

FORM ADV PART 2A: FIRM BROCHURE

ITEM 1. COVER PAGE

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Important Disclosure:

This brochure (“Brochure”) dated March 27, 2019 provides information about the qualifications and business practices of Aisling Capital Management LP (“Aisling” or the “Firm”) and its affiliates. If you have any questions about the contents of this Brochure, please contact us at (212) 651-6380 or our Chief Compliance Officer at rwenzel@aislingcapital.com. The information in this Brochure has not been approved or verified by the U. S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

ITEM 2. MATERIAL CHANGES

This Brochure is an annual amendment to the version filed on March 28, 2018 and includes routine updates as well as material updates to the disclosures regarding conflicts of interest. You are encouraged to read this Brochure in its entirety.

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ITEM 4. ADVISORY BUSINESS

- A. Aisling, a Delaware limited partnership formed on August 25, 2015, is an investment adviser located in New York, NY. Aisling's general partner is Aisling Capital Partners IV LLC, a Delaware limited liability company (the "General Partner"). Aisling is wholly owned by its two co-presidents, Andrew N. Schiff and Steven A. Elms.
- B. As an investment adviser, Aisling provides investment advisory services to a pooled investment vehicle, Aisling Capital IV, LP (the "Fund," together, with any other private investment funds managed by Aisling, including future funds, the "Funds" and each, a "Fund"), as well as co-investment vehicles formed in connection therewith. The Fund is exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), pursuant to Section 3(c)(7) of the Investment Company Act.

Aisling provides discretionary investment management services to the Fund pursuant to the Fund's respective investment management agreements with Aisling. Aisling manages the assets of the Fund in accordance with the limited partnership agreement of the Fund ("Partnership Agreement"), the Confidential Private Placement Memorandum of the Fund ("PPM") and related agreements (together the Partnership Agreement and PPM, are referred to herein as the "Offering Documents").

The Firm's investment objective is to make investments in companies developing and commercializing important and innovative healthcare products, services and technologies, across a range of financial instruments. The Firm pursues a multi-strategy investment approach, and may invest in private companies, public companies, equity, debt and other structured securities. The Firm generally seeks to make non-control investments.

Information about Aisling's advisory services is included in this Brochure and is qualified in its entirety by information contained in the Offering Documents.

- C. Aisling does not tailor its advisory services to the individual or particular needs of investors in the Fund. Such investors will accept the terms of advisory services as set forth in the Offering Documents. The Firm has broad investment authority with respect to the Fund and, as such, investors should consider whether the investment objectives of the Fund will be in line with their respective individual objectives and risk tolerance prior to investment.
- D. Aisling does not participate in wrap fee programs.
- E. As of December 31, 2018 Aisling, has assets under discretionary management of approximately \$256,892,170.

ITEM 5. FEES AND COMPENSATION

- A. Detailed information regarding the fees that are charged to the Fund is provided in the Offering Documents. Aisling is entitled to a management fee as compensation for its services. Aisling also receives carried interest, calculated based on 20% of realized gains generated by the Fund, less any unrealized losses deemed permanent and less expenses allocated to the investments realized, after investors have earned a preferred return of 8%.
- B. From the initial closing of the Fund until the earlier of (i) the period ending on the fifth anniversary of the final closing date of the Funds (subject to two one-year extensions with the consent of the Fund's advisory board (the "Advisory Board")) and (ii) the first date a successor fund to the Fund accrues management fees, the management fees paid to Aisling will be 2% per annum of the aggregate capital committed by investors. Thereafter, the management fee will be 2% per annum of actively invested capital. Management fees are payable by the Fund to Aisling quarterly in advance. The Fund's general partner ("Fund GP"), in its sole discretion, may call capital for management fees and other expenses or pay such fees and expenses out of the Fund's current income and from disposition of investments.

Certain offering documents permit Aisling to waive or agree to reduce its management fee. Certain waived portions of the management fee are treated by the offering documents as a deemed capital contribution by the general partner, which is effectively invested in the relevant Fund on such general partner's behalf and operates to reduce the amount of capital such general partner would otherwise be required to contribute to the Fund. The limited partners of a Fund may be required to make a pro rata contribution according to their respective commitments to fund any contribution that would otherwise be required of Aisling in connection with any such waiver or reduction and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced management fees are not subject to management fee offset, and the amount of such waived or reduced fees has the potential to be significant. Due to waived or reduced management fees by Aisling and/or the timing of receipt of compensation, it is possible that management fee offsets will be delayed, resulting in a net additional benefit to Aisling.

- C. A description of the other types of fees or expenses the Fund may pay is set forth in detail in the Offering Documents. These fees or expenses include, but are not limited to: (i) any and all out-of-pocket costs and expenses incurred in connection with the discovery, evaluation, acquisition, holding, management, monitoring or disposition of investments (whether or not consummated), including, without limitation, private placement fees, sales commissions, appraisal fees, taxes (excluding any income taxes, or franchise taxes imposed in lieu of income taxes, imposed on the general partner of the Fund GP, Aisling or any of their direct or indirect owners), brokerage fees, underwriting commissions and discounts, travel expenses, the costs of attending medical conferences, and legal, accounting, investment banking, advisory, consulting, information services and professional fees (which, for the avoidance of doubt, may include, without limitation, (x) reimbursement of expenses of affiliates of the Fund GP or Aisling, to the extent that fees, costs and expenses payable to such affiliates do not exceed the amount customarily charged by third parties

otherwise utilized by the Fund or Aisling for services similar to those actually provided; and (y) expenses of dedicated operating consultants, ESG consultants and insurance consultants); (ii) any and all costs and expenses incurred in connection with the carrying or management of investments, including, without limitation, custodial, trustee, record keeping and other administration fees and expenses incurred; (iii) any and all expenses incurred in connection with the preparation of the Fund's financial statements, tax returns, Schedules K-1, and any related communications with the limited partners (including, without limitation, the tax matters partners' representation of the Fund or the limited partners, as well as responses to questions and inquiries regarding investments and operations of the Fund); (iv) any and all out-of-pocket fees and disbursements of attorneys and accountants relating to Fund matters; (v) any and all taxes and other governmental charges levied against the Fund; (vi) any and all insurance premiums or expenses incurred by the Fund in connection with the activities of the Fund (including, without limitation, errors, omissions, fidelity, crime, general partner liability, directors' and officers' liability and similar coverage for any protected person, Aisling, their affiliates and related entities, and any other persons acting on behalf of the Fund; (vii) any and all expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of the Fund (including, without limitation, regulatory expenses of the Fund GP and Aisling) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund and expenses related to the preparation of Form PF and other similar regulatory filings, any compliance or filings related to the European Alternative Investment Fund Managers Directive and expenses related to complying with the reporting requirements of the FATCA Obligations, including the amount of any judgments, settlements or fines paid in connection therewith; (viii) any and all reasonable expenses incurred in connection with the ongoing offering of interests in the Fund, including the legal expenses associated with side letters or other similar agreements; (ix) any and all expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of the Fund or its related entities; (x) any and all expenses incurred in connection with any valuation of the assets of the Fund; (xi) any and all expenses incurred in connection with distributions to the partners of the Fund; (xii) any and all expenses incurred in connection with any meeting of the partners or the Advisory Board held pursuant to the Partnership Agreement (including, without limitation, reasonable travel, meal and lodging expenses of Aisling and its representatives, meal and lodging expenses of the investors in the Fund, in each case, incurred in connection with attending such meetings, the cost of the venue, the cost of printing materials and the cost of audio visual equipment); (xiii) any and all out-of-pocket expenses incurred by members of the Advisory Board and their designees in connection with the fulfillment of their duties pursuant to the Partnership Agreement, including, without limitation, travel expenses incurred in connection with attending Advisory Board meetings (including, without limitation, transportation, meal, entertainment and lodging expenses); (xiv) any and all expenses related to the Fund's indemnification obligations pursuant to the Partnership Agreement; (xv) the management fees payable pursuant to the Partnership Agreement; (xvi) any interest on, and fees and expenses arising out of, the Fund's borrowings and indebtedness (including, without limitation, the fees, costs and expenses incurred in obtaining lines of credit, loan commitments and letters of credit for the account of the Fund) and in guaranteeing the obligations of any portfolio companies or their

affiliates; (xvii) any and all expenses incurred in connection with the dissolution, winding up, liquidation or termination of the Fund; (xviii) any and all expenses relating to defaults by partners in the payment of any capital contributions; (xix) any and all expenses incurred in connection with the formation and maintenance of alternative investment vehicles, management vehicles or vehicles for co-investment to the extent permitted under the Partnership Agreement (including, for the avoidance of doubt, expenses in connection with raising and putting in place co-investment vehicles where desirable for accomplishing an investment to the extent not borne by the applicable co-investors); and (xx) any and all reasonable fees and expenses of a third party professional engaged by a member of the Advisory Board with the approval of at least 75% in interest of the members of the Advisory Board.

Additional disclosure relating to potential brokerage costs can be found in Item 12 of this Brochure.

- D. As described above, the Fund will pay management fees in advance on a quarterly basis. In the unlikely event that Aisling does not provide services for a full period or the investment management agreement of the Fund is terminated according to the terms set out in the Offering Documents before the end of the relevant quarter, a pro-rated fee will be returned to the Fund.
- E. Neither Aisling nor any of its supervised persons accepts or will accept compensation for the sale of securities or other investment products.

Aisling, its affiliates, partners and/or employees receive additional compensation in connection with management and other services performed for Fund portfolio companies, and such compensation generally will offset, in whole or in part, the management fees otherwise payable to Aisling. In particular specified percentages of any transaction fees, monitoring fees, cash and non-cash directors' fees and break-up or similar fees, in each case, received by Aisling, its affiliates, its partners or employees that are attributable to a Fund's investment in a portfolio company, net of expenses, will generally be credited against management fees as set forth in the relevant offering documents. As a matter of practice, Aisling receives compensation of the type described in this paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such compensation will not reduce the management fees payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such compensation, and not the portion of such compensation that relates to such co-investors. Furthermore, Aisling is permitted to exempt certain Fund investors from payment of all or a portion of management fees and/or carried interest, or to allow certain persons to invest in a Fund through such Fund's general partner on a no-fee basis. The management fee offsets described in this paragraph generally apply only with respect to the capital commitments of fee-paying investors.

It is Aisling's practice to use or retain certain Operating Partners (as defined below) to provide services to (or with respect to) Funds or certain current or prospective portfolio companies in which Funds invest. Such Operating Partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio

companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Operating Partners receive compensation and other amounts described herein, and no such amounts will result in an offset of the management fees payable by any Fund. The use of Operating Partners subjects Aisling to conflicts of interest, as discussed in “Item 8,” below.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5(A) of this Brochure, Aisling is generally entitled to both a management fee and performance-based compensation in the form of “carried interest” from the Fund, as specified in the Offering Documents. Certain investors, in particular Firm employees or other related persons, may pay Aisling reduced fees or may pay Aisling no fees. Managing assets for investors with different fee structures could create a conflict of interest for Aisling, especially where certain fee structures are performance-based, as performance-based fee arrangement creates an incentive to favor investors from whom Aisling has the ability to earn carried interest. Carried interest will be calculated based on 20% of realized gains generated by the Fund, less any unrealized losses deemed permanent and less expenses allocated to the investments realized, after investors have earned a preferred return of 8%. Following the sixth anniversary of the initial closing of the Fund and the eighth anniversary of the initial closing of the Fund (if escrowed carry is insufficient to satisfy a general partner giveback obligation as of the sixth anniversary of the initial closing of the Fund) and upon the final liquidation of the Fund, if carried interest previously paid to the Fund GP exceeds the aggregate amount of carried interest due to the Fund GP as of the date of determination, then the difference will be refunded to investors (but in the case of the interim giveback as of the sixth anniversary of the initial closing date, the amount repaid to investors will be limited to the carry amount held in escrow).

Although the carried interest generally is used to align Aisling’s interests with the interests of the investors in the Fund, the carried interest receivable by Aisling may create an incentive for Aisling to make investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such compensation. Carried interest may also incentivize Aisling to make different decisions regarding the timing and manner of the realization of the Fund’s portfolio investments than would be the case if carried interest did not exist. However, Aisling seeks to address conflicts that may arise by employing policies and procedures governing the identification, assessment and monitoring of conflicts of interest. Aisling undertakes a thorough and careful vetting of investment opportunities by its investment professionals and disclosure of investments to investors. To this end, Aisling has implemented internal controls to address the potential conflicts associated with performance-based fees, as more fully described in the Offering Documents.

ITEM 7. TYPES OF CLIENTS

As further described in Item 4 of this Brochure, Aisling provides investment advisory services to a pooled investment vehicle that is exempt from registration as an investment company pursuant to Section 3(c)(7) of the Investment Company Act. The Fund is limited to individuals and entities that meet the criteria of “qualified purchasers” as defined in Section 2(a)(51)(A) under the Investment Company Act.

Prospective investors should refer to the Offering Documents for complete information on the minimum investment requirements for participation in the Fund. Aisling generally requires a minimum capital commitment of \$5 million, although the Firm maintains discretion to individually waive, increase or reduce the minimum investment required.

Aisling does not currently manage individual investment accounts but may to the extent Aisling believes, in its discretion, that it is appropriate to do so, offer co-investment opportunities to Fund investors and/or to third parties. Aisling allocates co-investment opportunities in the manner described in “Item 8,” below. Except as approved by the Advisory Board or expressly permitted by the Offering Documents, the Fund GP, the Firm, the senior managers and their respective affiliates shall not, in their individual capacities, invest in any transaction in which the Fund has made an investment, other than through the Fund GP or as an investor of the Fund.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

- A. Aisling pursues a multi-strategy investment approach, and may invest in private companies, public companies, equity, debt or other structured securities. Overall, Aisling's investment strategy is to identify differentiated healthcare products, services and technologies that deliver value, capitalize on market inefficiencies, manage investment risk, build valuable and sustainable companies and invest across a range of structures and stages of development to access the highest quality assets.

In order to achieve this investment strategy, the Firm maintains consistent and rigorous procedures for managing the investment process. Each prospective investment that reaches the level of serious interest by the Firm is subjected to intensive due diligence and reviewed by the Aisling investment team. The complexity of healthcare investments requires not only legal and financial reviews but also detailed assessments of science and technology, operations, target markets and management. The Aisling investment team conducts in-depth research to assess regulatory and commercial issues and will evaluate the strengths and weaknesses of products' intellectual property positions to guide investment decisions. Aisling taps into its extensive network of relationships with healthcare industry leaders to ensure rapid and detailed assessments of specific issues at target companies. Aisling seeks to make investments in companies where an infusion of capital and strategic direction may allow the company to reach a valuation-determining event, thus enhancing the opportunities for success. In connection with such investments, Aisling determines an optimal time and structure to exit each investment in advance, so as to maximize returns to investors.

General Risk of Loss: An investment in the Fund will involve significant risk and potential conflicts of interest. There can be no assurance that the Firm's investment objectives will be achieved, and actual investment results may vary substantially from the investment objective. Investors should be prepared to bear these risks.

- B. *Listed below are some of the risks that are associated with an investment in the Fund. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Fund's investment strategies. For a complete explanation of the Fund's relevant investment strategies and their associated risks, investors should review the Offering Documents, which contain additional explanations of strategies, risks and other related details not discussed below.*

General. A substantial portion of the Fund's investments is in equity or equity-related investments, which by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that can result in partial or total losses and investors must be prepared to bear such capital losses that may result from investments. There can be no assurance that Aisling will correctly evaluate the nature and magnitude of the various factors that could affect the return on the Fund's investments. Prices and market movements of the Fund's investments may be volatile, and a variety of other factors that are inherently difficult to predict may significantly affect the results of the Fund's activities and the value

of the Fund's investments. As a result, the Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

Difficulty of Locating Suitable Investments; Competition for Investment Opportunities. The Fund's success depends upon the ability of the Fund GP and Aisling to identify suitable investments that are consistent with the Fund's investment objectives and policies, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of such investments. The identification, completion and realization of an attractive investment opportunity are highly difficult and involve a high degree of uncertainty. There can be no assurance that the Fund GP will be able to identify a sufficient number of suitable investment opportunities for the Fund to enable it to fully invest its committed capital in opportunities that satisfy the Fund's investment objectives, or that such investment opportunities will lead to completed investments by the Fund.

The Fund competes for the acquisition of investments with many other investors, some of which will have greater resources than the Fund. Such competitors may include, without limitation, other private investment funds as well as individuals, strategic buyers, financial institutions and other institutional investors. A significant number of new private equity funds have been formed and many hedge funds increasingly have sought private equity investments, resulting in an unprecedented amount of capital available for private equity investment. Some of these competitors may have more relevant experience, greater financial, technical, marketing and other resources, more personnel, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to the Fund and a greater ability to achieve synergistic cost savings in respect of an investment in the target company than the Fund, Aisling or the Fund GP. Competition for appropriate investment opportunities may increase and thus may reduce the number of opportunities available to the Fund, adversely affect the terms upon which portfolio investments can be made and decrease the returns to investors.

Investments in Less Established Companies. The Fund focuses on early, mid and later stage companies in the life sciences and related industries. As such, the Fund may invest a portion of its assets in the securities of less established companies, such as start-ups or early stage companies in such industries. Investments in such early stage companies may involve greater risks than those generally associated with investments in more established companies. Such risks may include, without limitation, smaller capitalizations and fewer resources, shorter operating histories on which to judge future performance and negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues. Early stage companies also often experience unexpected issues in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately resolved. There is no assurance that the development efforts of any such early stage company will be successful or, if successful, will be completed within budget or the time period originally estimated. Substantial amounts of financing may be necessary to complete such development and there is no assurance that such funds will be available from any particular source, including, without limitation, institutional private placements or the public markets. The percentage of early stage companies that survive and prosper tends to be small.

In addition to investing in less established or early stage companies, the Fund may actively engage in forming new businesses. Unlike investing in an existing company where start-up risks are generally shared with third parties who also have vested interests in such company (including, without limitation, the company's founders, existing managers or existing equity holders), in the case where the Fund forms a new business, all such risks are generally borne by the Fund. In addition, newly formed businesses face risks similar to those affecting less established or early stage companies as described above and may experience unexpected operational, developmental or financial issues that cannot be adequately resolved and there is no assurance that such new business ventures will become successful.

Some of the portfolio investments expected to be made by the Fund should be considered highly speculative and may result in the loss of the Fund's entire investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on the Fund's other investments.

Investments in Middle Market Companies. The Fund may invest in middle market companies. Although investments in middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Middle market companies may have relatively limited product lines, markets, and financial and other resources. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult.

Investments in Public Companies. A portion of the Fund's investments will involve investments in public companies. Investments in public companies may subject the Fund 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, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times (including, without limitation, due to the possession by the Fund of material non-public information, and lock-up period agreements to which the Fund may be subject), increased likelihood of shareholder litigation against such companies' board members, which may include, without limitation, Aisling personnel, and who may be indemnified by the Fund in connection with any such litigation, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

Contingent Liabilities. The Fund may assume, or acquire, a portfolio company subject to contingent liabilities. These liabilities may be material and may include, without limitation, liabilities associated with pending litigation, regulatory investigations or environmental actions, among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if the Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Fund, including, without limitation, the unfunded capital commitments of investors.

Expedited Transactions. Investment analyses and decisions by the Fund GP and Aisling may be undertaken on an expedited basis in order for the Fund to take advantage of available investment opportunities. In such cases, the information available to the Fund GP and Aisling at the time of an investment decision may be limited and insufficient for a full evaluation of the investment opportunity. Further, the Fund may conduct its due diligence activities in a very brief period and may assume the risks of obtaining certain consents or waivers under contractual obligations. While the Fund GP expects to negotiate purchase price adjustments, termination rights and other protections, such rights may not be available or, if available, the Fund GP may elect not to exercise them.

Use and Availability of Leverage. The Fund's investments may involve leveraged acquisitions which would require portfolio companies to undertake a high ratio of fixed charges to available income. Additionally, the Fund itself can borrow subject to the terms of the Fund Agreement, which provides that, at any time, the total outstanding principal amount of all borrowing arrangements made by the Fund will not remain outstanding for a period longer than 90 days and will not, in the aggregate, exceed, without the approval of the Advisory Board, the lesser of aggregate unfunded capital commitments or 10% of the committed capital of the Fund.

Although the use of leverage may enhance returns and increase the number of investments that the Fund can make, such investments are inherently more sensitive to declines in revenues and to increases in expenses. The leverage provided to the Fund will result in interest expenses and other costs incurred in connection with such borrowings. While leverage may enhance total returns to the investors, if investment results fail to cover borrowing costs, then returns to the investors will be lower than if there had been no borrowings. Although the Fund GP and Aisling will seek to use leverage in a manner that they believe to be appropriate, the leveraged capital structure of a portfolio company may significantly increase its exposure to adverse economic factors which may impair such portfolio company's ability to finance its future operations and capital needs and may result in the imposition of restrictive financial and operating covenants. The investors will not be personally liable for the Fund's obligations under any borrowing arrangements.

Bridge Financing. From time to time, the Fund may provide bridge financing to facilitate an investment organized by the Fund. Bridge financings to a particular portfolio company must be at a level that, when added to the amount of the permanent investment by the Fund in the particular portfolio company, will not exceed 25% of the aggregate committed capital of the Fund. Such bridge financings, if not repaid, would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Fund's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund.

Minority Investments. The Fund may accumulate minority positions in the outstanding voting stock, or securities convertible into the voting stock, of portfolio companies, and, therefore, may have a limited ability to protect its position in such portfolio companies. Further, the Fund may have no right to appoint a director and, as a result, may have a limited ability to influence the management of such portfolio companies. The Fund may

also hold investments in debt instruments or other investments that do not entitle the Fund to voting rights and provide the Fund only a limited ability to protect such investments. In such cases, the Fund will be significantly reliant on the existing management and board of directors of such companies, which may include, without limitation, representation of other investors with whom the Fund is not affiliated and whose interests may conflict with the Fund's interests. Where practicable and appropriate, it is expected that shareholder rights generally will be sought to protect the Fund's interests. There can be no assurance, however, that such minority investor rights will be available, or that such rights will provide sufficient protection of the Fund's interests.

While the Fund may seek to achieve such accumulation of minority positions through open market purchases, registered tender offers, negotiated transactions, or private placements, it may be unable to accumulate a sufficiently large position in a target company to execute its strategy. In such circumstances, the Fund may dispose of its position in the target company within a short time of acquiring it and there can be no assurance that the price at which the Fund can sell such stock will not have declined since the time of acquisition. This may be exacerbated by the fact that stock of the companies that the Fund may target may be thinly traded and that the Fund's position may nevertheless have been substantial and its disposal may depress the market price for such stock.

Control Position Risk. While the Fund generally seeks to make non-control investments, the Fund may make investments that, in some cases, allow the Fund to acquire control or exercise influence over management and the strategic direction of a portfolio investment as described in the Offering Documents. The exercise of control over a company imposes additional risks of liability for product defects, pension liabilities, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. The exercise of control over a portfolio investment could expose the assets of the Fund to claims by such portfolio companies underlying such investment, its security holders and its creditors. While the Fund GP intends to manage the Fund to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Reliance on Portfolio Company Management. The day-to-day operations of a portfolio company will be the responsibility of such company's management team. Although Aisling will be responsible for monitoring the performance of portfolio companies and generally seeks to invest in companies operated by capable management that may be existing or installed by Aisling, there can be no assurance that an existing management team, or any successor, will be able to successfully operate a portfolio company in accordance with Aisling's strategy for such company.

No Assurance of Investment Return. There can be no assurance that any indicated valuations for unrealized investments will ultimately be realized for such value or be profitable or that losses can be avoided. Nothing contained in the Offering Documents should be deemed to be a prediction or projection of the future performance of the Fund. With respect to certain information contained in the Offering Documents regarding unrealized investments, while Aisling's valuations of such investments are based on assumptions that Aisling believes are reasonable under the circumstances, whether on an

estimated fair market value basis or a public market basis, the actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the time and manner of sale, many of which may be affected by factors beyond Aisling's control and all of which may differ materially from the assumptions on which the valuations used in the prior performance data contained in the Offering Documents are also based. In such event, the actual realized returns on these unrealized investments may differ materially from the (assumed) returns indicated in the Offering Documents.

The Fund will pay any fees, costs and expenses incurred in developing, investigating, negotiating or structuring any investment in which the Fund is authorized to invest under the Partnership Agreement but does not actually invest (including, without limitation, any such fees, costs and expenses not borne by co-investors). In addition, the Fund may enter into agreements to consummate transactions which involve payments, such as reverse break-up fees, by the Fund in certain circumstances if the Fund does not consummate the transaction. As a result, the Fund could incur a substantial cost with no opportunity for a return. Further, the Fund may make (or commit to make) an investment with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, the Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, the Fund may bear the entire portion of any break-up fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company or may realize lower than expected returns from such investment. There can be no assurance that the Fund's investment objectives will be achieved or that the Fund will be able to dispose of investments at prices equal to or greater than the price at which the Fund purchased such investments.

An investment in the Fund requires a long-term commitment, with no certainty of return. Even if the Fund's investments are consummated successfully, they are not generally expected to produce a realized return to the investors for a number of years after the investment is made. There may be little or no near-term cash flow available to the limited partners from the Fund and there can be no assurance that any limited partner will receive any distribution from the Fund.

Dependence on Key Personnel. The success of the Fund is highly dependent on the financial and managerial expertise of the principals and the other individuals employed by the Firm or its affiliates. Aisling relies extensively on the experience, relationships and expertise of these persons. The loss of one or more of these individuals could have a material adverse effect on the performance of the Fund. The interests of these professionals in the Fund should tend to discourage them from withdrawing from participation in the Fund's investment activities. However, there can be no assurance that such principals will continue to be associated with Aisling or its affiliates throughout the life of the Fund, as the principals of the Firm are under no contractual obligation to remain with the Firm for all or any portion of the term of the Fund, or that the Firm will be able to attract and retain replacements or additional persons when needed.

Portfolio Concentration. Although generally no more than 20% of the committed capital of the Fund will be invested in any one portfolio company, diversification is not an objective of the Fund. The Fund's portfolio may include a small number of large positions. If the Fund's investments are concentrated in a few portfolio companies or industries, any adverse change in one or more of such portfolio companies or industries could have a material adverse effect on a Fund investment. Moreover, because it is not reasonable to expect all of the Fund's investments to perform well or even return capital, for the Fund to achieve above-average returns, one or a few of its investments must perform very well. Therefore, while this portfolio concentration may enhance total returns to investors, if any large position has a material loss, then returns to investors may be lower than if they had invested in a well-diversified portfolio.

In addition, because the Fund's investments will be focused on the healthcare and life sciences industries, such concentration will make the Fund's portfolio more susceptible to fluctuations in value resulting from adverse economic and business conditions in such industries.

Illiquidity of Investor Interests; Restrictions on Transfer. The interests will be issued in reliance upon certain exemptions from registration or qualification under applicable U.S. federal and state securities laws and may not be transferred unless registered under applicable U.S. federal and state securities laws or unless an exemption from such laws is available. The Fund has no plans, and is under no obligation, to register the interests under the Securities Act of 1933, as amended (the "Securities Act"). There will be no public market for the interests and none is expected to develop. In addition, investors will not be entitled to withdraw their contributed capital and the interests may not be assigned or transferred to non-affiliated entities without the prior written consent of the Fund GP, which consent may be granted or withheld in its sole discretion. Investors desiring to transfer their interests may be required to reimburse the Fund's expenses of such transfer which can, in certain circumstances, be substantial. Voluntary withdrawals from the Fund will not be permitted except in very limited circumstances generally involving situations where retaining a Fund interest would violate certain laws or regulations, as described in the Offering Documents. Accordingly, interests in the Fund constitute illiquid investments and only should be purchased by persons that are able to bear the risk of their investment for an indefinite period of time.

New and Rapidly Evolving Nature of Healthcare/Life Sciences Sector. The Fund intends to make investments across a broad spectrum of products, technologies and businesses that advance health, including, but not limited to, therapeutics, devices to improve medical diagnosis and treatment, contract service organizations and adaptation of technological advances to improve drug discovery, development and marketing. The market for most of these products and technologies is rapidly evolving and, for some, only beginning to develop. Several specific risks can be typical of a market characterized by rapid change and frequent new product and service introductions. First, the public market for healthcare companies continues to be volatile. The state of the market may adversely affect the development of portfolio companies, the ability of the Fund to dispose of investments, and the value of investment securities on the date of sale or distribution by the Fund. Second, products and technologies produced by certain of the companies in this

industry may become obsolete. This can be a function of the significant technological change that persists in the healthcare industry, the highly uncertain levels of demand and market acceptance for new products, or the intense competition. Third, the Fund's portfolio companies may have limited operating histories or histories of net losses and may expect net losses for the foreseeable future. As such, projections as to future performance of portfolio companies may have very little performance data to support such projections. Certain markets' growth and intense competition exacerbate these conditions. There are many competitors in the healthcare sector that have already been funded which will force the Fund's portfolio companies to compete with more established companies for financing.

If portfolio companies are unable to respond successfully to these developments or do not respond in a cost-effective manner, the Fund's business, financial condition and operating results will be adversely affected. To be successful, portfolio companies must adapt to their rapidly changing markets by continually improving the responsiveness, services and features of their products and services and by developing new features to meet the needs of their customers. There can be no assurance that portfolio companies will be able to meet these competitive requirements, and failure to adopt could result in a significantly adverse effect on the Fund's investments.

Limited History of Product Development. The Fund invests in companies that have no products approved for sale. The potential products of such a company could require significant additional development and preclinical and clinical testing, as well as regulatory approval. There can be no assurance that the management of such a portfolio company will be able to successfully manage the development process for a new product, especially, as may be the case, if the management of the portfolio company does not have significant experience in developing a product. In addition, there can be no assurance that any such potential products will prove to be safe and efficacious in clinical trials, meet applicable regulatory standards, be capable of being produced in commercial quantities at acceptable costs or be successfully marketed. The Fund's portfolio companies may rely on outsourced service providers for clinical development, manufacturing and other services, and failure of those service providers to perform may result in a significantly adverse effect on the Fund's investments.

Future Capital Needs and Commitments; Uncertainty of Additional Funding. An investment by the Fund will probably not satisfy the long-term funding needs of a company and, as a result, a portfolio company will most likely require substantial additional funds to conduct research and development activities, clinical trials, and apply for regulatory approvals for any potential products. However, there can be no assurance that such additional financing will be available on acceptable terms, if at all. If adequate funds are not available, a portfolio company may be required: (i) to delay, reduce the scope of or eliminate one or more of its development programs or forfeit its rights to licensed products or technologies; (ii) to obtain funds through arrangements with collaborative partners or others that may require the company to relinquish rights to certain of its technologies, product candidates or products that the company would otherwise seek to develop or commercialize itself; or (iii) to license the rights to such products on terms that are less favorable to the company than might otherwise be available.

Dependence on Single Products. Companies in which the Fund invests may only have one product under development. There can be no assurance that the product will be approved for marketing by the Food and Drug Administration or any foreign regulatory agency. Further, competition may develop from other new and existing products. In either case, if a company is dependent on that one product, the consequences of such failure could be devastating to the prospects of such company and could have a significant adverse impact on the Fund.

Regulated Industries. The Fund intends to make investments in the healthcare and life sciences industries, which are subject to regulatory controls at the national, local, and, in some instances, international levels. As a result, the operations of portfolio companies of the Fund may be subject to compliance with applicable healthcare industry regulations. The nature and scope of healthcare industry regulations are subject to political forces and market considerations. Thus, they have been historically uncertain, subject to periods of increase, during which regulators introduce new requirements, and periods of re-regulation of previously de-regulated markets. Because regulation governing the healthcare industry is so unpredictable, the Fund GP cannot predict whether new regulations will be enacted or what effect such regulations might have.

Recently, the U.S. government and other governments have shown significant interest in pursuing healthcare reform. In the U.S., the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (“ACA”), put into place a number of major changes to health care delivery and how it is paid for, including, among other things, a deductible excise tax on any entity that manufactures or imports certain medical devices offered for sale in the U.S. Emblematic of the unpredictability surrounding healthcare regulation, several challenges to provisions of the ACA have been brought by states and other parties. Although the U.S. Supreme Court upheld the ACA’s basic provisions, Congress is currently considering major changes to healthcare industry regulation.

New laws, regulations and judicial decisions, or new interpretations of existing laws, regulations and decisions, that relate to healthcare availability, methods of delivery or payment for products and services, or sales, marketing or pricing, may increase costs of operations for portfolio companies in which the Fund invests, which could have a material negative impact on their overall performance.

Uncertainty Related to Clinical Trials. The research, development, preclinical and clinical trials, manufacturing, labeling, and marketing related to a healthcare company’s products are subject to an extensive regulatory approval process by the FDA and other regulatory agencies in the United States and abroad. The process of obtaining FDA and other required regulatory approvals for drug and biologic products and medical devices, including required preclinical and clinical testing, is lengthy, expensive and uncertain. There can be no assurance that, even after such time and expenditures, a company would be able to obtain necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products or that the approved labeling will be sufficient for favorable marketing and promotional activities. Failure to obtain and maintain

regulatory approval for a product candidate following a business combination would have an adverse effect on the value of the underlying securities of a healthcare company.

Cybersecurity. The Firm has in place policies and procedures to protect against cybersecurity threats. However, the Firm, the Fund and its service providers are susceptible to cybersecurity risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that the Firm, the Fund and its service providers use to service the Fund's operations; or operational disruption or failures in the physical infrastructure or operating systems that support the Firm, the Fund and its service providers. Cyber-attacks against or security breakdowns of the Firm, the Fund or its service providers may adversely impact the Fund and its investors, potentially resulting in, among other things, (i) financial losses; (ii) the inability of the Firm or the Fund to transact business; (iii) the Fund's ability to process transactions; (iv) violations of applicable privacy and other laws; and (v) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs and/or additional compliance costs. The Firm and the Fund may incur additional costs for cyber security risk management and remediation purposes. In addition, cybersecurity risks may also impact issuers of securities in which the Fund invests, which may cause a Fund's investment in such issuers to lose value. There can be no assurance that the Firm, the Fund or its service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

Conflicts of Interest. Aisling and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of Funds (including, for the avoidance of doubt, the Fund and any future Fund advised by Aisling), and providing transaction-related, legal, management and other services to Funds and portfolio companies. Aisling will devote such time, personnel and internal resources as are necessary to conduct the business affairs of its Funds in an appropriate manner, as required by the relevant offering documents, although different Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Aisling conducting its activities, the interests of a Fund may conflict with the interests of Aisling, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Aisling will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by Aisling principals through such Fund, subject to certain limited exceptions set forth in the Fund's offering documents and Aisling's allocation policies. Without limitation, Aisling principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing and may direct certain relevant investment opportunities to those investments. Aisling's principals and Aisling's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Aisling principals may control or manage may

potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, Aisling principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Aisling will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by Aisling or its advisory affiliates. In determining which investment vehicles should participate in such investment opportunities, Aisling and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant offering documents, Aisling is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Aisling in a portfolio company may also raise the risk of using assets of a client of Aisling to support positions taken by other clients of Aisling.

To the extent that it advises multiple Funds, Aisling must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Aisling generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's offering documents, as well as factors including but not limited to: investment restrictions and objectives (including those set forth in the relevant offering documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested.

Following such determination of allocation among Funds, Aisling will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including third parties, as determined by the relevant Fund's offering documents, side letters and Aisling's procedures regarding allocation. Aisling's procedures permit it to take into consideration a variety of factors in making such determinations. Although a prospective co-investor's willingness to invest in future Funds may be considered by Aisling, it generally will not be the sole determining factor considered by Aisling in identifying co-investors.

Furthermore, a Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the relevant Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. Decisions regarding whether and to whom to offer co-investment opportunities may be made by Aisling or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Aisling investors, and the consideration of the factors set

forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent that employees and related persons of Aisling and its affiliates make capital investments in or alongside certain Funds, Aisling and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction will be equal to and not less than another investor participating in the same transaction or that it will be as favorable as it would have been had such conflict not existed.

Aisling's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Aisling will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Aisling may be subject, discussed herein, did not exist.

In certain cases, Aisling will have opportunity (but, subject to any applicable restrictions or procedures in the relevant offering documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Aisling will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the relevant offering documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Aisling and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the offering documents of the relevant Funds, Aisling will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering

such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Aisling may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Aisling or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Aisling. It is possible that Funds will have different expense reimbursement terms, including with respect to management fee offsets, which may result in Funds bearing different levels of expenses with respect to the same investment.

To the extent a Fund acquires a controlling interest, and in some circumstances in which the Fund acquires a minority interest, in a portfolio company, Aisling and/or its affiliates will have the right to appoint portfolio company board members (including current or former Aisling personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Aisling and/or its affiliates. Except to the extent such amounts are subject to the relevant offering documents' offset provisions, they will be in addition to any management fees or carried interest paid by a Fund to Aisling. Aisling's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to Aisling subjects it and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse Aisling or service providers retained at Aisling's discretion for expenses (including without limitation travel expenses) incurred by Aisling or such service providers in connection with its performance of services for such portfolio company. This subjects Aisling and its affiliates to conflicts of interest because Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Aisling determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices.

Aisling generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Aisling or a related person of Aisling (which may include a portfolio company of such Fund), (ii) an entity with which Aisling or its affiliates or current or former members of their personnel has a relationship or from which Aisling or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. This discretion subjects Aisling to conflicts of interest, because although Aisling selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly,

returns of the relevant Fund, Aisling may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Aisling, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Aisling), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Aisling has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In certain circumstances, current or former Aisling personnel may serve in interim or part-time roles at a portfolio company or may provide services to a portfolio company as a secondee or in similar capacities, while maintaining certain benefits, support services or indicia of employment at Aisling. Under such arrangements, Aisling and/or the relevant portfolio company may pay all or a portion of the personnel costs of such employee or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships will not result in additional management fee offsets. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold. Employees may or may not return to Aisling at the end of such secondee arrangement.

Aisling retains, on behalf of Funds and/or portfolio companies, as applicable, operating partners and other consultants (“Operating Partners”), which may be affiliates of Aisling, employees of such affiliates, portfolio companies, third parties, “strategic partners,” “executive partners” or “senior advisors.” The Operating Partners may regularly provide services to, or in connection with, a Fund in relation to its activities, or to one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies. Operating Partners generally make use of Aisling resources. Aisling and/or its affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation.

Pursuant to the applicable offering documents, fees and expenses associated with the services provided by Operating Partners may be paid and/or reimbursed by applicable portfolio companies and/or a Fund, and such compensation will not be offset against management fees. Such compensation is expected to include cash fees, profits or equity interests in a portfolio company, a share of proceeds upon sale of a portfolio company and/or other incentive-based compensation to the Operating Partner, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company,

amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Additionally, portfolio companies may provide opportunities for Operating Partners to invest in such portfolio company and reimburse costs and expenses incurred by Operating Partners. Operating Partners also may receive remuneration from Aisling or its affiliates (including Funds) and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner will not be offset against management fee. Operating Partners may have a limited partnership or profit interest in a Fund, Aisling or Aisling affiliate.

Although Aisling intends to retain Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, the relevant Fund(s)) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, Aisling intends to retain only such Operating Partners which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

From time to time, a Fund may establish or invest in platform companies or similar platform investments that seek to acquire interests in other companies and/or assets. While the relevant Fund would typically be involved in the strategy and oversight of any platform investment, a platform investment typically would retain its own management team to operate, administer and manage the platform on a daily basis. In such cases, the relevant Fund generally will directly or indirectly bear the expenses related to developing and operating the platform investment, including overhead expenses (such as real estate, technology, salaries, bonuses and incentive-based compensation (e.g., equity, a profits interest, options and warrants)), investment sourcing and diligence expenses, transaction fees and other related expenses. Such expenses generally will not offset any management fee paid by any Fund.

Such platform investments create potential conflicts of interest. For example, management teams sometimes provide services that are similar to, and that may overlap with, services provided by Aisling and its personnel to a Fund, and certain Aisling professionals are expected to serve on the boards of, or otherwise provide services to, platform investments. Because Aisling (and not the relevant Fund) otherwise generally pays the salaries of its employees, Aisling has an incentive to cause a platform investment to retain its own management team instead of relying on Aisling employees to provide managerial services, or to deploy existing Aisling employees as members of such platform investment's management team. In addition, Aisling generally will have the ability to influence significantly the form and amount of compensation paid to such management teams. Members of platform investment management teams also may render services exclusively to the platform or provide the same or similar services to other Funds and/or portfolio companies.

Although uncommon, from time to time Aisling may cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds

managed by Aisling, or co-investors or co-investment vehicles. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' offering documents or otherwise in the sole discretion of Aisling, Aisling may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory board) to such transactions. In certain circumstances, Aisling may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. Aisling intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although Aisling generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, Aisling intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Aisling and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by Funds or other investment vehicles advised by Aisling and/or its affiliates; conversely, former personnel or executives of Aisling and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Aisling. Similarly, Aisling, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Aisling and/or its affiliates, and/or Funds or other investment vehicles they advise. Aisling may have a conflict of interest with a Fund in recommending the retention or continuation of a

third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Aisling information about markets and industries in which Aisling operates (or is contemplating operations) or will provide other services that are beneficial to Aisling. Aisling may have a conflict of interest in making such recommendations, in that Aisling has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Aisling, its affiliates, and equity holders, officers, principals and employees of Aisling and its affiliates may buy or sell securities or other instruments that Aisling has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Aisling have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Aisling, are reimbursed by a Fund and/or its portfolio companies, Aisling will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because management fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Aisling may not otherwise have done so.

Aisling and/or its affiliates may enter into side letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations' subjects Aisling and/or its affiliates to potential conflicts of interest. Aisling attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Aisling's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Aisling will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Aisling consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

- C. Aisling will not primarily recommend a particular type of security to its investors, but rather, aims to recommend and invest in multiple investment instruments.

ITEM 9. DISCIPLINARY INFORMATION

Neither Aisling nor any of its management persons have been involved in any legal or disciplinary events that are material to a client's, investor's, prospective client's or prospective investor's evaluation of the Firm's advisory business or the integrity of the Firm's management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- A. Neither Aisling nor any of its management persons are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Aisling nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Neither Aisling nor any of its management persons have any relationship with any of the following related persons (*i.e.*, entities controlling, controlled by or under common control with Aisling): broker-dealers; municipal securities dealers; government securities dealers; investment companies or other pooled investment vehicles; other investment advisers or financial planners; futures commission merchants; registered commodity pool operators; registered commodity trading advisors; banking or thrift institutions; accountants or accounting firms; lawyers; law firms; insurance agencies or companies; pension consultants; real estate brokers or dealers or other sponsors or syndicators of limited partnerships.
- D. Aisling will not otherwise recommend or select other investment advisers for the Fund.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

- A. Aisling has adopted a written Code of Ethics (the “Code”), which describes the Firm’s duties and responsibilities to the Fund, requires that the Firm’s employees act in the best interests of the Fund to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Fund to the extent reasonably possible and identify and manage conflicts of interest to the extent that they arise. The Firm’s employees are required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Aisling or its employees.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm’s employees. The Code requires employees to report all “reportable securities” transactions and provide a summary of securities holdings initially upon hire and on an annual basis thereafter. Reportable securities means any securities, including closed-end mutual funds but excluding: (1) direct obligations of the Government of the United States; (2) bankers’ acceptances, bank certificates of deposit, commercial paper and high-quality short-term debt instruments, including repurchase agreements; (3) shares issued by money market funds; (4) shares issues by open-end registered investment companies (*e.g.*, open-end mutual funds), other than funds advised or underwritten by the Firm of an affiliate; or (5) shares issued by unit investment trusts that are invested exclusively in one or more open-end registered investment companies, none of which are advised or underwritten by the Firm or an affiliate.

The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and political contributions (which will not be permitted). Aisling will provide a complete copy of its Code to any investor or prospective investor upon request.

- B. Neither Aisling nor any of its related persons will recommend to the Fund, or buy or sell for any Fund accounts, securities in which Aisling or its related persons have a material financial interest.
- C. In general, neither Aisling nor any of its related persons will invest in the same securities that Aisling or its related persons recommend to the Fund. However, in certain circumstances, Aisling may establish certain investment vehicles through which the Firm’s employees and other related persons may maintain the right to participate in co-investment opportunities. As of date of this Brochure, Aisling does not have any co-investment vehicles established.
- D. In general, neither Aisling nor any of its related persons will be permitted to recommend securities to the Fund, or to buy or sell securities for any Fund accounts, at or about the same time that Aisling or any of its related persons buys or sells the same securities for the Firm’s own account or any of its related persons’ accounts.

ITEM 12. BROKERAGE PRACTICES

- A. Aisling's business is to focus on making investments in private securities. Accordingly, the Firm's main focus is not trading in public securities or making regular use of brokers for the purposes of purchasing or selling securities on behalf of the Fund. In the circumstances where Aisling purchases or sells securities on behalf of the Fund, such securities are generally acquired and/or disposed of in privately negotiated purchase and sale transactions, without the use of a broker-dealer. To the extent a broker-dealer is used for the purpose of purchasing or selling public securities, the Firm maintains discretion to select the broker or dealer to be used, as disclosed in Part 1A. Aisling seeks to select brokers that provide the best price and execution in the market, to ensure it is achieving best execution for the Clients.

If Aisling participates in transactions in public securities resulting from, or in connection with, portfolio investments, Aisling will use a broker to effect such transaction. In any such instance, Aisling generally follows applicable SEC guidelines to obtain best execution of such transactions.

1. Aisling does not engage in soft dollar arrangements by which it receives research or other services other than execution in exchange for commissions.
2. Aisling does not consider whether the Firm or related persons receive Fund referrals from a broker-dealer or third party when selecting or recommending a broker-dealer.
3. Aisling does not engage in directed brokerage as of the date of this Brochure.

Aisling does not receive research or other products or services other than execution from a broker-dealer or third party in connection with and Client securities transactions ("soft dollar benefits").

- B. Aisling currently advises one Fund. If Aisling advises additional private fund clients, the Firm will, as appropriate, aggregate the purchase or sale of securities for such fund client accounts.

ITEM 13. REVIEW OF ACCOUNTS

- A. The Fund's portfolio is reviewed on a regular basis by Aisling's Investment Committee. The Investment Committee is comprised of two managing partners, and three of the Firm's other partners. The Investment Committee is responsible for, among other things, reviewing the Fund's portfolio and assessing portfolio risk, as well as for the review of each of the Fund's investments to ensure all investments are aligned with the Fund's stated investment strategy. The Firm's Valuation Committee, comprised of two managing partners, the Chief Financial Officer and Controller, is responsible for valuing each of the Fund's investments, and periodically reviews such valuations.
- B. Material changes in key variables that may affect the performance of the investments in the Fund's portfolio may trigger more frequent reviews of the underlying portfolio companies. Such material changes include, without limitation, changes in the financial markets, activity and trends in the political or economic environment, as well as specific circumstances affecting the Fund.
- C. Audited financial statements are provided to investors in the Fund, generally within 90 days of the end of the Fund's fiscal year, a shorter period than is required by Rule 206(4)-2 under the Advisers Act. Non-audited financial statements are provided to investors in the Fund on a quarterly basis.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

- A. Aisling does not receive an economic benefit from anyone, other than the Fund for providing investment advice or other advisory services to the Fund.
- B. Neither Aisling nor any related person, directly or indirectly, compensate any person who is not a supervised person for client referrals. However, Aisling has engaged JPMorgan Securities, LLC (“JPM”) as an unaffiliated third-party placement agent about the offering of interests in the Fund. As compensation for the services provided by JPM, Aisling has agreed to pay an initial fee and an on-going servicing fee. JPM also receives compensation in the form of reimbursement of certain out-of-pocket expenses.

Aisling has engaged Probitas Fund Group, LLC (“PFG”) as an unaffiliated third-party placement agent about the offering of interests in a future fund. As compensation for the services provided by PFG, Aisling has agreed to pay an initial fee and an on-going servicing fee. PFG also receives compensation in the form of reimbursement of certain out-of-pocket expenses.

ITEM 15. CUSTODY

Under Rule 206(4)-2 of the Advisers Act (the “Custody Rule”), an adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, client funds or securities. Aisling is deemed to have custody of the assets of the Fund, because it or one of its affiliates (the Fund GP) will either (i) act as general partner of the Fund, with the authority to dispose of funds and securities in the Fund’s accounts or (ii) be deemed to have custody because of its ability to withdraw its fees directly from the Fund. Therefore, Aisling is subject to the Custody Rule.

Aisling adheres to the applicable requirements of the Custody Rule with respect to the Fund’s assets that are deemed publicly traded securities. The CCO will ensure that all privately offered securities not held at a custodian do not violate the “Private Security Exemption” provided in the Custody Rule. In addition, the CCO is responsible for arranging for annual independent audits of the Fund by a major accounting firm generally within 90 days of the Fund’s fiscal year end, and for obtaining audited financial statements prepared in accordance with Generally Accepted Account Principals. Aisling will arrange for the delivery of such audited financial statements to investors of the Fund generally within 90 days of the fiscal year end.

ITEM 16. INVESTMENT DISCRETION

Aisling accepts discretionary authority to manage assets and securities on behalf of the Fund. Aisling accepts discretionary authority through the investment management agreement with the Fund.

ITEM 17. VOTING CLIENT SECURITIES

Aisling pursues a multi-strategy investment approach, which may include investments in private companies, which typically do not issue proxies, but also may involve the holding of publicly traded securities with voting authority. As such, the Fund may be placed in a position of proxy voting authority. If Aisling acquires a position in the latter type of entity and is called upon to vote on behalf of the Fund, Aisling has adopted a proxy voting policy, as required by the Advisers Act.

Aisling has determined that, if called upon to vote a proxy, it will generally vote in line with company management, as company management is best suited to make decisions that are essential to the on-going operations of the company. However, the Firm's policy, first and foremost, will be to vote in accordance with the best interests of the Fund, so, under circumstances in which the Firm believes that company management's proposals will not maximize value for the Fund, the Firm will vote against company management.

Employees of the Firm may be appointed to boards of directors of certain of the Fund's privately held portfolio companies. Where employees are serving dual roles, a conflict of interest may arise. In response to such a conflict, employees are expected to put the interests of the Fund ahead of the interests of the respective board of directors.

The Firm has established controls, including policies and procedures to review and maintain its proxy voting records to address such conflicts of interest. The Firm's proxy voting policy includes guidelines for voting against company proposals, as well as guidance for situations where a proxy may present a conflict of interest, to ensure that such conflict is resolved in the best interests of the Fund. Investors may obtain information about how proxies were voted or a copy of the Firm's proxy voting policies by contacting Robert Wenzel at rwenzel@aislingcapital.com.

ITEM 18. FINANCIAL INFORMATION

Aisling has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts. Aisling does not require the prepayment of management fees six months or more in advance.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This item is not applicable to Aisling.