

Item 1 – Cover Page

**Part 2A of Form ADV
Brochure for:**

**HealthQuest Capital Management, L.P.
HealthQuest TOF Capital Management, L.P.**

March 25, 2024

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of HealthQuest Capital Management, L.P. (“HealthQuest Capital”) and its relying adviser, HealthQuest TOF Capital Management, L.P. (“HealthQuest TOF Capital” and, together with HealthQuest Capital, “HealthQuest” or the “Adviser(s)"). If you have any questions about the contents of this Brochure, please contact us at (512) 375-4878. 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 authority.

HealthQuest Capital is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Item 2 discusses only material changes to the Brochure since the last updating amendment.

- Item 4 has been revised to reflect HeathQuest's updated regulatory assets under management.
- Item 8 has been revised to reflect updated risk factors.

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Item 4 – Advisory Business

A. Description of the Advisory Firm

HealthQuest Capital Management, L.P. (“HealthQuest Capital”) is a Delaware limited partnership formed in February 2018. HealthQuest Capital is managed and fully controlled by its general partner, HealthQuest Capital Management Company, LLC (“Management GP”), a Delaware limited liability company formed in April 2014. HealthQuest Capital’s relying adviser is HealthQuest TOF Capital Management, L.P. (“HealthQuest TOF Capital”). HealthQuest TOF Capital was formed in February 2023 and is managed and fully controlled by Management GP, its general partner. HealthQuest Capital, HealthQuest TOF Capital and Management GP are each based in Austin, Texas with an office in Redwood City, California. Dr. Garheng Albert Kong is the Managing Partner of HealthQuest Capital and HealthQuest TOF Capital. Dr. Kong is also the Managing Member of Management GP.

B. Types of Advisory Services

HealthQuest Capital and HealthQuest TOF Capital (together, “HealthQuest” or the “Adviser(s)”) serve as investment advisers to certain private investment funds, which are organized as Delaware limited partnerships (each a “Fund” and collectively the “Funds”). Affiliates of HealthQuest serve as the general partners (each a “General Partner” and, the General Partners together with HealthQuest, the “Firm”), as applicable, of the Funds. HealthQuest may also decide in the future to sponsor or manage additional private investment funds or other clients.

The Funds offer limited partnership interests (“Interests”) to certain qualified investors as described in response to Item 7 (such investors are referred to herein as “Investors”).

From time to time, the Firm forms and manages, on a transaction-by-transaction basis, special purpose vehicles (“SPV”s) to participate in investment opportunities, often alongside the Funds. Unlike the Funds, which generally do not limit investment discretion, the SPVs are often limited to investing only in the securities relating to the particular transaction or portfolio company for which the SPV was created. Collectively, the SPVs and the Funds will be known as the “Clients”.

HealthQuest is a venture capital firm whose primary purpose is to make investments in early stage, commercial stage and growth companies with the potential to positively transform healthcare. The investments may include venture capital investments, growth capital investments and investments in securities of publicly held corporations. Clients generally invest in healthcare companies (see Item 8B below) primarily in the United States, and outside the United States based on the limitations set forth in each Fund’s Governing Documents (as defined below). Target sectors include medical devices, diagnostics, consumer health, patient care products, digital health, healthcare services, healthcare information technology and technology-enabled services. A Fund’s strategy is described in its limited partnership agreement, private placement memorandum and subscription documents (collectively, the “Governing Documents”).

C. Client Tailored Services and Client Imposed Restrictions

Advisory services are tailored to achieve each Client's investment objectives, not each underlying Investor's objectives. The Firm has the authority to select which and how many portfolio companies to invest in and determine exit strategies without consultation with its Investors.

As a general matter, HealthQuest will seek to cause investment opportunities to be allocated among Clients on a fair and equitable basis and in a manner that is consistent with each applicable Client's particular objectives, investment strategy, terms and restrictions. Other than as expressly provided herein, HealthQuest will seek to cause investment opportunities generally to be allocated to those Clients for which participation in the respective opportunity is considered suitable, taking into account for each Client, among other considerations, the nature of the opportunity, whether the risk-return profile and other characteristics of the proposed investment are consistent with the Client's objectives, investment strategy, terms and restrictions; the potential for the proposed investment to create an imbalance in a portfolio or a breach of any specific issuer concentration, geographic, investment stage, sector-specific or other parameters; the liquidity profile of the Client; potentially adverse tax consequences; applicable regulatory restrictions; the particular risk(s) in a portfolio; and relative amounts of capital available for investment. None of HealthQuest, its affiliates, or any of their respective principals, members, officers, directors, employees or other supervised personnel will be obligated to present an investment opportunity to any particular Client if, in HealthQuest's opinion, such investment opportunity does not appear to be suitable for such Client.

The Funds and SPVs may co-invest with third parties in one or more specific portfolio companies. Where possible and appropriate, a Fund or SPV may, but will be under no obligation to, provide co-investment opportunities to one or more Investors before making such opportunities available to others unless otherwise specified in a Client's Governing Documents. Any allocations among Funds, SPVs and co-investment vehicles would be made on what HealthQuest believes to be a fair and equitable basis.

D. Wrap Fee Programs

HealthQuest does not participate in wrap fee programs.

E. Amounts Under Management

As of December 31, 2023, HealthQuest has approximately \$1.82 billion of regulatory assets under management on a discretionary basis. HealthQuest does not manage assets on a non-discretionary basis.

Item 5 – Fees and Compensation

A. Fee Schedule

The fees and compensation payable to the Firm are negotiable and vary among its Clients. However, the range of compensation is generally as follows:

1. Management Fees

With respect to its Clients, HealthQuest typically receives a quarterly asset-based management fee calculated as a percentage of the aggregate capital commitments from all Investors, payable quarterly in advance. The management fee for the Funds is up to an annual limit of 2.5% of committed capital, but is subject to negotiation for any particular Fund. Management fees for SPVs are subject to negotiation and may vary from those paid by the Funds.

2. Performance-based Compensation

Each Fund's General Partner, as applicable, generally receives carried interest equal to a percentage of all realized net profits, as described more fully in each Fund's Governing Documents. The carried interest is generally subject to a claw back at the end of life of a Fund, as applicable, if the General Partner has received excess cumulative distributions. Each SPV's General Partner, as applicable, may also receive carried interest as described more fully in each SPV's Governing Documents.

The carried interest will only be charged to either accounts of Investors who are "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act") or accounts of Investors who invested in the applicable Client prior to the registration of the Firm as an investment adviser.

3. Fee Comparison

Client expenses, including management fees and any performance-based compensation, may constitute a higher percentage of average net assets than could be found in other investment programs.

B. Payment of Fees

Management fees, performance-based compensation (carried interest), and third-party fees (discussed below) are deducted from Client assets. Management fees, which are paid in advance, are generally withdrawn at the beginning of the quarter but may be deferred to the end of the year if permitted by a Client's Governing Documents. A Fund or SPV may pay carried interest in accordance with the terms of its Governing Documents.

C. Third-Party Fees and other Client Expenses

Expenses borne by each Client are described in detail in the applicable Governing Documents and may vary among Clients. In general, Clients shall be responsible for all costs, expenses, liabilities and obligations incurred in connection with their operations and/or investments, which may include, without limitation, all costs and expenses incurred in the purchase, holding or sale or exchange or other disposition of securities, including, but not by way of

limitation, reasonable private placement and finder's fees paid to persons other than the General Partner or members of the General Partner or any of their affiliates; unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer of Investors' interests in Clients or the default by any Investor in the payment of capital contributions; real property or personal property taxes on investments; brokerage fees; stock distribution agent fees; taxes applicable to the Clients on account of their operations or investment activities; financing costs and interest and other amounts paid in connection with borrowings of Clients; fees incurred in connection with the maintenance of bank or custodian accounts; legal, audit, and other expenses incurred in connection with the registration of the Clients' portfolio securities under the Securities Act of 1933 (the "Securities Act"); legal, tax advisory, accounting and other fees and expenses incurred in connection with the purchase or sale or exchange or other disposition of securities (whether or not such purchase, sale or exchange or other disposition is ultimately consummated); amendments to, and waivers, consents or approvals pursuant to, applicable Governing Documents; research expenses, including research-related cloud storage and fees and expenses of research reports, surveys, white papers, statistical and/or market data; fees and expenses of investment advisers and independent consultants incurred in investigating and evaluating investment opportunities (other than the fees and expenses of investment advisers and independent consultants engaged to offer the type expertise that could have been offered by one or more of investment team members but the General Partner engaged such investment adviser or independent consultant in lieu of using the services of an investment team member); and payments made to industry advisers up to an annual limit per the Funds' Governing Documents, provided that such industry advisers are not members of the General Partner or otherwise providing advice that would be reasonably expected to be provided by an employee of HealthQuest. The Clients shall also bear the fees of independent certified public accountants incurred in connection with the annual audit of the Clients' books and the preparation of the Clients' annual tax return; costs of independent appraisers; legal expenses of the Clients; accounting and administration expenses paid for the maintenance of the Clients' books and records, including preparation of reports and administration of anti-money laundering compliance and accounting; costs associated with developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Clients or their Investors; premiums associated with insurance, if any, to insure against fraud or crimes against the Clients or any claims that could be made directly against the Clients or that would give rise to Client liability (the purchase of such insurance, if any, shall be in the sole discretion of the General Partners); preparation and other expenses associated with annual and other reports to the Investors; costs associated with any Client information meetings; expenses of the advisory committee meetings and reimbursement of reasonable out-of-pocket costs for the advisory committee members and the General Partner to attend such meetings; and all expenses that are not normal operating expenses, including all legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings relating to the Clients brought by or against the Client, HealthQuest or the General Partner, or the members, partners, employees or agents or former members, partners, employees or

agents of any of the foregoing, including all costs and expenses arising out of or resulting from the Clients' indemnification.

Investors should refer to a Client's Governing Documents for a full disclosure of costs and expenses that may be borne by a particular Client.

D. Prepayment of Fees

The Clients invest in the securities of private companies on a long-term basis. Accordingly, all fees are paid during the term of the investing period of the Funds or SPVs and Investors are generally not permitted to withdraw or redeem Interests. Fees paid at the beginning of a fiscal quarter (such as management fees) will not be refunded or prorated for partial periods.

E. Outside Compensation for the Sale of Securities

Neither HealthQuest nor its supervised persons accept compensation for the sale of securities or other investment products outside of its association with HealthQuest.

The foregoing discussion in Item 5 represents the Firm's basic compensation arrangements. The management fees and incentive allocations described above are structured to comply with Rule 205-3 under the Advisers Act. Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Investor may vary. Although the Firm believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

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

As discussed in Item 5.A., the Firm generally receives a carried interest equal to a percentage of all realized profits in a particular Fund or SPV. HealthQuest allocates investment opportunities to Clients, and not to individual Investor accounts.

Differences in the Firm's compensation arrangements with its Clients, particularly if some Clients were to pay higher performance-based compensation, could create incentives for HealthQuest to manage Client portfolios so as to favor those portfolios of Clients paying higher performance-based compensation, as could the ownership interest of HealthQuest and/or its affiliates (e.g., as a General Partner) in some Client accounts. Notwithstanding these conflicts, HealthQuest will allocate transactions and opportunities among the various Client accounts it manages in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but even accounts with similar objectives will often have different investment portfolios.

Performance-based compensation may provide a possible incentive for HealthQuest to make riskier or more speculative investments on behalf of a Client than it might make otherwise. Notwithstanding this potential incentive, HealthQuest will evaluate investments in a manner that it considers to be in the best interest of its Clients, given those Clients' investment objectives, investment strategies, suitability of the investment, and risk profile.

Item 7 – Types of Clients

HealthQuest provides investment advice and management to its Clients which are pooled investment vehicles and may in the future provide the same or similar services to other privately placed investment funds and/or other clients.

HealthQuest intends to restrict the number of Investors in a Fund and will offer Interests only through non-public transactions in order to maintain their exclusion from “investment company” status under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

Prospective Investors in a Fund must meet eligibility criteria and are subject to certain withdrawal requirements and limitations. Prospective Investors are encouraged to thoroughly review a Fund’s Governing Documents, which set forth all of the Funds’ terms in detail. Though the Clients generally pursue similar strategies, offering terms may differ. Terms for funds which are SPVs formed primarily to invest in a specific target company of a Fund are generally similar to their respective Funds but can be negotiated on a case by case basis and may differ from those of such respective Funds.

Each Investor must be an “accredited Investor” (as defined in Regulation D under the Securities Act) and a “qualified client” (as defined in Rule 205-3 under the Advisers Act) and must meet other criteria as specified in the Governing Documents. The minimum initial investment varies by Fund and is subject to waiver at the discretion of HealthQuest.

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

A. & B. Methods of Analysis and Investment Strategies

Clients generally invest in fast-growing companies in healthcare primarily in the United States, and outside the United States based on the limitations set forth in a Client’s Governing Documents. HealthQuest leverages the experience, knowledge and networks of the investment team to help entrepreneurs build companies to maturity and exit. HealthQuest prefers to invest in entrepreneur-led companies that can grow in a capital efficient manner. Clients invest directly in the companies that HealthQuest recommends.

C. Risks of Investments and Strategies Utilized

Each Client and its Investors bear the risk of loss that HealthQuest’s strategy entails. Investors should also refer to the applicable Client’s Governing Documents for a description of the risk factors specific to their Fund or SPV. Different or new risks not addressed below will likely arise in the future and, therefore, the following list is not intended to be exhaustive. The risk involved with HealthQuest’s investment strategy and an investment in a Client may include, but are not limited to:

RISK INHERENT IN VENTURE CAPITAL INVESTMENTS. The types of investments that a Client anticipates making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the

perceived level of risk in any investment situation, there can be no assurance that a Client will be adequately compensated for risks taken. A loss of an Investor's entire investment is possible. In addition, the markets that portfolio companies target may be highly competitive and in many cases the competition consists of larger companies with access to greater resources. The timing of profit realization is highly uncertain. Losses are likely to occur early in a Client's term, while successes often require a long maturation.

Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

LONG-TERM NATURE OF PORTFOLIO INVESTMENTS. An investment in any of the Clients should be viewed as an illiquid investment. A significant period of time will typically elapse before any Client has completed its investment program. Investments often take many years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a significant amount of time after the initial investment. Prior to such time, there generally will be no current return on the investments. Furthermore, the expenses of operating a Client (including any management fees payable to HealthQuest) may exceed its income, thereby requiring that the difference be paid from such Client's capital, including, without limitation, unfunded capital commitments or capital that may otherwise be distributable.

INVESTMENT IN COMPANIES DEPENDENT UPON NEW SCIENTIFIC DEVELOPMENTS AND TECHNOLOGIES. Clients invest in healthcare related companies. The value of these investments can be susceptible to greater risk than an investment in a partnership that invests in a broader range of securities. The specific risks faced by such companies include:

- rapidly changing science, technologies and consumer preferences;
- new competing products and improvements in existing products which would potentially render existing products or technologies obsolete;
- exposure, in certain circumstances, to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals;

- scarcity of management, technical, scientific, research and marketing personnel with appropriate training;
- the possibility of lawsuits related to patents and intellectual property; and
- rapidly changing Investor sentiments and preferences with regard to healthcare related investments.

RELIANCE ON HEALTHQUEST. The Firm will have sole discretion over the investment of the capital committed to a Client as well as the ultimate realization of any profits. Investors will generally not receive the detailed financial information issued by portfolio companies that will be available to a Client. Accordingly, Investors will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by the Firm in its selection of investments. As such, the pool of funds in a Client represents a blind pool of funds. Investors will be relying on the Firm to identify, structure, and implement investments consistent with a Client's investment objectives and policies and to conduct the business of a Client as contemplated by the Governing Documents. The loss of a principal of the Firm would likely have a significant adverse impact on the business of a Client. No assurances can be given that each principal will continue to be affiliated with a Client throughout its term. Notwithstanding any prior experience that a principal has in making investments of the type expected to be made by a Client, any such experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that a principal or HealthQuest, generally, will be able to duplicate prior levels of success.

RELIANCE ON PORTFOLIO COMPANY MANAGEMENT. Although the Firm will, at times, seek representation on the board of directors of a portfolio company, generally a Client will not have an active role in the day-to-day management of the companies in which it invests. To the extent that the senior management of a portfolio company performs poorly, or if a key manager terminates employment, a Client's investment in such company could be adversely affected.

LACK OF INFORMATION FOR MONITORING AND VALUING A CLIENT'S ASSETS. Despite HealthQuest's efforts to acquire sufficient information to monitor certain of a Client's investments and make well-informed valuation and pricing determinations, the Firm will only be able to obtain limited information at certain times and, in some cases, would potentially not be able to obtain information beyond the information that is publicly available. It is possible that the Firm would not be aware on a timely basis of material adverse changes that have occurred with respect to certain of its investments. The value of a Client's assets could be significantly negatively affected by any such event. Further, the Firm will have to make valuation determinations without the benefit of an adequate amount of relevant information. Investors should be aware that as a result of these difficulties, as well as other uncertainties, any valuation made by the Firm may not represent the fair market value of the securities acquired by a Client.

MINORITY INVESTMENTS. A Client's investments will generally represent minority stakes in privately held companies. In addition, during the process of exiting investments, a Client is

likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that a Client holds will potentially have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. A Client may also invest in companies for which a Client has no right to appoint a director or otherwise exert significant influence. In such cases, this Client will be reliant on the existing management and board of directors of such companies, which will sometimes include representatives of other financial Investors with whom a Client is not affiliated and whose interests potentially conflicts with the interests of a Client.

CONCENTRATION RISK. Clients with concentrated investments in a company or companies, in a particular country, group of countries, region, market, industry or sector will be more susceptible to loss due to adverse occurrences affecting that company or companies, particular country, group of countries, region, market, industry, or sector than a more diversified mix of investments.

CERTAIN CONSIDERATIONS RELATED TO ACTIVE MANAGEMENT. Although a Client's investments generally represent a minority interest in portfolio companies, a Client may in certain cases own a significant or controlling percentage of the voting securities of portfolio companies. Because of such significant or controlling ownership, representation on the boards of directors, or contractual rights, a Client may, in certain cases, be thought to control, participate in the management of or influence the conduct of its portfolio companies. This could expose the assets of the Client, the applicable General Partner, HealthQuest partners and personnel and certain other persons to claims by a portfolio company, its security holders, its creditors, governmental agencies or others. If under the terms of a Client's Governing Documents, such Client's assets are available to indemnify its General Partner, the HealthQuest partners and personnel and certain other persons for losses or expenses incurred in any action related to conduct on behalf of such Client, subject to certain conditions, such Client may have the ability to recall distributions previously made to its investors for the purpose of satisfying such liabilities, subject to any limitations set forth in such Client's Governing Documents. Beyond direct costs, such disputes may adversely affect a Client in a variety of ways, including by distracting its General Partner, HealthQuest partners and personnel and certain other persons and harming relationships between the Client and its portfolio companies or other investors in such portfolio companies.

BRIDGE FINANCING. Clients may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Firm's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans would likely not adequately reflect the risk associated with the unsecured position taken by a Client.

LEVERAGE. To the extent that any investment is made in a portfolio company with a leveraged capital structure or any portfolio company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry.

If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by a Client in such company could be significantly reduced or even eliminated.

LIMITATIONS ON ABILITY TO EXIT INVESTMENTS. HealthQuest expects a Client to exit from investments in three principal ways: (i) private sales (including acquisitions of its portfolio companies); (ii) initial and secondary public offerings; and (iii) open market sales for freely tradable securities, although some investment types may have different types of exits or sales activities. At any particular time, one or more of these avenues may not be open to a Client, or timing with respect to these exit mechanisms could be inopportune. As such, the ability to exit from and liquidate portfolio holdings can be constrained at any particular time.

POTENTIAL LIABILITIES. In connection with its investments, HealthQuest may negotiate the right to appoint one or more of the principals of the Firm as a member of the portfolio company's board of directors. Such membership on the board of directors of a company can result in a Client or an individual director being named as a defendant in litigation. A Client may also participate in portfolio company financings at valuations lower than the valuations in preceding rounds of financing. Disputes arising out of such down-round financings could potentially result in a Client, the General Partner, or its members being named as defendants. Typically, portfolio companies will have insurance to protect directors and officers, but this insurance may be inadequate. Clients will also indemnify the General Partner and its principals, among others, for liabilities incurred in connection with operations of a Client, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.

CERTAIN LITIGATION RISKS. The Clients are subject to a variety of litigation risks, particularly due to the substantial likelihood that one or more portfolio companies will face financial or other difficulties. The Clients may also participate in portfolio company financings at implicit valuations lower than valuations implicit in preceding rounds of financing. Legal disputes involving the Clients or the applicable General Partners and their respective affiliates may arise from the foregoing activities (or any other activities relating to the operation of the Clients or the applicable General Partners and their respective affiliates) and could have a significant adverse effect on the Clients. The expenses of defending against claims and paying any amounts pursuant to settlements or judgments, or bringing claims against third parties, will generally be borne by the applicable Clients. The outcome of such proceedings may materially adversely affect the value of the applicable Clients and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of HealthQuest's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. HealthQuest reviews many investment opportunities for the Clients that do not result in an investment by any Client. The Clients and the applicable General Partners may face litigation (or otherwise become involved in legal proceedings, e.g., as the recipient of a third party subpoena) with respect to companies that were considered for investment by such Clients, but in which such Clients did not ultimately invest. This may result in costs or other liabilities for the Clients even though the Clients will not benefit from any investment in such company.

CERTAIN LIMITATIONS ON THE ABILITY OF THE INVESTOR TO TRANSFER ITS INTEREST. The transferability of the Interest will be restricted by the Governing Documents and by United States federal and state securities laws. In general, the Investor will not be able to sell or transfer its Interest to third parties without the consent of the Firm.

WRITTEN SIDE AGREEMENTS. In accordance with common industry practice, a Fund and/or the Firm can enter into side letters or similar written agreements with other Investors that have the effect of establishing rights under, or altering or supplementing the terms of the Governing Documents, including without limitation to provide for different or more favorable rights, access to information about a Fund's investments, or other matters relating to an investment in a Fund. The ability of other partners to elect to receive the benefit of such side agreements will be limited.

FAILURE TO MAKE CAPITAL CONTRIBUTIONS. If another Investor fails to pay when due installments of its commitments to a Client, and the contributions made by non-defaulting Investors and borrowings by a Client are inadequate to cover the defaulted capital contribution, a Client may be unable to pay its obligations when due. As a result, a Client would potentially be subjected to significant penalties that could materially and adversely affect the returns to the Investor. If any Investor defaults, it would possibly be subject to various remedies as provided in the Governing Documents.

CHANGES IN LAW, REGULATIONS AND ADMINISTRATIVE PRACTICES. Changes in legal, tax and regulatory laws, regulations or administrative practices can occur during the term of a Client that would potentially have an adverse effect on a Client, its investments, its access to investment opportunities, its Investors, the Firm and other affiliates of the Firm. For example, the Clients make investments in the healthcare industry, which are or will typically become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities and counties or agencies of other countries and jurisdictions in which a Client or the portfolio companies operate. New and existing regulations, changing regulatory requirements and the burdens of regulatory compliance all can potentially have a material negative impact on the performance of portfolio companies that operate in these industries. The Firm cannot predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can either of them predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulations, promulgated, including changes to existing laws and regulations, in countries where a Client invests will not adversely affect a Client, its portfolio investments or a Client's investment performance.

A Client may not be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes. Each Client's General Partner will have the exclusive right and authority (within the limitations set forth in the applicable Governing Documents) to determine the manner in which such Client shall respond to such changes, and investors in such Client generally will have no right to withdraw from such Client or to demand specific modifications to such Client's operations in consequence thereof. Interest rates, inflation, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and

number of investments made by the Clients. Instability in the securities markets generally would affect the value of the Clients' portfolio company investments, as well as the length of time such investments are held. A sustained period of inactivity or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by the Clients. Any political unrest, war, acts of terrorism, or other force majeure events such as natural disasters, pandemics, and similar events would also increase the risks inherent in the Clients' investments. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Clients to execute their strategies. This may slow the rate of future investments and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon investments in which the Clients make. Due to the illiquidity of the Clients' investments, the Clients have limited ability to adapt to any such changes in the economic environment or mitigate any corresponding losses. There has been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity and venture capital industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Clients' activities, including the ability of the Clients to implement operating improvements or otherwise execute their respective investment strategies, or achieve their respective investment objectives.

TAXES. Investors should be aware that tax consequences to them for their investment in a Client are complex and differ for each Investor. Investors are strongly advised to consult with their own tax advisors in this regard. Clients will potentially invest in portfolio companies in countries where tax laws are difficult to understand, subject to different interpretations and inconsistently enforced. Any portfolio company in which a Client invests could have significantly higher tax liabilities than anticipated causing a material adverse effect on its financial condition and results of operations.

RISK OF DILUTION. Investors subscribing for Interests at subsequent closings will participate in existing investments of a Client, diluting the Interest of existing Investors therein. Although such Investors will contribute their pro rata share of prior capital contributions previously drawn down by a Client, there can be no assurance that such payment will reflect the fair value of a Client's existing investments at the time such additional Investors subscribe for such Interests.

DIRECTOR LIABILITY. The Clients may seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in

which they invest. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Client's representatives, and ultimately such Client, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from such Client's investment activities.

HIGHLY COMPETITIVE MARKET FOR INVESTMENTS. The business of identifying and structuring investments of the nature that the Clients invest in is highly competitive and involves a high degree of uncertainty. The Clients compete for investments with venture capital, private equity, and other private funds, "angel" investors, corporate venture programs, business development companies, institutional investors, investment banks, commercial banks, commercial financing companies, hedge funds and other investors. There can be no assurance that any of the Clients will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve any particular rate of return or fully invest its committed capital. Some of the Clients' competitors for investment opportunities may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than HealthQuest or the Clients. The business of identifying, structuring, and completing venture capital and private equity transactions is highly competitive and involves a high degree of uncertainty. To the extent that the Clients encounter significant competition for investments, returns to their respective investors may be negatively affected. In addition, it is possible that one or more of the Clients will never be fully invested if enough sufficiently attractive investments are not identified. However, investors of the Clients may be required to bear Management Fees through the investment period of such Clients based on the entire amount of the investors' capital commitments and other expenses as set forth in such Clients' Organizational Documents.

FOREIGN INVESTMENTS. A Client will potentially invest in companies that are based outside of the United States or the operations of which are primarily outside of the U.S. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases includes a collapse in credit markets, stock prices, currencies and/or consumer spending; the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability and war; the risk that the foreign country would impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient financial information as a result of accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of Investors which may not be as comprehensive or well developed as those in the United States and the procedures for the judicial or other enforcement of such rights which may not be as effective as in the United States; risks related to the fact that some

investments could be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and will possibly be less well developed than those in the United States, possibly resulting in retroactive taxation so that a Client could become subject to an unanticipated local tax liability.

CYBER-SECURITY RISK. HealthQuest, their service providers, and other market participants increasingly depend on complex information technology systems and communications systems to conduct business functions. These information and technology systems are subject to a number of different threats or risks that could adversely affect the Clients and their investors, despite HealthQuest's efforts to adopt technologies, processes and practices intended to mitigate these risks. To the extent that HealthQuest is subject to cyber-attack or other unauthorized access is gained to HealthQuest's systems, HealthQuest has the potential to be subject to substantial losses in the form of stolen, lost or corrupted data. In certain events, HealthQuest's failure or deemed failure to address cybersecurity risks could be the subject of civil litigation or regulatory or other action. Any of such circumstances has the potential to subject HealthQuest, or its Clients, to substantial losses. Although HealthQuest has implemented various measures to manage risks relating to these types of events, if such a system is compromised, the Firm or its Clients may be required to spend time and/or incur significant expense seeking to remedy the effects of such issues.

In addition, the SEC's Division of Examinations has issued risk alerts regarding cybersecurity and the prevention of ransomware attacks, which remain one of its key examination priorities. In early 2022, the SEC voted to propose rules related to cybersecurity risk management for registered investment advisers, registered investment companies and business development companies, as well as amendments to certain rules that govern investment adviser and fund disclosures. The proposed rules would require advisers and funds to adopt and implement written cybersecurity policies and procedures designed to address cybersecurity risks that could harm advisory clients and fund investors. The proposed rules also would require advisers to report significant cybersecurity incidents affecting the adviser or its fund or private fund clients to the SEC on a new confidential form. If adopted, even with modification, these proposed rules would be expected to significantly increase compliance burdens, thereby increasing the costs and expenses charged to a Client and its limited partners. They could also increase the risk of HealthQuest's exposure and the exposure of a Client to additional regulatory scrutiny and penalties for noncompliance or perceived noncompliance, which in turn would be expected to adversely (potentially materially) affect HealthQuest's and a Client's reputation, and to negatively impact a Fund in conducting its business.

PRIVACY AND DATA PROTECTION LAW COMPLIANCE RISK. The adoption of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and elsewhere could significantly impact privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and business activities of HealthQuest or its Clients, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such privacy laws by any such entity or their service providers could result in penalties which

could adversely affect the results of operations and overall business. For example, California has passed the California Consumer Privacy Act of 2018, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties. Such privacy laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include HealthQuest.

FAILURE OF COUNTERPARTIES TO PERFORM OBLIGATIONS. In its ordinary course of business, HealthQuest relies on various counterparties, which include, but is not limited to, brokers, dealers, banks, custodians, and administrators (“Counterparties”). These Counterparties, with which HealthQuest does business and on behalf of a Client, may, from time to time, default on their obligations with or without notice. Such defaults include, but are not limited to, a Counterparty’s bankruptcy, insolvency, or other failure. A Counterparty’s default on their obligations may impact HealthQuest’s or the Client’s ability to conduct its business in the ordinary course. There is a risk of loss of assets on deposit at the Counterparty. Although government agencies or other organizations provide insurance coverage to depositors in the event of a Counterparty failure, coverage is limited to a specified amount and subject to rules and regulations. Prior events where a government agency or other organization stepped in to make depositors whole over their excess deposits at select Counterparties, which may or may not have a current or prior relationship with HealthQuest or a Client, should not be construed as a guarantee that such action will be taken in the future. There is no guarantee that any excess deposits are recoverable. In the event of a Counterparty’s default, HealthQuest will work diligently to access its capital and take actions it deems appropriate while acting in the best interest of a Client. However, HealthQuest’s access to capital is subject to a variety of external factors that are outside of HealthQuest’s control, including the timing of default, a government agency’s or other organization’s actions, including the timing of the Counterparty’s closure, ability to liquidate the Counterparty’s assets, or to effect the Counterparty’s sale or dissolution, unforeseeable economic factors or market conditions, and the Counterparty’s technology infrastructure operating as intended to facilitate access. Furthermore, HealthQuest’s ability to access capital may have an impact on HealthQuest’s and the Client’s ability to conduct operations in the normal course including, but not limited to paying expenses, funding investment opportunities resulting in delayed or missed opportunities, and calling capital from or making distributions to limited partners. Deposits concentrated at one or a limited number of Counterparties may amplify these risks.

REGULATED BUSINESSES. Companies in which a Client invests may be in regulated industries. Changes in regulations applicable to such companies could have a negative impact on their businesses and operations. Such companies could also be subject to enforcement or other proceedings relating to their compliance or non-compliance with applicable regulations, which could negatively affect such companies and the Clients’ investment in those companies. The Clients or HealthQuest personnel (including any such HealthQuest Personnel serving on the boards of directors of such companies) may be required to comply with regulations applicable to such companies or may have a duty to adequately oversee

such companies' regulatory compliance and may be subject to enforcement actions or proceedings as a result. In certain cases, a General Partner may structure an investment by such Client in a regulated business differently from the manner in which it might structure a similar investment in a different type of business in order to attempt to reduce the potential impact of the applicable regulatory requirements on such Client, such General Partner and its affiliates and personnel (e.g., holding non-voting stock rather than voting stock, keeping such Client's economic or voting ownership percentage below certain thresholds or declining the opportunity to have a representative serve on the company's board of directors). Further, investments by a Client in portfolio companies that are in regulated industries may require disclosure (to regulators or the public or both) of information regarding HealthQuest, such Client and/or its investors. A Client's General Partner may need to obtain additional information from the investors in such Client in order to satisfy such disclosure requirements. Additionally, as a result of any credit or debt-related investment activities, it is possible that a Client could be deemed to be engaged in the origination of debt or debt-linked securities for purposes of the applicable laws in jurisdictions in which such activities take place. Such laws are frequently highly complex and may include licensing requirements. Certain federal and local banking and regulatory bodies or agencies in or outside the U.S. may require a Client, the applicable General Partner, HealthQuest or certain of HealthQuest's personnel to obtain licenses or authorizations to engage in many types of lending-like activities. It may take a significant amount of time and expense to obtain such licenses or authorizations and a Client may be required to bear the cost of obtaining such licenses and authorizations. There can be no assurance that any sought after licenses or authorizations would be granted or, if granted, whether any such licenses or authorizations would impose additional restrictions on such a Client. Such licenses may require the disclosure of confidential information about a Client, such Client's investors or their respective affiliates, including financial information or information regarding officers and directors of certain significant investors. A Client may not be willing or able to comply with these requirements. Alternatively, HealthQuest may be compelled to structure certain potential investments in a manner that would not require such licenses and authorizations, although such transactions may be inefficient or otherwise disadvantageous for a Client or its relevant portfolio company or may not be able to allocate such potential investments until it has obtained such licenses. It cannot be assured that a Client will maintain or obtain all of the licenses that it will need on a timely basis. Each Client also is and will be subject to various information and other requirements to maintain and obtain these licenses, and it cannot assure you that it will satisfy those requirements. A Client's failure to maintain or obtain licenses that it requires, now or in the future, might restrict investment options and have other adverse consequences.

GOVERNMENT FILINGS. Certain investments by the Clients are expected to require filings with government agencies, including the SEC. In some cases, this may be the result of the applicable company being a regulated business as described above. In other cases, this may be the result of the nature or size of the investment itself. For example, certain investments by the Clients are expected to require filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR"), based in part on the aggregate amount of capital invested by the Clients in a particular company. Other investments may trigger filing

obligations with the Committee on Foreign Investment in the United States (“CFIUS”) pursuant to the Foreign Investment Risk Review Modernization Act (as amended and together with any implementing rules and regulations, “FIRRMA”), including investments in certain United States businesses involved with certain “critical technologies” utilized in certain specified industries that involve control of such United States business by foreign persons (within the meaning of FIRRMA) or afford direct or indirect foreign investors with certain information or other rights with respect to such United States business. Given the technology-focused nature of many of the Clients’ portfolio companies and non-U.S. person participation in certain Clients, one or more investments by a Client could require such Client to make a CFIUS filing. Significant CFIUS reform legislation and regulations, which became effective on February 13, 2020, among other things, expanded the scope of CFIUS’ jurisdiction to cover more types of transactions and empowered CFIUS to scrutinize more closely investments in U.S. assets, including investments involving foreign limited partners or co-investors that may be deemed “non-passive.” Outside of the United States, other countries are increasingly taking action to strengthen their foreign investment clearance (“FIC”) regimes. As a result, any investments by a Client in certain countries outside the U.S. may likewise be subject to review by FIC regimes if the investments are perceived to implicate national security policy priorities. While HealthQuest may take steps (including, but not limited to, placing limitations on investors’ governance rights) to help ensure that a Client’s investments are not within the jurisdiction of CFIUS and other FIC regulators, CFIUS and other FIC regulatory practices are rapidly evolving, and there can be no assurance that all such Client’s investments will be exempt from CFIUS and other FIC requirements or that CFIUS and another FIC regulator will not seek to ask questions about a transaction. Any review and approval of a Client’s investment by CFIUS and another FIC regulator may have outsized impacts on transaction certainty, timing, feasibility, and cost, among other things. Moreover, in the event that CFIUS or another FIC regulator reviews one or more of such Client’s investments, there can be no assurances that such Client will be able to maintain, or proceed with, such investments on terms acceptable to such Client. CFIUS or another FIC regulator may seek to impose limitations, conditions, or restrictions on, or prohibit, one or more of a Client’s investments. Such limitations, conditions, or restrictions may prevent such Client from maintaining or pursuing investments or adversely affect the performance of such Client’s investments, and thus such Client’s performance as a whole. Failure to submit required filings may result in significant financial penalties for each transaction party, as well as reputational damage and potential legal restrictions on future investments. In addition, CFIUS is actively pursuing transactions that were not notified to it and may ask questions regarding, or impose restrictions or mitigation on, transactions postclosing. Moreover, CFIUS or other FIC regulatory considerations may limit or restrict the universe of suitable buyers for an investment, thereby constraining a Client’s ability to recognize value from exits and/or making exit transactions more difficult. Government filings in connection with investments, such as HSR and CFIUS filings, would result in additional costs being incurred by the applicable Clients and may result in delays in closing certain investments. Such filings may also require disclosure of confidential information regarding the Clients and their investments to government agencies. FIRRMA may also make it more difficult for portfolio companies of a Client to raise capital from or be acquired by foreign persons, and may increase the cost and complexity of such transactions, all of which may impact the

value, development, and prospects of certain portfolio companies, and/or such Client's potential exit opportunities from investments in such portfolio companies. HealthQuest may also consider some or all of the aforementioned factors in connection with determining an allocation to one or more Clients which may result in a Client receiving a smaller allocation or no allocation at all in connection with an investment. The rules implementing FIRRMA recently became final and, in the absence of further guidance, are subject to a number of uncertainties. As a result, the impact of FIRRMA on the Clients, if any, is hard to predict.

CONTINGENT LIABILITIES ON DISPOSITION OF INVESTMENTS. In connection with the disposition of its investment in a portfolio company, a Client and/or its General Partner may be required to make (or be responsible for another person's or entity's breach of) certain representations and warranties (e.g., about the business and financial affairs of any such portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of the representations and warranties typically made in connection with the sale of similar businesses) and may be responsible for the content of certain disclosures under applicable securities laws. Such Client may be required to indemnify the purchasers or underwriters of such investment to the extent that any such representations or disclosures are inaccurate (or if representations or covenants made by the company are inaccurate or breached). These arrangements may result in the incurrence of contingent liabilities for which such Client's General Partner may establish reserves and escrows. In that regard, a distribution of proceeds that might otherwise be made would likely either be delayed or withheld until such reserves are no longer needed or such escrow is released. If any such distribution is made in lieu of being delayed and withheld and such representations prove to be inaccurate, the investors in such Client could be required to return such distribution to such Client as provided in its Organizational Documents.

FINANCIAL MARKET CONDITIONS AND FLUCTUATIONS. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Clients and may affect the Clients' ability to make investments and the value of the investments held by the Clients. Instability in the securities markets and economic conditions generally would also increase the risks inherent in the Clients' investments. The ability of portfolio companies to obtain financing for ongoing operations or expansions is also affected by economic and market conditions. For example, a tightening of credit markets or increase in interest rates would potentially impact the growth of portfolio companies. Additionally, capital markets may experience periods of disruption and instability from time to time. During such periods of market disruption and instability, a Client and other entities in the financial services sector may have limited access, if available, to alternative markets for debt and equity capital. The debt capital that will be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability of a Client to raise capital could have a negative effect on such Client's business, financial condition and results of operations.

The Clients principally invest in securities of private companies without an active trading market. Traditional exit opportunities for funds with strategies similar to the Clients have consisted primarily of initial public offerings and acquisitions of portfolio companies by publicly traded companies, often for stock. The ability of the Clients to sell securities and

realize investment gains depends, not only on portfolio companies and their historical results and prospects, but also on favorable market and economic conditions. Initial public offering and merger and acquisition opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. In addition, general fluctuations in the market prices of securities will affect the value of the investments held by the Clients and the public markets have experienced greater volatility in recent years. Either the lack of favorable market conditions or a highly volatile market could result in substantially lower liquidation values and/or substantially longer periods before liquidity is achieved and could reduce the internal rate of return achieved by the Clients.

The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Client, may have a negative effect on private company valuations and may affect a Client's ability to make or exit investments on attractive terms. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Clients' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. Each Client's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007, or the downgrading of the credit rating of the United States in 2011 or the anticipated raise in interest rates by the U.S. Federal Reserve System (the "Federal Reserve"), which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Client's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Client to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Client to pay break-up, termination or other fees and expenses in the event such Client is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Client to dispose of investments at prices that HealthQuest believes reflect the fair value of such investments. In addition, a prolonged period of market illiquidity may cause a Client to reduce the volume transactions it originates and/or funds and adversely affect the value of such Client's portfolio investments, which could have a material and adverse effect on such Client's business, financial condition, results of operations and cash flows. These risks may affect the returns, if any, to such Client's investors or the ability of the Client to return any or all of its investors' capital contributions.

Moreover, the bankruptcy or insolvency of a major financial institution may have a material adverse effect on a Client, particularly if such financial institution is the administrative agent of an investment or is otherwise the counterparty to a contract with such Client (including a hedging related contract). In addition, the bankruptcy, insolvency or financial distress of

one or more additional financial institutions, or one or more sovereigns, could trigger additional disruptions in the global credit markets or the global economy which could have a material adverse effect on a Client and its investments. The impact of market and other various economic events may also affect a Client's ability to raise funding to support its investment objective.

FINANCIAL INSTITUTION RISK; DISTRESS EVENTS. An investment in a Client is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Client's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, HealthQuest, a General Partner, the Clients and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of HealthQuest to manage the Clients and their investments, and on the ability of HealthQuest, any Client or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Client is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Client to access capital contributions or otherwise); the inability of the Client to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of HealthQuest or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that HealthQuest will experience operational burdens and expenses, and a Client or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that HealthQuest will be able to exercise

contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Clients and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Client or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Client, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that HealthQuest and/or the relevant Client maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the Client seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Clients, HealthQuest is under no obligation to use a minimum number of Financial Institutions with respect to any Client, or to maintain account balances at or below the relevant insured amounts.

ECONOMIC RECESSIONS AND DOWNTURNS. The portfolio companies in which a Client may invest may be susceptible to economic slowdowns or recessions. Therefore, a Client's non-performing assets may increase, and the value of such Client's portfolio may decrease during these periods as such Client is required to record its investments at their current fair value. Adverse economic conditions also may decrease the value of a Client's investments. Economic slowdowns or recessions could lead to financial losses in a Client's portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase a Client's and its portfolio companies' funding costs, limit a Client's and its portfolio companies' access to the capital markets, or result in a decision by lenders not to extend credit to a Client or its portfolio companies. These events could prevent a Client from increasing investments and harm such Client's operating results. No assurance can be given that favorable conditions, trends or opportunities will arise or continue, as applicable, or that investments can be acquired or disposed of at favorable prices or that the market for investments will either remain stable or, as applicable, grow or improve, since this will depend upon events and factors outside the control of HealthQuest. These factors may affect the level and volatility of market prices and the liquidity of the investments, which could impair a Client's profitability or result in losses. A Client's portfolio company's failure to satisfy financial or operating covenants imposed by such Client or lenders could lead to defaults and, potentially, foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize such portfolio company's ability to meet its obligations. Such Client may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one or more of a Client's portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which such Client will actually provide significant managerial assistance to those portfolio companies, a bankruptcy court might subordinate all or a portion of such Client's claim to that of other creditors.

DIFFICULTY IN VALUING PORTFOLIO INVESTMENTS; IN-KIND DISTRIBUTION. There is no readily

available market for most of the Clients' investments and hence, most of the Clients' investments will be difficult to value. When estimating fair value in accordance with HealthQuest's valuation policies and procedures, which may be amended from time to time in HealthQuest's discretion, the applicable General Partner will apply a methodology that it determines to be appropriate based on its reasonable judgment in light of the nature, facts and circumstances of the investments. Valuations are subject to multiple levels of review for approval and seeking to fairly value portfolio investments is an important focus of HealthQuest. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values determined by HealthQuest are likely to differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. The exercise of discretion in valuation by HealthQuest gives rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees when tied to the fair value of the applicable Client or related to deciding whether or when to permanently write off an investment (see "Valuations" below and "Advisory Fees" above for additional information). Third-party pricing information regarding the Clients' investments generally will not be available.

Certain of the Clients' investments will likely be distributed in-kind to the investors in the Clients and any such distribution could put downward pressure on the price of the issuer's securities. The valuation of securities distributed in-kind for purposes of making allocations and distributions among the partners of a Client (including for purposes of determining the Carried Interest of the General Partner of such Client) is established under the provisions of the applicable Governing Documents and will not be adjusted to reflect actual sale prices obtained by the investors in such Client. The actual sales prices obtained by investors (or by certain investors) in a Client may be lower than the applicable distribution valuation.

Under the Governing Documents for the Client such securities may be valued for purposes of the applicable Governing Documents (including for the purposes of calculating any Carried Interest distributable to the applicable General Partner in connection with such distribution in kind) higher than the market value of such securities at such time as they are actually distributed to investors of such Client. In addition, in-kind distributions could consist of securities for which there is no readily available public market, which would cause the applicable investors to incur costs and delays in converting such assets to cash.

Subject to relevant Governing Documents, HealthQuest, in its discretion, can apply a "first-in first-out" method of allocating securities that are sold or distributed to securities received in earlier rounds of financing which may imply a lower cost basis. There are potential tax advantages which present a conflict as some of those tax advantages may be more applicable to the General Partners (or members thereof) than certain investors. Further, as a result of allocations of sold or distributed securities to early investments, a Client's remaining investments will have a higher cost basis which can have the effect of impacting Management Fee calculations based on the aggregate cost of portfolio investments.

UNCERTAIN EXIT STRATEGIES AND TIMING. Due to the illiquid nature of the investments made

by the Clients, HealthQuest is unable to predict with confidence what the exit strategy will ultimately be for any given portfolio investment, or that an exit will definitely be available at an attractive price, or at all. Exit strategies that appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political, social or other factors, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in law (including laws relating to taxation of an interest in a Client and/or a Client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). Exit timing for a portfolio company of a Client may also be impacted by additional financing rounds for such portfolio company in which another Client or other existing or new investors participate. For example, a large additional financing round for a portfolio company of a Client, which may include participation by another Client, may enable such portfolio company to stay private for an extended period of time rather than pursuing a potential initial public offering or acquisition that would have constituted (or potentially led to) an exit event for the Client that had the existing investment in such company. These transactions create potential conflicts of interest that may need to be addressed depending on the particular circumstances and may require consent from either the advisory committee or investors of the applicable Clients. While the additional time for the portfolio company to have an exit event enables certain Clients to potentially capitalize on further increases in the company's value with respect to its investment in such company, the additional financing round potentially defers the timing of what might have otherwise been an exit opportunity for other Clients, as applicable (with no assurance that an exit event will occur later).

AVAILABILITY OF INVESTMENT CAPITAL. Portfolio company investments often require several rounds of capital infusions before the portfolio company reaches maturity. If a Client does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the value of such Client's earlier investment. Although the Clients intend to maintain reserves to allow them to participate in follow-on rounds of financings, the Clients do not intend to provide all necessary follow-on financing that a portfolio company requires. A Client's capital is limited and may not be adequate to protect such Client from dilution in multiple rounds of portfolio company financing. Accordingly, third-party sources of financing will be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Clients. A Client's portfolio companies may not successfully find follow-on financing sources after an investment by such Client. As a result, the expected return from such Client's investment may be adversely impacted. Financing from a Co-Investor or third-party sources may also dilute one or more Clients' ownership in a particular company. In addition to dilution as a result of a Co-Investor's or third party's financing of a portfolio company, a Client's ownership in the portfolio company is permitted to be diluted, or such Client's rights and preferences with respect to that company may be adversely affected, by an investment in that portfolio company by another Client.

INVESTMENTS IN PUBLIC COMPANIES. Some of the Clients' portfolio companies are expected to become public companies following an initial public offering. Other portfolio companies

may be acquired by publicly traded companies in exchange for consideration consisting in whole or in part of securities of such publicly traded companies. In addition, a Client may invest a portion of its aggregate capital commitments in publicly traded securities acquired in the open market. Investments in public companies subject the Clients that make such investments to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies from quarter to quarter, increased obligations to disclose information regarding such companies, limitations on the ability of a Client to dispose of such securities at certain times (including due to the possession by such Client or HealthQuest of material non-public information or trading restrictions (due to regulation or otherwise) applicable to representatives of HealthQuest serving on the board of directors and, by extension, such Client), increased likelihood of shareholder litigation against such companies' board members (which may include representatives of HealthQuest), regulatory action by the SEC, insider trading allegations against such companies' board members and increased costs associated with each of the aforementioned risks. The Clients may be permitted to make private investments in public equity ("PIPEs") or private financings of publicly held companies. PIPE transactions may involve the sale of equity-like securities of an already public company. In a PIPE transaction, a Client may bear the price risk from the time of pricing until the time of closing. In addition, such Client may need to commit to purchase a specified number of securities at a fixed price, with the closing subject to various conditions. Further, since such Client may take large ownership positions as part of PIPE transactions, even after the securities are saleable, it may take a significant period of time for such securities to be sold or distributed in an orderly manner, during which time profit could have otherwise been realized or loss avoided, and in some cases such Client may be prohibited by applicable securities laws or by contract from selling such public company securities for a period of time. In addition, such Client's sales of thinly traded securities could depress the market value of such securities. These circumstances or events could reduce such Client's returns. Disposition of such Client's public company investments may result in distributions in kind to investors.

ADDITIONAL FINANCING FOR PORTFOLIO COMPANIES. Certain Clients' portfolio companies will often need equity financing or debt from other parties to satisfy their continuing working capital and other cash requirements. Each round of venture financing is typically intended to provide a company with only enough capital to reach the next stage of development. A Client cannot predict the circumstances or market conditions under which its portfolio companies will seek additional capital. Some of these companies may be unable to obtain sufficient financing from private investors, public capital markets or traditional lenders. This may have a significant negative impact if the companies are unable to obtain certain federal, state or foreign agency approval for their products or the marketing thereof, if regulatory review processes extend longer than anticipated, and the companies need continued funding for their operations during these times.

INSURANCE. The relevant liability standards under insurance coverage procured by HealthQuest are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages

from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally may be responsible for insurance premiums, as set forth in the Governing Documents. regardless of whether the liability and/or indemnity standards in HealthQuest's insurance coverage are higher or lower than that set forth in the Governing Documents. Additionally, where a Client seeks to make investments where insurance and other risk management products are, to the extent available on commercially reasonable terms, utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, such coverage may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and any insurance proceeds from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or any necessary replacement or rehabilitation, as applicable. Certain losses of a catastrophic nature (i.e., those caused by force majeure events) may be either uninsurable or insurable at such high rates as to adversely impact such Client's profitability if such insurance were obtained.

PUBLIC HEALTH EMERGENCIES; COVID-19. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially impact economic production and activity in ways that are impossible to predict, some of which may result in significant losses to the Clients.

In an effort to contain such health emergencies, national, regional, and local governments, as well as private businesses and other organizations, have taken or have the potential to take 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, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports, and entertainment.

The ultimate impact of such health emergencies, and the resulting precipitous decline in economic and commercial activity across nearly 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, but could have a significant adverse impact and result in significant losses to the Clients. The extent of the impact on the Clients' and their 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 Clients 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 Clients intend to pursue, all of which could adversely affect the Clients' ability to fulfill their investment objectives. They may also impair the ability of 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 Clients, their portfolio companies, the General Partners of the Clients and HealthQuest may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, 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.

HEDGING TECHNIQUES. From time to time, a Client may hold publicly traded securities that are illiquid and/or not freely tradable. HealthQuest may cause such Client to engage in hedging techniques in an effort to maintain the value of such securities until they become liquid and freely tradable. HealthQuest also may cause such Client to enter into currency hedges with respect to investments denominated in non-U.S. currencies. HealthQuest may (but is not obligated to) endeavor to manage the Clients' or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available, in order, without limitation: (i) to protect against possible changes in the market value of any of the Clients' investments resulting from fluctuations in the prices of securities; (ii) to protect the value of unrealized gains in any of the Clients' investments; (iii) to facilitate the sale of any such investments; (iv) to enhance or preserve returns, spreads or gains on any of the Clients' investments; (v) to hedge the interest rate or currency exchange rate on any of the Clients' liabilities or assets; (vi) to protect against any increase in the price of any securities a Client anticipates purchasing at a later date; (vii) in the case of certain types of digital assets, to purchase stored value cryptocurrencies such as Bitcoin or Ethereum to facilitate the Client's acquisition of such digital assets; or (viii) for any other reason that HealthQuest deems appropriate. A Client may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In certain cases, particularly in OTC contexts, hedging arrangements will subject the Clients to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or

intermediary in connection with such hedging. OTC contracts may expose a Client to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for HealthQuest and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the “CFTC”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or any other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances in which the ability of a Client or a portfolio company to hedge its exposures becomes limited by such requirements.

FUNCTIONAL CURRENCY. The functional currency of each Client will be United States dollars. Capital commitments of the investors, capital contributions, and distributions of cash generally will be stated, made or payable in United States dollars. An investor whose functional currency is not United States dollars will bear substantial risks associated with fluctuating currency exchange rates, particularly with regard to capital contributions that may not become due for several years.

REGULATORY AND ENFORCEMENT RISKS. Regulation of the venture capital and private equity industry, including regulation applicable to managers of private investment funds such as HealthQuest, has increased significantly in recent years and is expected to continue to increase. Additional regulation is likely in the future. Compliance with regulations requires significant time and effort from HealthQuest and its personnel. In addition, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of HealthQuest and the Clients. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact HealthQuest and its affiliates, the Clients and/or their investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Clients. As a registered investment adviser or for other reasons, HealthQuest or its affiliates and personnel may from time to time be subject to regulatory inquiries, examinations, investigations or enforcement actions that require significant time and attention from HealthQuest’s personnel, including its Partners and Managing Partner, and that could distract from the management of the Clients’ affairs. Enforcement actions and any resulting sanctions that have an adverse effect on HealthQuest or its Personnel could in turn have an adverse effect on the Clients. In certain cases, a Client itself could become subject to regulatory investigation or enforcement actions that could involve significant cost to such Client or otherwise adversely affect such Client.

CLIMATE CHANGE. The Clients may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Clients’ business and operations. Physical

impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Clients may be vulnerable to the following: risks of property damage to the Clients' investments; indirect financial and operational impacts from disruptions to the operations of the Clients' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Clients' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Clients' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

RUSSIAN INVASION OF UKRAINE. In February 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions) and subsequently the United States, United Kingdom and European Union announced sanctions against Russia. Given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Clients and the performance of their investments or operations, and the ability of the Clients to achieve their investment objectives.

INFLATION. Inflation is a sustained rise in overall price levels. Moderate inflation is associated with economic growth, while high inflation can signal an overheated economy. Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money (i.e., as inflation increases, the values of a Fund's assets can decline). Inflation may pose a risk to investors because it can reduce savings and investment returns. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. Furthermore, wages, prices of inputs and borrowing costs increase during periods of inflation, which can negatively impact returns on investments. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Central banks, such as the U.S. Federal Reserve, generally attempt to control inflation by regulating the pace of economic activity. They typically attempt to affect economic activity by raising and lowering short-term interest rates. At times, governments may attempt to manage inflation through fiscal policy, such as by raising taxes or reducing spending, thereby reducing economic activity; conversely, governments can attempt to combat deflation with tax cuts and increased spending designed to stimulate economic activity. Inflation rates may change frequently and significantly as a result of various factors,

including unexpected shifts in the domestic or global economy and changes in economic policies, and a Client's investments may not keep pace with inflation, which may result in losses to the Client and its investors. Further, certain countries, including the U.S., have recently seen increased levels of inflation and there can be no assurance that continued and more wide-spread inflation will not become a serious problem in the future and have an adverse impact on a Client's returns. If inflation continues to increase, the real value of a Client's investments could decline and the interest payments on a Client's borrowings, if any, may increase.

The foregoing risks do not purport to be a complete explanation of all the risks involved in investing with HealthQuest. Investors should consult their applicable Governing Documents.

Item 9 – Disciplinary Information

Prior to February 2018, HealthQuest Capital Management Company, LLC (“HQCM LLC”) was the management company for the HealthQuest funds and filed ADVs as an Exempt Reporting Adviser. Since February 2018, HQCM LLC has been the general partner for HealthQuest Capital Management, L.P. (“HQCM LP”), the current management company. In February 2015, while HQCM LLC’s back office was being run by another investment adviser, HQCM LLC received an order summarily revoking exempt status as an Exempt Reporting Adviser for failure to pay the annual renewal fees under Section 25608(Q)(1) of the California Corporate Securities Law of 1968. Immediately upon receipt of the notice of revocation, HQCM LLC took steps to remedy the issue and the matter was resolved.

Item 10 – Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither HealthQuest nor its management persons are registered as a broker-dealer or broker-dealer representative.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Adviser

Neither HealthQuest nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading adviser.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

Employees of HealthQuest may serve as directors for companies in which a Client invests, or provide other services to companies, and may receive compensation in connection therewith, which may be subject to certain fee offsets in accordance with the applicable Client’s Governing Documents.

Certain HealthQuest Employees (as defined below) may serve on boards of directors, executive committees or advisory committees at various unaffiliated companies and organizations. Serving in such a capacity could expose such personnel, and by association HealthQuest and HealthQuest Clients, to certain conflicts of interest including with respect to allocating time and investment opportunities. For example, the possibility exists that such companies and organizations could engage in transactions that would be suitable for Clients, but in which the Client might be restricted from investing. HealthQuest believes that these conflicts are mitigated by the fact that HealthQuest investment team members are required to devote such time and effort as is reasonably necessary to manage each Client’s business and affairs. Furthermore, HealthQuest maintains internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise. However, there can be no assurance that permitting such other involvement of HealthQuest Employees will not result in less favorable results for Clients than if the HealthQuest Employee was not permitted to serve in such capacity.

HealthQuest has entered into a consulting agreement with MWY Fund Services, LLC (“MWYFS”) to provide certain finance, back office and other services to HealthQuest, as well as certain fund administration, back office and other services to HealthQuest Clients. Manfred Yu is the Managing Member of MWYFS and serves as HealthQuest’s Chief Financial Officer. Due to the fact that MWYFS personnel may provide consulting services to other clients, conflicts may arise in the protection of HealthQuest’s confidential information or the confidential information of other MWYFS clients. This conflict is mitigated by the fact that all MWYFS personnel are deemed to be supervised persons of HealthQuest, and are subject to HealthQuest’s compliance policies and procedures. See Item 11 for additional discussion on compliance obligations of supervised persons. Furthermore, MWYFS receives fees from both HealthQuest and HealthQuest Clients, the amounts of which are negotiated from time to time between HealthQuest and MWYFS. Although HealthQuest could have a conflict of interest when determining how to allocate such fees among HealthQuest and its Clients, HealthQuest seeks to allocate such fees in a manner that it deems to be fair and equitable.

Certain HealthQuest Employees, from time to time, may carry on investment activities for other investment advisers who do not invest in the Funds or SPVs, as well as may give advice and recommend investments to vehicles outside of the HealthQuest fund family. The advice given to, or portfolio companies recommended or bought for, any entities outside the HealthQuest fund family, are generally not expected to be in material conflict with the Clients’ ability to implement their strategies.. Nevertheless, it is possible that conflicts of interest may arise from time to time in connection with such activities. One HealthQuest investment team member is an employee of another Registered Investment Adviser, and HealthQuest reimburses that other adviser for such investment team member’s time dedicated to HealthQuest activities.

1. Relationship between HealthQuest and Avoro

On May 3, 2019, a transaction (the “Transaction”) was closed whereby a new holding company formed by HealthQuest, Avoro Capital L.P. (the “Holding Company”), acquired the limited partnership interests of HealthQuest in exchange for certain interests in the Holding Company. Concurrently, the Holding Company also acquired all the interests of venBio Select Advisor LLC, which was subsequently renamed Avoro Capital Advisors LLC (“AVCAP”), a registered investment adviser founded, managed and fully controlled by Dr. Behzad Aghazadeh, in exchange for certain other interests in Holding Company. The Holding Company is jointly owned by Dr. Garheng Kong and Dr. Behzad Aghazadeh.

Following the closing of the Transaction, Dr. Kong remains responsible for managing HealthQuest, and Dr. Aghazadeh does not have any involvement in, or visibility into, the day-to-day business of the Firm. Conversely, Dr. Aghazadeh remains responsible for managing AVCAP, and Dr. Kong does not have any involvement in, or visibility into, the day-to-day business of AVCAP. The Transaction did not result in any changes to the terms of HealthQuest’s Clients. More information regarding AVCAP and Dr. Aghazadeh can be found at www.avorocapital.com.

On August 10, 2020, the Holding Company formed Avoro Ventures LLC (“Avoro Ventures”), a Delaware limited liability company, as a new subsidiary. Through their respective interests in the Holding Company and its general partner:

- Dr. Aghazadeh controls AVCAP and Avoro Ventures, holds a majority economic interest in AVCAP and Avoro Ventures, and receives certain indirect economic benefits in respect of HealthQuest; and
- Dr. Kong controls HealthQuest, holds a majority economic interest in HealthQuest, has a non-controlling, minority economic interest in Avoro Ventures, and receives certain indirect economic benefits in respect of AVCAP.

Avoro Ventures is the investment manager to Avoro Ventures Fund L.P. (“AVF”) and provides management and administrative services to AVF. Avoro Ventures is a relying adviser to AVCAP. AVF’s investment objective is to achieve superior investment returns by making, primarily, long-term, early-stage investments in the equity and equity-related securities of healthcare companies, chiefly in the biotechnology subsector. AVF invests primarily in privately-held companies, but may also invest in “value added” public companies in select instances. Dr. Kong acts as an Advisory Partner to Avoro Ventures and assists in sourcing investments for AVF, in addition to other work for AVF. As HealthQuest’s Clients generally invest in non-biotechnology companies that are in later stages of development than those primarily targeted by AVF, HealthQuest believes that there should not be material overlap between HealthQuest’s investment strategy and AVF’s investment strategy. Furthermore, HealthQuest believes that Dr. Kong’s involvement in the activities of AVF may bring enhanced deal flow to HealthQuest and its Clients by accessing a broader investment universe. Added insights from and access to AVF activities may also help improve HealthQuest’s diligence processes. Dr. Kong will only source any potential investments for AVF after HealthQuest has determined whether any such investment opportunity will be allocated in whole or in part to Clients advised by HealthQuest. After such determination is made, any remaining investment opportunity that is determined by HealthQuest to not be appropriate for HealthQuest Clients may be offered to Avoro Ventures. Dr. Kong holds an investment in AVF and is entitled to receive incentive compensation from AVF’s general partner.

HealthQuest and AVCAP have established restrictions on access to information that apply to HealthQuest, AVCAP and Avoro Ventures. Generally, HealthQuest and AVCAP are expected to maintain a “wall” or “information barrier” among the teams that manage their respective alternative investment vehicles in order to facilitate compliance with the Exchange Act, the Securities Act, the Investment Company Act and similar laws by prohibiting the sharing of material non-public information and/or preventing any coordinated investment activities. As a result, HealthQuest’s Clients are not expected to benefit from information held by the AVCAP team(s) managing the AVCAP investment vehicles and generally are not expected to have insight into the investments that are sourced by the AVCAP team(s) prior to their vehicles completing such investments. Nevertheless, it is possible that conflicts of interest may arise from time to time in connection with the investment activities and decisions of AVCAP.

For Avoro Ventures, Dr. Kong will generally have access to information about any and all investments made by or under consideration for AVF. Avoro Ventures may share confidential information with respect to particular investment opportunities with Dr. Kong, after determining that it is appropriate and lawful to share such information, and HealthQuest may consider the investment opportunity for its Clients. Conversely, Dr. Kong and HealthQuest may share confidential information with respect to particular investment opportunities with Avoro Ventures, after determining that it is appropriate and lawful to share such information, and Avoro Ventures may consider the investment opportunity for AVF. Consequently, it is possible that conflicts of interest may arise from time to time in connection with the investment activities and decisions of Avoro Ventures and/or Dr. Kong. For example:

- Avoro Ventures investment funds may from time to time make investments that are similar to, or overlap with, the investments held by Clients. Clients will generally not have rights or priority with respect to any particular investment opportunity pursued by the Avoro Ventures funds, except as otherwise described above;
- Avoro Ventures investment funds and Clients may also from time to time hold investments at different levels of an issuer's capital structure, or make investments or engage in investment and other activities that express inconsistent views with respect to similar or overlapping investments. Any such activities and decisions of the Avoro Ventures investment funds could have the effect of lowering returns on a Client's investment relative to what might have been achieved absent such activities or decisions; and
- notwithstanding the steps taken to restrict Dr. Kong's access to information with respect to AVCAP and Dr. Aghazadeh's access to information with respect to HealthQuest, if any of AVCAP, Avoro Ventures or HealthQuest acquires confidential information under a confidentiality and/or "standstill agreement" for purposes of assessing an investment opportunity, it is possible that the terms of such agreement could prevent the other(s) from trading or disposing of a particular investment, potentially for an extended period, or result in a trade or disposition at a price that is less favorable than the price that could have been obtained if they were not subject to such restriction.

HealthQuest, AVCAP and Avoro Ventures may in the future determine that it is appropriate to pursue a greater degree of operational integration or otherwise make changes with respect to operational independence, governance and compliance programs. It is anticipated that certain such changes could be made without advance notice to Clients or Investors.

2. HealthQuest Manages Multiple Clients

HealthQuest gives advice and recommends securities to a number of Clients. The advice or securities may be identical or different among the Clients, even though their investment objectives may be the same or similar. Clients are subject to different fees and expenses, and HealthQuest or its affiliates may own interests in some Clients. In the ordinary course of its activities, HealthQuest may, from time to time, buy or sell the same securities for a number of Clients.

The Firm may purchase on behalf of its Clients different classes of debt and/or equity of the same borrower or issuer. These and other investments may be deemed to create a conflict of interest. The Firm may be required to take certain actions for some Clients with respect to one class of debt or equity that may be adverse to other Clients who hold other classes of debt or equity of the same borrower or issuer.

HealthQuest manages Clients that may have similar investment strategies. In connection with the investment activities on behalf of a Client, HealthQuest may, from time to time, receive material non-public information about a company which would restrict a Client's ability to invest in such company or to dispose of an investment in such company if the Client then maintains an investment therein.

HealthQuest determines how certain expenses are allocated among Clients. Certain of HealthQuest's determinations with respect to whether specific expenses should be borne by HealthQuest or one or more Clients require subjective judgments. HealthQuest has a conflict of interest when making such judgments because HealthQuest will bear the costs of any expenses not allocated to a Client. Similarly, certain of HealthQuest's determinations with respect to whether specific expenses should be borne by any single Client require subjective judgments. Certain Clients may have different expense terms than others, and HealthQuest may have a conflict of interest when determining which Clients will bear a specific expense. In addition, the allocation of certain expenses may affect the size or performance of, and therefore the fees or allocations earned by, the Firm with respect to a specific Client, and therefore HealthQuest could have a conflict of interest when determining how to allocate expenses among such Clients. HealthQuest seeks to allocate expenses in a manner that it deems to be fair and equitable.

Certain products or services, the costs of which are borne exclusively by certain Clients, may directly or indirectly also benefit HealthQuest and its affiliates, other Clients not paying for such products or services, or third parties. HealthQuest has a conflict of interest in determining whether such expenses should be borne by certain Clients when other Clients or HealthQuest also receive benefits from the products and services provided. HealthQuest seeks to allocate such expenses in a manner that it deems to be fair and equitable.

D. Selection of Other Advisors or Managers

HealthQuest does not utilize or select other advisors or third-party managers. All assets are managed by HealthQuest.

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

A. Code of Ethics

HealthQuest has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act, as amended. The Code governs the activities of each member, officer, director, employee and other supervised personnel of HealthQuest (collectively, "HealthQuest Employees" or "Employees").

HealthQuest holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to Clients. In serving its Clients, HealthQuest strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Employees and Client securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles and the Code's specific provisions: (a) at all times the interests of Client must be paramount; (b) personal transactions must be conducted in a manner that is consistent with the Code to avoid any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions. Each Employee is provided with a copy of the Code and must certify that he or she has received it and has complied with its provisions on an annual basis. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

HealthQuest will provide a copy of its Code of Ethics to Investors upon request. Such a request may be made by submitting a written request to HealthQuest at the address on the cover page of this Brochure.

B. Recommendations Involving Material Financial Interests

Principals and Employees of HealthQuest and its affiliates may directly or indirectly own an interest in private investment funds, including Funds managed by HealthQuest. The fact that HealthQuest, its Employees and other related persons may have a financial ownership interest in the Funds creates a potential conflict which could cause the Firm to make different investment decisions than if they did not have a financial ownership interest. The Code of Ethics described above requires Employees to obtain preapproval of any investments in private offerings to identify and manage potential conflicts with Clients' investments.

HealthQuest may engage in transactions in which ownership interests of the Funds, SPVs or underlying investments are sold in secondary transactions to an Investor or group of Investors. In such circumstances, the Governing Documents may require review and approval of such transactions due to potential conflicts of interest that may exist between the personal interests of the General Partner and certain Employees and the interests of the Investors.

C. Investing Personal Money in the Same Securities as Clients

Clients generally invest in the securities of private companies, although a Client may invest in private or public securities of public portfolio companies if permitted by such Client's Governing Documents. As noted above, HealthQuest, its employees and other related persons (including family members and close personal friends) may invest directly or indirectly in a Client through interests of the Client or via the General Partner.

There may be situations in which an Investor or an affiliate of the Firm has or forms a business relationship with a portfolio company. The Firm will use its best efforts to ensure that all conflicts that arise as a result of such relationship are monitored, disclosed, and mitigated when appropriate.

HealthQuest requires Employees to sign and adhere to the Code and to report personal securities holdings and transactions to its Chief Compliance Officer.

D. Trading Securities At/Around the Same Time as Clients' Securities

The Code requires Employees to obtain preapproval of any investments in private offerings and initial public offerings to minimize the possibility of conflicts with a Client's investments. In addition, HealthQuest and/or its related persons may buy or sell specific securities for its or their own account that are not deemed appropriate for Client accounts to buy or sell at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments in Client accounts are made. HealthQuest will document any transactions that could be construed as conflicts of interest and will always transact Client business before the business of its Employees and/or related persons when securities of the same issuer are being bought or sold.

Item 12 – Brokerage Practices

A. Factors Used to Select or Recommend Broker-Dealers

Clients generally invest in the securities of private companies, and such purchases and sales are usually conducted through privately-negotiated transactions where the services of a broker-dealer need not be retained. Circumstances can arise whereby the Firm may purchase or sell securities of publicly traded companies on behalf of Clients including when a portfolio company goes public and the Firm participates in the IPO, when a publicly traded portfolio company offers securities via a registered offering or private placement and the Firm participates in the offering, or when the Firm sells securities of publicly traded companies that were previously acquired in an IPO or other offering, or as a result of the sale of a portfolio company to a publicly traded acquirer in exchange of securities of such acquirer. Such purchases or sales of securities in publicly traded companies are usually completed through the Clients' custodians.

The Firm will always have discretion as to the placement of brokerage (and accordingly, the commission rates paid). In selecting brokers to effect portfolio transactions, the Firm considers such factors as price, quality of execution, expertise in particular markets, the ability of the brokers to effect the transactions, the brokers' facilities, reliability, reputation, experience, financial responsibility in particular markets, familiarity both with investment practices generally and techniques employed by clients and certain brokerage or research services ("soft dollar items") provided by such brokers and clearing and settlement capabilities, subject at all times to principles of best execution, in accordance with the Firm's policies and procedures. In selecting broker/dealers to execute transactions, the Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Firm believes that the broker-dealers that it recommends provide competitive transaction and custody costs, helping clients to eliminate or control costs and

optimize the custodial structure to the benefit of account holders. When possible, the Firm seeks to pre-negotiate preferred terms for its clients providing Clients with the benefits associated with the economy of scale and custodial knowledge of the firm.

1. Research and Other Soft Dollar Benefits

HealthQuest currently does not anticipate receiving research or other products and services from a broker-dealer or third-party in connection with Client securities transactions ("soft dollar benefits"). If, in the future, HealthQuest obtains "soft-dollar" benefits, this Brochure will be appropriately amended and all "soft dollar" arrangements would fall within the safe harbor provided by Section 28(e) of the Securities Act, as is currently interpreted by the SEC.

2. Brokerage for Client Referrals

The Firm does not consider, in selecting or recommending broker-dealers, referrals of prospective Client accounts or Investors from a broker-dealer. The Firm may receive referrals in the future and if it does, will appropriately amend this Brochure.

3. Directed Brokerage

The Firm does not accept directed brokerage arrangements or enter into directed brokerage arrangements. The Firm does not allow Investors to direct brokerage. Securities transactions are executed by brokers selected by HealthQuest in its discretion and without the consent of Clients or Investors. Should HealthQuest engage in directed brokerage arrangements, this Brochure will be appropriately amended.

B. Aggregating Trading for Multiple Client Accounts

The Firm invests in the securities of private companies and may trade in public securities or similar instruments on behalf of Client accounts. These transactions in public securities can arise, for example, when a portfolio company goes public and the Firm participates in the IPO, when the Firm sells public securities that were previously acquired in an IPO or other offering of a portfolio company, or when the Firm sells securities of a publicly traded company that were received by a Client as a result of the sale of a portfolio company to such publicly traded acquirer. Transactions in securities of private companies are generally more limited opportunities. In some situations, investment opportunities may be suitable for multiple Clients but the Firm may allocate only to one or a select group of Clients. Due to the limited availability, including quantity of private equity available, the allocation methodology will be dependent upon various factors including HealthQuest discretion as investment manager.

When trading public securities, the Firm may (but is not required to) combine orders on behalf of one Client account with orders for other Client accounts for which it or its principals have trading authority, or in which it or its principals have an economic interest. When it does, the Firm will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants.

In addition, the Firm may place orders for the same security for different Clients at different times and in different relative amounts due to differences in investment objectives, cash

availability, size of order, practicability of participating in “block” transactions and a Client’s remaining term. The level of participation by different Clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Client.

Item 13 – Review of Accounts

A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

The investments made by Clients 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. HealthQuest closely monitors companies in which a Client invests, and reviews are generally performed at least quarterly to confirm that each Client’s portfolio has been managed within its stated objectives.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may take place more frequently if triggered by economic, market, or political conditions.

C. Content and Frequency of Regular Reports

Investors in the Funds and SPVs will generally receive unaudited reports of performance quarterly and will receive audited year-end financial statements annually.

Item 14 – Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties

HealthQuest does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to Clients.

B. Compensation to Non-Advisory Personnel for Client Referrals

Currently, neither HealthQuest nor its related persons directly or indirectly compensate any person who is not advisory personnel for Client referrals. If, in the future, HealthQuest enters into such arrangements, this Brochure will be appropriately amended.

Item 15 – Custody

A rule under the Advisers Act provides that General Partners and Managing Members, as applicable, of a Fund and SPV are considered to have “custody” of a Client’s assets, even though independent, qualified custodians actually hold those assets. That rule generally requires investment advisers to cause certain account statements detailing holdings and transactions to be sent to Clients and imposes certain other obligations. However, advisers to investment funds need not comply with those requirements if, among other things, HealthQuest provides Investors with audited financial statements within 120 days of each

Client's fiscal year-end and those financial statements meet certain requirements. HealthQuest satisfies those conditions and therefore is not subject to reporting and other obligations.

Item 16 – Investment Discretion

The Funds' Governing Documents generally authorize HealthQuest to invest and trade their assets in healthcare investments. While there may be certain limitations, such as concentration and other parameters, investments are selected at the Firm's sole discretion. The Firm may enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate.

Pursuant to a Client's Governing Documents, each Investor designates the Firm as its attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out a Client's business affairs, including execution of the Governing Documents. An Investor's execution of a Client's subscription agreement constitutes its execution of a Client's Governing Documents and the terms and conditions set forth therein.

Item 17 – Voting Client Securities

HealthQuest's Clients generally invest in the securities of private companies and therefore the Firm does not generally vote proxies on behalf of Clients. However, the General Partners vote the proxies of publicly traded portfolio companies relating to securities acquired post-IPO, from a sale to a public company or by other means.

Healthquest exercises voting authority over Client proxies and has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended. The policies require the Firm to vote proxies received in a manner consistent with the best interests of the Client.

The policies also require the Firm to vote proxies in a prudent and diligent manner intended to enhance the economic value of the assets of the Clients. However, the policies permit the Firm to abstain from voting proxies in the event that the Clients' economic interest in the matter being voted upon is limited relative to the Clients' overall portfolio or the impact of the Clients' vote will not have an effect on its outcome or on the Clients' economic interests.

Certain of the Firm's proxy voting guidelines are summarized below:

- HealthQuest votes for: uncontested director nominees recommended by management; the election of auditors recommended by management, unless a dispute exists over policies; limiting directors' liability; and proposals that would have a positive economic effect on shareholder value.
- HealthQuest votes against proposals: to limit the rights of shareholders in a manner or to an extent that is not warranted by the benefits of adopting the proposal; to limit

or impair the accountability of management or the board of directors to shareholders; and that would have an adverse economic effect on shareholder value.

Although many proxy proposals can be voted in accordance with the Firm's proxy voting guidelines, some proposals will require special consideration, and the Firm will make a decision on a case-by-case basis in these situations, including proposals to: eliminate director mandatory retirement policies; rotate annual meeting locations and dates; grant options and stock to management and directors; and indemnify directors and/or officers.

Where a proxy proposal raises a material conflict between the Firm's interests and the interests of the Clients, the Firm will seek to resolve the conflict in the best interest of the Clients.

Clients may obtain a copy of the Firm's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Firm about how they voted any proxies on behalf of their account(s).

Item 18 – Financial Information

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

A. Balance Sheet

HealthQuest does not require or solicit prepayment of more than \$500 in fees per Client, six months or more in advance and therefore does not need to include a balance sheet with this Brochure.

B. Financial Condition

The Firm has discretionary authority over Client assets. At this time, neither HealthQuest nor its management persons have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to Clients.

C. Bankruptcy Petitions in Previous Years

HealthQuest has not been the subject of a bankruptcy petition in the last ten years.