

Soleus Capital Management, L.P.

Part 2A of Form ADV

Firm Brochure

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This Part 2A of Form ADV (this “Brochure”) provides information about the qualifications and business practices of Soleus Capital Management, L.P. (hereinafter “Soleus Capital,” the “Adviser,” or “us”). If you have any questions about the contents of this Brochure, please contact us at 475-208-3178 or steven@soleuscapital.com. The information in this Brochure has not been approved nor verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

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

Item 2 - Material Changes

Soleus Capital made the following material changes to this Brochure since the date of its last annual amendment on March 15, 2023.

Item 4 (Advisory Business) and Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) were updated to reflect that Soleus Capital anticipates managing credit strategies in the future, including a strategy that would seek to invest principally in loans, asset-backed securities, convertible bonds, preferred equity, and other debt and debt-related instruments, primarily issued by small- and mid-cap publicly traded companies and privately held growth-stage companies in the healthcare sector. Item 8 was further updated to enhance disclosure regarding risks related to investments in debt, credit, and other fixed income products.

Item 6 (Performance-Based Fees and Side-By-Side Management) was updated to disclose certain risks associated with one Soleus Capital client investing in a different part of a portfolio company's capital structure than another client.

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Item 4 - Advisory Business

Soleus Capital is an investment adviser with its principal place of business located in Greenwich, CT. Soleus Capital was formed in 2017 and began operations in 2018. The Adviser is privately held by its general partner, Soleus GP, LLC, which is controlled by Guy B. Levy.

Soleus Capital provides investment advisory services to privately offered pooled investment funds (“Funds”) and may, in the future, provide advisory services to managed accounts (collectively with the Funds, the “Clients”). Soleus Capital manages each Client’s assets on a fully discretionary basis in accordance with the investment objectives outlined in the relevant Offering Documents (defined below) and/or investment management agreement for each Client. Soleus Capital manages each Client’s portfolio in accordance with a fundamentals-driven strategy. Soleus Capital’s primary investment strategy seeks superior risk-adjusted returns over time by investing in the healthcare sector (including biotechnology, medical technology, life science tools, healthcare services and other related subsectors). Soleus Capital currently manages hedge funds, private equity funds, and special purpose vehicles. Soleus Capital also anticipates possibly managing one or more credit strategies in the future, including a strategy that would seek to invest principally in loans, asset-backed securities, convertible bonds, preferred equity, and other debt and debt-related instruments, primarily issued by small- and mid-cap publicly traded companies and privately held growth-stage companies in the healthcare sector. The hedge funds generally employ a long/short strategy and primarily invest in equity securities of U.S. and non-U.S. publicly traded healthcare companies. The private equity funds generally seek to invest in middle-to-late stage investments in anticipation of a potential near-term initial public offering, private investments in public equities, and other investible, illiquid securities, including convertible equity and debt securities.

With respect to the Funds, Soleus Capital manages each Fund in accordance with the relevant limited partnership agreement, investment management agreement, offering memorandum, or other applicable Fund documentation (collectively, “Offering Documents”), where applicable.

Any Fund restrictions on investments are set forth in each respective Fund’s Offering Documents. Soleus Capital does not tailor its investment advice to the individual investors in each Fund that it manages. As such, investors cannot impose restrictions on the types of investments made through the Funds. Subject to applicable law and each Fund’s Offering Documents, the general partners of the Funds have entered into side letter arrangements with certain investors and may continue to do so in the future. Certain side letters have the effect of altering or supplementing the terms of such investors’ investments in a Fund, including reductions of fees. In the future, side letters could provide certain investors additional access to portfolio information or rights to make withdrawals. To the extent such side letter arrangements exist, certain investors in a Fund will receive more favorable fees, access to information, liquidity, or other terms.

Soleus Capital does not participate in any wrap fee programs.

As of December 31, 2023, Soleus Capital managed approximately \$1,979,290,655 of Client assets on a discretionary basis. Soleus does not manage any Client assets on a non-discretionary basis.

Item 5 - Fees and Compensation

A. Fees

Soleus Capital generally receives a management fee (“Management Fee”) and performance-based compensation (“Performance Allocation”) from each Fund (together, “Fees”). Management Fees and the Performance Allocation relating to each Fund are set forth in its respective Offering Documents. Management Fees for a Fund vary up to 2.5% of the value of the Fund’s capital account, the Fund’s capital commitments, or the cost basis of the Fund’s investments plus its unfunded capital commitments, depending on the Fund.

The Performance Allocation varies by the terms of each Fund’s Offering Documents and may be up to 30%. Soleus Capital reserves the right to negotiate, waive, reduce, rebate, or calculate differently, its Fees with respect to any Client and any Fund investor. To the extent Soleus offers advisory services to managed accounts in the future, it will do so pursuant to negotiated fees with each Client, as documented in the Client’s investment management agreement.

B. Billing

Soleus Capital generally deducts Management Fees directly from a Fund’s account held at a qualified custodian in advance, on, or promptly after the first day of each quarter and, where applicable, will realize a Performance Allocation as set forth in the Fund’s Offering Documents. Management Fees paid in advance shall be refunded if an investor redeems its interest prior to the end of the quarter in which the Management Fee was paid. Such refund shall be computed on a pro-rata basis for such partial period.

C. Additional Expenses

Clients generally bear transaction fees and certain other operating expenses, including, but not limited to, custodial expenses, service provider costs, litigation costs, operational costs, communications expenses, regulatory costs and expenses (including those relating to regulatory and compliance filings), research and due diligence costs and expenses (including investment-related travel expenses), taxes and other related costs and expenses that are incurred by the Client.

Transaction fees generally include brokerage commissions, mark-ups, mark-downs and other commission equivalents as well as spreads and/or transaction costs related to transactions effected for a Client by executing broker-dealers. As described in Item 12, Brokerage Practices, Soleus Capital chooses broker-dealers to effect these transactions subject to its obligation to seek best execution. For a more detailed discussion of brokerage expenses, please see Item 12 – Brokerage Practices.

The Funds also bear organizational expenses, including expenses related to negotiating Fund documentation, filing fees, and other accounting and legal fees related to organization of the Funds (collectively, “Organizational Expenses”). Such charges, fees, and commissions are in addition to Soleus Capital’s Management Fees and Performance Allocation (if applicable).

If any operating expense or other cost is incurred jointly by more than one Fund, such costs and expenses are generally expected to be paid pro rata by such entities based on the net asset value of such entities. Soleus Capital has the discretion to cause such expenses to be paid by such Funds

pursuant to another methodology if it reasonably determines that it would be fair and equitable to do so.

At times, Soleus Capital and/or a Fund's general partner will engage a third-party placement agent to distribute a Fund's interests to investors in exchange for a placement fee with respect to such investors' subscriptions to the Fund. Under certain placement agent arrangements, the Fund is responsible for paying such placement fee to the placement agent. Certain Funds' Offering Documents also provide that this placement fee will offset, on a dollar-for-dollar basis, the Management Fees paid by the relevant Fund to Soleus Capital. In the future, a Fund may issue a new class or series of interests (as applicable) to investors sourced by a third-party placement agent and these interests may be charged a Management Fee that is higher than the Management fee for other classes of the same Fund's interests. The increase in the Management Fee paid to Soleus Capital would ultimately be payable by Soleus Capital to the placement agent in connection with an applicable investor's subscription to the new class of Fund interests. For a more detailed discussion of placement agents for the Funds, please see Item 14 – Client Referrals and Other Compensation.

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

For a more complete discussion regarding fees and expenses applicable to a particular Fund, please refer to the appropriate Offering Documents.

Neither Soleus Capital, nor any of its supervised persons, accepts compensation for the sale of securities or other investment products.

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

Soleus Capital manages Clients that pay different levels of performance-based compensation, but that utilize the same or similar investment strategies and, at times, invest in the same or similar assets. Performance-based compensation includes carried interest, override, incentive allocation, and other similar forms of performance-based compensation.

Clients that pay performance-based compensation reward Soleus Capital for achieving positive investment performance for those Clients. The higher a performance-based compensation arrangement is for a certain Client, the greater the incentive for portfolio managers to make investments that present a greater potential for return but also a greater risk of loss, or that are more speculative than would exist if only asset-based fees were applied.

Soleus Capital is involved with the valuation of securities held by certain Clients, which, in turn, determines the calculation of the Management Fee and the performance-based compensation it receives from such Clients. This creates an incentive for Soleus Capital to increase the value of such Clients' assets during the valuation process. Soleus Capital addresses this conflict of interest by using readily available market quotations and other commonly used and recognized valuation methods in making valuation determinations in consultation with its third-party administrator.

The simultaneous management of multiple Clients that pay different levels of performance-based compensation creates a conflict of interest as the Adviser has an incentive to favor Clients with the potential to receive greater fees. For instance, the Adviser will be faced with a conflict of interest when allocating scarce investment opportunities, given the possibly greater fees from Clients that pay higher performance-based compensation. To address these types of conflicts, Soleus Capital has adopted policies and procedures under which allocation decisions may not be influenced by fee arrangements and investment opportunities will be allocated in a manner that Soleus Capital believes is consistent with its obligations as an investment adviser.

When determining how to allocate an investment among Clients, Soleus Capital considers a number of factors unrelated to a Client's fee structure including, but not limited to, each Client's investment objectives, risk profile, investment restrictions, diversification of positions, tax status, account size, and total portfolio invested positions. Soleus Capital may also consider the nature and liquidity of the investment to be allocated, the size of the available position, current market conditions, timing of cash flows and account liquidity, and any other information Soleus Capital determines to be relevant to the allocation of investment opportunities. Although it is Soleus Capital's general policy to allocate investment opportunities to eligible Clients with the same or substantially similar investment objectives, strategies, guidelines, and restrictions on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating Clients), the above listed factors may lead Soleus Capital to allocate securities to client accounts in a manner other than pro rata and/or in varying amounts. For example, when there is limited capacity for a particular investment, it may not be feasible or desirable for all eligible Clients to receive a pro rata allocation, or any allocation at all. In such instances, Soleus Capital shall assess the circumstances and applicable factors in determining the appropriate allocation. Soleus Capital will also continuously monitor whether certain Clients receive, on a consistent basis, better prices or more favorable timing of transactions as compared with other Clients and will maintain documentation where pricing of trades significantly varies among Clients.

It is possible that one Client will invest in or participate in the financing or refinancing of a portfolio company in which another Client has already invested, or vice versa. In such case, a Client could hold interests in a portfolio company that are structured differently, have different seniority, and/or have different terms than the interests held by another Client in the same portfolio company. For example, it is possible that a Client will invest in, refinance, or originate debt securities of a portfolio company while another Client invests in equity securities of the same portfolio company, in which case, such Clients would have different interests and investment objectives, including with respect to the returns from the investment, the timeframe for disposing of the investment, and the manner in which to pursue a return on the investment, especially if the portfolio company becomes distressed and is unable to satisfy its obligations to all of its creditors.

For additional information about these situations, please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Item 7 - Types of Clients

As described in Item 4, Soleus Capital currently provides investment advisory services to privately offered pooled investment funds including partnerships or other pooled investment vehicles formed under domestic or non-U.S. laws and operated as investment pools that are excluded from the definition of an investment company under the Investment Company Act of 1940, as amended (the “Company Act”). In the future, Soleus Capital may also advise institutional managed account Clients. At this time, it is not anticipated that Soleus Capital will provide advice to advisory clients that are “retail investors” as defined by Rule 204-5(d)(2) under the Investment Advisers Act of 1940, as amended (“Advisers Act”). Fund investors generally include institutional investors and other sophisticated investors. Please note that investors in Funds are not Clients of Soleus Capital by virtue of their investment in a Fund. Each Fund’s Offering Documents impose a minimum contribution for investment, which varies from Fund to Fund, and is subject to Soleus Capital’s sole discretion to accept contributions in lesser amounts. Soleus Capital may waive the minimum investment or contribution with respect to any Client in its sole discretion.

Interests in the Funds are currently offered on a private placement basis, and where applicable, in reliance on Section 3(c)(7) of the Company Act, to persons who generally are “accredited investors” as defined under the Securities Act of 1933, as amended (the “Securities Act”), and “qualified purchasers” as defined under the Company Act, and who are subject to certain other conditions, which are fully set forth in the Offering Documents of such Funds. Interests in, or shares of, non-U.S. Funds are generally offered to persons who are not “U.S. Persons,” as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. Persons (or entities substantially comprised of tax-exempt U.S. Persons) on a private placement basis, and who are subject to certain other conditions, which are fully set forth in the Offering Documents of such Funds.

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

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

A. Methods of Analysis and Investment Strategies

Soleus Capital manages each Client’s assets in accordance with a fundamentals-driven strategy. Soleus Capital’s primary investment strategy seeks superior risk-adjusted returns over time by investing in the healthcare sector. As noted above, Soleus Capital currently manages hedge funds, private equity funds, and special purpose vehicles. The hedge funds generally employ a long/short strategy and primarily invest in equity securities of U.S. and non-U.S. publicly traded healthcare companies. The private equity funds generally seek to invest in middle-to-late stage investments in anticipation of a potential near-term initial public offering, private investments in public equities, and other investible, illiquid securities, including convertible equity and debt securities. Soleus Capital anticipates managing one or more credit strategies, including a strategy that would seek to invest principally in loans, asset-backed securities, convertible bonds, preferred equity, and other debt and debt-related instruments, primarily issued by small- and mid-cap publicly traded companies and privately held growth-stage companies in the healthcare sector.

There can be no assurance that these investment objectives will be achieved and investment results may vary substantially.

In order to seek superior risk-adjusted returns, Soleus Capital selects securities principally based on a fundamental approach to securities analysis. Soleus Capital generally identifies investment opportunities through review of scientific literature, field research, understanding of potential market opportunities, new product cycles, disruptive technologies, evolving sector themes, quantitative screens, and discussions with brokerage firms. Other sources of idea generation include changes in a business's circumstances (such as shareholder structure or management changes) or corporate form (such as mergers) as well as stock screens to identify companies which are either over-earning or under-earning or have a significant discrepancy between cash flow and United States generally accepted accounting principles ("GAAP") earnings. Ongoing due diligence of portfolio investments includes rigorous analysis of issuers' valuations and the competitive landscape. Soleus Capital believes that such intensive fundamental research will generate a sustainable competitive advantage.

Soleus Capital's activities for each Fund are further described in each Fund's Offering Documents. Such documents also detail the various investment restrictions on types of investments in a Fund.

B. Material Risk Factors

Investing in securities involves risk of loss that Clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a Client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken in managing Client assets are subject to various market, liquidity, currency, economic, political and other risks, and investments may lose value.

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

No Assurance of Investment Returns

There is no assurance that any investment will be able to generate returns for Clients or that the returns will be commensurate with the risks of investing with Soleus Capital. There can be no assurance that any Client's investment objective will be achieved or that there will be any return of capital. There can be no assurance that projected or targeted returns for any Client will be achieved.

Investment and Trading Risk.

No guarantee or representation can be made that the investment program of a Client will be successful. A Client or an investor in a Fund should be aware that it may lose all or part of its investment. While investments in companies in certain industries offer the opportunity for significant capital gains, such investments involve a high degree of business, financial,

technological, and regulatory risk which can result in substantial losses. Moreover, investment portfolios may include investments particularly subject to increased risk because they are in companies at an early stage of development, which have been or may go into bankruptcy, acquired as leveraged buyouts subject to interest rate fluctuations, or engaged in highly competitive industries dominated by companies with substantially greater resources. The stock market has experienced volatility which affected the securities of companies. As a result, the performance of a Client's portfolio may experience substantial volatility and potential for loss. In addition, in the event that a Client makes short term transactions or frequently trades, (a) its performance would be subject to market trends in general and changes in market trends during a trading day and (b) portfolio turnover and brokerage commissions may be greater than for other investment accounts of similar size not frequently trading or engaging in short term transactions.

Dependence Upon Soleus Capital's Performance.

The success of Soleus Capital's Clients is substantially dependent upon the skills of Soleus Capital and its personnel in sourcing, selecting, and monitoring investments. There can be no assurance that Soleus Capital will successfully identify investments which fulfill a Client's investment objective or that the Client's investments will not cause the Client to experience investment losses. Any prior success of Soleus Capital or its personnel should not be construed as assuring any level of future success or profitability to its Clients.

Competitive Market for Investments; Unidentified Investments.

The business of identifying and structuring certain transactions is competitive (and may become more competitive in the future) and involves a high degree of uncertainty. There can be no assurance that Soleus Capital will be able to locate and complete attractive investments, that it will be able to adhere to the investment selection criterion of its Clients, or that, if adhered to and implemented, any such investments will produce returns that achieve the objectives of such Clients. Furthermore, there can be no assurance that a Client will be able to invest its entire amount of capital or that suitable investment opportunities will otherwise be identified.

Concentration of Investments.

Soleus Capital's Clients may participate in a limited number of investments, and may seek to make several investments in one industry or one industry segment (e.g., the healthcare sector, or the biotechnology or medical technology segment of such sector). As a result, a Client's investment portfolio could become highly concentrated and its aggregate returns may be affected substantially by the performance of only a few holdings. In addition, in the case of the Funds, withdrawal from a Fund by an investor owning a significant portion of outstanding interests of the Fund could materially adversely affect the performance of the Fund.

Equity Securities.

Certain Clients may invest in listed securities that are traded on a securities exchange and may invest in unlisted securities that are traded over-the-counter. The volume of trading in unlisted securities is generally less than that found on securities exchanges. Therefore, it may be more difficult to buy and sell these securities, which increases the volatility of their share prices. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of issuers, the market in which such companies compete as well as market conditions and general economic environments.

Risk of Private Equity Investments.

Certain Clients may transact in private equity investments. Private equity investments are expected to have a very high degree of risk. Private equity-backed companies may have limited or no operating history, unproven technology, untested management, and unknown future capital requirements. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Furthermore, such investments may be illiquid, difficult to value, and/or volatile, and may present business and financial risks, which can result in substantial losses or the inability of a Client to dispose of its investments in such companies. Private equity-backed companies may have no or little revenues and may not be profitable, while nevertheless requiring considerable additional capital to develop products, technologies and markets, acquire customers and achieve, or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the products, technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Although a Client may in certain instances be represented on a portfolio company's board of directors, each portfolio company will be managed by its own officers who may not be affiliated with the Client. Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage. Furthermore, it is possible that any such portfolio company may not be able to achieve a successful IPO or sale and an investor may incur substantial losses as a result thereof.

Fixed Income Investments

Investments in debt, credit, and other fixed income products are subject to a variety of risks that can have a material adverse impact on a Client's portfolio, including interest rate risk, credit/default risk, call/prepayment risk, and capital structure risk, as discussed below.

Interest Rate Risk

Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of these investments generally decline. On the other hand, if rates fall, the value of the investments generally increases, but the income derived from such investments will likely decrease. Securities with greater interest rate sensitivity and longer maturities generally are subject to greater fluctuations in value. Variable and floating rate securities are generally less sensitive to interest rate changes than fixed rate instruments, but the value of variable and floating rate securities may decline if their interest rates do not rise as quickly, or as much, as general interest rates. Many factors can cause interest rates to rise. Some examples include central bank monetary policy (such as an interest rate increase by the Federal Reserve), rising inflation rates, and general economic conditions.

Credit Risk

There is a risk that issuers and/or counterparties will not make payments on securities and instruments when due or will default completely. Such default could result in losses. In addition, the credit quality of securities and instruments may be lowered if an issuer's or a counterparty's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security or instrument, affect liquidity and make it difficult to sell the security or instrument. Certain strategies may invest in securities or instruments that are rated in the lowest investment grade

category. Such securities or instruments are also considered to have speculative characteristics similar to high yield securities, and issuers or counterparties of such securities or instruments are more vulnerable to changes in economic conditions than issuers or counterparties of higher grade securities or instruments. Prices of fixed income securities may be adversely affected, and credit spreads may increase if any of the issuers of or counterparties to such investments are subject to an actual or perceived deterioration in their credit quality. Credit spread risk is the risk that economic and market conditions or any actual or perceived credit deterioration of an issuer may lead to an increase in the credit spreads (i.e., the difference in yield between two securities of similar maturity but different credit quality) and a decline in price of the issuer's securities.

Call and Prepayment Risk

The ability of issuers to prepay fixed income investments will vary. A Client will experience a loss if a fixed income investment was purchased at a price greater than par and is prepaid at par or at a price lower than the purchase price. The rate of prepayments, amortization, delinquencies and defaults may be influenced by various factors including: changes in issuer performance and requirements for capital; interest rate movements; unavailability of credit or a decline in credit underwriting standards; and the overall economic environment. Further, in the case of prepayment, the Client bears reinvestment risk, because Soleus Capital may be required to invest the proceeds at a lower rate than the original investment.

Capital Structure Risk

A Client may invest in secured debt issued by companies that have or may incur additional debt that is senior to the secured debt owned by the Client. In many instances, loans made by a Client may be part of a unitranche structure in which a single lien on behalf of all the lenders in the structure will be filed against the assets of the company if the lenders holding the different tranches of debt (including the Client) will contractually agree to their respective priorities in those assets. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of any such company, the owners of senior secured debt (i.e., the owners of first priority liens), including in a unitranche structure through the contractual agreements between the lenders, generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt will be entitled to receive proceeds from the realization of the collateral securing such debt. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that a Client owns secured debt that is junior to other secured debt, the Client may lose the value of its entire investment in such secured debt.

Privately Placed Debt

Privately placed debt, which includes below investment grade or, on occasion, distressed assets, is considered to be of lower credit quality and more speculative than publicly offered debt. Unrated or low-grade debt securities are subject to greater risk of loss of principal and interest than higher-rated debt securities. Further, a Client may trade in debt securities that rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured by substantially all of that issuer's assets. A Client also may invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness. Privately placed debt is subject to fewer reporting obligations than publicly traded securities. Further, a Client may invest in debt securities issued by companies with little or no operating history. Detailed

information about privately placed debt necessary for a full evaluation of the securities may be less available to Soleus Capital than would be available in connection with publicly offered debt securities. Additionally, investment in debt issued by private companies (compared to public companies) is subject to a number of risks, including (1) magnified illiquidity of an investment, (2) inability to sell due to a lack of market, (3) absence of market efficiency or testing to determine the correct price, (4) limited or no information available to debt holders regarding, among other things, a private company's business prospects and results of operations and (5) less oversight from independent directors, regulatory agencies and others.

Convertible Securities

Certain Clients' investments may include convertible preferred stock or other similar securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. Such a convertible security entitles the holder to receive a dividend that is paid or accrued on the preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities generally (1) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (2) are less subject to fluctuation in value than the underlying common stock due to their fixed income characteristics and (3) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Client is called for redemption, the Client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Client.

Valuation Risk

Illiquid investments generally have no readily ascertainable market prices. Valuations of these investments are typically based on Soleus Capital's or an independent third party's estimates of their fair value as of the date of determination, which often involves significant subjectivity. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. Valuations can be derived from models that use estimates and assumptions including the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute, the timing of and the estimated proceeds from expected financings, some or all of which factors may be ascribed more or less weight in light of the particular circumstances. The actual results related to any particular investment often vary materially as a result of the inaccuracy of these estimates and assumptions. Because such valuations of illiquid investments are inherently uncertain, may fluctuate significantly over short periods of time and will be based on estimates and other material assumptions, Soleus Capital's determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments

existed and may differ materially from the values that a Client may ultimately realize on such investments.

Healthcare Industry Risks

Soleus Capital invests a significant portion of Client assets in securities of issuers in the healthcare industry. Investing in securities and other instruments of healthcare companies involves substantial risks. Such risks include, but are not limited to, the following: (a) changes in government policies, including policies regarding reimbursement of medical expenses and products, federal healthcare program participation, and United States Food and Drug Administration marketing authorization, compliance, and enforcement policies; (b) certain companies in which Soleus Capital will invest may have limited or no operating histories, or may have limited products, markets and financial resources; (c) companies in which a Client may invest in may not currently have any marketed or approved products and may never have marketed or approved products; (d) companies may not be able to maintain legal and regulatory compliance, resulting in regulatory and/or legal enforcement actions; (e) companies may not be able to maintain any regulatory approvals that they obtain for their products or their products may not be accepted by patients or providers; (f) rapidly changing technologies may cause products to quickly become obsolete; (g) unanticipated problems often arise in connection with the development and marketing of new products, and many such efforts are ultimately unsuccessful; (h) companies in these sectors may not be able to obtain adequate pricing and reimbursement levels for any marketed products, and may be required to provide rebates and other price concessions, impeding their ability to generate a profit; (i) companies may have difficulty manufacturing, marketing, and distributing their products, or may have regulatory authority imposed restrictions on their ability to do so; (j) companies may face competition from other products earlier than anticipated; (k) scarcity of management and marketing personnel with appropriate technological or medical training may slow or impede companies' growth; (l) the possibility of lawsuits related to technological and medical patents or product liability could cause delays and expense in product development and implementation; (m) regulatory changes and/or government actions may prevent a company from marketing its products; (n) investors' changing sentiments and preferences with regard to investments in healthcare companies (which may be perceived as risky) may have an adverse effect on the price of underlying securities; (o) volatility in the U.S. stock markets affecting the prices of securities of healthcare companies may cause Soleus Capital's Client's investments to experience substantial volatility; and (p) certain healthcare companies may be subject to extensive government regulation and associated compliance costs, and affected by government reimbursement policy changes. In addition, many healthcare companies may have substantial and ongoing capital needs for research and development, clinical trials and marketing and may have difficulty obtaining such funding under various market conditions or even under normal market conditions or such capital may be obtained on terms that are not favorable to existing equity holders. Also, obtaining government approval for new products from governmental agencies can be lengthy, expensive and uncertain, and withdrawal, restriction, or curtailment of government support could have an adverse impact on the profitability or market price of healthcare companies. Furthermore, delays in generating products (as well as more general ongoing capital requirements) may result in the need for companies to seek additional capital, potentially diluting the interest of existing investors, such as Soleus Capital's Funds and managed accounts.

Reliance on Key Personnel

Soleus Capital is given broad discretion and flexibility to select and manage the investments of its Clients. The success of these Clients is dependent in large part upon the expertise of Soleus Capital and Guy B. Levy. Furthermore, while Guy B. Levy has significant incentives to continue his activities on behalf of Soleus Capital's Clients, there can be no assurance that he will do so.

General Economic Conditions

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of equity prices, interest rates, general levels of economic activity, and the extent and timing of investor participation in the markets for both equity and interest-rate-sensitive securities. Unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in global markets in which Clients directly or indirectly holds positions, or national and international circumstances (such as terrorist acts, wars, or security operations) or acts of God (including tornadoes, hurricanes, epidemics, and earthquakes), could impair the ability of the Soleus Capital to carry out its business and could cause its Clients to incur substantial losses. In recent years, U.S. and non-U.S. securities markets and exchanges experienced high volatility, market disruption and substantial losses and resulted in governmental reform affecting the hedge fund industry. Prospective investors should be aware that similar market conditions in the future may present significant challenges to investors, including managers with past success under other market conditions. Private investment funds are likely to be further impacted by the recent events in financial markets around the world.

Inflation

A Client's performance may be adversely affected by inflationary conditions in any market in which the Client operates or in which its investments are located. Deterioration in economic conditions, or a significant rise in inflation, could cause a decrease in the relative value of any fixed income investments (or similar investments with fixed rates of return), bankruptcy and insolvency filings to increase, and the ability of borrowers to pay their debts or counterparties to satisfy their obligations could be adversely affected. This may in turn adversely impact a Client's business and financial results. If global credit market conditions and the stability of global banks deteriorate, the amount of lending and financing could be reduced, thus reducing the volume of investments available for purchase, which could adversely affect a Client's business, financial results and ability to succeed in various markets. Other factors associated with the economy that could influence a Client's performance include the financial stability of the lenders on any bank loans and credit facilities and a Client's access to capital and credit. Furthermore, inflationary pressures may result in the reduction of the value and relative performance of a Client's portfolio companies.

Acts of God and Geopolitical Risks

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

one country or region will adversely impact markets or securities industry participants in other countries or regions.

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

Illiquid Investments

To the extent that the Funds make investments in illiquid securities, such investments involve a high degree of risk. There will not always be a public market for illiquid investments, and there is no guarantee that a public market will develop for such investments. There are often substantial restrictions on a Fund's ability to withdraw capital from, or transfer their interests in, an illiquid investment.

Cybersecurity and Disaster Recovery

Cyber incidents affecting Soleus Capital and its various service providers have the ability to disrupt and impact business operations, potentially resulting in financial losses, interference with a Fund's ability to value its securities or other investments, impediments to trading, the inability of Clients and Fund investors to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which Clients invest, counterparties with which Clients engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future.

While business continuity plans and risk management systems are designed to prevent and mitigate cyber incidents and other disasters, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Soleus Capital has only limited disaster recovery plans for its operations, and relies on outside parties for some key accounting and operational functions, who in turn may also have limited disaster recovery plans, which Soleus Capital has no control over and which could negatively impact Clients and Fund investors. There is no assurance that any of these disaster recovery plans will be in place or will work, which could result in significant losses to Clients and Fund investors.

Investment Selection

Soleus Capital selects investments, in part, on the basis of information and data prepared by the issuers of such securities or made directly available to Soleus Capital by the issuers of the securities

through sources other than the issuers. Although Soleus Capital evaluates all such information and seeks independent corroboration when they consider it appropriate and when it is reasonably available, Soleus Capital is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

Potential of Loss

Soleus Capital and the Funds are relatively new enterprises with limited operating histories. Accordingly, an investment in any Client's portfolio managed by Soleus Capital entails a high degree of risk. There can be no assurance that Soleus Capital will achieve the investment objective of any Client or that the strategies described herein will be successful. Given these factors, there exists a possibility that an investor could suffer a substantial or total loss as a result of an investment in any Client's portfolio by Soleus Capital.

Legal, Tax and Regulatory Risks for Private Funds

Legal, tax and regulatory changes could occur that may adversely affect Soleus Capital or the Funds. The regulatory environment for private funds is evolving, and changes in regulations that impact private funds and an increase in regulatory scrutiny of the alternative investment industry may adversely affect the value of investments held by a Fund and the ability of a Fund to pursue its investment strategy. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with recent and past market events and may take additional actions. For example, the SEC adopted the Private Fund Advisers Rule that has the potential to increase regulatory compliance costs, reporting costs, and impact Soleus Capital's ability to offer or provide certain terms, rights, or information to Clients and investors, or obtain certain terms, rights, or information from portfolio funds in which Soleus Capital's Clients may invest. A Fund may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators. The effect of any regulatory changes on a Fund or Soleus Capital could be substantial and potentially adverse.

Political and Economic Considerations

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

Financial Institution Risk

Actual events involving reduced or limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions or other companies in the financial services industry,

including banks and other custodians of a Client's funds and securities, or impact the financial services industry generally, as well as concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, defaults on financial obligations, non-performance of contractual obligations, and other adverse impacts on these financial institutions, investors that deposit funds and securities at these institutions, lenders and borrowers of these institutions, and other companies in the financial services industry. Investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult to acquire financing on acceptable terms or at all. Any decline in available funding or access to cash and liquidity resources could, among other risks, adversely impact the ability to meet operating expenses, satisfy financial obligations, liquidate portfolio holdings, withdraw capital, or fulfill other obligations, or result in breaches of financial and/or contractual obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on portfolio holdings, Client performance, or business operations.

Leverage

A significant amount of leverage will, at times, be used in connection with investments made in a Client's portfolio. This leverage will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deteriorations in the condition of the company invested in or its sector. The return on investment may be reduced to the extent that changes in market conditions increase the cost of financing relative to the income that can be derived from the assets acquired.

Item 9 - Disciplinary Information

Neither Soleus Capital nor any of its management persons has any reportable disciplinary events.

Item 10 - Other Financial Industry Activities and Affiliations

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

Neither Soleus Capital nor 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.

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

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

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

A. Code of Ethics

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

Soleus Capital's Clients or prospective clients, and current and prospective Fund investors, may request a copy of the Adviser's Code of Ethics by contacting Steven Musumeci, Soleus Capital's Chief Operating Officer/Chief Compliance Officer, at steven@soleuscapital.com.

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

B. Personal Trading

Per Soleus Capital's Code of Ethics, employees of Soleus Capital (and their immediate family members) and its affiliates are generally permitted to trade securities for their own accounts other than publicly traded securities classified under the Global Industry Classification Standard (GICS) as being in the Health Care sector. In addition, employees of Soleus Capital (and their immediate family members) and its affiliates are required to preclear certain securities transactions, including transactions involving securities in an initial public offering, in a private placement, or on the Adviser's "restricted list" (described below). The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Soleus Capital will not interfere with (a) making decisions in the best interest of its Clients and (b) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

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

C. Participation or Interest in Client Transactions

Principals, officers and employees of Soleus Capital and its related persons and affiliates are or may be investors in the Funds. As such, it is possible that Soleus Capital will cause a Fund to buy

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

D. Material Non-Public Information

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

As discussed in Item 5, from time to time, Soleus Capital’s employees or partners serve as directors of Fund portfolio companies. By serving in this capacity, it is possible that a director will obtain material non-public information with respect to the applicable portfolio company. In the event that Soleus Capital’s employees or partners acquire material, nonpublic information, Soleus Capital’s internal trading policies and procedures prohibit Soleus Capital and its employees, for a period of time, from acting upon any such information, even if that would be financially beneficial, to Soleus Capital, its employees, and/or its Clients. Due to these restrictions, Soleus Capital may not be able to initiate transactions on behalf of its Clients that it may otherwise have initiated, including being prevented from selling an investment that it otherwise might have sold.

E. Gifts and Entertainment

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

F. Outside Business Activities

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

Item 12 - Brokerage Practices

A. Selection of Broker-Dealers

Soleus Capital selects broker-dealers to execute transactions for its Clients according to its best execution policies and procedures. Soleus Capital takes into account a range of factors in determining which broker to use for transaction execution, including, among other things, (a) the ability of the broker to effect the transaction; (b) transaction costs; (c) the size and difficulty of the order; (d) expertise in particular markets; and (e) the relative value of any research and brokerage services or products provided by such broker. Soleus Capital does not always solicit the lowest commission cost available, rather if Soleus Capital determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the research and brokerage products or services provided by such broker, Soleus Capital may pay commissions to such broker in an amount greater than the amount another broker may charge.

B. Research and Other Soft Dollar Benefits

Broker-dealers typically bundle research and execution services, charging one commission rate that includes charges for both services. Payments for research using client commissions are referred to as “soft dollars.” When an adviser uses client commissions to buy research, there is a conflict between the adviser's desire to avoid producing or paying for the research itself and the client's interest in paying the lowest possible commission and obtaining the best possible execution. In addition, the adviser has an incentive to select a broker-dealer based on the adviser's interest in receiving the research, rather than on its clients' interest in receiving most favorable execution. Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”) provides a non-exclusive safe harbor to advisers who use soft dollars to obtain certain research and brokerage services that will assist the adviser in its investment responsibilities. Section 28(e) does not, however, relieve Soleus Capital of the duty of seeking best execution.

Soleus Capital has soft dollar arrangements with one or more counterparties that fall within the safe harbor of Section 28(e) of the Exchange Act. Research and related products or services obtained through soft dollar arrangements include, but are not limited to, one or more of the following, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; statistical and pricing services, along with hardware, software, data bases and other technical and telecommunication services, lines, and equipment (including updates, replacement parts, repairs and service thereon) utilized in the investment management process. The research and related products or services may include both proprietary research created or developed by the broker-dealer and research created or developed by a third party. As a result of these arrangements, Soleus Capital will, from time to time, cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for research and brokerage services as permitted under the safe harbor of Section 28(e) of the Exchange Act. In entering into soft dollar arrangements, Soleus Capital at all times acts in good faith and in such a way as to put its Client's interests ahead of its own. Soleus Capital is permitted to use soft dollars to obtain services for all Clients, not just the Client(s) that paid for the benefits. Soleus Capital does not allocate research to Clients proportionately to the credits the Clients generate. In selecting broker-dealers, Soleus Capital places primary consideration on the broker's ability to provide best execution of transactions. It is the policy of Soleus Capital to approve only

those soft dollar arrangements which meet the conditions of Section 28(e). Soleus Capital reviews all new research related services and subscriptions to determine if the services can be paid by soft dollar commissions.

C. Brokerage for Client Referrals

Soleus Capital selects broker-dealers to provide prime brokerage services to certain Clients. Certain prime brokerage firms introduce prospective investors to Soleus Capital, which creates an incentive to select these prime brokerage firms based on Soleus Capital's interest in receiving client referrals rather than its Clients' interest in receiving most favorable execution. Soleus Capital seeks to mitigate this conflict of interest by selecting such firms only when the selection is consistent with obtaining appropriate services for Clients and Soleus Capital's duty to seek best execution for its Clients.

D. Directed Brokerage

Directed brokerage refers to the practice of clients directing an adviser only to use a specific broker-dealer to execute transactions on the client's behalf. Generally, Soleus Capital does not allow Clients to direct brokerage. Should Soleus Capital receive a request for a directed brokerage arrangement, Soleus Capital will evaluate the adequacy and circumstances of such request. To the extent Soleus Capital permits a Client to direct brokerage, the Client should be aware that in such circumstances Soleus Capital may be unable to achieve most favorable execution of that Client's transactions and that directing brokerage may cost the Client more money than if Soleus is able to evaluate and select amongst multiple broker-dealers. For example, if a Client directs brokerage, the Client may pay higher brokerage commissions because Soleus Capital may not be able to aggregate orders to reduce transaction costs, or the Client may receive less favorable prices.

E. Aggregation of Trades

Soleus Capital seeks to execute orders for its Clients fairly and equitably over time. Soleus Capital follows policies and procedures pursuant to which it may combine or aggregate purchase or sale orders for the same security or other instrument for multiple Clients so that the orders can be executed at the same time and block trade treatment of any such orders can be elected when available. Soleus Capital will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution, where applicable, for its Clients, and is consistent with the terms of Soleus's investment advisory agreement with each Client for which trades are being aggregated.

Item 13 - Review of Accounts

Client portfolios are under continuous review by the investment team at Soleus Capital. Such reviews include, but are not limited to, a review of existing investments, potential investments, cash availability, market fluctuations, significant events, and investment objectives. All investors in the Funds are expected to receive the following written reports: (a) unaudited investor statements on a monthly basis for certain Client portfolios utilizing a long/short equity strategy, and on a quarterly basis for the special opportunities hedge fund and certain Client portfolios utilizing a private equity strategy; (b) annual audited financial statements within 120 days of the fiscal year end; (c) a Schedule K-1 for investors in a U.S. Fund only; and (d) certain other reports.

Item 14 - Client Referrals and Other Compensation

Soleus Capital does not currently have arrangements to compensate any person who is not a supervised person of Soleus Capital for Client referrals. However, at times, Soleus Capital and/or a Fund's general partner will engage a third-party placement agent to distribute a Fund's interests to investors in exchange for a placement fee with respect to such investors' subscriptions to the Fund. Under certain placement agent arrangements, the Fund is responsible for paying such placement fee to the placement agent. Certain Funds' Offering Documents also provide that this placement fee will offset, on a dollar-for-dollar basis, the Management Fees paid by the relevant Fund to Soleus Capital. To the extent that fee offsets are applied to Management Fees, Soleus Capital bears indirectly the cost of the placement fee.

Under other Fund placement agent arrangements, Soleus Capital will charge limited partners placed through particular placement agents an increased Management Fee above the Management Fee charged to Fund investors that are not placed through the placement agent. The increase in the Management Fee paid to Soleus Capital is ultimately payable by Soleus Capital to the placement agent in connection with an applicable investor's subscription to the Fund. To the extent this occurs, the applicable Fund investor will indirectly bear the cost of the placement fee in connection with such investor's subscription to the Fund.

By virtue of receiving a placement fee, a placement agent has a conflict of interest as it is incentivized to recommend an investment in the Funds to receive additional placement fees. In addition, Soleus Capital has a conflict of interest in appointing a placement agent as Soleus Capital benefits from increased subscriptions to the Funds. At various times a placement agent may act as placement agent for other fund sponsors and funds, including fund sponsors and funds that are not affiliated with Soleus Capital or the Funds. Such unaffiliated fund sponsors may pay placement fees on terms different from the fees such placement agent receives in respect of the Funds, and such differences in fees may influence such placement agent's decision to introduce potential investors to a Fund.

For a more complete discussion regarding Fund placement agent arrangements, conflicts of interest arising from Fund placement agent arrangement, and fees applicable to a particular Fund, please refer to the appropriate Offering Documents.

Soleus Capital does not currently receive an economic benefit from anyone who is not a Client for providing investment advice or other advisory services to Clients.

Item 15 - Custody

Except as described below, Soleus Capital does not maintain physical possession over any Client funds or securities.

Soleus Capital uses third party unaffiliated qualified custodians to hold the funds and securities (other than privately offered uncertificated securities). The Funds are subject to a year-end audit by an independent public accounting firm that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, and audited financial statements of each Fund will be provided to the investors of such Fund within 120 days of the end of the fiscal year.

From time to time, Soleus Capital maintains physical possession of, and safeguards privately offered, certificated securities for its Funds. Such certificates can only be used to effect a transfer or to otherwise facilitate a change in beneficial ownership of the security with the prior consent of the issuer or holders of the outstanding securities of the issuer, and the certificates contain a legend disclosing such restriction on transfer. In addition, the ownership of these privately offered securities is recorded on the books of the applicable issuer or transfer agent in the name of the relevant Fund, and the certificates can be replaced upon loss or destruction.

Item 16 - Investment Discretion

Soleus Capital manages each of its Client's portfolios on a discretionary basis. Discretionary authority allows Soleus Capital to select the Clients' securities to be purchased or sold, including the amount, time, and price at which securities are to be purchased and sold for each Client. Soleus Capital is authorized to exercise discretion by the applicable Offering Documents and/or investment management agreements for each Client.

Item 17 - Voting Client Securities

The investment objectives of certain Clients for which Soleus Capital provides investment advisory services involve investing assets in publicly traded securities. Proxy voting is a means by which shareholders of publicly traded securities can exercise their influence over the governance of their investments. Soleus Capital votes proxies in a prudent and diligent manner keeping in mind its fiduciary obligation and will base its voting decision on its reasonable judgment of what will serve the Client's best financial interests and is in line with each Client's investment objectives.

Soleus Capital has engaged a third-party service to assist in its proxy voting procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "proxies") by taking into account relevant factors, including (a) the impact on the value of the securities owned by a Client and the returns on those securities; (b) industry and business practices; and (c) recommendations of the companies' management.

Soleus Capital will consider the recommendations of company management as well as third-party analysts (as applicable) and determine which voting decision is aligned with the best economic interests of the Clients. In general, Soleus Capital does not provide information to investors as to how it (or its delegates) voted proxies for specific securities owned by a Fund. Clients may obtain a copy of Soleus Capital's proxy voting policies and procedures upon request.

Item 18 - Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. Soleus Capital has no financial condition that impairs its ability to meet contractual and fiduciary commitments to its Clients, and has not been the subject of a bankruptcy proceeding.