

Item 1. Cover Page

**DISCLOSURE BROCHURE**

(FORM ADV, PART 2A)

**CHI Advisors LLC**

**599 LEXINGTON AVENUE  
NEW YORK, NY 10022  
www.cowen.com**

**July 29, 2019**

**This brochure provides information about the qualifications and business practices of CHI Advisors LLC (previously known as Cowen Advisors LLC). If you have any questions about the contents of this brochure, please contact Cowen Investor Relations at [investor.relations@cowen.com](mailto:investor.relations@cowen.com).**

**The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. CHI Advisors LLC is currently a relying advisor of Cowen Investment Management LLC (SEC No. 801-70868). SEC registration does not imply a certain level of skill or training.**

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

**Please retain a copy of this brochure for your records.**

**Item 2.        Material Changes**

CHI Advisors LLC, previously known as Cowen Advisors LLC, changed its name on July 3, 2019. CHI Advisors LLC is currently a relying advisor of Cowen Investment Management LLC but filed this registration statement with the SEC on July 29, 2019 to become a stand-alone investment adviser. Once this registration statement is declared effective by the SEC, CHI Advisors LLC will no longer be a relying advisor of Cowen Investment Management LLC.

**Item 3.        Table of Contents**

<b>Item 1.</b>	<b>Cover Page.....</b>	<b>1</b>
<b>Item 2.</b>	<b>Material Changes .....</b>	<b>2</b>
<b>Item 3.</b>	<b>Table of Contents .....</b>	<b>3</b>
<b>Item 4.</b>	<b>Advisory Business .....</b>	<b>4</b>
<b>Item 5.</b>	<b>Fees and Compensation .....</b>	<b>5</b>
<b>Item 6.</b>	<b>Performance-Based Fees and Side-By-Side Management.....</b>	<b>8</b>
<b>Item 7.</b>	<b>Types of Clients .....</b>	<b>8</b>
<b>Item 8.</b>	<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>10</b>
<b>Item 9.</b>	<b>Disciplinary Information .....</b>	<b>23</b>
<b>Item 10.</b>	<b>Other Financial Industry Activities and Affiliations .....</b>	<b>23</b>
<b>Item 11.</b>	<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .</b>	<b>23</b>
<b>Item 12.</b>	<b>Brokerage Practices .....</b>	<b>24</b>
<b>Item 13.</b>	<b>Review of Accounts .....</b>	<b>26</b>
<b>Item 14.</b>	<b>Client Referrals and Other Compensation .....</b>	<b>26</b>
<b>Item 15.</b>	<b>Custody .....</b>	<b>27</b>
<b>Item 16.</b>	<b>Investment Discretion .....</b>	<b>27</b>
<b>Item 17.</b>	<b>Voting Client Securities .....</b>	<b>27</b>
<b>Item 18.</b>	<b>Financial Information.....</b>	<b>28</b>

#### **Item 4. Advisory Business**

CHI Advisors LLC (the “**Adviser**”) is a Delaware Limited Liability Company formed in 2002, a wholly owned subsidiary of Cowen Investment Management LLC (“**CIM**”) and an indirect, wholly owned subsidiary of Cowen Inc., a publicly traded company (“**Cowen**”). The Adviser, previously known as Cowen Advisors LLC, legally changed its name to CHI Advisors LLC on July 3, 2019. The Adviser is currently a relying advisor of CIM but filed this stand-alone registration statement with the SEC on July 26, 2019. Once the SEC declares this registration statement effective, the Adviser will no longer rely on the registration of CIM. This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The Adviser provides discretionary investment management services to private limited partnerships and other pooled investment vehicles (each, a “**PE Fund**” and together, the “**PE Funds**”). The Adviser also manages a securities portfolio beneficially owned by its parent company, Cowen and investment vehicles formed in order to allow employees, partners, executive advisors or members of a PE Fund's general partner, the Adviser or their respective affiliates to participate directly or indirectly in the PE Fund's investments. The Adviser may in the future provide discretionary investment management services to hedge funds and separate accounts. The PE Funds, the securities portfolio beneficially owned by Cowen, employee investment vehicles, and any hedge funds and separate accounts that may be managed by the Adviser are collectively referred to herein as “**Clients**”.

The Adviser is responsible for managing the capital of its Clients in accordance with their respective investment objectives. The Adviser's Clients primarily invest in equity or convertible debt securities of private operating companies engaged primarily in businesses related to healthcare. Certain Clients may also invest in initial public offerings (an “**IPO**”) of equity securities of healthcare-related companies in which a Client has previously invested. The Adviser's management of its Clients and their respective investments are qualified in their entirety by reference to each Client's agreement with the Adviser as well as in formal offering documents (*e.g.*, the Client's offering memorandum, limited partnership agreement, or investment management agreement as the case may be, and any subscription documents). These documents are collectively referred to herein as the Clients’ “**Offering Documents**”.

The Adviser acts as the agent for: (i) Cowen Private Investments GP LLC, a Delaware limited liability company that serves as the general partner to Cowen Private Investments LP and Cowen Private Investments Employee Feeder LP; (ii) Cowen Healthcare Investments II GP LLC, a Delaware limited liability company that serves as the general partner to Cowen Healthcare Investments II, LP and CHI EF II LP; and (iii) Cowen Healthcare Investments III GP LLC, a Delaware limited liability company that serves as the general partner to Cowen Healthcare Investments III, LP. Certain investment-related determinations, decisions, consents or other duties or actions described in a Client's limited partnership agreement as being the determinations, decisions, consents, duties or actions of such general partner may be performed by the Adviser in such capacity.

The descriptions of the investment management services offered by the Adviser, the investment strategy it pursues, and the investments it makes on behalf of its Clients set forth in this brochure should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to a Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entails substantial risks. Clients (and any respective investors therein) should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

As of June 30, 2019, the Adviser managed approximately U.S. \$295,617,000 of Client assets under management.<sup>1</sup> These numbers are net of fees and expenses and based on estimated and unaudited information as of such date and are therefore subject to change. The Adviser does not currently manage any non-discretionary Client assets or participate in wrap fee programs.

#### **Item 5. Fees and Compensation**

The fees applicable to each Client are set forth in detail in their respective Offering Documents. Clients generally pay the Adviser a fee for investment management services (the “**Management Fee**”). The Adviser may also be entitled to performance-based compensation or carried interest distribution from certain Clients (“**Performance Compensation**”). The Adviser does not earn a Management Fee or Performance Compensation for advising employee investment vehicles or the proprietary securities portfolio beneficially owned by its parent company, Cowen.

PE Funds generally pay the Adviser an annual Management Fee (payable quarterly in advance) that can range from 1.00% to 2.25%. During a PE Fund’s investment period, the Management Fee is generally calculated as a percentage of committed capital. Following the expiration of a PE Fund’s investment period, the Management Fee is generally calculated as a percentage of such PE Fund’s invested capital. The Adviser may deduct Management Fees directly from a PE Fund’s available investment proceeds (if any) or issue a capital call to PE Fund investors.

In the event a PE Fund’s investment period does not commence on the first date of a quarter, the Management Fee for that quarter will be adjusted on a *pro rata* basis based on the number of days and/or months remaining in the partial quarter. In the unlikely event a PE Fund investor is permitted to withdraw (and the withdrawal date is other than as of the last day of a quarter), a *pro rata* portion of the pre-paid Management Fee will be returned to the investor.

Certain PE Funds, depending on their performance, may also pay the Adviser Performance Compensation equal to a percentage of the amount of profits otherwise disburseable to each investor in a PE Fund in excess of a pre-determined “preferred return.” Performance Compensation is charged in compliance with all applicable requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

For the avoidance of doubt, the Adviser, in its sole discretion, may waive, reduce or rebate any Management Fee or Performance Compensation or calculate such fees differently with respect to any Client and if applicable in the future to any class, sub-class or series of shares or limited partnership interests of a Client held by or on behalf of any investor, including, without limitation, any employee, agent or affiliate of the Adviser. As noted above, full details regarding the services, fees, investor suitability standards, and other terms applicable to Clients are included in their respective Offering Documents.

From time to time, the Adviser may permit certain Client investors to acquire interests on different terms than other Client investors (including, without limitation, with respect to minimum investment amounts, fees, expanded reporting and withdrawal terms). The Adviser is not required to notify any or all of the other Client investors of any such terms, nor is a Client investor or the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other Client investors (unless notification or offering rights have been separately granted thereto).

---

<sup>1</sup> While Cowen’s securities portfolio managed by the Adviser is included in this brochure’s definition of Clients for disclosure purposes, it is not included in the Adviser’s assets under management reported above or in the Adviser’s marketing materials. The amount reported above also differs from the regulatory assets under management (“**RAUM**”) reported by the Adviser in Form ADV Part 1A Item 5 because (i) the RAUM includes Cowen’s securities portfolio and (ii) the amount reported above is calculated on a net basis.

## **Direct Expenses**

Each Client is responsible for expenses related to its respective operations and activities, including expenses associated with its investment portfolio and, if applicable, its proportionate share of the direct expenses of the third-party investment products in which it invests. The direct expenses incurred by each Client, which are outlined in detail in their respective Offering Documents may vary depending on the nature of the operations and activities of a Client. Below is a summary of the direct expenses typically borne by of the Adviser's Clients. The summary below is not meant to be a complete list of all direct expenses; nor should it be inferred that each expense appearing in the summary will be incurred by every Client. Clients are advised to read the relevant Offering Documents, as applicable, for a complete description of applicable direct expenses.

**Organizational Expenses:** Clients will generally bear the legal and other organizational expenses incurred in their formation and the offering of interests therein, including the out-of-pocket expenses of their respective general partners, if any.

**Other Expenses:** In addition to the Management Fee and organizational expenses described above, Clients may also bear some or all of the following expenses: (i) fees payable to an administrator; (ii) brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expenses and other expenses the general partner (if any) reasonably determines to be related to investments made or considered by the Client; (iii) legal and compliance expenses relating to a Client, including fees and expenses of external attorneys retained by a Client, the fees and expenses incurred in preparing and submitting filings with the SEC (such as Form PF), the CFTC, the U.S. Treasury, the Internal Revenue Service and any other federal, state, provincial or local regulatory authority; (iv) professional fees relating to investments made or considered by a Client, including consultants, experts and members of any investment group with which the Client invests, the cost and expense of obtaining third party research, data, analytics and business intelligence (e.g., market data feeds, subscriptions to scientific journals or similar publications related to a Client's investment strategy) and the cost and expense of any subscriptions and computer terminals necessary for the delivery of such services); (v) investment-related travel expenses (including meals and lodging and the cost of attending industry conferences where investments in one or more existing or prospective portfolio companies are to be discussed with existing or potential co-investors or portfolio company management); (vi) all costs and expenses of any alternative investment vehicles, (vii) costs and expenses associated with the organization and maintenance of subsidiaries of a Client; (viii) costs and expenses associated with the monitoring and disposition of investments; (ix) all fees and expenses incurred by a Client, its general partner (if any) or its affiliates in connection with meetings of one or more Client investors and all fees and expenses incurred in providing reports and notices to Client investors, including for making capital calls and distributions (and including costs of software and virtual data rooms to facilitate such activities), (x) interest and other fees and expenses relating to any borrowing by a Client, (xi) accounting and valuation expenses, including licensing and other costs of accounting software packages, and the fees and expenses incurred in connection with the valuation of the assets of a Client; (xii) auditing, tax compliance, and tax preparation expenses; (xiii) taxes and other governmental charges imposed upon a Client as an entity (rather than solely as a withholding agent); (xiv) insurance expenses, including premiums for insurance policies for the benefit, directly or indirectly of indemnified persons (as defined in a Client's Offering Documents); (xv) regulatory expenses of a Client (including governmental reports and filing fees), including fees and expenses incurred in connection with compliance with the Alternative Investment Fund Managers Directive and/or the law, rules or regulations implemented or promulgated in any applicable jurisdiction in relation thereto and the fees and expenses incurred in connection with compliance with privacy laws, rules or regulations of any applicable jurisdiction, including the EU General Data Protection Regulation; (xvi) costs of litigation, indemnification and other extraordinary expenses; (xvii) fees and expenses in connection with the dissolution, liquidation and termination of a Client (including any liquidating trust in connection therewith), (xviii) any fees, costs or expenses of a type described in clauses (ii)-(viii) relating to investments or dispositions that were not consummated, including broken-deal fees; (xix) and other similar expenses.

To the extent that any non-investment expense relates to the operations of more than one Client, those expenses, to the extent permissible and equitable, will be allocated among the relevant Clients, in a manner the Adviser determines to be fair, which will generally be *pro rata* in accordance with the net asset value or committed capital of each Client benefiting from such expenses. To the extent that any investment expenses are incurred on behalf of a Client and one or more other Clients co-investing in a portfolio company, the Adviser will, to the extent permissible and equitable, generally allocate such expenses *pro rata* based on the relative market value of the investments made by the relevant Clients.

### **Other Fees**

The Adviser provides its Clients with services including, but not limited to, administration, organizing and managing the business affairs, executing and reconciling trades, preparing financial statements and providing audit support, preparing tax related schedules or documents, legal and compliance support and sales and investor relations support, diligence and valuation services. Under certain circumstances the Adviser may provide these services in return for a fee separate and apart from Management Fees.

The Adviser may, in its discretion, recruit consultants or retain the services (for a fee) of one or more business executives who, in the good faith determination of the Adviser, possess relevant experience or expertise to serve as an advisor or consultant to the Adviser or a Client. These consultants may also receive compensation and expense reimbursement for providing services to the portfolio companies in which a Client invests. Such services may include: boards of directors, compensation for service as interim executives and consulting-related compensation, which involves both fixed and incentive compensation. Compensation may include (i) an annual fee, (ii) a discretionary performance-related bonus, (iii) a portion of the carried interest received by a general partner of the managing member of a Client (if any), or (iv) the opportunity to invest in one or more Clients or specific transactions on a no-fee basis. The Adviser will ensure any expenses incurred by the Adviser and reimbursed by a Client for such consultants are eligible to be reimbursed pursuant to each applicable Client's Offering Documents.

The Adviser has engaged affiliated broker Cowen and Company, LLC ("**Cowen and Company**") to execute transactions for certain Clients either as agent or riskless principal. Certain Clients may also invest in an IPO where Cowen and Company or another affiliated broker of the Adviser serves as principal underwriter or a member of an underwriting syndicate. Certain affiliates of the Adviser, including broker affiliate Cowen and Company may receive fees in connection with, arising from or otherwise related to, investment banking or other financial services it provides to a portfolio company beneficially owned by a Client, or to potential buyers of a portfolio company beneficially owned by a Client. The compensation in connection with providing these services or otherwise in connection with such portfolio company transactions may be material and Client investors may not have any right to income from such services and transactions and may not receive any portion of the foregoing fees (whether as a reduction to the Management Fee or otherwise).

The Adviser will not utilize the services of an affiliated broker unless it has determined that the commissions, fees or other remuneration to be received by the affiliated broker are reasonable and fair compared to the commissions, fees or other remuneration received by other brokers in connection with comparable transactions involving similar services or securities. An investment in an IPO involving an affiliated underwriter will only be made when, in addition to meeting any related requirements set forth in the relevant Client's Offering Documents, the Adviser has determined that the commission, spread or profit received or to be received by the principal underwriters and the affiliated underwriter is reasonable and fair compared to the commission, spread or profit received by such persons in connection with the underwriting of similar securities being sold during a comparable period of time.

In addition, investment banking or other financial services provided by an affiliate of the Adviser may create conflicts of interest between the advice given by the Adviser's affiliate to portfolio companies beneficially owned by a Client and the interests of a Client in that same portfolio company. Furthermore, to the extent that the Adviser's affiliate is not providing such other services at the time of an investment by a Client, the Adviser may have an

incentive to recommend its affiliate to such portfolio company to provide the applicable services, even if another service provider may be more qualified or can provide such services at a lesser cost. The Adviser's affiliates may also have ongoing relationships with issuers whose securities, assets or other investments are held by or are being considered for a Client.

Certain Clients may, but are not obligated, to borrow money from Cowen or an affiliate thereof for the purpose of bridging the drawdown period in connection with its investments in IPOs, where the Client's allocation may not be known until the applicable IPO has been priced and allocated by the underwriting syndicate. Please see the relevant Client's Offering Documents for additional information on such borrowings, including limitations thereon.

To the extent not addressed above, the Adviser will allocate such fees and expenses in its sole discretion, in each case using good faith and its best judgment. Certain Clients may be subject to expense limitation provisions. Details regarding any applicable expense limitation provisions will be outlined in the relevant Client's Offering Documents.

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

Depending on performance, certain Clients pay a percentage of the amount of profits otherwise disburseable to each Client investor as Performance Compensation to the Adviser. The Adviser does not receive Performance Compensation from every Client. When applicable, Performance Compensation is only be charged in compliance with all applicable requirements of Rule 205-3 under the Advisers Act and the Adviser (or general partner) only accepts Performance Compensation from qualified clients. Full details regarding any Performance Compensation payable by a Client (if any) including investor suitability standards can be found in the relevant Client's Offering Documents.

Performance Compensation payable by certain Clients to the Adviser is generally a percentage of the amount of profits otherwise disburseable to each Client investor in excess of a pre-determined "preferred return." Just as the Adviser does not receive Performance Compensation from every Client, the method of calculating Performance Compensation may vary from Client to Client. The variation of performance-based compensation structures among the Adviser's Clients can create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of Clients that have performance-based compensation obligations rather than other Clients with lower or no performance-based compensation structure. The risk associated with this incentive may be mitigated to some extent by the provisions of a Client's Offering Documents requiring the Adviser (or the general partner, as applicable) to return excess performance-based compensation (*i.e.*, GP claw-back provisions). The Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflict of interest described above.

The Adviser may permit institutional investors in certain Clients to negotiate an investment in the underlying portfolio company in parallel with the Client or at a different point in the capital structure under terms and/or compensation arrangements that may be different than those of the other Client investors and may give rise to a conflict of interest. The Adviser is committed to negotiating any parallel investments in a manner consistent with its fiduciary obligations to its Clients.

#### **Item 7. Types of Clients**

The Adviser currently provides discretionary investment management services to PE Funds, a securities portfolio beneficially owned by Cowen and investment vehicles formed in order to allow employees, partners, executive advisors or members of a PE Fund's general partner, the Adviser or their respective affiliates the ability to participate directly or indirectly in the PE Fund's investments. The Adviser may in the future provide discretionary investment management services to hedge funds and separate accounts. As noted above, PE Funds, the securities portfolio beneficially owned by Cowen, employee investment vehicles, and any hedge funds and separate accounts that may be managed by the Adviser are collectively referred to herein as "**Clients**". PE Funds, hedge funds and separately



managed accounts formed as a “fund-of-one” may be organized as domestic or offshore (non-U.S.) companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined appropriate by the Adviser. The Adviser may also serve as general partner or managing member of a Client and certain employees of the Adviser may serve on the board of directors or advisory board of a Client.

As a general matter, each Client is managed in accordance with its investment objectives, strategies and guidelines and unless a Client is a separately managed account, investment management services are not tailored to the individualized needs of any particular investor. In addition, an investment in a Client does not, in and of itself, create an advisory relationship between the investor and an Adviser. Therefore, investors must consider whether such an investment meets their investment objectives and risk tolerance prior to investing. Information about a Client, including its investment risk, can be found in its Offering Documents.

To seek to accommodate or mitigate the legal, tax, regulatory or other investment requirements of certain potential investors, the Adviser may create one or more additional entities to invest alongside a Client. Certain Clients operate using a “master-feeder” private investment fund structure, pursuant to which trading operations reside in a “master fund” and investors access the master fund directly or indirectly through a “feeder fund” that, in turn, invests in the master fund. Certain Clients participate in structures comprised of parallel funds and accounts, which generally invest in assets side-by-side on a *pro rata* basis (based upon capital commitments). The Adviser may also provide investors with the opportunity to participate in a co-investment with a particular Client. The minimum capital commitment required to invest in a co-investment will vary with each investment opportunity.

The minimum investment in the PE Funds managed by the Adviser is generally between \$1,000,000 and \$5,000,000, provided that in each case the Adviser may accept lesser amounts in its discretion.

Generally, Client investors must be an “accredited investor” within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”). The Adviser's Clients will not be registered as investment companies under the Investment Company Act of 1940, as amended (the “Company Act”), in reliance upon the exclusion from the definition of “investment company” under Section 3(c)(7) of the Company Act. Certain Clients limit their respective offerings to investors that are “qualified purchasers” for purposes of Section 3(c)(7) of the Company Act (or “knowledgeable employees” or companies owned exclusively by “knowledgeable employees,” as such term is defined in the rules promulgated thereunder) while other Clients rely on the exemption from registration under Section 3(c)(1) of the Company Act and therefore only require investors to qualify as an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act. As noted above in Item 6, if the Adviser receives Performance Compensation from a Client its investors will be required to meet the requirements of Rule 205-3 under the Advisers Act and certify that they are at least a “qualified client.” Please see a Client’s Offering Documents for specific investor qualifications.

To help the U.S. Government fight the funding of terrorism and money laundering activities, the Adviser may seek to obtain, verify, and record information that identifies each investor who invests in a Client advised by the Adviser. In this regard, when an investor seeks to open an account or invest in a Client, the Adviser may ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow the Adviser to identify the investor. The Adviser may ask for information and documentation regarding source of funds to be invested. The Adviser also reserves the right to ask for more information regarding the individuals who are beneficial owners of the investor and/or exercise control over the investor. The Adviser may ask for the names of such beneficial owners and may also ask for address, date of birth, and other information that will allow the Adviser to identify such beneficial owners. The Adviser may also request such other information as may be necessary to comply with applicable law. Furthermore, the Adviser may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that investor. For certain investors, the Adviser may rely on the investor's

broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.

Pursuant to an exemption, the Adviser (and/or the relevant general partner, if any) is not currently required to be registered with the Commodities Futures Trading Commission (“**CFTC**”) as a commodity pool operator (“**CPO**”). As a result, unlike a registered CPO, the Adviser is not required to provide prospective Client investors with a disclosure document containing certain CFTC-prescribed disclosures or to provide certified annual reports to Client investors. The CPO registration exemption upon which the Adviser relies, contained in CFTC regulation 4.13(a)(3), requires, among other things, the filing of a claim of exemption with the U.S. National Futures Association (the “**NFA**”). The exemption also requires that, at the time the Client enters into any commodity interest transaction (including any swap, futures or option on futures) either: (A) the aggregate initial margin and premiums required to establish commodity interest positions do not exceed 5% of the liquidation value of the Client’s portfolio; or (B) the aggregate net notional value of the Client’s commodity interest positions do not exceed 100% of the liquidation value of the Client’s portfolio. In addition, the exemption requires that all Client investors be accredited investors or certain other qualified investors. The Adviser (and/or relevant general partner, if any) is exempt from registration as a CTA pursuant to Section 4m(3) of the Commodity Exchange Act (the “**CEA**”). If the Adviser (and/or relevant general partner, if any) is not able to meet the requirements with respect to the exemptions from registration and there is no other exemption available, the Adviser (and/or relevant general partner, if any) could be required to register with the CFTC as a CPO or CTA and register as a member of the NFA.

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

The descriptions provided herein regarding the investment strategies pursued and investments made by the Adviser on behalf of its Clients should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described herein, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entails substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

##### **Methods of Analysis and Investment Strategies**

The Adviser invests primarily in mid- to late-stage ventures in the healthcare sector, with a primary focus on biotherapeutics and a secondary focus on digital health technologies, diagnostics, mobile health and health care information technology. The core elements which the Adviser's investment philosophy are: a focus on novel, disruptive biologic insights; unmet medical need; experienced management teams; and strong investment syndicates that can support companies through their clinical development paths.

The Adviser's Clients generally seek to generate capital appreciation by primarily investing in equity or convertible debt securities of private operating companies engaged primarily in businesses related to healthcare, with a particular focus on biotherapeutics and a secondary focus on digital health technologies, diagnostics, mobile health and health care information technology. Certain Clients may also make investments in IPOs of equity securities of healthcare-related companies in which a Client has previously invested. Certain Clients may also allocate a portion of their capital to cash or cash items and Cowen's proprietary securities portfolio may also invest in public equity companies in the healthcare sector that may be included in future Client portfolios.

Certain employees of the Adviser may serve on the board of directors or act as observers at board meetings of certain portfolio companies beneficially owned by a Client. Although such observer rights or board positions in certain circumstances may enhance the Adviser’s knowledge of the Client's portfolio investments, they may also have an adverse effect on the Client by impairing the Client’s ability to sell the related investments when, and upon the terms, it may otherwise desire. If Adviser personnel are active as board members or observers with respect to a

particular portfolio company, the Adviser expects that the Client would buy or shares of such portfolio company only during “windows” (typically following the release of the portfolio company’s quarterly reports) when the portfolio company’s policies permit insiders to trade its stock. Moreover, when an employee of the Adviser sits on the board of directors of a portfolio company owned by a Client that employee/board member may have to deal with conflicts of interest between the Adviser’s Clients and the relevant portfolio company. Employee/board members are required to discuss any conflicting issues with the Adviser’s Chief Compliance Officer and other members of senior management, as needed, in an effort to ensure the Adviser acts in a manner consistent with its fiduciary obligations to its Clients and the employee/board member’s obligations to the portfolio company.

There can be no assurance that Client investment programs will prove successful, and certain investment practices can, in some circumstances, potentially increase any adverse impact on Clients’ investment portfolios. The Adviser’s risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser’s activities could result in substantial losses under certain circumstances. Investing in securities involves risk of loss that investors should be prepared to bear.

### **Certain Risk Factors**

*The following risk factors and conflicts of interest do not purport to be a complete list or explanation of all the risks and conflicts of interest associated with the strategy pursued by the Adviser, the Adviser’s method of analysis or the types of investment instruments utilized. Nor should it be inferred that each risk factor and conflict of interest discussed below will be faced by every Client.*

*The Adviser’s risk management approach seeks to isolate and mitigate, not eliminate risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser’s activities could result in substantial losses under certain circumstances and Clients (including their respective investors/beneficial owners) should be prepared to bear those losses. Client investors are advised to read the relevant investment management agreement and/or offering document, as applicable, for a more complete description of applicable risks.*

PAST PERFORMANCE RESULTS ARE NOT INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED, OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

No Assurance of Investment Return. No assurances whatsoever can be provided that a Client will be successful in choosing, making and realizing investments in any portfolio company or portfolio companies. There is no assurance that a Client will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of portfolio companies and transactions described herein. There can be no assurance that any investors will receive any distributions from a Client. Accordingly, an investment in a Client should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. There can be no assurance that a Client will achieve its investment objectives or that performance objectives of a Client will be achieved.

Suitability of Investment in a Client. The Clients managed by the Adviser may not be suitable for all investors. Client investors must be sophisticated and have the financial ability to understand and the willingness to accept the extent of its exposure to the risks and lack of liquidity inherent in an investment in a Client. Prospective investors with any doubts as to the suitability of an investment in a Client should consult with their own advisors to assist them in performing their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in a Client in light of their own circumstances and financial condition.

No Market; Illiquidity of Client Interests. An investment in a Client may be illiquid and typically involves a high degree of investment risk. Interests in certain Clients have not been and will not be registered under the Securities Act, or any state securities laws or the laws of any other jurisdiction and it is unlikely that registration of those interests will ever occur. There will be no public market for interests in PE Funds and it is not expected that a public market will develop.

The transferability of interests in a Client is generally restricted by the terms of its respective Offering Documents and by United States federal and state securities laws. Interests in a Client may not be sold, exchanged, assigned, mortgaged, hypothecated, pledged or otherwise transferred at any time, in whole or in part, except as provided in a Client's respective Offering Documents. Accordingly, it may be difficult to obtain reliable information about the value of those interests. When investing in a Client, the investor must be prepared to hold its interests in the Client for an indefinite period and bear the economic risks of the investment for the term of the relevant Client. Except in extremely limited circumstances, voluntary withdrawals from a Client will not be permitted.

Lack of Liquidity in Markets. The markets for some securities held in a Client portfolio may be thinly traded from time to time. This lack of liquidity and market depth could disadvantage a Client, both in the realization of the quoted prices and in the execution of orders at desired prices or in desired quantities. Also, securities exchanges and the SEC have authority to suspend trading in a particular security without notice.

Broad Investment Mandate; Unspecified Investments. Investors must rely upon the ability of the Adviser to identify, structure and implement investments consistent with the Client's investment objectives and policies. Investors will not have a right or power to participate in the management of the Client in which they invest. In addition, the investment guidelines set forth in the Client's Offering Documents are subject to the good faith interpretation of the Adviser (or Client's general partner, if any) and transactions within such objectives may be affected using a broad array of transaction types, structures and techniques.

Concentration of Investments. Subject to applicable limitations in the Offering Documents, a Client's portfolio may be concentrated. Any such lack of diversification would increase the risk of loss to a Client if there were a decline in the market value of any security or sector in which such Client had invested a large percentage of its assets. Investment in a "non-diversified" fund will generally entail greater risks than investments in a "diversified" fund.

Risks of Investing in the Healthcare Industry. Investing in securities of healthcare companies involves substantial risks, including, but not limited to, the following: (i) the possibility of lawsuits related to patents or products, changes in government policies, and changes in investor sentiments and preferences with regard to healthcare sector investments; (ii) development of products in the healthcare industry may require significant time and up front expense, and a portfolio company's failure to raise additional financing on acceptable terms could force the company to delay, limit, reduce or terminate product development or commercialization efforts; (iii) a portfolio company may need to undertake significant clinical testing even before it may seek regulatory approval to launch commercial sales of its products and the results of clinical trials are inherently uncertain; (iv) a portfolio company and its products are likely to be subject to extensive regulation, compliance with which is costly and time consuming, and such regulation may cause unanticipated delays and other risks and uncertainties; (v) the occurrence of serious complications or side effects in connection with use of a portfolio company's products, either in clinical trials or post-approval, could lead to discontinuation of their clinical development programs, refusal of regulatory authorities to approve such company's products or, post-approval, revocation of marketing authorizations or refusal to approve new indications, which could severely harm such company's business, prospects, and operating results; and (vi) a portfolio company's products could face competition sooner than anticipated due to changing legislation. In the United States and some foreign jurisdictions, there have been, and the Adviser expects there will continue to be, a number of legislative and regulatory changes regarding the healthcare system, including cost-containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and biologics and affect a portfolio company's ability to profitably sell any product candidates for which such portfolio company obtains marketing approval. For example, in March 2010, the Patient Protection and Affordable Care Act and the Health

Care and Education Reconciliation Act (together, the “**Affordable Care Act**”), was enacted with a goal of reducing the cost of healthcare and substantially changing the way healthcare is financed by both governmental and private insurers. The Affordable Care Act, other healthcare reform measures that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that a portfolio company may receive for any approved product. The implementation of cost containment measures or other legislative and regulatory proposals at the foreign, federal or state levels may prevent a portfolio company from being able to generate revenue, attain profitability or commercialize such portfolio company’s products. It is possible that the Affordable Care Act will be repealed in whole or in part. It is difficult to predict the effect of a repeal of the Affordable Care Act on the business model, prospects or financial condition of the companies in which a Client may invest, and such action could introduce risks and uncertainties that adversely affect a Client or its portfolio companies.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments that fall within a Client’s investment objective is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. The Adviser may be unable to find a sufficient number of attractive opportunities to meet a Client’s investment objectives. The success of a Client will depend on the ability of the Adviser to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio investments. It is possible that competition for appropriate investment opportunities will increase, which may reduce the number of investment opportunities available to a Client and adversely affect the terms upon which investments can be made. Moreover, a Client may incur due diligence or other costs on investments which may not be successful. As a result, a Client may not recover all of its costs, which would adversely affect returns. There can be no assurance that a Client will be able to locate, complete and exit investments which satisfy a Client’s investment objective, or realize upon their values, or that it will be able to invest fully its committed capital.

Convertible Securities. A Client may invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent. Convertible securities may or may not be rated within the four highest categories by Standard & Poor’s Ratings Group and Moody’s Investor Service and, if not so rated, would not be investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities. Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of a Client’s holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared, or the issuer enters into another type of corporate transaction.

Restricted Financial Instruments. Restricted financial instruments cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted financial instruments can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these financial instruments may be resold in privately negotiated transactions, because there is less liquidity for these financial instruments, the prices realized from these sales could be less than those originally paid by a Client. Restricted financial instruments may involve a high degree of business and financial risk which may result in substantial losses.

Investment in Small Companies. There is generally no limitation on the size or operating experience of the portfolio companies in which a Client may invest. Some small companies in which a Client may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Portfolio companies

with new products or services could sustain significant losses if projected markets do not materialize. Further, such portfolio companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small actors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Lack of Control in Minority Investments. A Client's investments may represent minority positions, without power individually to exert significant control over the board of directors and management of such portfolio companies. Clients will rely significantly on the existing management and board of directors of the portfolio companies, which may include representatives of other investors with whom the Client is not affiliated and whose interests or views may conflict with the interests of the Client.

Limitations on Ability to Exit IPO Investments. While certain Clients may invest in portfolio companies that the Adviser expects to undergo an IPO within 18 months of a Client's investment, there can be no assurance that an IPO will occur within such time. If no IPO occurs, securities will remain illiquid with limited opportunities for sale and the Adviser may determine that there is no suitable divestment opportunity within 18 months. Even if an issuer experiences an IPO, securities held by a Client may be subject to lockup or other contractual or legal restrictions preventing their sale or disposition for an extended period of time following the IPO, including as a result of the Adviser or its affiliate having material non-public information about an issuer. As a result, a Client could hold the securities of an issuer for significantly longer than originally intended.

Purchasing Securities of IPOs. Participation in and trading of securities with respect to IPOs is an investment approach in which the Adviser may engage on behalf of a Client. To this end, the Adviser maintains relationships with investment banks, service providers, company executives and others which may, from time to time, result in allocations to a Client of securities of companies in IPOs. The possibility of the purchase and sale by a Client from time to time of securities of companies in IPOs or shortly thereafter involves special risks, including a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors could contribute to substantial price volatility for the shares of these companies and, thus, for a Client. The limited number of shares available for trading in some IPOs may make it more difficult for a Client to buy or sell shares without an unfavorable impact on prevailing market prices. Further, such risk may be exacerbated if one or more other affiliates of the Advisor attempt to buy or sell the same securities as a Client in any public offering. In addition, some companies in initial public offerings are involved in relatively new lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

To the extent a Client participates in initial public offerings registered under the Securities Act (*i.e.*, "new issues" as defined by FINRA Rule 5130), investors who are "restricted persons" under FINRA rules, as well as executive officers and directors of certain companies that have or may have certain investment banking relationships with broker-dealers selling new issues, will be limited in the amount of profits (if any) that they may be allocated from such new issues in which a Client invests or prohibited entirely from participating in such new issues. To the extent an investor is subject to these limitations, an investment in a Client has the potential to produce meaningfully lower performance than that experienced by investors that are not subject to such restrictions. Any investor that does not provide satisfactory notification to show that it is not subject to FINRA-related limitations on participation in new issues will be presumed to be subject to them.

The purchase of new issues or other IPOs involves greater risk than securities trading in general. Although many investors typically assume that new issues and other securities in an IPO will open at a price higher than their initial price, and that they will continue to trade at a premium until they are liquidated, there is no guarantee that either of these scenarios will occur. The prices of newly issued securities may not increase as anticipated and, in fact, may decline more rapidly. In addition, as described herein, not all investors will be eligible to participate in profits and

losses attributable to new issues, so to the extent new issues losses are incurred, only a subset of investors may bear all or most of these losses.

Custodial Risk. Prime brokers will have custody of a Client's securities, cash, distributions and rights accruing to a Client's securities accounts. SEC rules require prime brokers to maintain physical possession and control of fully paid securities held in a Client's account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the prime brokers generally have the ability to loan, pledge, and rehypothecate the securities in a Client's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the prime brokers. In such an event, a Client would typically not have a right to recover its securities held by the prime brokers but would rather have only an unsecured claim against the prime brokers and participate *pro rata* with other customers of the prime brokers in the proceeds of the sale of customer securities. Also, even if the prime brokers do have sufficient assets to meet all customer claims, there could be a delay before a Client receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, a Client may establish relationships with multiple prime brokers. However, there can be no assurance that a Client will be able to establish or maintain such relationships. In addition, a Client may not be able to identify potential solvency concerns with respect to a Client's prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner.

The prime brokers may hold a Client's securities through third parties such as clearing corporations, other brokers or banks. In addition, a Client may hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, a Client may be subject to credit risk with respect to such third parties, as well as with respect to the prime brokers.

Legal, Tax & Regulatory Risks. Legal, tax and regulatory changes could occur during the term of a Client that may adversely affect a Client, its portfolio investments or the Client's investors. A Client may have limited legal recourse in the event of a dispute, and remedies might have to be pursued in the courts in a variety of countries. There can be no assurance that regulations promulgated in countries where a Client invests will not adversely affect a Client or its portfolio investments.

Changes in Tax Law. Legislation enacted at the end of 2017 in the United States has resulted in significant and complicated changes to the Code (such reform, the "Tax Act"). There are significant uncertainties regarding the application of the Tax Act. Additional guidance on the Tax Act is expected; however, the timing, form, scope and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such tax laws adverse to a Client or its investors. There can be no assurance that the structure of a Client or of any investment made by a Client will be tax-efficient to any particular Client investor. Prospective investors should consult their own tax advisers regarding the tax consequences of an investment in a Client to them, particularly in light of their specific tax situations, including any applicable U.S., state or local or non-U.S. taxes and, in the case of U.S. tax-exempt and non-U.S. investors, with reference to any special issues that investment in a Client may raise for such investors, taking into account the possible implications of the Tax Act. Prospective investors should consult their own tax advisors regarding the effect of the Tax Act on their investment in a Client.

Britain's Exit from the European Union ("**Brexit**"). On June 23, 2016, the people of the UK voted in a referendum to leave the EU. As at the date of this Memorandum, there has been no change in the status of the UK as a member of the EU. The only method of withdrawal is via Article 50 of the Treaty of the EU, which itself provided for a period of two years during which the terms of the UK's ongoing relationship with the EU would be negotiated. The Article 50 procedure was triggered by the UK government giving notice on March 29, 2017; accordingly, it was anticipated that the UK would cease to be a member of the EU on March 29, 2019 (subject to any transitional arrangements or extensions which may be agreed, or any withdrawal by the UK of its Article 50 notice). However, the European Council and the UK government have agreed to extend the Article 50 period. The UK government has reached agreement with the other EU member states on a Withdrawal Agreement and on a Political Declaration

setting out the Framework for the Future Relationship between the European Union and the UK, subject to (amongst other things) approval by the UK parliament and the enactment of UK legislation to implement the agreement, and approval by the European parliament and council of the EU. If an EU/UK agreement is not approved and the necessary legislation not enacted before the Article 50 notice expires, the default position is for the UK to leave the EU without any agreement in place. The current extension is set to end on the earlier of (i) the last day of the month in which the ratification procedures for the withdrawal agreement are completed and (ii) October 31, 2019.

Depending on the nature of the future relationship between the UK and the EU, a Client may be subject to different rules and requirements with respect to their fund management business when the UK ceases to be a member of the EU. Brexit may also have an adverse effect on the tax treatment of a Client and its portfolio investments. In particular, the EU Directives preventing withholding taxes being imposed on intragroup dividends, interest and royalties may no longer apply to payments made into and out of the UK, meaning that the UK's double tax treaty network will need to be relied on. Not all double tax treaties fully eliminate withholding tax. Further, there may be changes to the operation of Value-Added Tax. While the most immediate impact of Brexit will likely be related to changes in market conditions, the development of new regulatory regimes and parallel competition law enforcement may have an adverse impact on a Client and a Client's transactions, particularly those occurring in, or impacted by conditions in, the UK and Europe.

Soft Dollars. A Client may receive products and services from any broker, dealer or other financial intermediary or counterparty with or through which a Client executes portfolio transactions, including derivatives transactions. When it does so, it is said to be paying for those products and services with "soft dollars." The Adviser may use products and services acquired with one Client's soft dollars in managing another Client, and vice versa, and may use those soft dollars to acquire products and services it uses primarily or even exclusively in managing other Clients, even Clients that do not generate any commissions. The Adviser currently intends to use its Clients' soft dollars only to acquire services and products that are within the Section 28(e) "safe harbor."

Holding Period Requirement. The Adviser's ability to achieve the investment objectives of a Client depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. While it is inherently uncertain what position the current administration or future administrations will take going forward, the Tax Act provides that, if certain holding period requirements are not met carried interest and gain on the sale of investment services partnership interests will be subject to higher rates of U.S. federal income tax than was the case under prior law. This new holding period requirement could affect investment decisions, including with respect to the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment, such as non-liquidating distributions, and could adversely impact returns for investors. For example, the Tax Act may give the Adviser an incentive to cause a Client to hold an investment for longer than three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years. In addition, this new legislation could adversely affect employees or other individuals performing services for a Client who hold direct or indirect interests in the Adviser (or general partner, if any) and benefit from carried interest, which could make it more difficult for the Adviser and its affiliates to incentivize, attract and retain individuals to perform services for Clients.

Failure to Make Capital Contributions. If an interest holder fails to pay when installments of its commitment to a PE Fund are due, and the contributions made by non-defaulting interest holders and borrowings by the PE Fund are inadequate to cover the defaulted capital contribution, the PE Fund may be unable to pay its obligations when due. As a result, the PE Fund may be subjected to significant penalties that could limit opportunities for investment diversification and materially adversely affect the returns to its interest holders (including non-defaulting interest holders). In addition to all legal remedies available, failure by an interest holder to make capital contributions when due (such a failure an "event of default" and such interest holder, a "defaulting interest holder") will give the Adviser (or general partner, if applicable) the right, in its sole discretion, to take action against the defaulting interest holder. A defaulting interest holder will generally remain liable to pay its *pro rata* share of the Management Fees due to a PE Fund.



Broad Indemnification. The Offering Documents of certain Clients may contain provisions that provide a broader indemnification of the Adviser and its affiliates against claims or lawsuits arising out of its Client's activities than would apply in the absence of such provisions and certain indemnified parties may be entitled to exculpation by a Client. The indemnification obligation of a Client would be payable from the assets of the Client, including the unfunded capital commitments (if any). If the assets of a Client are insufficient, the Adviser may be permitted to recall distributions previously made to Client interest holders (subject to certain limitations). It should be noted that the Adviser may cause a Client to purchase insurance for the Client, the Adviser and each of their respective general partners, direct or indirect officers, directors, managers, shareholders, partners, members, employees, agents, advisors and representatives.

Investment in Illiquid Securities. A Client may invest in illiquid investments, which are securities that are not readily marketable, only thinly traded or which the Adviser otherwise determines to be illiquid or lacking a readily ascertainable market value. Illiquid investments may include privately placed securities that are not registered under the Securities Act and may have little or no trading market. In many cases the fair market value of such investments may be difficult to ascertain, and there is a risk of mistaken valuations. In addition, a Client may not be able to readily dispose of such investments, and, in some cases, may be contractually prohibited or otherwise restricted from disposing of such securities for a specified period of time. These limitations on liquidity of such investments could prevent a successful sale thereof, result in delay of any sale or reduce the amount of proceeds that might otherwise be realized.

Additional Capital; Follow-On Investments. Certain portfolio companies in which a Client invests, especially those in a development phase, may require additional financing to satisfy their working capital requirements. The amount of the additional financing needed will depend upon the maturity and objectives of the particular investment. Each such round of financing (whether from a Client or other investors) is typically intended to provide a portfolio company with enough capital to reach its next major corporate milestone. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to its existing investors, including a Client. In addition, a Client may make additional debt and equity investments or exercise preemptive rights under warrants or options or for the purpose of converting convertible securities that were acquired in the initial investment in such portfolio company in order to, among other things, preserve its proportionate ownership when a subsequent equity or debt financing is planned, to protect a Client's investment when, for example, the performance of that investment does not meet expectations, to enhance the value of an existing investment or in anticipation of disposition, refinancing, recapitalization or other transaction. Certain Clients may extend capital commitments to investments in portfolio companies that become due and payable when certain milestones are reached, like those related to product development, capital deployment or otherwise. If one or more companies owned by a Client fails to meet such milestones, and the Client has reserved significant capital for such purpose, it may have incurred opportunity costs associated with the milestone financing commitment. There can be no assurance that the Adviser will be able to redeploy such committed funding quickly on behalf of its Clients.

The availability of capital is generally a function of capital market conditions that are beyond the control of the Client or any portfolio company. There can be no assurance that the Adviser will be able to predict accurately future capital requirements necessary for success or that additional funds will be available from any source. A Client may be called upon to provide follow-on funding for its investments or have the opportunity to increase its investment in a portfolio company. There can be no assurance that a Client will make follow-on investments or that it will have sufficient funds or the ability to do so. Any decision by the Adviser to make a follow-on investment or a Client's inability to make such an investment may have a substantial negative impact on the value of a Client's investment and/or may diminish a Client's ability to influence a portfolio company's future development.

Investment Expenses / Broken Deal Expenses. Client investments may require extensive due diligence, legal, and other costs prior to their consummation and may result in a Client bearing "**Broken Deal Expenses**" if they are not consummated. A Client may pay any fees, costs, and expenses incurred in discovering, developing, negotiating,

evaluating, acquiring and structuring any investment opportunities it pursues, whether or not such investments are ultimately consummated, including investments pursued by the Adviser prior to the initial closing of a Client that are intended to become investments in a Client's portfolio. Additionally, a Client may enter into agreements that involve payments, such as reverse break-up fees, by a Client if it does not consummate the transaction. These expenses can be significant and may be material to a Client. A Client may incur, either directly or pursuant to its obligation to reimburse the Adviser for any such expenses advanced by it, significant expenses in connection with proposed investments that are not consummated without the opportunity for gain or recoupment of such expenses.

Intellectual Property Rights. The success of certain Client's investments may depend, in part, on the portfolio company's ability to protect proprietary methods and technologies that they develop or license so that they can prevent others from using their inventions and proprietary information. If intellectual property rights are not adequately protected (and competitors gain access to its technology), the value of a Client's investment might be adversely affected. Protecting and enforcing intellectual property rights may be very expensive and intellectual property rights may be challenged, weakened or invalidated through administrative process or litigation. Certain investments made by Clients may rely on a combination of patent, copyright, trademark, trade dress, unfair competition and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect proprietary rights. These laws, procedures and restrictions provide only limited protection. A portfolio company held in a Client's portfolio might be required to spend significant resources to monitor and protect its intellectual property rights and may initiate claims or litigation against third parties for infringement of its proprietary rights and could result in counterclaims against them. Any litigation, whether or not favorably resolved could result in significant expense for a portfolio company, divert the efforts of its technical and management personnel, which in turn may adversely affect its value.

Investment in Non-U.S. Securities. The Adviser may cause a Client to invest from time to time in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of the Adviser. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which a Client may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries, there are restrictions on investments or investors such that the only practicable way for a Client to invest in such markets is by entering into swaps or other derivative transactions with a prime broker or other intermediaries or counterparties. Such transactions involve counterparty risks that are not present in the case of direct investments and that the Adviser may not be able to control. Investments in companies with significant operations in emerging markets will be subject to all of the risks detailed above, as well as to various other risks that cannot currently be predicted with precision. Additionally, owing to the less developed political systems and markets often in place in emerging markets, the risks described above may be more pronounced with respect to a Client's investment in emerging markets than with respect to investments in other international markets. For example, any such investments may be subject to a greater risk of expropriation, confiscatory taxation, nationalization, or political, economic or social instability than present in more developed markets. In comparison to securities markets in more developed countries, securities markets in developing countries may be substantially less liquid, and may have greater volatility, greater fluctuations in the rate of exchange between currencies, and greater costs associated with currency conversions. Any of these factors could cause the Adviser not to pursue certain investments or to alter certain activities or liquidate certain investments prior

to or after the time when the Adviser would otherwise prefer to liquidate such investments, and such factors may cause losses or have other negative impacts on a Client or its investments.

Cash and Other Investments. The Adviser may cause a Client to invest all or a portion of its assets in cash or cash items, in whole or in part, for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items are generally of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. While these investments generally involve relatively low risk levels, they may produce lower than expected returns and could result in losses.

Market Disruption and Geopolitical Risk. A Client is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Client's investments. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments. At such times, a Client's exposure to a number of other risks described elsewhere in this section can increase.

Financial Market Fluctuations. General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for a Client and may affect such Client's ability to make investments and the value of the investments held by such Client. Instability in the securities markets and economic conditions generally may also increase the risks inherent in a Client's investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil and uncertainty. The repercussions of this market turmoil are unclear. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present, and it may well continue to be volatile for the foreseeable future. The ability to realize investments in an effective manner depends not only on companies in the investment portfolio of a Client and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. The trading market, if any, for the securities of any company in the investment portfolio of a Client may not be sufficiently liquid to enable a Client to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of a Client to buy, sell and partially dispose of a company in its investment portfolio. A Client may be adversely affected to the extent that it seeks to dispose of any of its portfolio investments into an illiquid or volatile market, and a Client may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of companies in the investment portfolio to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise.

Valuations; Use of Estimates. Certain securities in which a Client invests may not have a readily ascertainable market price. Such securities will nevertheless generally be valued by the Adviser, which valuation will be conclusive with respect to a Client, even though the Adviser may face a conflict of interest in valuing such securities because the value thereof will affect their compensation. The Adviser may also have no ability to assess the accuracy of valuations received from an underlying private investment fund in which it invests. Valuation information received from the investment manager of a private investment fund typically will be estimates only, subject to revision of its annual audit. In addition, the Adviser will have the ability to adjust estimated values provided to it by underlying investment advisers subject to the valuation guidelines set forth in a Client's Offering Documents.

Cybersecurity Risk. Cybersecurity risks have increased significantly in recent years because of, among other things: the proliferation of Internet and telecommunications technologies to conduct financial transactions; the ability and degree to which investment managers collect and maintain proprietary and other nonpublic data, as well as publicly available data that may be organized in a manner that is not publicly available; and the increased sophistication and activities of organized crime, hackers, terrorists, and other external parties, including foreign state actors. The Adviser, its Clients' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Client and its investors, despite the efforts of the Adviser and a Client's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Client and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, a Client's service providers, counterparties or data within these systems. Third-parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of its Clients' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of Client investor data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a Client, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which Clients invest, which could have material adverse consequences for such companies, and may cause a Client's investments to lose value. Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of a company beneficially owned by a Client.

Privacy and Data Protection. A Client's investments are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. The General Data Protection Regulation (EU 2016/679) (the "**GDPR**") came into effect on May 25, 2018, replacing the Data Protection Directive (Directive 95/46/EC). The GDPR seeks to harmonize national data protection laws across the EU, while at the same time, modernizing the law to address new technological developments. As a regulation, the GDPR is binding on data controllers and data processors in all EU member states, without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach than Directive 95/46/EC and has a significant impact on data controllers and data processors either with an establishment in the EU, or which offer goods or services to EU data subjects or monitor EU data subjects' behavior within the EU. The regime imposes stringent operational requirements on both data controllers and data processors and has introduced significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover of the undertaking or €20 million (whichever is higher), depending on the type and severity of the breach.

The current ePrivacy Directive (Directive 2002/58/EC), will also be repealed by the EU Commission's Regulation on Privacy and Electronic Communications (the "**ePrivacy Regulation**") which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy. The ePrivacy Regulation is in the process of being finalized and is expected to come into force in 2019.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Adviser's current and planned business activities. A failure to

comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on reputation.

General Data Protection Regulation - Fair Processing Information. Prospective investors should be aware that, in considering and/or making an investment in a Client, and interacting with a Client, its affiliates, agents, advisers and/or delegates by: (i) submitting a subscription agreement, (ii) communicating through telephone calls, written correspondence and emails (all of which may be recorded); or (iii) providing personal data concerning individuals connected with the investor (such as directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners, advisers and/or agents), they will be providing the Client and the Adviser, its affiliates, agents and/or delegates with personal data (as such term is defined in applicable EU data protection legislation). The Adviser has prepared a privacy notice, which provides further information regarding the personal data collected and used by it including in relation to a Client, and the purposes for which such personal data is processed. The privacy notice is appended to the Client's Offering Documents. Prospective investors should read the privacy notice carefully before sharing any personal data in accordance with the steps described above. If you have any questions or concerns regarding the processing of personal data by the Adviser or a Client, please contact Cowen Investor Relations at [investor.relations@cowen.com](mailto:investor.relations@cowen.com).

### **Conflicts of Interest**

Various actual and potential conflicts of interest may arise from the investment activities of the Adviser's Clients and the overall activities of the Adviser and its affiliates.

The Adviser and its affiliates expect to advise multiple Clients whose accounts may purchase or sell the same securities. The Adviser and its affiliates are not under any obligation to share any investment opportunity, idea or strategy with any particular Client. As a result, Clients of the Adviser or its affiliates may compete with one another for investment opportunities. The Adviser may make recommendations to and take actions on behalf of certain Clients, which may be the same as or different from those made or taken on behalf of another Client. The Adviser may from time to time acquire positions in or transact in securities and other investments on behalf of a Client which may differ from or be inconsistent with the advice given, or the timing or nature of the Adviser's action or actions with respect to another Client. The Adviser's investment allocations are designed to provide a fair allocation of purchases and sales of securities among the various Clients managed by the Adviser, while preserving incentives for the Adviser to find new investment opportunities, and to ensure compliance with appropriate regulatory requirements.

From time to time, the Adviser may permit certain Client investors to acquire interests on different terms than other investors (including, without limitation, with respect to minimum investment amounts, fees, expanded reporting and withdrawal terms). The Adviser is not generally required to notify any or all of the other investors of any such terms, nor is a Client or the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other investors.

By reason of the investment management responsibilities and other activities of certain affiliates, the Adviser may acquire confidential information or otherwise be restricted from initiating transactions in certain securities. It is acknowledged and agreed that, except as required by the applicable law, the Adviser may not be free to divulge, or to act upon, any such confidential information and that, due to such a restriction, the Adviser may not initiate certain transactions the Adviser otherwise might have initiated. It is further acknowledged and agreed that the Adviser shall, for itself and on behalf of its Clients, disclose such information to governmental and regulatory authorities as may be required by law.

Affiliates of the Adviser that are not engaged in investment management activities may develop fundamental analyses, technical models, and market or company-specific knowledge as part of analysis provided by research personnel, which may not be available to the Adviser due to regulatory restrictions and internal compliance policies.

Affiliates of the Adviser that are not engaged in advising investment management activities may take differing views than the Adviser with respect to a portfolio company, including in some instances adopting a sell or neutral recommendation with respect to a security in which a Client maintains a long position.

Employees of the Adviser and its affiliates (including their friends and family members as well as the wealth-planning vehicles of such employees, friends and family members), may be permitted to invest in Clients of the Adviser at reduced (or bear no) Management Fees and Performance Compensation and may buy and sell securities or securities of issuers or obligors with debtor instruments that are held by a Client or may be suitable for a Client for their own account or the account of others. This may on occasion create conflicts of interest with regard to such matters as allocation of opportunities to participate in particular investments or to dispose of certain investments.

Due to the fee-paying arrangements described above in Item 5 (some of which may be deemed to be significant), there is the potential for conflicting interests between the Adviser and its broker affiliates. The Adviser endeavors to resolve these conflicts in the best interests of its Clients. As noted in Item 5, brokerage commissions, advisory and/or investment banking fees paid by a portfolio company to a broker affiliate will not reduce or offset the Management Fees or Performance Compensation paid or distributed to the Adviser. Client investors are strongly encouraged to carefully read Offering Documents for additional details regarding this conflict (if relevant).

The Adviser may, in its discretion, recruit consultants or retain the services (for a fee) of one or more industry experts. All or a portion of the compensation and reimbursement of expenses paid to such consultants/experts may be borne directly or indirectly by a Client. Consultants/experts may also receive compensation and expense reimbursement for providing services to portfolio companies, which includes compensation for services on boards of directors, compensation for service as interim executives and consulting-related compensation, which involves both fixed and incentive compensation. Compensation of such consultants/experts may include (i) an annual fee, (ii) a discretionary performance-related bonus, (iii) a portion of the carried interest received by a general partner or managing member of a Client, or (iv) the opportunity to invest in one or more Clients or specific transactions on a no-fee basis. The Adviser will ensure any expenses incurred by the Adviser and reimbursed by a Client for such consultants/experts are eligible to be reimbursed pursuant to the applicable Client's Offering Documents.

Prospective investors should expect that certain Client investors may have enhanced relationships with the Adviser (or an affiliate), a Client or one or more portfolio companies beneficially owned by a Client and that such relationships may give rise to both known or unknown conflicts of interest for both the Adviser and such Client investors. It may not be possible to mitigate such conflicts of interest and a Client or one or more portfolio companies beneficially owned by a Client could be harmed as a result.

As mentioned above, the Adviser's parent company, Cowen, is a publicly traded company. As a public company, Cowen is subject to the risk of investigation or litigation by regulators or its public shareholders arising from an array of possible claims, including shareholder dissatisfaction with the performance of its businesses or its share price, allegations of misconduct by its officers and directors or claims that it has inappropriately dealt with conflicts of interest or investment allocations. As Cowen is the ultimate parent of the Adviser, any such investigations into or claims brought against Cowen could divert time, attention and resources away from the Adviser's investment management business. Additionally, as a public company, Cowen is subject to a number of reporting and regulatory regimes, including the U.S. Sarbanes-Oxley Act of 2002 and the reporting provisions of the Exchange Act. Compliance with any such laws similarly requires the time, attention and resources of Cowen and its executive officers that might otherwise be devoted to the Adviser's Clients, which diversion may result in an adverse effect on its Clients. In addition, Cowen may have certain obligations to its public equity holders, which may pose potential conflicts of interest regarding the activities conducted, and decisions made, on behalf of the Adviser's Clients, including the Adviser's ability to disclose certain Clients' performance information.

Please refer to the relevant Offering Documents for a more detailed discussion of a Client's risk factors and conflicts of interest.

**Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or Client investor's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

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

The Adviser is affiliated with the following five (5) U.S. registered broker-dealers: Cowen and Company, LLC; Cowen Execution Services LLC; ATM Execution LLC; Westminster Research Associates LLC; and Cowen Securities, LP. The Adviser is also affiliated with one (1) dual-registered U.S. broker-dealer and investment adviser, Cowen Prime Services LLC and two (2) UK FCA registered broker-dealers: Cowen International Limited and Cowen Execution Services Limited. All of the above referenced affiliates are wholly owned subsidiaries (directly or indirectly) of Cowen.

As noted above, Cowen and Company or another affiliated broker may be engaged for compensation to provide investment banking services by a company in which a Client is invested and/or may be employed by a portfolio company's board of directors to perform advisory, capital raising, or other transactional services for the portfolio company at a negotiated rate of compensation. Such engagements may or may not be awarded in competition with other investment banks. The Adviser's affiliated brokers may also provide investment banking services for other companies, public or private, whose business activities may be deemed to conflict with or compete with the business of a portfolio company in which a Client is invested. The Adviser and its broker affiliates have established policies and procedures reasonably designed to prevent the misuse by the Adviser, its affiliated broker, and their personnel of material information regarding issuers of securities that have not been publicly disseminated.

The Adviser is also affiliated with the following investment advisors registered with the U.S. Securities and Exchange Commission (or rely upon the registration of an affiliated investment advisor): Cowen Investment Management LLC; Cowen Sustainability Advisors LLC; TriArtisan Capital Advisors LLC; Cowen Trading Strategies LLC; Cowen Investment Advisors LLC (dba Ramius Advisors, LLC); Healthcare Royalty Management, LLC; RCG Longview Partners II, LLC; and RCG Longview Equity Management LLC.

The Adviser has no financial planner relationships. At this time, the Adviser does not believe there are any material conflicts related to these affiliations. For a complete description of these advisors and their advisory clients, please refer to their Form ADV Parts 1 and 2 which can be obtained on the SEC's Investment Adviser Public Disclosure website (<https://www.adviserinfo.sec.gov/IAPD/Default.aspx>).

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

The Adviser has adopted a Code of Ethics that is applicable to all of its access persons, supervised persons and virtually all of its employees (for purposes of this section of the brochure, references to "employees" include access persons and supervised persons). The Code of Ethics reflects the Adviser's belief in the absolute necessity to conduct all business, make all decisions and carry on all personal activities at the highest ethical and professional levels. The Adviser will provide a copy of the Code of Ethics to any Client or prospective Client (or Client investor) upon request.

All persons that are covered by the Code of Ethics must avoid activities, interests and relationships that may interfere or appear to interfere with making decisions in the best interests of Clients. More specifically, the Code of Ethics seeks to place the interests of Clients over the interests of any employee; imposes standards of business conduct for all of the Adviser's employees; requires employees to comply with the federal securities laws; regulates employee personal securities transactions, including requiring all covered persons to obtain pre-approval before investing in hedge fund or private placement investments; and requires reporting and review of personal securities transactions.

While employees of the Adviser are generally permitted to invest in securities for their own personal accounts and may invest in securities that are also held by Clients of the Adviser, they may be subject to the Adviser's reimbursement policy in the event their personal trading activity competes with Client trades. In the event an employee trades a security on the same day and in the same direction as a Client account and the average price paid or received by the employee for the relevant security was better than the average price paid or received by a Client for the same security, then the Adviser may require the employee to reimburse the impacted Client for the difference between the average price paid by the employee and the average price paid or received by the relevant Client.

The Adviser may purchase securities and other instruments for its own account (or the account of an affiliate) that are also being purchased by the Adviser on behalf of a Client and may also purchase securities and other instruments that are not appropriate for Client investment (pursuant to its investment guidelines and procedures). In the event the Adviser does purchase securities and other instruments for its own account (or the account of an affiliate) that are also being purchased by the Adviser on behalf of a Client, the Adviser will endeavor to purchase those securities and other instruments for its Clients on terms at least as favorable as the terms on which the same securities or instruments are purchased for the accounts of the Adviser and/or its affiliates. Notwithstanding the foregoing, the Adviser is not obligated to allocate all potential transactions to a Client for which it might be eligible pursuant to its investment guidelines and procedures. Depending on the circumstances, the Adviser may allocate certain transactions on a disproportionate basis among its other Clients and/or may allocate all of a transaction to another Client, including Clients in which one or more of the principals or employees of the Adviser or its affiliates may have an interest. In addition, varying compensation arrangements among Clients could incentivize the Adviser to allocate investment opportunities to certain Clients over others, or to otherwise manage Clients differently.

When it is determined that it would be appropriate for one or more Client to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating investment accounts on an equitable basis, taking into account such factors as the investment objectives of the participating investment accounts, the availability of leverage, the relative amounts of capital available for new investments, relative exposure to market trends, transaction costs, the portfolio positions of the participating investment accounts, the eligibility of a Client, respectively, and the other investment accounts under applicable law to make the investment in question and the manner in which the investment is likely to affect the amount of available capital after the investment is made.

The Adviser may enter into side letter arrangements with one or more investors in certain Clients, providing such investors with different or preferential rights or terms, including but not limited to (i) different or preferential fee structures; (ii) other preferential economic rights, (iii) information and reporting rights; (iv) excuse or exclusion rights; (v) waiver of certain confidentiality provisions; (vi) co-investment rights; (vii) liquidity or transfer rights; and (viii) certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor. Side letter arrangements with investors in one class of a Client's securities (*e.g.*, the senior tranche of a structured credit vehicle) may incentivize the Adviser to take action or abstain from taking action that conflict with the interest of investors in another class of such Client's securities (*e.g.*, junior tranches of a structured credit vehicle).

## **Item 12. Brokerage Practices**

The Adviser is responsible for, among other things, the placement of any securities transactions entered into on behalf of a Client, and for the negotiation of any commissions paid on such transactions. Such securities may be purchased over the counter, through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio securities through brokers involve a commission to the broker, and purchases from dealers serving as market makers include the spread between the bid and the ask price.



The Adviser has discretion with respect to investment decisions it makes for its Clients, and also with respect to the selection of brokers, dealers and other counterparties for such transactions, and the amount of commissions or other compensation to be paid by its Clients. The Adviser provides investment management services to its Clients based on the particular investment objectives and strategies described in their Offering Documents.

Brokers and dealers are selected by the Adviser on the basis of a variety of factors, including, without limitation, some or all of the following: net price; settlement capabilities and error resolution; electronic reconciliation capability; special execution capabilities; ability to execute large orders, to commit capital, and to minimize trading costs associated with implementing investment decisions; commission rates; reputation, including regulatory issues; financial strength and stability; efficiency of execution of small lots; offering on-line access to computerized data regarding open orders; the ability or inability of electronic trading networks to handle trades instead of other broker-dealers; value of research; and other matters involved in the receipt of brokerage services generally.

Commissions charged by certain broker-dealers utilized by the Adviser may include additional products and services, such as research. The Adviser only uses additional products and services provided by broker-dealers (included in its commission rate) that meet the eligibility criteria of the safe harbor created by Section 28(e) of the Exchange Act. The Adviser does not currently have any “soft dollar” accounts with any of its brokerage relationships; however, in the event an account was opened, any use of “soft dollars” would fall within the Section 28(e) safe harbor. Under Section 28(e), research obtained with soft dollars generated by a Client may be used by the Adviser to service accounts other than the Client.

Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, as well as discussion with research personnel. The Adviser may, in the future, pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if the Adviser determines such prices or commissions are reasonable in relation to the overall services provided. Any research services provided by broker-dealers used by a Client may be utilized by the Adviser or its affiliates in servicing all of its Client accounts. The Adviser is not obligated to use all of the information it receives from broker-dealers on behalf of its Clients. Nonetheless, the Adviser believes that such investment information provides a Client with benefits by supplementing the research otherwise available to it.

A Client’s securities transactions may generate a substantial amount of brokerage commissions and other compensation, all of which a Client, not the Adviser, will be obligated to pay. As noted above, the Adviser has complete discretion in deciding what brokers and dealers a Client will use and in negotiating the rates of compensation a Client will pay. In addition to using brokers as “agents” and paying commissions, the Adviser, on behalf of a Client may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all of the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services.

As noted above in Item 5, the Adviser has engaged Cowen and Company to execute transactions for certain Clients either as agent or riskless principal. While Cowen and Company does not currently charge commissions for Client transactions, commissions may be charged in the future and may be material and Client investors may not have any right to income from such services and transactions and may not receive any portion of the foregoing fees (whether as a reduction to the Management Fee or otherwise). The Adviser will not pay commissions on transactions executed

by an affiliated broker unless it has determined that the commissions to be received by the affiliated broker are reasonable and fair compared to the commissions, fees or other remuneration received by other brokers in connection with comparable transactions involving similar services or securities.

A Client may make an IPO investment in an offering where Cowen and Company or another affiliated broker serves as principal underwriter or a member of an underwriting syndicate if certain conditions are met, as set forth in the Offering Documents.

The Adviser may aggregate or “block” purchase and sale orders of securities to seek the efficiencies that may be available in larger transactions when it determines that aggregation is consistent with its duty to seek best execution for its Clients, although it has no obligation to do so.

From time to time the Adviser may be introduced to prospective Client investors through “capital introduction” events, some of which may be sponsored by the relevant Client’s prime brokers. The Adviser may take into account “capital introduction” events provided by a prime broker when selecting prime brokers and determining the extent to which a prime broker will be used.

#### **Item 13. Review of Accounts**

The Adviser is responsible for making investment decisions in compliance with Client investment guidelines and restrictions as well as applicable law and regulation. The Adviser holds informal meetings as needed to discuss investment ideas, economic developments, current events, investment strategies, issues related to a Client’s portfolio holdings, *etc.* The Adviser will evaluate its Client portfolios on a regular basis (no less than quarterly) including whether or not the investments made for a Client is consistent with its investment objectives and restrictions and if necessary, will monitor for any trading irregularities and/or unusual positions.

The Adviser (or the general partner, as applicable) typically sends Client investors a statement no less than quarterly documenting the performance of the Client’s portfolio and their capital account balance. The Adviser may provide certain Client investors with information on a more frequent and detailed basis if agreed to by the Adviser. In addition, when required by law or otherwise agreed to by contract, the Adviser will issue Client audited financial statements within the legally required time period following of the end of such Client’s fiscal year. The Adviser will also provide its Client’s investors tax reports (if applicable); however, no assurances can be made as to when investor tax information will be provided. As a result, Client’s investors may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state, and local level.

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

The Adviser does not receive economic benefits from non-Clients for providing investment advice. However, the Adviser or its affiliates may enter into placement agreements with certain placement agents (“**Placement Agents**”), pursuant to which the Placement Agents have agreed to introduce potential investors to Clients. The Placement Agents may receive compensation for such services from the Adviser or its affiliates.

The Adviser anticipates that in relation to the portfolio companies owned by certain Clients it advises, its employees may be reimbursed by the relevant Client for travel, entertainment, direct, and/or other out-of-pocket expenses incurred in the course of serving on a portfolio company’s board of directors or any committees or sub-committees of a board of directors in connection with attendance at meetings, recruitment of directors or management, interviews with attorneys, accountants, recruiters, consultants, investment bankers, vendors, customers, prospects, investors or lenders or their agents, and other actual or potential counterparties plus any other direct expenses incurred as a result of activities undertaken at the request of the relevant portfolio company’s board of directors or management.

The Adviser may provide its Clients with services including, but not limited to, administration, organizing and managing the business affairs, executing and reconciling trades, preparing financial statements and providing audit support, preparing tax related schedules or documents, legal and compliance support and sales and investor relations support, diligence and valuation services. Under certain circumstances the Adviser may provide these services in return for a fee separate and apart from Management Fees.

The Adviser and its personnel can also be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Clients that will not be subject to a Management Fee offset or otherwise shared with Clients, their investors, and/or the investments. For example, airline travel or hotel stays incurred as Client expenses typically may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to the Adviser and/or such personnel (and not Clients, their investors, and/or the investments), even though the cost of the underlying service is borne by the Clients and/or portfolio companies.

**Item 15.        Custody**

The Adviser is generally deemed to have custody of Client funds and securities because it has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client’s account or otherwise withdrawing funds from a Client’s account. Actual custody of Client funds and securities; however, is at a broker-dealer, bank or trust company, not at the Adviser.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to certain Clients (that are formed as pooled investment vehicles, like the PE Funds) because the Adviser complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Client be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and will require each Client to distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

**Item 16.        Investment Discretion**

The Adviser, in its capacity as an investment adviser (or general partner, if applicable) has discretionary trading authority with respect to its Clients. The Adviser’s investment decisions and advice with respect to each Client are subject to each Client’s investment objectives and guidelines, as set forth in its Offering Documents. The Adviser does not currently advise any non-discretionary Clients. While the Adviser does not currently have any non-discretionary Clients, it is not prohibited from entering into an investment management agreement that is purely advisory in nature and does not grant the Adviser with discretionary authority over a Client or a class of securities within a Client.

**Item 17.        Voting Client Securities**

In compliance with Advisers Act Rule 206(4)-6, the Adviser has adopted proxy voting policies and procedures. All decisions about how to vote a proxy will be made in accordance with the Adviser’s proxy voting policies and procedures, which are designed to take into account the best interests of a Client, as determined by the Adviser in its discretion. The Adviser may take into account all relevant factors when making such determination. Clients are generally not permitted to direct voting decisions. The Adviser has primary responsibility to monitor voting decisions for conflicts of interest, which include the consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in the vote that may present a conflict of interest. This summary is qualified in its entirety by the Adviser’s voting policies and procedures. The Adviser

will make information regarding how proxies were voted available and/or provide a copy of its voting policies and procedures to Clients upon request.

The Adviser may advise certain Clients that only own an interest in a single company and be part of a group that controls the business of the target investment. The Adviser may be expected to vote the company's shares or other interests, either via proxy or by direct representation at a shareholder meeting, in agreement with the recommendations of the company's board of directors, on which the Client has direct or indirect representation. This action should be consistent with the best interests of the Client. In the event that the Adviser determines a different action to be in the best interests of a Client, the Adviser will act in such a manner that is in the best interests of its Client.

**Item 18.        Financial Information**

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.