Clients**

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As described in Item 4, NaviMed Capital provides investment advisory services to privately offered pooled investment funds including partnerships or other pooled investment vehicles formed under domestic or non-U.S. laws and operated as investment pools that are excluded from the definition of an investment company under the Investment Company Act of 1940, as amended (the "Company Act"). At this time, it is not anticipated that NaviMed will provide advice to advisory clients that are "retail investors" as defined by Rule 204-5(d)(2) under the Investment Advisers Act of 1940, as amended (the "Advisors Act"). Fund investors generally include institutional investors and other sophisticated investors. By virtue of their investment in a Fund, Fund investors are not clients of NaviMed Capital. Each Fund's Offering Documents impose a minimum contribution for investment,



which varies from Fund to Fund, and is subject to the sole discretion of the General Partner of such Fund to waive the minimum commitment requirement.

Each investor in a Fund is required to meet certain suitability qualifications in order to invest, such as being an “accredited investor” within the meaning of Rule 501 under the Securities Act and/or a “qualified purchaser” within the meaning of Section 2(a)(51) of the 1940 Act. In addition, there are prohibitions on withdrawals from a Fund and restrictions on transfers of interests in a Fund. Because of these prohibitions and restrictions, an investment in a Fund is a continuing commitment to invest the amount of capital subscribed for by an investor, is an illiquid investment, and involves a high degree of risk. A subscription for Limited Partner interests in a Fund should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

In order to invest in a Fund that is subject to a performance fee, an investor must be a “qualified client” as defined by Section 205 of the Advisers Act, and Rule 205-3 thereunder.

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

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On behalf of the Funds, NaviMed Capital intends to continue to execute a strategy of acquiring what it believes to be profitable lower middle market healthcare businesses primarily within large end markets such as healthcare services, health IT and outsourced services. The firm takes a thematic approach to investments and discusses and reviews its thematic emphases regularly.

### **INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT ALL FUND INVESTORS SHOULD BE PREPARED TO BEAR.**

#### **Material Risk Factors**

The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a fund’s investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken in managing fund assets are subject to various market, liquidity, currency, economic, political and other risks, and investments may lose value.

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to NaviMed Capital or a particular security or investment. Rather, it is a general description of the nature and risks of the advisory services provided by NaviMed Capital and the related investments. This summary is qualified in its entirety by reference to the Offering Documents that apply to each of the Funds managed by NaviMed Capital. Investors should carefully read such documentation before making an investment and should refer to the applicable Offering Documents for a particular Fund for the risk factors associated with that Fund.

#### *Changes in Environment*

A Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates may undergo substantial changes. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Fund or considered for prospective investment. Instability in the securities markets may also increase the risks inherent in investments. Legal and regulatory changes could occur during the term of the Fund that may adversely affect the Fund.

#### *Long-Term Nature of Portfolio Investments*

A Fund is intended for long-term investment and for investors who can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. The investments of the Fund are unlikely to provide current income, which is not an objective of the Fund. It is anticipated there will be a significant period of time (up to five years or more from the date of the Fund's final closing) before the Fund has completed its investment program. Investments may typically take from three to five years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures may not provide liquidity for the Fund's investments prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Fund's investments will occur for a significant period of time after the first closing of the Fund.

#### *Illiquidity of Fund's Portfolio Investments*

It is anticipated that all or a substantial portion of a Fund's investments will consist of securities that are subject to restrictions on sale by the Fund because they were acquired from the issuer in "private placement" transactions or because the Fund will be deemed to be an affiliate of the issuer. Generally, the Fund will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act of 1933, as amended (the "Securities Act"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions. When restricted securities are sold to the public, the Fund may be deemed an "underwriter", or possibly a controlling person, with respect thereto for the purpose of the Securities Act and be subject to liability as such under that Act.

In addition, practical limitations may inhibit the Fund's ability to liquidate certain of its investments in portfolio companies since the issuer will be privately held and the Fund will own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of the Fund's investments could prevent a successful sale thereof, result in a delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

#### *Legal and Regulatory Risks*

Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect the Fund. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by a Fund and the ability of the Fund to pursue its investment strategies. New laws or revised regulations imposed by the SEC, other governmental regulatory authorities, self-regulatory organizations or industry bodies that supervise the financial markets that could adversely affect the Fund may be adopted in the future. A Fund may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these regulatory authorities or self-regulatory organizations.

#### *Reliance on Management of the Fund and the Portfolio Companies*

Decisions with respect to the management of a Fund will be made by NaviMed Capital and its affiliates. The success of the Fund will depend on the ability of the NaviMed Capital and its affiliates to identify and consummate suitable investments, to improve the operating performance and development of portfolio companies and to dispose of investments at a profit. There can be no assurance that all of the professionals of NaviMed Capital will continue to be associated with the Fund throughout its term. The loss of the services of one or more members of the professional staff of NaviMed Capital could have an adverse impact on the Fund's ability to realize its investment objective. In addition, although NaviMed Capital will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although NaviMed Capital intends to invest a Fund in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

#### *Cyber Security Risk*

With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Fund, its portfolio companies and their service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of a Fund, NaviMed Capital, the Fund's portfolio companies and/or any of their third-party service providers may adversely impact the Fund or the Fund's investors. For instance, cyber-attacks may interfere with the processing of Fund investor transactions, impact the Fund's ability to value its assets, cause the release of private Fund investor information or confidential information of the Fund, impede trading, cause reputational damage, and subject the Fund to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Fund may also incur substantial costs for cyber security risk management in order to prevent any cyber incidents in the future. A Fund and the Fund's investors could be negatively impacted as a result. While a Fund or

the Fund's service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities or other instruments in which the Fund invests, which could result in material adverse consequences for such issuers and may cause the portfolio investments therein to lose value.

#### *Healthcare Industry Risks*

NaviMed Capital invests a significant portion of Fund assets in securities of issuers in the healthcare industry. Investing in securities and other instruments of healthcare companies involves substantial risks. Such risks include, but are not limited to, the following: (a) changes in government policies, including policies regarding reimbursement of medical services and products, and federal healthcare program participation; (b) certain companies in which a Fund will invest may have limited or no operating histories, or may have limited products or services, markets and financial resources; (c) companies may not be able to maintain legal and regulatory compliance, resulting in regulatory and/or legal enforcement actions; (d) rapidly changing technologies may cause products or services to quickly become obsolete; (e) companies in these sectors may not be able to obtain adequate pricing and reimbursement levels for their products or services; (f) scarcity of management and marketing personnel with appropriate technological, medical or scientific training may slow or impede companies' growth; (g) investors' changing sentiments and preferences with regard to investments in healthcare companies (which may be perceived as risky) may have an adverse effect on the price of underlying securities; (h) volatility in the U.S. stock markets affecting the prices of securities of healthcare companies may cause investments made by NaviMed Capital's Funds to experience substantial volatility; and (i) healthcare companies may be subject to extensive government regulation and associated compliance costs. There is no guarantee that the government's role in the healthcare industry will not adversely impact the performance of a Fund. In both US and foreign markets, sales of healthcare products or services will depend in part on the availability of reimbursement from third party payors such as government health administration authorities, private health insurers, managed care entities and other organizations. The levels of revenues and profitability of healthcare companies may be affected by the continuing efforts of governmental and third-party payors to contain or reduce the costs of healthcare or to establish protocols which effectively limit physicians' ability to select products and procedures.

#### *Inflation*

A Fund's performance may be adversely affected by inflationary conditions in any market in which the Fund operates or in which its investments are located. Deterioration in economic conditions, or a significant rise in inflation, may cause bankruptcy and insolvency filings to increase, and the ability of borrowers to pay their debts or counterparties to satisfy their obligations could be adversely affected. This may in turn adversely impact a Fund's business and financial results. Furthermore, inflationary pressures may result in the reduction of the value and relative performance of a Fund's portfolio companies.

### *Acts of God and Geopolitical Risks*

The performance of NaviMed Capital's Funds could be impacted by acts of God or other unforeseen and/or uncontrollable events (collectively, "Disruptions"), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These Disruptions may affect the level and volatility of security prices and liquidity of any investments. There is a risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in its suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions.

The extent of the impact of any such Disruptions on NaviMed Capital, its Funds, and any underlying portfolio company's operational and financial performance will depend on many factors, including the duration and scope of such Disruptions, the extent of any related travel advisories and restrictions implemented, the impact of such Disruptions on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its interference with important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A Disruption may materially and adversely impact the value and performance of any investment, as well as NaviMed Capital's ability to source, manage and divest investments, and to achieve its Funds' investment objectives, ultimately resulting in significant losses to Funds and investors. In addition, a Disruption may significantly impact the operations of NaviMed Capital, its Funds, and their underlying portfolio companies, or even temporarily or permanently halt their operations.

### *Political and Economic Considerations*

Changes in political, social and economic conditions could have substantial impact on the investments made in a Fund's portfolio. Such potential changes include, but are not limited to (a) risks associated with different (and lower quality) information being available, (b) higher rates of inflation, (c) greater governmental involvement in the economy, (d) stricter or more expansive governmental regulations in the healthcare services sector, or (e) contraction of economies, in particular, loss of consumer confidence and an economic slowdown in the markets in which Funds are invested in, which may impact a Fund's financial performance and the value of its investments. In addition, laws and regulations of non-U.S. countries may impose restrictions or approval requirements that would not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S. Foreign countries may also impose taxes on a Fund or its investors.

### *Financial Institution Risk*

Actual events involving reduced or limited liquidity, increased defaults or non-performance, or other adverse developments that affect financial institutions or other companies in the financial services industry, including banks and other custodians of a Fund's funds and securities, or impact the financial services industry generally, as well as concerns or rumours about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, defaults on financial obligations, non-performance of contractual obligations, and other adverse impacts on these financial institutions, investors that deposit funds and securities at these institutions, lenders to and borrowers from these institutions, and other companies in the financial services industry. Investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult to acquire financing on acceptable terms or at all.

If global credit market conditions and the stability of global banks deteriorate in an economic downturn, the amount of lending and financing could be reduced, thus reducing the volume of investments available for purchase, which could adversely affect a Fund's business, financial results and ability to succeed in various markets. Other factors associated with the economy that could influence a Fund's performance include the financial stability of the lenders on any bank loans and credit facilities of a Fund or its portfolio investments, and access to capital and credit for a Fund or its portfolio investments. Any decline in available funding or access to cash and liquidity resources could, among other risks, adversely impact the ability to meet operating expenses, satisfy financial obligations, liquidate portfolio holdings, withdraw capital, or fulfill other obligations, or result in breaches of financial and/or contractual obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on portfolio holdings, Fund performance, or business operations.

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## **Item 9 Disciplinary Information**

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We are not aware of any legal or disciplinary events that are material to an investor's or prospective investor's evaluation of NaviMed Capital's advisory business or the integrity of our management.

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

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### **Broker-Dealer**

Neither NaviMed Capital nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.



## **Futures and Commodity Trading**

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

## **Material Related Person Relationships**

Each Fund's General Partner is an affiliate of NaviMed Capital. NaviMed Capital and the General Partners share personnel who are responsible for the investments of multiple Funds. Although NaviMed believes its research efforts are synergistic for all of its Clients, this simultaneous management creates conflicts as to the amount of time and resources committed by NaviMed Capital's personnel to managing each Fund's portfolio of investments. NaviMed Capital will devote as much time to each of its Funds as it deems appropriate to perform its duties in accordance with each Fund's applicable Offering Documents. NaviMed Capital also mitigates this conflict through disclosure to its Funds and investors, as well as through policies and procedures that prohibit NaviMed Capital's personnel from unduly favoring any one client over another.

As mentioned in Item 5, from time to time, certain of NaviMed Capital's employees or principals receive compensation for serving as directors of portfolio companies in which one or more Funds invest. In these instances, the amount of compensation received by such NaviMed Capital employees or principals may offset the applicable Fund's Management Fee payable to NaviMed Capital. For more information about how a Fund's Management Fee may be offset, please refer to the applicable Fund's Offering Documents.

## **Other Investment Advisers**

NaviMed Capital does not recommend or select other investment advisers for its clients.

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

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### **Code of Ethics**

NaviMed Capital has adopted a Code of Ethics for all supervised persons that describes, among other things, NaviMed Capital's standard of business conduct and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to a prohibition on insider trading and personal securities trading procedures and reporting requirements, among other things. All supervised persons at NaviMed Capital must acknowledge the terms of the Code of Ethics annually and at any time the Code of Ethics is materially amended.

NaviMed Capital's Funds or prospective investors, and current and prospective Fund investors, may request a copy of NaviMed's Code of Ethics by contacting Pete Lee, NaviMed's Chief Financial Officer/Chief Compliance Officer, at [pete.lee@navimed.com](mailto:pete.lee@navimed.com).



NaviMed Capital addresses potential conflicts through regular monitoring of each Funds' portfolio for consistency with Fund objectives, strategies, and target capacity. Further, NaviMed Capital carefully considers the risks involved in any investments and provides extensive disclosure to Funds and investors regarding the risks related to investing with NaviMed Capital.

### **Personal Trading**

Per NaviMed Capital's Code of Ethics, principals and employees of NaviMed Capital (and their immediate family members) and its affiliates are generally permitted to trade securities for their own account. In addition, employees of NaviMed Capital (and their immediate family members) and its affiliates are required to preclear certain securities transactions, including transactions involving securities in an initial public offering, in a private placement, or on NaviMed Capital's "restricted list" (described below). The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of NaviMed Capital will not interfere with (a) making decisions in the best interest of its Clients and (b) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Employee trading is monitored to detect and prevent conflicts of interest between NaviMed Capital and its Clients. NaviMed Capital requires employees to submit initial and annual holdings reports detailing each employee's trading positions, as well as quarterly transaction reports.

### **Participation or Interest in Client Transactions**

Principals and employees of NaviMed Capital and its related persons and affiliates are or may be investors in the Funds. As such, it is possible that NaviMed Capital will cause a Fund to buy or sell securities in which NaviMed Capital or one of its related persons has a financial interest. For example, NaviMed Capital could recommend that a Fund invest in a security in which another Fund previously invested. Moreover, NaviMed Capital is incentivized to favor the Funds in which NaviMed Capital or its employees and affiliates have a greater financial interest. NaviMed Capital addresses this conflict through disclosure to its Clients and investors, as well as through policies and procedures governing the allocation of investment opportunities, which are described in Item 6 – Performance-Based Fees and Side-by-Side Management. It should be noted that investments in the Funds made by such related persons and affiliates will not be subject to the Fees described above in Item 5.

### **Material Non-Public Information**

NaviMed Capital maintains policies and procedures that are designed to detect and prevent the misuse of material nonpublic information by NaviMed Capital and its employees. In accordance with these policies, to prevent trading of public securities based on material nonpublic information, NaviMed Capital maintains and updates as needed a "restricted list" of companies about which NaviMed Capital employees have or expect to receive material, nonpublic information.

As discussed in Item 5, from time to time, NaviMed Capital's employees or principals serve as directors of Fund portfolio companies. By serving in this capacity, it is possible that a director will obtain material non-public information with respect to the applicable portfolio company. In the event that NaviMed Capital's employees or principals acquire material, nonpublic information, NaviMed

Capital's internal trading policies and procedures prohibit NaviMed Capital and its employees, for a period of time, from acting upon any such information, even if that would be financially beneficial to NaviMed Capital, its employees, and/or its Funds. Due to these restrictions, NaviMed Capital may not be able to initiate transactions on behalf of its Funds that it may otherwise have initiated, including being prevented from selling an investment that it otherwise might have sold.

### **Gifts and Entertainment**

The Code restricts NaviMed Capital employees from giving a gift to, receiving a gift from, or giving or accepting entertainment to or from certain third parties if such gift or entertainment is likely to compromise the independence of its recipient or his/her judgment and is likely to cast doubts over his/her integrity or to seem disproportionate to the business relationship. Certain limits, reporting requirements and prohibitions have been established with respect to giving and the receipt of gifts above certain thresholds.

### **Other Business Activities**

NaviMed Capital employees may engage in worthy activities for their community or personal development. Such activities, however, should not impair the working efficiency or responsibilities of the individual. NaviMed Capital employees may from time to time be asked to serve as a director, adviser, consultant, or employee or engage in other forms of participation in other companies or organizations. Because such commitments often involve substantial responsibilities, or they present actual or apparent conflicts of interest, NaviMed Capital employees are required to obtain approval prior to accepting such positions, other than for non-compensated positions with charitable/religious nonprofit organizations.

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## **Item 12 Brokerage Practices**

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### **Selection of Broker-Dealers**

Investments for a Fund are generally made through private negotiations and, as a result, best execution obligations do not arise in the same context as transactions in publicly traded securities. However, from time to time, such investments may be made through (or involve) a broker-dealer to the extent that a broker-dealer has a mandate to represent a seller or buyer of an asset or to the extent that NaviMed Capital believes that the services of a broker-dealer would add value to a monetization process for an existing portfolio investment. In the latter situation, NaviMed Capital will generally select a broker-dealer based on such broker-dealer's expertise in the sector and history of successful past transactions, as well as the reasonableness of the fees charged by such broker-dealer.

While it is not anticipated that NaviMed Capital will often transact in public securities due to its investment mandate, in the event that it does so, its selection of a broker-dealer will be dependent, in part, on the size and type of the applicable transaction, the execution, clearance and settlement capabilities of the broker-dealer, the reputation of the broker-dealer, confidentiality, and the reasonableness of fees charged.

### *Soft Dollars*

NaviMed Capital does not participate in any arrangement with broker-dealers that provide soft dollar benefits or referral arrangements. NaviMed Capital will select brokers based on the factors described above, among others.

### *Brokerage for Client Referrals*

NaviMed Capital does not receive referrals for clients from any broker-dealers.

### *Directed Brokerage*

As NaviMed Capital's clients are all private investment funds, NaviMed Capital selects all broker-dealers. NaviMed Capital's clients do not direct brokerage.

## **Aggregation of Orders of Securities for Client Accounts**

Due to the nature of NaviMed Capital's business as a private equity investor, NaviMed Capital does not aggregate orders of securities for client accounts.

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## **Item 13 Review of Accounts**

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NaviMed Capital's investment professionals confer on a regular basis to discuss the Funds' portfolios, potential follow-on investment opportunities and other important matters. In addition, the investment professionals share important information on such topics on an ongoing basis via email and informal discussions. NaviMed Capital also reviews the Funds' portfolios on a quarterly basis in conjunction with its review of unaudited account statements and on an annual basis in conjunction with the preparation of the audited financial statements. In addition, each Fund's portfolio is reviewed quarterly with the limited partner advisory committee of such Fund, and annually with all limited partners of such Fund, typically at the annual meeting of limited partners of the Funds.

NaviMed Capital regularly makes available to each investor in each Fund, in accordance with the Offering Documents of each Fund, reports containing (i) annual audited financial statements within 120 days of the fiscal year end; (ii) quarterly unaudited estimates of investment performance; (iii) quarterly unaudited estimates of the balance of each investor's capital account in the applicable Fund; (iv) a Schedule K-1 for investors in a U.S. Fund only; and (v) certain other reports..

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

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### **Non-Client Benefits**

Except to the extent discussed in Item 5, NaviMed Capital does not receive economic benefits from persons who are not clients for providing investment advice or advisory services to its clients.

## **Client Referrals and Compensation**

NaviMed Capital or its affiliates may enter into arrangements in which third-parties will assist in the capital raising efforts for NaviMed Capital's Funds in exchange for a fee (such person, a "placement agent"). The fee paid to the placement agent may be calculated as a percentage of funds raised by the placement agent, or as a fixed fee, or otherwise, as specifically negotiated between NaviMed Capital or such affiliate and the placement agent and memorialized in a written agreement. These types of placement agent arrangements, to the extent applicable, are disclosed in a Fund's offering materials.

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## **Item 15 Custody**

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Except as described below, NaviMed Capital does not maintain physical possession over any funds or securities for the Funds.

NaviMed Capital conducts all business operations in such a way that each Fund's cash and securities, other than privately offered, non-certificated securities, are held in custody by an unaffiliated bank that is a qualified custodian. Each Fund is subject to an annual audit by a Public Company Accounting Oversight Board-registered accounting firm. Audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed within 120 days of each Fund's fiscal year end, as applicable. Each investor that receives a copy of such financial statements should carefully review these documents.

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## **Item 16 Investment Discretion**

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NaviMed Capital is appointed by each applicable Fund's General Partner as the investment adviser to each Fund. As such, NaviMed Capital has discretionary authority to manage the day-to-day activities of each Fund. NaviMed Capital's advice is made or provided in accordance with the investment objectives, guidelines, and any restrictions set forth in each Fund's Offering Documents.

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## **Item 17 Voting Client Securities**

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Although the Funds' investment programs generally do not include holding and voting publicly traded securities, NaviMed Capital may be presented with the responsibility to vote proxies for such securities if such securities are held by any of the Funds. NaviMed Capital's proxy voting procedures ensure that it is the designated party to receive proxy voting materials from companies or intermediaries. NaviMed Capital's CCO is then responsible for providing these materials to the applicable Fund's investment committee who will determine how to vote the applicable proxy. NaviMed Capital's CCO coordinates the communication of the vote(s) to third parties and the maintenance of all records associated with any proxy voted. Upon request, NaviMed Capital will provide its investors with proxy voting history information, if any.

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## **Item 18 Financial Information**

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Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. NaviMed Capital has no financial condition that impairs

its ability to meet contractual or fiduciary commitments to its Funds, and has not been the subject of a bankruptcy proceeding.