

Item 1. Cover Page



HAVENCREST

Havencrest Capital Management, LLC

PART 2A OF FORM ADV: FIRM BROCHURE (“Brochure”)

**2100 McKinney Ave, Suite 1760
Dallas, Texas 75201**

March 25, 2024

<https://havencrest.com>

This brochure provides information about the qualifications and business practices of Havencrest Capital Management, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Ryan Panyard at (214) 420-3492 or rpanyard@havencrest.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.

Any reference to Havencrest Capital Management, LLC as a registered investment adviser does not imply a certain level of skill or training.

Additional information about Havencrest Capital Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This is Havencrest Capital Management, LLC's annual updating amendment to its last Brochure filed on 12/07/2023. In the other-than-annual amendment filed 12/07/2023, Ryan Panyard assumed the role of the Chief Compliance Officer.

There have been no other material changes of our brochure since our most recent update. However, in the future, this section of our Brochure will contain a summary of any material changes we have made since our last annual Brochure, and we will provide you with a copy of that summary within 90 days of the end of our fiscal year each year. We will also provide you with copies of any new Brochure as necessary under the state rules.

All clients and investors are encouraged to review this document in its entirety – along with all other investment offering materials – before making any investment decisions.

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Item 4. Advisory Business

Item 4.A: General Description of Advisory Firm

Havencrest Capital Management, LLC (“**Adviser**”, “**Firm**”, or “**Havencrest**”) is a Delaware limited liability company, with its principal place of business based in Dallas, Texas, together (where context permits) with its affiliated general partners of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates are currently and would typically be under common control with Havencrest and possess substantially similar personnel and/or equity owners. These affiliates have been, and may in the future, be formed for tax, regulatory or other purposes in connection with the organization of the Funds (as defined below). Havencrest Capital Management, LLC was formed in 2017 and is principally owned by Dr. Christopher Kersey.

Havencrest serves as the investment manager and provides investment advisory services on a discretionary basis to privately offered pooled investment vehicles, Havencrest Healthcare Partners, L.P. and Havencrest Healthcare Partners II, L.P. (each a “**Fund**” or “**Client**” and collectively the “**Funds**” or “**Clients**”), both Delaware limited partnerships. Havencrest Healthcare Partners GP, LLC and Havencrest Healthcare Partners II GP, LLC, respectively, serve as general partners of the Funds.

Item 4.B: Description of Advisory Services

The Adviser provides investment supervisory services to the Funds, which are exempt from registration under the Investment Company Act of 1940, as amended (the “**IC Act**”) and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”).

The investment advisory services provided to the Clients are based on the particular investment objectives and strategies described in the Funds’ confidential offering memorandum, limited partnership agreement and other governing documents (collectively referred to as “**Offering Documents**”). The Funds make primarily long-term private equity and equity-related investments to generate superior risk-adjusted returns through investing in lower middle-market healthcare companies based in North America.

The Adviser’s advisory services to the Funds consist of investment advice and other management and administrative services, including investigating, structuring, and negotiating the Funds’ potential investments, monitoring the performance of Portfolio Companies, and advising the Funds as to disposition opportunities.

Item 4.C: Tailoring Advisory Services

Havencrest’s investment management and advisory services to the Funds are provided pursuant to the terms of the Offering Documents and investors in the Funds cannot obtain services tailored to their individual specific needs.

The Adviser provides investment supervisory services to each Fund in accordance with the limited

partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “**Advisory Agreement**”).

Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund, Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Fund (the organizational and offering documents, Advisory Agreements and side letters referred to herein as a Fund’s “**Governing Documents**”).

Additionally, from time to time and as permitted by the relevant Organizational Documents, the Adviser in its sole discretion, may (but is not obligated to) offer co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, the Adviser’s personnel and/or certain other persons associated with the Adviser and/or its Affiliates.

Item 4.D: Wrap Fee Program

The Adviser does not participate in wrap fee programs.

Item 4.E: Regulatory Assets Under Management

The Adviser manages approximately \$500,768,664 of client assets as of December 31, 2023, on a discretionary basis. Havencrest does not manage any client’s assets on a non-discretionary basis.

Item 5. Fees and Compensation

Item 5.A and 5.B: Description of Compensation Arrangements

Below is a discussion of how the Adviser is typically compensated in connection with providing advisory services to its Clients. Because the Adviser may enter into different fee arrangements on a client-by-client basis, please ensure you obtain and carefully read and study all applicable offering documents for any Fund or Fund(s) for which the Adviser provides investment advisory services. The information contained herein is a summary only and is qualified in its entirety by the Client’s Governing Documents. Investors and prospective investors are advised that they should consult with their own legal, financial, tax and other advisers when making any investment decision.

The Adviser or its affiliates generally receive Management Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio companies may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, may reduce the Management Fees payable to the Adviser. Additionally, consistent with the Governing Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies.

Management Fee

The management fees received will be based on committed or invested capital in accordance with the terms of the Governing Documents of the relevant Fund. Havencrest may, in its sole discretion, manage other funds with higher or lower fees, different fee structures and different expense payment arrangements than current Funds. The Adviser's current management fees will typically be up to 2% of capital committed per annum to the relevant Fund during the investment period and up to 2% per annum of invested or committed capital remaining following the investment period, depending, in particular, on market terms, the strategy of the relevant Fund, the amount of assets under management with the Fund and the point in time in the life cycle of the relevant Fund. The management fee will be paid quarterly, in advance, and deducted directly from the relevant Fund's account.

Performance Allocation

The Adviser or its affiliates typically receive Carried Interests allocations from each of the Fund(s) of up to 20% of distributable cash of each portfolio investment. Carried Interests allocations may be subject to hurdles and/or claw-backs, depending on, among other things, the strategy of the relevant Fund(s) and market returns. For additional information, please refer to the specific Governing Documents for each Fund(s) which may contain different carried interest provisions and payment structures than that described above.

Item 5.C: Other Fees and Expenses

Organizational Expenses

A Fund will bear the organizational and startup expenses of the Fund, the General Partner and the Management Company, and the offering of the interests, up to a maximum amount as detailed in each Fund's Governing Documents (collectively, the "**Organizational Expenses**"). Organizational Expenses in excess of the maximum amount, if any, will either be borne by the General Partner or the Management Company, or applied as an offset against the Management Fee.

Partnership Expenses

Fund(s)' will typically be responsible for costs, expenses and liabilities that in the good faith judgment of the General Partner are incurred by or arise out of the operation and activities of the Fund ("**Partnership Expenses**"), including but not limited to: (i) all expenses incurred in connection with the business, affairs and operations of the Fund, including the due diligence, purchase, acquisition, holding, transfer or sale, of any Portfolio Investment (whether or not consummated), including legal, tax, accounting, banking, valuation, appraisal, custodial, depository and consulting fees and expenses, travel, and the fees and expenses of the administrator of the Fund; (ii) all expenses incurred in connection with the development of any Portfolio Investment, including the employment of third-party consultants or engineers; (iii) brokerage and finders' fees and commissions; (iv) all expenses incurred in connection with the securing of financing, including but not limited to expenses related to the negotiation and documentation of agreements with one or more lenders; (v) all expenses related to investing the Fund's cash reserves; (vi) all costs and fees relating to the administrative and audit expenses of

the Fund, and the preparation, printing and distribution of financial and tax reports, Schedules K-1, portfolio valuations and tax returns of the Fund to the Partners, governmental authorities or self-regulatory organizations and other third party expenses incurred in connection with secure communications of the Fund; (vii) fees, costs and expenses incurred in connection with complying with anti-money laundering or “know your customer” laws, regulations or other similar requirements with respect to the Fund, including the fees and expenses of third-party service providers related to such compliance; (viii) all costs related to FATCA compliance, including and the fees and expenses of third-party service providers related to such compliance; (ix) all costs related to filings with the U.S. Committee on Foreign Investment in the United States (“CFIUS”) or any successor thereto or other matters related to CFIUS in connection with the Fund’s investments or prospective investments, regardless of the reason that any such filing is made or other CFIUS matter arises; (x) all legal, regulatory, administrative and compliance costs of the Fund, the General Partner and/or the Manager, in each case with respect to the Fund, all costs of establishing and operating entities related to the Carried Interest and the costs of prosecuting or defending any legal action for or against the Fund, the General Partner, the Manager or any of their respective affiliates relating to the affairs of the Fund; (xi) all indemnification obligations of the Fund; (xii) principal and interest on, and fees and expenses arising out of all permitted borrowings made by the Fund; (xiii) all costs of any litigation, director and officer liability, cybersecurity or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Fund; (xiv) all extraordinary professional fees and expenses incurred in connection with the business or management of the Fund, including investment banking, commercial banking, legal, tax, accounting, auditing, valuation and appraisal fees and expenses; (xv) all expenses of winding-up and dissolving the Fund; (xvi) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; (xvii) all expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund and related entities, including the General Partner and the Manager; (xviii) all expenses incurred in connection with the formation, maintenance and dissolution of special purpose investment vehicles, including any AIVs and subsidiary holding vehicles (including any direct or indirect general partner (or equivalent) thereof); (xix) all expenses incurred in connection with multimedia, analytical, database, news or other third party research services and related terminals for the delivery of such services; (xx) all expenses incurred in connection with knowledge development and training, including costs related to conferences and subscriptions for research services; (xxi) all costs related to the sponsoring of and/or attendance at industry conferences, seminars and symposia (including without limitation set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related and other expenses); (xxii) all costs related to the holding of meetings of the Limited Partners and the Advisory Board (including travel), and all costs related to the activities of the Advisory Board; (xxiii) all fees charged, and reasonable out-of-pocket expenses incurred, by any third-party administrator in connection with the administration of the Fund; (xxiv) expenses incurred in connection with the managed distribution of marketable securities; (xxv) the out-of-pocket expenses incurred in connection with complying with provisions in side letters entered into with Limited Partners, including “most favored nations” provisions

Investors are strongly encouraged to refer to each Fund’s Governing Documents for a more detailed breakdown of the expenses born by the relevant Fund.

Consulting and Transaction Fees

The General Partner, the Management Company, and their affiliates will be permitted to retain management services fees paid by portfolio companies in an amount that is described in greater detail in the relevant Fund's Governing Documents.

Item 5.D: Management Fees in Advance

As discussed in Item 5.A., the management fee will be paid quarterly, in advance, and deducted directly from the relevant Fund's account.

Item 5.E: Receipt of Compensation for Sales

Not applicable. Neither the Adviser nor its supervised persons are compensated for the sale of securities or other investment products.

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

As stated in Item 5A above, the Adviser or its affiliates receive performance-based carried interest or allocations from certain Clients. Each General Partner is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds may incur lower or no Carried Interest. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to “qualified clients” (as such term is defined in Rule 205-3).

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest with respect to any future clients, the Adviser has implemented policies and procedures to ensure that all clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

Item 7. Types of Clients

The Adviser currently provides discretionary investment supervisory services to privately offered Funds, which are pooled investment vehicles as described in Item 4.B., which is intended for investment by private placement by qualified investors (the “**Investors**”). Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

Minimum investment commitments range from \$3.0 to \$5.0 million for Fund investors. The general partner of each Fund has in the past and may in the future, in its sole discretion, permit

investments below the minimum amounts set forth in the Governing Documents of such Fund.

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

Item 8.A: Methods of Analysis and Investment Strategies

The Funds generally will make private equity investments with a primary focus in established, growth-oriented, lower-middle market healthcare and life science companies that have favorable risk/reward profiles. The Adviser will target companies that (i) feature superior management and operating teams that retain significant ownership, especially those with whom we have a prior relationship; (ii) have revenue greater than \$10 million; (iii) produce between \$2M - \$15M in annualized EBITDA; (iv) demonstrate the potential for significant revenue and EBITDA growth; (v) offer realistic exit paths within 3 to 5 years; and (vi) have defensible market positions, some sustainable competitive advantage, and unique attributes to their business model.

Item 8.B and Item 8.C: Risks

The following summary identifies the material risks related to Havencrests' investment strategy and should be carefully evaluated before making an investment; however, the following does not intend to identify all possible risks of an investment with Havencrest or provide a full description of the identified risks. Potential Investors should be aware that an investment in the Funds involve a significant degree of risk. There can be no assurance that the Funds' investment objectives will be achieved, or that a Limited Partner will receive a return of his, her or its capital. Risks associated with an investment in the Funds include, but are not limited to, the following, and should be carefully evaluated before making an investment in the Fund and the interests offered hereby. For additional risks associated with investment in the Funds, the reader is strongly encouraged to review the risk factors outlined in each Fund's Governing Documents.

Investments in Health Care Companies

The Funds will focus on investments in the healthcare sector. Companies in these sectors are subject to extensive government regulation which may change in a way adverse to the industry. Research and development is costly and long in duration and the approval of new products is lengthy and uncertain. As a result, investments in this sector may be riskier than other industrial sectors.

The healthcare sector is characterized by significant and rapid change. A company's research, technologies, and/or products may quickly be rendered obsolete by the research and discoveries of competitors prior to revenue generation. The market value of healthcare companies in general has been highly volatile, with significant price fluctuations that are often unrelated to the operating performance of particular companies.

The success of healthcare companies often hinges upon the success of one product or potential product (or a small number of products or potential products). It is possible that potential products may fail to produce intended results, produce results that were unexpected or unintended, and/or fail to obtain necessary regulatory approvals including approval of the U.S. Food and Drug Administration ("**FDA**") and similar regulators in other important markets. If a company is

dependent on one product or potential product (or a small number of products or potential products), the consequences of such failure could be devastating to the prospects of such company, which in turn could negatively affect the performance of the Funds.

The success of the Funds' Portfolio Companies may be dependent upon obtaining certain government approvals. For example, the research, development, preclinical and clinical trials, manufacturing, labeling and marketing related to a drug, biotechnology or medical technology company's products are subject to an extensive regulatory approval process by the FDA and other regulatory agencies in the U.S. and other countries. The process for obtaining FDA and other required regulatory approvals, including the required preclinical and clinical testing is very lengthy, costly, and uncertain. There can be no guarantee that, even after such time and expenditures, a Portfolio Company will be able to obtain the necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any drugs or products or that the approved labeling will be sufficient for favorable marketing and promotional activities. If a Portfolio Company is unable to obtain these approvals in a timely fashion, or if after approval for marketing, a drug or product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the Portfolio Company may experience significant adverse effects, which in turn, could negatively affect the performance of the Fund. Moreover, the current regulatory framework may change or additional regulations may arise at any stage during the product development phase of a Portfolio Company, which may affect the company's ability to obtain approval of its products. If a company fails to comply with the FDA's requirements it may face a number of consequences, including: (i) fines; (ii) injunctions; (iii) civil penalties; (iv) recall or seizure of products; (v) total or partial suspension of production; (vi) failure of the FDA to grant pre-market clearance or approval of devices or products; (vii) withdrawal of marketing approvals; (viii) limited indicated uses for which products may be marketed; (ix) costly requirements imposed on activities; and (x) criminal prosecution. The government also regulates relationships between healthcare companies and prescribers and users of their products through anti-kickback and similar State and federal laws that can result in substantial penalties directly or through other laws related to improper claim submissions.

The healthcare industry places considerable importance on obtaining patent and trade secret protection for new technologies, products and processes. A Portfolio Company's success may depend, in part, on its ability to obtain patent protection for its products, preserve its trade secrets and operate without infringing the proprietary rights of others both in the U.S. and in other countries. The patent positions of healthcare companies can be highly uncertain and involve complex legal and factual questions. In addition, such companies often rely upon unpatented technology, trade secrets, and other confidential information that may be difficult to protect. There can be no assurance of a company's success or timeliness in obtaining any patents, or of the breadth or degree of protection that any such patents will afford a company.

Healthcare companies often depend on key scientific, research and/or management personnel. Such companies' abilities to pursue the development of current and future potential products depends largely on retaining the services of existing personnel and hiring additional qualified personnel to perform research and development. Such companies may not be able to attract and retain personnel on acceptable terms given the competition for such personnel among healthcare companies. Any such failure to attract and retain personnel might delay the development of products and result in harm to the companies' business.

The ability of certain healthcare companies to commercialize certain of their products and potential products depends, in part, upon the availability of reimbursement from third-party payors, such as government health administration authorities, private health insurers and other organizations. Government and other third-party payors increasingly attempt to contain healthcare costs by limiting both coverage and level of reimbursement for certain products. If government and third-party payors do not provide adequate coverage and reimbursement levels for certain products, the market acceptance of those products may be drastically limited, with such limitation resulting in harm to the companies' business. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. There can be no assurance that a company's proposed products 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 in product development.

Compliance with Healthcare Related Laws

The Portfolio Companies may be subject to extensive local, state, federal, and foreign governmental laws and regulation applicable to the healthcare industry which could impact financial performance, including securities, antitrust, anti-bribery, anti-kickback, customer interaction transparency, data privacy, data security, and other laws and regulations. Failure to comply with law or regulations, or interpretations of existing laws and regulations, or the imposition of any additional laws and regulations, could expose the Portfolio Companies to substantial fines, civil and criminal penalties, and other liabilities and expenses, participation in federal and state government health care programs, costs for remediation and harm to reputation. For example, federal regulations issued under the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations ("HIPAA") contain provisions that require certain companies to implement additional costly electronic media security systems and to adopt new business practices designed to protect the privacy and security of protected health and related financial information and require entry into contracts extending many privacy and security regulatory requirements to third parties that perform certain duties and services. If any of the Portfolio Companies violate or fail to comply with any such laws or regulations, such Portfolio Companies could be subject to civil and criminal penalties, reputational harm, or it might be necessary for Portfolio Companies to increase personnel, financial and technology resources to devote to operations to achieve compliance. Additionally, certain of the Portfolio Companies may provide information subject to HIPAA to the Fund and/or the Manager, which could cause the Fund to develop and comply with applicable policies and procedures and otherwise incur additional expenses to comply with HIPAA.

Political Risk; Current and Future Healthcare Reforms

The impact of healthcare reform legislation is uncertain, and could adversely impact Portfolio Companies and hence the Fund. The healthcare industry is likely to continue to change as the public, government, medical practitioners and the healthcare industry focus on ways to expand medical coverage while controlling the growth in healthcare costs. It is impossible to predict whether the U.S. Congress will adopt future legislation implementing changes in the healthcare system, the nature of such changes or their possible impact on the Fund, its Portfolio Companies, and investors thereof. Similarly, there can be no assurance that judicial or agency interpretations of existing laws will not be issued which could have a material adverse effect on the financial condition and operating results of the Fund or its Portfolio Companies. While the Fund cannot

predict which legislative or regulatory proposals will be adopted or what affect the adopted proposals may have on the healthcare companies in which the Fund invests, the pendency, approval or implementation of such proposals could decrease the Fund's anticipated returns or adversely affect its investment opportunities.

Coronavirus and Public Health Emergencies

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("**COVID- 19**"), which the World Health Organization declared in March 2020 to constitute a global "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID- 19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, courts and other public venues. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across almost all of the world's largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to "re-open," it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Fund and its Portfolio Companies and could adversely affect the Fund's ability to fulfill its investment objectives.

The extent of the impact of the ongoing COVID-19 crisis and any other public health emergency on the Fund's and its Portfolio Companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities,

impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives. They may also impair the ability of the Fund or the Portfolio Companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Fund, its Portfolio Companies, the General Partner and the Manager may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance

Equity Securities Generally

The Funds may invest in equity securities of private issuers and publicly listed issuers (equity securities of a publicly listed issuer will generally be acquired in a private placement of such securities). The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Manager's expectations or if equity markets generally fall and the Funds have not hedged against such a general move. The Funds also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Preferred Stock and Other Equities

The Funds may invest in preferred stock, which may have characteristics of both debt and equity. Dividend payments to preferred stockholders may be suspended or cancelled if the issuer experiences liquidity difficulties and the capital invested in preferred stock is generally subordinate to the debt obligations of the issuer. Preferred stocks generally are not entitled to meaningful covenant protection. Some preferred stocks may be non-cumulative, which means that the issuer is not required to declare or pay dividends on the stock or make up for any missed dividends. Consequently, Portfolio Investments in preferred stock carry significant risk of loss of invested capital and current income.

Public Securities

Although the Funds intend to make investments primarily in private Portfolio Companies, the Funds may invest in public companies, the securities of public companies, or take private Portfolio Companies public. Such Portfolio Investments may subject the Funds to risks that differ in type or degree from those involved with Portfolio Investments in privately held companies. The market prices and values of publicly-traded securities may be volatile and are likely to fluctuate due to a number of factors beyond the General Partner's control, including actual or anticipated fluctuations in the monthly, quarterly and annual results of such companies or of other companies in the

industries in which they operate, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, industry conditions, changes in government regulation, shortfalls in operating results from levels forecast by securities analysts, the general state of the securities markets and other material events, such as significant management changes, refinancings, acquisitions and dispositions. Risks associated with investing in publicly-traded securities also include, without limitation, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members and increased costs associated with each of the aforementioned risks.

Nature of Private Equity Investing in General

Private equity investing involves a high degree of business and financial risk that can result in substantial losses. In order for the Fund to succeed, it must be able to accurately identify potentially successful business enterprises, a process which is difficult even for those with extensive experience in the private equity field.

An investment in the Fund is highly speculative, involves a high degree of risk and could result in the loss of part or all of a Limited Partner's capital contribution. Therefore, Limited Partners should not subscribe for Interests unless they can bear such a loss. Moreover, there can be no assurance that the Fund's investment objectives will be achieved and investment results may vary materially from one reporting period to the next. Consequently, an investment in the Fund is suitable only for sophisticated investors with substantial other assets who are capable of making an informed independent decision as to the risks involved in an investment in the Fund.

No Assurance of Investment Return

The General Partner cannot provide assurance that it will be able to make or realize investments in any particular company or portfolio of companies. There is no assurance that the Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. An investment in the Fund should only be considered by persons who can afford a loss of their entire investment.

General Economic and Market Conditions

The success of the Fund's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of security prices and liquidity of the securities held by the Fund. Unexpected volatility or illiquidity could impair the Fund's profitability or result in its suffering losses. Instability in the securities markets may also increase the risks inherent in the Fund's investments. The ability of Portfolio Companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

Nature of Fund Investments

The Portfolio Companies in which the Fund will invest are likely to face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular Portfolio Company will be successful or that its business will be profitable.

Many of the Fund's Portfolio Companies may lack technical, marketing, financial and other resources or may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

Following its initial investment in Portfolio Companies, the Fund anticipates that Portfolio Companies will require additional funding, and that the Fund may have the opportunity to increase its investment in successful Portfolio Companies. There can be no assurance that the Fund will make, or will have the resources to make, follow-on investments. Any decision by the Fund not to make follow-on investments, or its inability to make them, may have a substantial adverse effect on a Portfolio Company in need of such an investment, may result in a missed opportunity for the Fund to increase its participation in a successful enterprise, may result in significant dilution of any existing Portfolio Company investment, or may cause a decrease in the value of the Fund's portfolio.

Competition for Investments

The Fund expects to encounter intense competition from other entities and investors having investment objectives similar to the Fund's business. Historically, the primary competition for private equity investments for later stage private companies has been from private equity funds and corporations, private equity affiliates of large industrial companies, wealthy individuals and foreign investors. Additional competition is anticipated from industrial and financial companies, including hedge funds, investing directly, rather than through private equity entities. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the General Partner. To the extent that the Fund encounters competition for investments, yields to its Investors may decrease. There is no assurance that the Fund will succeed in finding investments on similar or favorable terms in comparison to its competitors.

Foreign Investments

To the extent the Fund invests in companies organized or with substantial operations outside the United States, those investments will be subject to risks associated with foreign investment. These risks include, but are not limited to, potential material adverse effects caused by inflation, currency devaluation, exchange rate fluctuations, and changes in government policies (including foreign investment policy and taxation), social instability and other political, economic or diplomatic developments in such countries.

Unspecified Use of Proceeds

Limited Partners in the Fund will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Fund and, accordingly, will be dependent upon the judgment and ability of the General Partner in investing and managing the capital of the Fund.

Lack of Diversification

The Fund's portfolio may become concentrated in a limited number of companies in the healthcare and life sciences industries and, as a consequence, the aggregate return of the Fund may be

substantially affected by the unfavorable performance of a single company. In certain instances, the Fund may acquire a majority or even 100% ownership in a Portfolio Company, which could also further increase the vulnerability of the Fund's portfolio to the performance of a specific Portfolio Company.

While the Fund believes that its domain focus will provide the Fund ample opportunities for investment in addition to advantages in selecting and realizing investments, there can be no assurance that the Fund's strategy will result in success. Thus, the performance of the Fund will be closely linked to the performance of these industries and the Fund could be severely impacted by adverse developments affecting these industries. There can be no assurance that the Fund will be able to find a sufficient number of attractive investments to enable the full amount of the capital committed to the Fund to be invested.

Reliance Upon Portfolio Company Management

Although the General Partner will generally seek to secure representation on the board of directors of Portfolio Companies and hopes to develop a good working relationship with the management of such companies, the Fund is not expected to have an active role in the day-to-day management of the companies in which it invests. Although the General Partner and/or the Management Company will be responsible for monitoring the performance of each investment and intends to invest considerable time in contributing directly and indirectly to strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the Portfolio Company in accordance with the Fund's plans. Furthermore, to the extent that the senior management of a Portfolio Company performs poorly, or if a key manager terminates employment, the Fund's investment in such company could be adversely affected.

Lack of Control

The General Partner generally will seek to structure investments so that the Fund will have some level of control over Portfolio Companies, at least as to major corporate decisions. However, the Fund expects that it will hold minority interests in most companies and, therefore, may have limited ability to protect its position and investment. Generally, as a condition to any Fund investment, the General Partner will seek to obtain special rights and protective provisions, which will be negotiated at the time of the investment. There can be no assurance that the Fund will be able to obtain such protective provisions or that if such provisions are obtained, that they will be effective.

In certain circumstances, however, the Fund may be deemed to have a control or management position with respect to one or more of its Portfolio Companies. This in turn could expose the Fund to risk of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability, including, in the case of debt investments, lender liability.

Illiquid Fund Investments

It is anticipated there will be a significant period of time before the Fund has completed its investments in Portfolio Companies. Such investments may typically take from two to seven years from the date of initial investment to reach a state of maturity when partial or complete realization of the investment can be achieved. Many of the Portfolio Companies in which the Fund expects to make investments will initially be privately held. As a result, there will be no readily available secondary market for the Fund's interests in such Portfolio Companies, and those interests will be

subject to legal restrictions on transfer. Therefore, there is no assurance that the Fund will be able to realize liquidity for such investments in a timely manner, if at all.

Unless a Portfolio Company subsequently succeeds in obtaining approval from the relevant authorities to list its shares on a recognized exchange, this avenue to liquidity will not be available to the Fund, which must then rely on other means to achieve liquidity. It may be difficult for the Fund to value its interests in privately held Portfolio Companies. As a result, the values ascribed to the Fund's assets by the General Partner may differ substantially from the values that would be ascribed to such assets by a third party. In addition, the Fund may be precluded from selling its shares in a public Portfolio Company for some time after such Portfolio Company's initial public offering, if any. Furthermore, disposition of such investments may result in distributions in-kind to Investors.

Difficulty of Locating Suitable Investments

The Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. The investment performance of prior businesses managed by any of the Principals cannot be relied on as an indicator of the Fund's future performance or success. A Limited Partner must rely on the ability of the General Partner and the Principals to identify, structure and implement investments consistent with the Fund's objectives and policies. Limited Partners will not have the opportunity to evaluate the business, financial and other information which will be used by the General Partner and the Principals in their analysis, selection and monitoring of Portfolio Company investments for the Fund.

Risks of Limited Number of Investments

The Fund may participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single Portfolio Company.

Risks of Certain Dispositions of Assets

In connection with the disposition of an investment in a Portfolio Company, the Fund may be required to make representations about the business and financial affairs of the Portfolio Company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Limited Partners to the extent of their capital commitment to the Fund or previous distributions made to them.

Distributions in Kind

The General Partner may distribute certain of the Fund's investments in securities or other non-cash property. Any such distribution could put downward pressure on the price of a Portfolio Company's securities and could reduce the Fund's influence in the Portfolio Company's affairs. Further, distributions in kind, particularly on dissolution of the Fund, may result in the receipt by Partners of highly illiquid unregistered securities. A Limited Partner that receives assets other than cash from the Fund may incur substantial costs and delays in converting those assets to cash.

Restrictions on the Sale or Distribution of Portfolio Company Securities

The Fund may be prohibited by lock-up agreements or insider trading restrictions from distributing

or selling Portfolio Company securities for a period of time, during which the price of a Portfolio Company's securities could decline. In addition, the General Partner may, in its sole discretion, elect not to sell or distribute securities beyond the lock-up period.

Regulations Applicable to Portfolio Companies

The Fund intends to invest in Portfolio Companies in the healthcare and life sciences industries. Companies operating in these industries, particularly healthcare, are often subject to extensive state, federal and foreign regulations governing their business activities. The failure to comply with applicable regulations, obtain applicable regulatory approvals, or maintain those approvals so obtained, may prevent the Portfolio Company from bringing products and services to the market, and could subject the applicable Portfolio Company to civil penalties, suspension or withdrawal of any regulatory approval obtained, product recalls and seizures, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on the Fund's investment in such company.

Use of Leverage in Certain Investments

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Fund's Portfolio Companies may employ varying degrees of leverage. As a result, economic downturns, operating problems and other general business and economic risk may have a more pronounced effect on the profitability and survival of such companies. Moreover, rising interest rates may significantly increase Portfolio Company interest expense, causing losses and/or the inability to service debt levels. If a Portfolio Company cannot generate adequate cash flow to meet debt obligations, the Fund may suffer a partial loss or total loss of capital invested in the Portfolio Company. Additionally, the securities acquired by the Fund may be the most junior in what will typically be a complex capital structure of the Portfolio Company, and thus subject to greatest risk of loss.

Reserves

The General Partner may establish reserves for follow on investments by the Fund in Portfolio Companies, Partnership Expenses, Management Fees, Fund liabilities, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow on investment opportunities, which are directly tied to the success and capital needs of Portfolio Companies. Inadequate or excessive reserves could impair the investment returns to the Investors. If reserves are inadequate, the Fund may be unable to take advantage of attractive follow on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with "pay-to-play" or similar provisions.

Bridge Financings

From time to time, the Fund may lend to Portfolio Companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge financing typically would be convertible into a more permanent, long-term security; however, for reasons not always in the Fund's control, such long-term securities may not issue and such debt securities may remain outstanding. In such event, the interest rate on such financing vehicles may not adequately reflect the risk associated with the unsecured position taken by the Fund, and the debt may not be collectable.

Reliance on the General Partner

The General Partner will have exclusive responsibility for managing the Fund's activities, and Limited Partners will not be able to make investments or any other decisions in the management of the Fund. Additional Partners may be admitted to the General Partner following the Fund's initial closing, existing Partners may withdraw, and the Limited Partners will have no power to prevent any specific person from being admitted to, or withdrawing from, the General Partner. Limited Partners will have no right or powers to take part in the management of the Fund and will not receive detailed financial information issued by Portfolio Companies which is available to the General Partner. In order to safeguard their limited liability from the liabilities and obligations of the Fund, Limited Partners must rely entirely on the General Partner to conduct and manage the affairs of the Fund. Accordingly, no person should purchase Interests unless such person is willing to entrust all aspects of the management of the Fund to the General Partner.

Dependence on the Managing Principal

While the past investment performance and business transformation activities of Dr. Christopher Kersey cannot be relied on as an indicator of the Fund's future performance or success, the General Partner, and, consequently, the Fund, will rely exclusively on the efforts and expertise of Dr. Kersey and the rest of the Management Company's investment team acting collectively. The loss of Dr. Kersey could have a material adverse effect on the business of the Fund, and such loss could occur at any time due to death, disability, resignation or other reasons.

Additional members may be admitted to the General Partner following the Fund's initial closing and the Limited Partners will have no power to prevent any specific person from being admitted to the General Partner as a member thereof. Within the General Partner, the economic, voting and other rights of the individual members of the General Partner will be determined by agreement among such members and will be subject to change, without notice to the Limited Partners, from time to time.

The Limited Partners will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the General Partner in making decisions. Except as specifically provided in the Partnership Agreement, the General Partner will have the exclusive right and power to manage the Fund's business and affairs.

Reliance on the Management Company

The success of the Fund depends, in part, on the ability of the Management Company to develop and implement investment strategies that achieve the Fund's investment objectives. Subjective decisions made by the Management Company may cause the Fund to incur losses or miss profit opportunities. In addition, the overall performance of the Fund is also dependent upon the ability of the Management Company to select and allocate the Fund's assets among its Portfolio Companies. There can be no assurance that the allocations made by the Management Company will prove as successful as other allocations that could have been made. Investors in the Fund will not have the opportunity to evaluate the business, financial and other information that will be used by the General Partner and/or the Management Company in its analysis, selection, and monitoring of Portfolio Company investments for the Fund.

Absence of Effective Remedies Against the General Partner

There can be no assurance that adequate remedies will be available to any Limited Partner if the General Partner fails to perform its duties. The Partnership Agreement does not afford the Limited

Partners rights to remove the General Partner. The Partnership Agreement includes provisions for exculpation and indemnification of the General Partner and its respective partners, members, managers, officers, directors, shareholders, employees and affiliates.

Liability of Limited Partners

In the event that the Fund is otherwise unable to meet its obligations, Delaware law may require the Limited Partners to repay to the Fund or to pay to creditors of the Fund distributions previously received by them. In addition, in the event the assets of the Fund are insufficient to satisfy its obligation to indemnify the Managing Principal and certain other parties, Investors will be required to recontribute all or a portion of amounts distributed to them, even if such obligation arises after the termination of the Fund.

Indemnification

The Fund will be required to indemnify the General Partner, the Managing Principal, the Management Company, and each such entity's members, managers and affiliates for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse effect on the returns to the Investors. For example, in their capacity as directors of Portfolio Companies the members, managers or affiliates of the General Partner may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Fund would be payable from the assets of the Fund, including the unpaid capital commitments of the Investors. If the assets of the Fund are insufficient, the General Partner may recall capital previously returned to the Investors.

Penalty for Failure to Make Capital Contributions

If a Limited Partner fails to pay when due, installments of its Capital Commitment to the Fund, and the contributions made by non-defaulting Limited Partners and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the Limited Partners (including non-defaulting Limited Partners). If a Limited Partner defaults, it may be, among other things, required to sell its Interests at a significant discount to fair market value, or forfeiture of all or a portion of the Interests of the defaulting Limited Partner.

Restrictions on Transfer and Withdrawal

There will be no public market for the Interests, and none is expected to develop. The Interests have not been registered under federal or state securities laws, and transfer of the Interests is subject to restrictions on resales imposed by federal and state securities laws. In addition, the Interests are not transferable except with the consent of the General Partner, which may be withheld for any reason. Limited Partners may not withdraw capital from the Fund except in very limited circumstances. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of the Fund's term.

The Fund has no plans, and is under no obligation, to register the Interests under the Securities Act. In addition, pursuant to the Partnership Agreement, Interests generally will not be transferable, and investors generally will not be permitted to withdraw until the termination of the Fund. An investment in the Fund should be considered illiquid, and investors may not be able to liquidate their investments prior to the expiration of the Fund's term.

Certain Litigation Risks

The Fund will be subject to a variety of litigation risks, particularly if one or more of its Portfolio Companies face financial or other difficulties during the term of the Fund. Legal disputes, involving any or all of the Fund, the General Partner, its partners or its affiliates, may arise from the foregoing activities (or any other activities relating to the operation of the Fund or the General Partner) and could have a significant adverse effect on the Fund. For example, it is anticipated that the Fund may actively assist Portfolio Companies in differing capacities (including, without limitation, by serving as officers, directors, or advisors). The Fund may also participate in Portfolio Company financings at implicit Portfolio Company valuations lower than the valuations implicit in preceding rounds of financing. While this provides the Fund with more opportunity to positively influence the company's success, it can also lead to greater exposure of the Fund's assets. In the event of a dispute arising from any of the foregoing activities (or other activities relating to the operation of the Fund), it is possible that the Fund, the General Partner, the Principals or any of their affiliates may be named as defendants. Portfolio Companies may have insurance to protect directors and officers, but this insurance may be inadequate. Under most circumstances, the Fund will indemnify the General Partner and its affiliates for any costs they incur in connection with such disputes. Beyond direct costs, such disputes may adversely affect the Fund in a variety of ways, including by distracting the General Partner and the Principals and harming relationships between the Fund and its Portfolio Companies or other investors in such Portfolio Companies.

Freedom of Information/Sunshine Laws

Under "freedom of information," "sunshine," "public records" and similar laws, certain governmental or other regulated entities such as state universities and pension funds may be required to publicly disclose confidential information regarding the Fund or its Portfolio Companies, notwithstanding contractual obligations (such as those contained in the Partnership Agreement) to the contrary. Any such disclosure could have a material adverse effect upon the Fund or its Portfolio Companies, and could expose the Fund, the General Partner, the Principals or any of their affiliates to claims for damages brought by Portfolio Companies or other persons related thereto. The Partnership Agreement may limit or prohibit such entities from being admitted to, or continuing to hold an Interest in, the Fund.

Provision of Managerial Assistance and Control

The Fund will use its commercially reasonable efforts to structure investments so that it will be a "venture capital operating company" within the meaning of regulations promulgated under ERISA. See "Operating Company Status" below. This requires that the Fund obtain rights to participate substantially in and to influence substantially the conduct of the management of the majority of the Fund's Portfolio Companies. The Fund typically will designate directors to serve on the boards of directors of Portfolio Companies. The designation of directors and other measures contemplated could expose the assets of the Fund to claims by a Portfolio Company, its security holders and its creditors. While the General Partner intends to manage the Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

One or more of the Principals or other persons affiliated with the General Partner may serve as directors of certain of the Fund's Portfolio Companies. Such service, especially in light of statutes and regulations relating to corporate governance and scrutiny of corporate boards, could expose the Fund or the General Partner and its partners and affiliates to regulatory action and/or claims by a

Portfolio Company, its security holders and its creditors. While the General Partner intends to manage the Fund in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory actions cannot be eliminated, and such events may have a significant adverse effect on the Fund.

In their capacity as directors of Portfolio Companies, such persons will be subject to fiduciary and other duties to the Portfolio Company on whose board they serve, which duties may on occasion conflict with the best interests of the Fund. For example, the Fund's ability to sell the publicly traded securities of a Portfolio Company may be limited if any of them are in possession of material nonpublic information relating to such Portfolio Company. The Fund's ability to distribute or sell Portfolio Company securities may also be prohibited by lock up agreements or insider trading restrictions for a period of time, during which the price of a Portfolio Company's securities could decline. In addition, the General Partner may, in its sole discretion, withhold distribution of securities beyond the lock up period. Any of these factors may be limitations on the timing of sale of Portfolio Company securities.

Material, Non-Public Information

By reason of its investment in a Portfolio Company, the Fund may acquire confidential or material non-public information or otherwise be restricted from initiating transactions in certain securities. The Fund will not be able to act upon any such information. Due to these restrictions, the Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell securities of a Portfolio Company that it otherwise might have sold.

Conflicts of Interest

The Fund may invest in companies in which a conflict of interest, or an apparent conflict of interest, exists or may exist. The Partnership Agreement will contain certain protections for Limited Partners against conflicts of interest faced by the General Partner and its members (including the Principals), but will not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for Limited Partners to subject the behavior of the General Partner and its members to close scrutiny. By acquiring an Interest, each Limited Partner will be deemed to have acknowledged the existence of such actual and potential conflicts of interest.

Dilution from Subsequent Closings

Limited Partners subscribing for Interests in the Fund at subsequent closings will participate in existing investments of the Fund, diluting the interest of existing Limited Partners therein. Although such Limited Partners will contribute their pro-rata share of previously made Fund draws (plus an additional amount relating to the cost of money previously contributed by existing Limited Partners), there can be no assurance that this payment will reflect the fair value of the Fund's existing investments at the time such additional Limited Partners subscribe for Interests in the Fund.

Diverse Limited Partner Group

The Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the General Partner, including with respect to the nature or structuring of investments that may be more beneficial for one Investor than

for another Investor, especially with respect to Investors' individual tax situations. In selecting and structuring portfolio investments appropriate for the Fund, the General Partner will consider the investment and tax objectives of the Fund and its Partners as a whole, not the investment, tax or other objectives of any Limited Partner individually.

Management of Additional Funds

Subject to the terms of the Partnership Agreement, the General Partner and the Principals may organize new investment funds similar to an existing Fund. Conflicts of interest may result from the fact that the Adviser will provide investment management services to more than one Fund and the Funds may have one or more overlapping investment objectives. The Funds may have similar investment strategies, and participation in specific investment opportunities may be appropriate for more than one Fund. The Adviser may be required to allocate investment opportunities among such Funds. The definitive agreements for our Funds include procedures for making such allocations, which may allow us to allocate investments among Funds in good faith. Such procedures may result in allocations of certain investments among the Funds on other than a pari-passu basis. To the extent conflicts of interest arise from the Adviser's investment activities on behalf of different Funds the Governing Documents for the Funds may require that the Adviser submit the transactions to LP Advisory Committees for the Funds approval. There is no assurance that Limited Partners in an existing Fund will be offered the opportunity to participate in any subsequent funds.

Use of Operating Partners

In certain instances, particular with respect to Portfolio Companies in which the Fund is acquiring a control position, the Management Company may enlist certain third parties to serve as "operating partners," assisting with various aspects of a given acquisition as well as with the management of the Fund's interest in the Portfolio Company going forward. These operating partners may in some cases be affiliates of one or more Principal and would receive certain economic interests at the Portfolio Company level (or in a wholly-owned subsidiary of the Fund formed for the purpose of holding the Fund's interest in such Portfolio Company). Though the Management Company will only enter into such arrangements if—and grant such economic interests to the extent that—they have the potential to improve the outcome of a particular investment, any amounts paid to such operating partners will necessarily reduce distributions payable to the Fund.

General Partner's Profits Interest

The capital contribution of the General Partner will represent only a small percentage of the Fund's capital. Limited Partners will invest greater amounts and receive a proportionately smaller interest in the profits of the Fund than the General Partner.

Because the percentage of profits allocated to the General Partner will exceed the capital percentage of the General Partner, and because certain net losses otherwise allocable to the General Partner will be specially allocated to all Limited Partners, the General Partner may have an incentive to make investments that are riskier or more speculative than if the General Partner received allocations on a basis identical to that of the Limited Partners or were compensated on a basis not tied to the performance of the Fund.

Side Letters

In order to meet the requirements of certain Limited Partners, the General Partner may enter into side letter agreements with such Limited Partners, which will have the effect of establishing rights

under or altering or supplementing the terms of the Partnership Agreement with respect to such Limited Partners. As a result of such side letter agreements, certain Limited Partners may receive additional benefits that other Limited Partners will not receive.

Taxation

There is a risk that the Internal Revenue Service (“**IRS**”) will not concur as to the tax consequences of an investment in the Fund described below discussed in “Certain Federal Tax Considerations,” which prospective Investors should read carefully. Further, under certain circumstances, the Limited Partners could be required to recognize taxable income in a taxable year for Federal income tax purposes or otherwise, even if the Fund does not have cash or property available to be distributed or the General Partner does not elect to make such distributions to the Limited Partners during such taxable year.

Limited Partners are urged to consult their own tax advisors with respect to their own tax situations and the effect of an investment in the Fund. This Memorandum does not contain tax disclosure relating to other potential host countries of the Fund's Portfolio Companies nor does it contain tax disclosure with respect to any prospective investor's home jurisdiction (other than the United States). Moreover, tax laws change on a frequent and unpredictable basis and such changes may have retroactive effect. Prospective investors should assume that host country tax laws could have a significant impact upon the operations and financial performance of the Fund and may even impose direct obligations (such as return filing and tax payment obligations) upon Limited Partners.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective Investors should read the relevant Offering Documents in their entirety and consult with their own advisors before deciding to invest in any Fund managed by Havencrest.

Item 9. Disciplinary Information

Not applicable. Havencrest and its supervised persons have no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Item 10.A: Broker-Dealer Activities

Not Applicable. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no supervised persons of the Adviser are currently registered representatives of a broker-dealer.

Item 10.B: Commodities or Futures Industry Affiliations

Not Applicable. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities with the Commodities

Futures Trading Commission or applying for membership with the National Futures Association.

Item 10.C: Material Relationships

The General Partners are affiliates of Havencrest, and in this capacity the relationship could create an incentive for Havencrest to make investment allocations that are riskier or more speculative than would be the case if the General Partners did not receive incentive compensation from the Fund for serving as the General Partner of the respective Funds. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

The Adviser's partners and principals (including the Adviser's Management personnel) serve as directors of the companies in which the Funds invest. In addition to any fiduciary duties the partners and principals of the Adviser owe to the Funds, as directors of portfolio companies, these Adviser partners and principals may owe fiduciary duties to other investors in the portfolio companies and to persons other than the Funds. In general, such director positions are often important to the Funds' investment strategies and may have the effect of enhancing the ability of the Adviser and its affiliates to manage investments. However, such positions may have the effect of impairing the ability of the Adviser to sell the related securities when, and upon the terms, it may otherwise desire. In addition, such positions may place the Adviser's partners and principals in a position where they must make a decision that is either not in the best interests of the Funds or not in the best interests of the other investors in the portfolio company. Should an Adviser partner or principal make a decision that is not in the best interest of the other investors in a portfolio company, such decision may subject the Adviser and the Funds to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify the Adviser and its partners and principals from such claims. In addition, because of the potential conflicting fiduciary duties, the Adviser may be restricted in choosing investments for the Funds, which could negatively impact returns received by the Funds.

Item 10.D: Other Investment Adviser Recommendations

Not Applicable. Havencrest and its supervised persons do not recommend or receive compensation for selection of other investment advisers for its Clients.

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

For the purposes of this Item 11, references to the "Fund" or "Funds" shall include any successor investment Fund that may be established by the Adviser, the General Partners or affiliates of the Adviser or the General Partners.

Item 11.A Code of Ethics

Havencrest has adopted a Code of Ethics (the "**Code**") that sets forth standards of conduct that are expected of Havencrest's principals and employees and addresses conflicts that may arise from

personal trading and outside business activities. The Code subjects each principal and employee to appropriate restrictions on activities and investments, and provides information on certain prohibited transactions, Havencrest's internal review and compliance procedures, including quarterly and annual reporting requirements, and well-defined rules of business conduct, all intended to prevent or detect potential conflicts of interest. The Code also includes policies and procedures to prevent the misuse of material non-public information in Havencrest's possession. Strict compliance with the Code and applicable securities laws is a condition of employment with Havencrest, and each principal and employee are obligated to individually read and retain a copy of the Code, as well as certify that he or she has read and understands the Code. Havencrest reviews compliance with the Code on an ongoing basis, and employees may be subject to disciplinary actions as severe as dismissal for certain infractions.

Havencrest and its affiliates may come into possession from time to time of material nonpublic or other confidential information. Under applicable law, Havencrest and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, including the Funds. Accordingly, should Havencrest or any of its affiliates come into possession of material non-public or other confidential information with respect to any public company, they would be prohibited from communicating such information to the Funds.

All employees who are access persons as defined by the Advisers Act are required to submit an initial, and thereafter, annual, holdings report, as well as quarterly transaction reports or equivalent brokerage statements, detailing the securities held, purchased or sold during the relevant period, except as otherwise exempted by the Advisers Act. In addition, all employees must pre-clear securities trades in an initial public offering or private placement, to ensure that potential conflicts of interest are adequately identified and addressed in a timely manner. Employees are prohibited from engaging in securities trades in securities maintained on Havencrest's restricted list, which consists of securities of companies that Havencrest has determined its employees should not be trading, generally because Havencrest may be in possession of material non-public information relating to such company. The trading restrictions of the Code do not apply to (i) purchases or sales in any discretionary managed account over which an employee has no direct or indirect influence or control, or ability to direct any investment decision, and (ii) purchases that are part of any automatic dividend reinvestment plan or direct investment program.

The Code also includes, among other things, requirements that all employees (i) conform their business conduct to applicable state and federal laws and regulations, and (ii) obtain pre-approval of any outside business activities.

Havencrest has also adopted a compliance program, which includes, among other things, a records retention and communication policy, an information security program intended to protect the confidentiality of the information retained by Havencrest and policies designed to ensure compliance with applicable laws and regulations.

The foregoing policies are designed to comply with SEC requirements that registered investment advisers have a Code of Ethics. Havencrest's Code of Ethics is available for review upon request. You may request a copy of the Code by contacting our Chief Compliance Officer, Ryan Panyard at (214) 420-3492 or rpanyard@havencrest.com.

Item 11.B through 11.D.
Participation in Client Transactions

Havencrest does not engage in principal transactions. Havencrest, as a fiduciary, endeavors to always make decisions in the best interests of its clients if conflicts of interest arise. Employees of Havencrest are prohibited from using their knowledge of Fund transactions to cause any non-Fund account to profit from the market effect of such transactions or give such information to a third party who may so profit.

The Principal has made capital commitments to the Funds. Such amounts may be invested pro rata with the members of the Funds in all Fund portfolio investments. In the view of the Principals, this aligns the interests of the Principals with the Funds and its investors and does not result in any conflicts of interest between the Adviser and the Funds.

In connection with sponsoring the Funds, the Adviser and certain affiliates have an economic interest in the Funds, the General Partner of the Funds, or both. Additionally, the Governing Documents of the Funds generally provide that the general partner has discretion to offer co-investment opportunities in a potential investment to any person (including other parties advised by the General Partners, or other related persons of the General Partners).

Item 12. Brokerage Practices

As the Fund invests primarily in private equity, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Fund, the Adviser would adopt written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities, as follows:

Havencrest retains full discretion to determine the broker or dealer to be used for each securities transaction for Fund accounts and seeks to obtain best execution for its clients by placing orders for the purchase and sale of securities with brokers and dealers based on Havencrest's evaluation of the ability of the broker or dealer to execute orders in a prompt and effective manner as well as consider such factors as, including but not limited to, the financial stability and reputation of brokerage firms, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, custodial and other services provided for the enhancement of Havencrest's portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades, and the research, brokerage or other services provided by such brokers. There may be instances when, in the judgment of Havencrest, more than one broker or dealer is able to offer comparable brokerage services to the Funds. In selecting among such brokers or dealers, consideration may be given to those brokers or dealers that provide research services to the Fund, Havencrest, and any of Havencrest's affiliates. However, while it is not the policy of Havencrest to pay higher commissions to a broker for receiving such services, it is possible that transaction costs may be higher than if Havencrest was not receiving products or services from a broker.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Havencrest. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data service, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Adviser’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed over time by the Adviser, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between the Adviser and its affiliates.

The Adviser currently does not engage in soft dollar transactions but may engage in soft dollar transactions in the future in accordance with the limitations of Section 28(e) of the Securities Exchange Act of 1934, as amended.

In the Adviser’s private company securities transactions on behalf of the Funds, the Adviser may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

Item 12.A.2

Havencrest does not participate in selecting or recommending broker-dealers in exchange for client

referrals.

Item 12.A.3

Not Applicable. Havencrest does not recommend, request, or require that a Client direct Havencrest to execute transactions through a specified broker-dealer.

Item 12.B

As stated earlier, Havencrest invests primarily in private equity. The Adviser does not anticipate engaging in significant public securities transactions; however, to the extent that the Adviser engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Adviser may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Adviser may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of The Adviser is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

Item 13. Review of Accounts Item

Item 13.A and Item 13.B: Oversight and Monitoring

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors companies in which the Funds invest, and the Adviser’s Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Item 13.C: Reporting

Investors in the Funds will typically receive, among other things, a copy of audited financial statements of the Funds within 120 days after the fiscal year end of the Fund, respectively, and tax information necessary for the completion of U.S. income tax returns. In addition, Investors in the Funds will typically receive periodic written reports containing unaudited summary financial information regarding the Fund.

Item 14. Client Referrals and Other Compensation

Item 14.A:

The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Fund or related to the selection or recommendation of broker-dealers.

Item 14.B:

Neither the Adviser nor a related person of the Adviser directly or indirectly compensates any person who is not a supervised person for client referrals.

Item 15. Custody

The Adviser is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of the Funds by virtue of the common control of the Adviser and the General Partner of the Fund. All assets and securities of the Fund are held by qualified custodians. As noted in Item 13.C above, Fund investors receive annual financial statements audited by an independent public accounting firm within 120 days of fiscal year-end. Fund investors are urged to carefully review these statements.

Item 16. Investment Discretion

Investment advice is provided directly to the Fund, subject to the direction and control of the General Partner of each Fund, and not individually to the investors in the Fund. Services are provided to the Fund in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Fund, if any, are generally established in the Governing Documents of the applicable Fund.

Item 17. Voting Client Securities

The Adviser does not currently vote its Clients' securities.

Havencrest has voting authority due to the fact that it has discretionary authority over the securities held by its Clients. Accordingly, Havencrest understands its fiduciary responsibility to monitor corporate events, to vote proxies and cast votes in the best economic interests of its clients, and to not put client interests second to its own economic interests.

In the future event that the Adviser may vote its Clients' securities, the general partners of the Fund(s) may have conflicts of interest where they have a substantial business relationship with the portfolio company and the failure to vote in favor of company management could harm the relationship of the general partners of the Fund(s) with management. Conflicts may also arise in the event a senior executive of a portfolio company and principal of the Adviser have a significant personal relationship that could affect how the adviser would vote on a matter relating to the portfolio company.

Should the Adviser decide to vote its Clients' securities at a future date, the Adviser will adopt and implement policies and procedures which it believes are reasonably designed to ensure that it votes proxies in the best interests of its respective Funds. In the event that a material conflict of interest is identified, the Chief Compliance Officer or designee will take such steps as he or she deems necessary in order to determine how to vote the proxy in the best interests of the Funds, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio company. In each instance, when exercising their voting discretion, the general partners of the Funds will seek to avoid any direct or indirect conflict of interest between their respective Funds and their voting decision.

You may contact our office at (214) 420-3492 for any questions about a particular solicitation.

Item 18. Financial Information

Not applicable. The Adviser does not require nor solicit prepayment of management fees of more than \$1,200 in fees, more than six months in advance. In addition, Havencrest has not been subject of a bankruptcy petition since inception of the Firm in 2017.