

INVESTMENT ADVISER BROCHURE

SR ONE CAPITAL MANAGEMENT, LP

**161 Washington St.
Suite 500
Eight Tower Bridge
Conshohocken, PA 19428
<https://www.srone.com/>**

November 4, 2019

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of SR One Capital Management, LP (“SR One”). If you have any questions about the contents of this Brochure, please contact us at (610) 567-1007. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

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

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

TABLE OF CONTENTS

	<u>Page</u>
Material Changes	2
Advisory Business	3
Fees and Compensation	4
Performance-Based Fees and Side-By-Side Management	7
Types of Clients	8
Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Disciplinary Information.....	29
Other Financial Industry Activities and Affiliations.....	29
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	29
Brokerage Practices	31
Review of Accounts	32
Client Referrals and Other Compensation.....	32
Custody	33
Investment Discretion	33
Voting Client Securities.....	33
Financial Information.....	34

MATERIAL CHANGES

This Brochure describes the business practices of SR One Capital Management, LP (“**SR One**”) and its affiliated investment advisers and is being filed in connection with SR One’s initial registration. This Brochure will be amended annually or as necessary to reflect future material changes.

ADVISORY BUSINESS

SR One Capital Management, LP, a Delaware limited partnership and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. SR One expects to commence operations in December 2019.

SR One's clients include the following (each, a "**Fund**," and together with any future private investment fund to which SR One or its affiliates provide investment advisory services, the "**Funds**"):

- SR One Capital Fund I-A, LP;
- SR One Capital Fund I-B, LP (and together with SR One Capital Fund I-A, LP, "**Fund I**"); and
- SR One Capital Fund I (Co-Invest), LP ("**Co-Invest Fund**")

The following general partner entities are affiliated with SR One:

- SR One Capital Partners I, LP; and
- SR One Capital Partners I (Co-Invest) GP, LP

(each, a "**General Partner**" and together with SR One and their affiliated entities the "**Firm**").

Each General Partner is subject to the Advisers Act pursuant to SR One's registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with SR One.

The Funds are private funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." The Firm's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of SR One or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The Firm's advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a "**Memorandum**"), investment management agreements, limited partnership or other operating agreements (each, a "**Partnership Agreement**" and, as applicable, together with any relevant Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." In performing investment advisory services for the Funds, SR One has retained its affiliate, SR One Capital Management (UK), Ltd., a United Kingdom limited company (the "**UK Adviser**"), to

provide advisory personnel and services. Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Governing Documents. The Funds or the General Partners generally expect to enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant Governing Documents with respect to such investors.

The Firm also has entered into an investment management agreement with a strategic investor (the “**IMA Client**”) pursuant to which the Firm provides advisory and other services with respect to a portfolio of investments owned by the IMA Client (the “**IMA Portfolio**”).

Additionally, from time to time and as permitted by the relevant Governing Documents, SR One expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, SR One’s personnel and/or certain other persons associated with SR One and/or its affiliates (*e.g.*, a vehicle formed by SR One’s principals to co-invest alongside a particular Fund’s transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally is expected to occur shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in SR One’s sole discretion, SR One is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of the date of this Brochure, SR One did not manage any client assets. SR One is submitting this Form ADV Part 2 and associated Form ADV Part 1 in reliance on Advisers Act Rule 203A-2(c) because as of the date of this Brochure, it expects within 120 days to have a level of regulatory assets under management that would make it eligible for SEC registration. SR One is principally owned by Simeon George and Rajeev Dadoo.

FEES AND COMPENSATION

In general, SR One receives a management fee and a carried interest in connection with advisory services to clients. SR One or other Firm entities or affiliates expect to receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to SR One in accordance with the relevant Governing Documents. In addition, in certain circumstances, SR One expects to receive compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also will bear certain expenses.

Management Fees

Each Fund will pay SR One a management fee (the “**Management Fee**”) on a frequency and in an amount specified in the relevant Governing Documents. SR One or another Firm entity will be permitted to retain payment for services provided to any portfolio company in the ordinary course of such portfolio company’s business and certain other compensation (“**Supplemental Fees**”) without offset against the Management Fee in accordance with the terms of the Governing Documents.

As a matter of practice, SR One expects to be paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which have the potential to be significant. Similarly, in certain circumstances, SR One expects that co-investors or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. Additionally, as further described below and in the applicable Governing Documents of each Fund, it is SR One’s practice to use or retain certain operating partners, venture partners or similar professionals (“**Venture Partners**”) to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such persons generally receive compensation and other amounts described herein from the relevant portfolio companies or Funds to which they provide services, but other than as described further herein and in the Governing Documents, no such amounts will result in additional offsets to the Management Fee.

Carried Interest

SR One will receive a carried interest with respect to each Fund equal to a percentage of realized profits and subject to such other terms as are more fully described in the Governing Documents. It is expected that any future Funds will have a similar fee structure. In addition, certain former employees of SR One are expected to be entitled to receive carried interest in connection with certain investments of the Fund and/or IMA Portfolio.

Other Information

SR One is permitted to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including SR One and any other person designated by SR One, such as “friends and family” of SR One or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by SR One and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an SR One professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Governing Documents, certain Firm entities have the right to permit investors, affiliated with a Firm entity or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Firm generally expect to receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by SR One or its affiliates.

In addition to the Management Fee and carried interest payable to SR One or its affiliates, each Fund bears certain expenses, as set forth more fully in the applicable Governing Documents of each Fund. The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of SR One and/or its affiliates, as well as their share of expenses (including, without limitation, rent, personnel costs and corporate expenses) relating to fund administrative and similar services performed by a Fund's subsidiaries or other entities maintained by the Fund, the General Partner or their respective affiliates in connection with certain local jurisdictions' requirements. As is typical for private funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. While SR One believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, SR One is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to SR One's related policies and the relevant Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed (such as the Co-Invest Fund), such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction (including the Co-Invest Fund), such vehicle is expected to bear its share of such Broken Deal Expenses.

SR One and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation. In most circumstances, such compensation is not reviewed or approved by an

independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and SR One and/or its affiliates on the other hand.

Venture Partners

Additionally, as further described herein and in the applicable Governing Documents of each Fund, it is SR One's practice to use or retain certain Venture Partners to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Venture Partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management, board or policy-making positions for portfolio companies. Venture Partners receive compensation, including, but not limited to cash fees, retainers, transaction fees, directors' fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Funds or General Partners, remuneration from SR One and/or its Funds or affiliates or other compensation, which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such Venture Partners, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Venture Partners also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset the Management Fee. The use of Venture Partners subjects SR One to conflicts of interest, as discussed under "Conflicts of Interest," below.

Notwithstanding the generality of the foregoing, it is expected that SR One will engage certain Venture Partners that also provide services to SR One, including market research, diligence, transaction execution and other activities that typically would be conducted by employees of SR One. In such cases, SR One expects to pay the portion of such Venture Partner's compensation attributable to the approximate amount of time such Venture Partner spends on SR One matters (with the balance of such compensation paid by the applicable portfolio companies to whom such Venture Partner provides services), and such amounts paid by SR One will not be subject to offset against the Management Fee.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," the relevant General Partner receives a carried interest allocation on certain realized profits in each Fund. SR One does not advise Funds not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain affiliated partners as described under "Fees and Compensation." Additionally, to the extent that SR One personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

SR One seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to

the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by SR One or any personnel.

The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although SR One generally considers performance-based compensation to better align its interests with those of its investors.

TYPES OF CLIENTS

SR One provides investment advice to the Funds. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of SR One and its affiliates and members of their families, any Venture Partners or other service providers retained by SR One.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

Each Fund generally has a minimum investment amount set forth in its Governing Documents for third-party investors, and Fund interests are offered and sold solely to qualified investors (or qualified knowledgeable Firm personnel). Any such minimum investment amount may be waived by SR One.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

SR One is a private investment firm focused on minority, and in some cases, majority equity and debt investments primarily in emerging life science or other healthcare companies globally believed to benefit from the Firm's investment and operating expertise and experience in the industry. SR One's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly of non-public companies, although investments in public companies are permitted.

SR One's investment strategy for Fund I focuses on the acquisition of minority or majority interests in biotechnology or other healthcare companies that SR One believes have the potential to develop novel medicines to treat serious medical conditions or significantly positively impact other aspects of healthcare. SR One generally invests in companies that are at the earlier stage of

their lifecycle, but may invest in later stage companies. As a result of the above factors, SR One aims to make investments at lower valuations relative to what it believes is the future potential of the companies. SR One focuses on investments that require equity capital of approximately \$1 million to \$100 million (with SR One generally investing up to \$40 million over one or more rounds), although the required capital or amount invested by SR One may be greater or less than such amounts.

Both Fund I and Co-Invest Fund are expected to acquire certain assets from the IMA Client (and make follow-on investments with respect thereto), while only Fund I is expected to make new investments in companies as described above. All follow-on opportunities that arise with respect to the IMA Portfolio are expected to be allocated to the IMA Portfolio and not the Funds.

Once an investment is made, SR One seeks to leverage its expertise and network to provide strategic and operational advice, complement and/or work with the company's management team to advance the company's goals.

There can be no assurance that SR One will achieve the investment objectives of any Fund and a loss of investment is possible.

Investment and Operating Strategy

Deal Sourcing and Due Diligence. SR One markets its investment criteria to its deal source network through its web site, telephone calls, public relations, conference attendance and in-person meetings with entrepreneurs, investors and other industry personnel. Once a potential investment is identified, SR One develops an investment thesis and, through a detailed due diligence process, seeks to verify such thesis and investigate the major technical and business risks. As part of its diligence process, SR One completes a detailed analysis of the future potential of the company, including risks and approaches to mitigate the risks. In addition, SR One may leverage its network of industry experts to help in assessing a company's prospects.

Build Management Team. SR One may supplement or replace the management team at a new portfolio company or advise the existing management team on ways to improve performance. SR One and its affiliates routinely search for highly qualified executives and often identify qualified candidates prior to making the next investment. In certain instances, operating professionals of SR One or its affiliates will fill key management roles (including chief executive officer or chief financial officer) on an interim basis immediately following closing until a professional management team can be assembled.

Maintain Active Involvement in Portfolio Companies. SR One works actively with portfolio companies and typically takes one or more board seats or board observer roles following its investment into the company. SR One personnel may also take a temporary management role. Throughout the lifetime of an investment SR One will work closely with the company in an effort to drive performance through actively assisting senior management with strategic and operational decision-making and execution and other matters of importance to progress the company.

Exit Strategy. Once the portfolio company has reached target clinical or commercial milestones, SR One will consider appropriate exit strategies, including the sale to a strategic or financial buyer, such as a larger biotechnology or healthcare company, or an initial public offering.

Factors considered include the stage of the programs/products in the company, competitive dynamics, external capital market conditions, among other factors.

Risks of Investment

Each Fund and its investors bear the risk of loss that SR One's investment strategy entails. The risks involved with SR One's investment strategy and an investment in a Fund include, but are not limited to:

Business Risks. A Fund's investment portfolio is expected to consist primarily of securities issued by non-public companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk which can result in substantial losses.

Concentration of Investments. Each Fund will participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment or within a short period of time) and, as a consequence, the aggregate return of a Fund may be materially affected by the performance of a single investment or a single industry segment.

Lack of Sufficient Investment Opportunities. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, the limited partners will be required to bear management fees through such Fund during the commitment period based on the entire amount of the limited partners' Commitments to such Fund and other expenses as set forth in the Governing Documents.

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the relevant Governing Documents. A General Partner may pursue investments outside of the industries and sectors in which SR One has previously made investments or has internal operational experience.

Growth Equity Transactions. A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Impact of Government Regulation, Reimbursement and Reform. Healthcare and life sciences related companies are generally subject to greater governmental regulation than most

other industries at the U.S. state and federal levels, and internationally. In recent years, both local and national governmental budgets have come under pressure to reduce spending and control healthcare costs, which could both adversely affect regulatory processes and public funding available for healthcare products, services and facilities. The healthcare industry is (or may become) (i) highly regulated at both the U.S. state and federal levels and internationally, (ii) subject to frequent regulatory change and (iii) certain segments may be highly dependent upon various government (or private) insurance reimbursement programs. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to the healthcare industry, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest. The healthcare industry has been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals are introduced from time to time, which, if adopted, could have a significant impact on the healthcare industry in general and/or on companies in which the Funds may invest. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare or life sciences related company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability. Failure to obtain governmental approval of a key drug or device or other regulatory action could have a material adverse effect on the business of a portfolio company.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

Leveraged Investments. A Fund may make use of leverage by incurring or having a portfolio company incur debt (including "venture debt") to finance a portion of its investment in such portfolio company. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the

exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which in recent years have been at or near historic lows) and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency.

A Fund also may borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guaranty or exposure to such liability. Co-investors are expected to receive the benefit of such guaranty, although as co-investors typically do not agree to participate in guaranty arrangements in negotiating to participate in a transaction, co-investors are not expected to bear a commensurate percentage of potential liability. The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. A Fund may incur leverage on a joint and several basis with one or more other Funds and entities managed by SR One or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which may exclude bridge financing investments.

Subscription Lines. A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to SR One with respect to such investment.

Non-U.S. Investments. A Fund may invest in companies that are organized and/or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risks due, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of a Fund) and the application of complex tax rules to cross border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or the partners.

Distressed Investments. A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that SR One will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by SR One in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, SR One may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There is no assurance that any Fund will make add-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) and generally will be expected to materially and adversely impact the Fund's investment in the portfolio company, including through significant dilution and/or loss of superior position in the capital structure.

Investment in Junior Securities. The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Public Company Holdings. A Fund's investment portfolio may contain debt and/or equity securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including SR One's principals, and increased costs associated with each of the aforementioned risks.

Lack of Unilateral Control. The Funds generally will not have unilateral control of a portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, is subject to terms and conditions imposed by portfolio company lenders, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of SR One and its affiliates, SR One frequently comes into possession of confidential or material non-public information. Therefore, SR One and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it (including with respect to information obtained

by SR One in connection with its provision of advisory services to the IMA Portfolio), may have been undertaken on account of applicable securities laws or SR One's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent SR One or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of SR One's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by SR One or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Hedging Arrangements; Related Regulations. The General Partner may (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Unfunded Pension Liabilities of Portfolio Companies. Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although SR One intends to manage each Fund's investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at SR One or one of its service providers holding

its financial or investor data, SR One, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under SR One's policies.

Patient Protection and Affordable Care Act of 2010. In March 2010, comprehensive healthcare reform legislation was enacted in the United States through the Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Reconciliation Act (collectively, the “**Healthcare Reform Act**”). These laws are intended to increase health insurance coverage through individual and employer mandates, subsidies offered to lower income individuals, tax credits available to smaller employers and broadening of Medicaid eligibility. While one intent of healthcare reform is to expand health insurance coverage to more individuals, it may also involve additional regulatory mandates and other measures designed to constrain medical costs, including coverage and reimbursement for healthcare services. The Healthcare Reform Act has had a significant impact on the healthcare sector in the U.S. and consequently has the ability to affect the companies within the healthcare industry. There currently is uncertainty surrounding the future of the Healthcare Reform Act and whether it will be repealed and replaced or otherwise modified, and any decisions with respect to the Healthcare Reform Act likely will have a significant impact on the healthcare industry and the companies in which the Funds invest. The ultimate effects of federal healthcare reform or any future legislation or regulation, or healthcare initiatives, if any, on the healthcare sector, including the modification or repeal of the Healthcare Reform Act (whether in whole or in part), whether implemented at the federal, state or local level, or internationally, cannot be predicted with certainty and such reform, legislation, regulation or initiatives, including the Healthcare Reform Act, may adversely affect the performance of the Funds' investments.

Regulatory Approvals for Healthcare Products. The research, development, preclinical and clinical trials, manufacturing, labeling, and marketing related to a healthcare industry company's products are subject to an extensive regulatory approval process by the U.S. Food and Drug Administration (“**FDA**”) and other regulatory agencies in the United States and abroad. The process for obtaining FDA and other required regulatory approvals, including the required preclinical and clinical testing is very lengthy, costly, and uncertain. There can be no guarantee that, even after such time and expenditures, a portfolio company will be able to obtain the necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products or that the approved labeling will be sufficient for favorable marketing and promotional activities. If a portfolio company is unable to obtain these approvals in a timely fashion, or if after approval for marketing, a product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the portfolio company may experience significant adverse effects, which in turn, could negatively affect the performance of the Funds. Additionally, expansion of facilities by healthcare related providers is subject to “determinations of need” by the appropriate government authorities. This process not only increases the time and cost involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare related facilities operators.

Healthcare Research and Innovation. The healthcare industry spends heavily on research and development. Certain healthcare and life sciences related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar “generic” products that are typically sold at a lower price than the patented product, causing the original developer of the

product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. As a result, the expiration of patents may adversely affect the profitability of these companies. The profitability of healthcare and life sciences related companies may also be affected, among other factors, by restrictions on government reimbursement for medical expenses, rising or falling costs of medical products and services, pricing pressure, an increased emphasis on outpatient services, a limited product offering, industry innovation, changes in technologies and other market developments. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which the Funds invest.

Product Liability. Since the products and services of healthcare and life sciences related companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits. The testing, manufacturing, marketing and sale of many of the products and technologies developed by healthcare companies inherently expose these companies to potential product liability risks. Many healthcare companies obtain limited product liability insurance and, furthermore, there can be no assurance that a health care company will be able to maintain its product liability insurance on reasonable terms or that any product liability insurance obtained will provide adequate coverage against potential liabilities.

Government Regulation; Risk of Drug Withdrawals. Pharmaceutical products are subject to extensive and rigorous regulation by United States local, state and federal regulatory authorities and by comparable foreign regulatory bodies. Regulatory clearance of a product is limited to those disease states and conditions for which the product is useful, as demonstrated through clinical studies. Marketing or promoting a drug for an unapproved indication is prohibited. Furthermore, clearance of a pharmaceutical product for marketing for a specific indication may entail ongoing requirements or post-marketing studies. Prior to the grant of such marketing approvals by the FDA or corresponding regulatory authorities outside of the U.S., most pharmaceutical products must undergo extensive investigation and clinical trials to meet stringent safety and efficacy requirements. Also, the manufacturer of a pharmaceutical product and its manufacturing facilities are subject to approval, continual review and periodic inspections by the regulatory authorities. As a result, the frequency of product withdrawals is low. Nevertheless, there have been instances when discovery of previously unknown problems with a product, manufacturer or facility have resulted in temporary restrictions on the use or the manufacture of such product, including costly recalls or even withdrawal of the product from the market. Such events, whether voluntarily or mandated by a regulatory authority, typically result in an immediate reduction or discontinuation of revenues from the product worldwide. There can be no guarantee that the incidence of regulatory product removals will not occur, and if such an event were to occur, it would likely have a significant and adverse effect on the performance of a particular portfolio investment and could have a material adverse effect on the aggregate performance of the Funds.

Healthcare Reform. Healthcare reform continues to be a significant factor in the profitability of companies in which the Funds may invest. The efforts to reform the healthcare delivery system in the U.S. and Europe has resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These competitive forces place

constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the portfolio companies in which the Funds invest.

Chemical Regulatory Actions May Decrease Profitability. Several governmental entities have enacted, are considering or may consider in the future, regulations that may impact the ability of businesses in the specialty materials and chemicals sectors to sell certain chemical products in certain geographic areas. For example, in December 2006, the European Union enacted a regulation known as REACH, which stands for Registration, Evaluation and Authorization of Chemicals. This regulation requires manufacturers, importers and consumers of certain chemicals manufactured in, or imported into, the European Union to register such chemicals and evaluate their potential impacts on human health and the environment. REACH and other similar regulatory programs may result in significant adverse market impacts on the affected chemical products. If a portfolio company fails to comply with REACH or other similar laws and regulations, it may be subject to penalties or other enforcement actions, including fines, injunctions, recalls or seizures, which would have an adverse effect on the Funds' financial condition, cash flows and profitability.

Hazardous Chemical Regulations. Certain target portfolio companies may produce hazardous chemicals that require care in handling and use that are subject to regulation by many U.S. and non-U.S. national, supra-national, state and local governmental authorities. In some circumstances, these authorities must approve products and manufacturing processes and facilities before a portfolio company may sell some of these chemicals. To obtain regulatory approval of certain new products, it must be demonstrated to the relevant authority that the product is safe for its intended uses and that such product is capable of being manufactured in compliance with current regulations. The process of seeking approvals can be costly, time consuming and subject to unanticipated and significant delays. Approvals may not be granted on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain these approvals would adversely affect a portfolio company's ability to introduce new products and to generate revenue from those products. New laws and regulations may be introduced in the future that could result in additional compliance costs, bans on product sales or use, seizures, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution or sale of products and could increase customers' efforts to find less hazardous substitutes for products.

Third-Party Reimbursements. In both the U.S. and foreign markets, sales of a healthcare product and its success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers, and other organizations. The levels of revenues and profitability of pharmaceutical companies may be affected by the continuing efforts of governmental and third-party payors to contain or reduce the costs of health care. Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that a company's proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development.

Pricing and Reimbursement. The business and financial condition of medical companies will continue to be affected by the efforts of governmental and third-party payors to contain or reduce the cost of healthcare. In certain foreign markets pricing of medical products is subject to governmental control. In the United States there have been, and SR One expects that there will

continue to be, a number of federal and state proposals to implement similar government price controls. In addition, managed care in the United States has increased and will continue to exert pressure on pricing. Although price reductions can lead to increases in overall product revenues due to increases in unit volume sales, prices imposed by government also may reduce royalties due on sales of portfolio company products and services.

Technological Change; Competition. The Funds' portfolio companies are likely to face competition from other companies or products based on product efficacy and/or safety profiles, the timing and scope of regulatory approvals, availability of supply, marketing and sales capability, reimbursement coverage, price and patent position. Others may develop technologies, which are, or in the future may be, the basis for products that will directly compete with or reduce the commercial market opportunity for the Funds' portfolio companies. For example, competition from larger and better capitalized pharmaceutical companies and more established biotechnology companies may be intense and may increase over time. Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with larger pharmaceutical and established biotechnology companies. Academic institutions, governmental agencies and other public and private research organizations also conduct research, seek patent protection and establish collaborative arrangements for clinical development and marketing, which can result in such competing products. These factors may materially adversely affect interests held by the Funds.

Conflicts of Interest

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

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

the commitment period of a Fund, SR One principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, SR One will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of SR One, as well as the IMA Portfolio. In determining which investment vehicles or portfolios should participate in such investment opportunities, SR One and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant Governing Documents, SR One is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of SR One in a portfolio company may also raise the risk of using assets of a client of SR One to support positions taken by other clients of SR One. In addition, it is expected that the IMA Client will provide startup capital to SR One in the form of a loan, which subjects SR One to potential conflicts of interest in allocating investment opportunities to the IMA Client. However, given that the IMA Portfolio will make only follow-on investments in its existing portfolio companies, which are not co-owned with the Funds, SR One believes this risk is mitigated.

SR One must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. SR One generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Governing Documents, as well as factors including but not limited to: investment restrictions and objectives (including those set forth in the relevant Governing Documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life cycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund may invest together with other Funds advised by an affiliated adviser of SR One in the manner set forth in the relevant Governing Documents and SR One's Allocation Policy. SR One will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with SR One's obligations and may take into consideration factors such as those set forth above; provided that with respect to Fund I and Co-Invest Fund, all follow-on investments will be allocated between those Funds *pro rata*, while only Fund I is expected to make new investments in portfolio companies.

Following such determination of allocation among Funds, SR One will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including third parties, as determined by the Funds' Governing Documents, Side Letters and SR One's procedures regarding allocation. SR One's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; SR One's perception of whether

the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair SR One's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; and whether SR One believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds or SR One. Although a prospective co-investor's willingness to invest in future Funds may be considered by SR One, it generally will not be the sole determining factor considered by SR One in identifying co-investors. SR One may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by SR One or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other SR One investors, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent that employees and related persons of SR One and its affiliates make capital investments in or alongside certain Funds, SR One and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

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

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

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and

covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by SR One in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, SR One may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, SR One may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds may be prohibited from exercising (or SR One may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. SR One intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

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

Subject to any relevant restrictions or other limitations contained in the Governing Documents of the Funds, SR One will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, SR One may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be

made by SR One or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or SR One. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, SR One and/or its affiliates typically have the right to appoint portfolio company board members (including current or former SR One personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to SR One and/or its affiliates. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to SR One.

Additionally, a portfolio company typically will reimburse SR One or service providers retained at SR One's discretion for expenses (including without limitation travel expenses) incurred by SR One or such service providers in connection with its performance of services for such portfolio company. This subjects SR One and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. SR One determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to SR One or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

SR One generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) SR One or a related person of SR One (which may include a portfolio company of such Fund), (ii) an entity with which SR One or its affiliates or current or former members of their personnel has a relationship or from which SR One or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, SR One may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects SR One to conflicts of interest, because although SR One selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, SR One may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that SR One, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or SR One), may favor

such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not SR One has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

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

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to Venture Partners and other consultants (including consultants introduced or arranged by SR One and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Venture Partners generally make use of SR One resources or otherwise are associated with SR One. SR One and/or its affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. As discussed further above, SR One expects to engage certain Venture Partners that allocate a portion of their business time to SR One matters and, in such cases, SR One expects to pay a portion of such Venture Partner's compensation (with the balance of such compensation payable by the applicable portfolio companies). In such instances, SR One is subject to a conflict of interest to the extent it receives services from such Venture Partners without paying its allocable share of such Venture Partners' compensation. Venture Partners generally receive investment opportunities, reimbursements and other compensation that do not offset the Management Fee of any Fund, as described herein. Although the use of Venture Partners and the allocation of compensation paid to them by SR One, its affiliates and/or the portfolio companies subjects SR One and/or its affiliates to potential conflicts of interest, SR One believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Venture Partner is lower than market rates for the services provided and/or if the services of the Venture Partner align with SR One's model for the portfolio company and improve portfolio company performance. Although SR One seeks to retain Venture Partners with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. SR One also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that SR One believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Venture Partners and service providers which it believes provide a level of service at a

value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

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

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

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

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

SR One, its affiliates, and equity holders, officers, principals and employees of SR One and its affiliates may buy or sell securities or other instruments that SR One has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the Fund's Governing Documents and any policies and procedures set forth in SR One's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of SR One have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore may have additional conflicting interests in connection with these investments.

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

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

Since SR One is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation. Additionally, SR One, its personnel, affiliates or others designated by SR One expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the relevant Governing Documents are applied (typically based on the then-present value of such securities), SR One and/or such other recipients will be permitted to retain such securities as Supplemental Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the SR One or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund.)

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

SR One has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as SR One has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option.

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

DISCIPLINARY INFORMATION

SR One and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

SR One is affiliated with SR One Capital Partners I, LP and SR One Capital Partners I (Co-Invest) GP, LP, which are subject to the Advisers Act pursuant to SR One's registration in accordance with SEC guidance. Each such entity operates as a single advisory business together with SR One and serves as a general partner of Fund I and Co-Invest Fund, respectively, and generally shares common owners, officers, partners, employees, consultants or persons occupying similar positions.

SR One is also affiliated with SR One Capital Management (UK), Ltd., a United Kingdom limited company that generally liaises with and/or advises SR One with respect to deal activity and related matters. The UK Adviser monitors certain investments and otherwise provides advice to SR One. The UK Adviser is not required to be registered (or deemed registered) under the Advisers Act because it provides investment advice to U.S. persons only through registered investment advisers; however, the UK Adviser operates in compliance with certain related requirements and undertakings as prescribed by the SEC.

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

SR One has adopted the SR One Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of SR One

principals and employees and addresses conflicts that arise from personal trading. The Code requires certain SR One personnel to report their personal securities transactions, prohibits or requires pre-clearance for SR One personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits SR One personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the SR One Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Rajeev Dadoo, the SR One Chief Compliance Officer, at (610) 567-1007. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

SR One and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, SR One and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of SR One.

Accordingly, should SR One or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, SR One generally would be prohibited from communicating such information to clients, and SR One will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of SR One personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and employees of SR One and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of SR One, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

SR One and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

BROKERAGE PRACTICES

SR One focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, SR One may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although SR One does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

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

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

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

SR One will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, SR One may, in its discretion, cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where SR One has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, SR One would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

SR One periodically will determine which brokers have provided research that has been helpful in the management of Funds. To the extent consistent with SR One's goal to obtain best execution for their clients, SR One may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that SR One allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution. To the extent SR One uses "soft dollars" on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

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

REVIEW OF ACCOUNTS

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

Each Fund generally will provide to its limited partners (i) annual GAAP audited and quarterly unaudited financial statements and (ii) annual tax information necessary for each limited partner's tax return.

CLIENT REFERRALS AND OTHER COMPENSATION

SR One and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. *See* "Fees and Compensation."

From time to time, SR One may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by SR One indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel,

meal and entertainment expenses, typically are borne by the relevant Fund(s). SR One currently has retained Goldman Sachs to solicit Commitments from investors in exchange for a non-refundable, non-credited performance-based consulting fee, in addition to the reimbursement of certain expenses.

CUSTODY

As of the date of this filing, SR One does not have custody of client assets and therefore has not selected a qualified custodian. However, as of the date on which SR One has custody of client funds or securities, SR One will have selected at least one qualified custodian.

INVESTMENT DISCRETION

SR One has discretionary authority to manage investments on behalf of each Fund. As a general policy, SR One does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, SR One and/or its affiliates may enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. SR One assumes this discretionary authority pursuant to the terms of the Governing Documents and/or applicable investment management agreement and powers of attorney executed by the limited partners of such Fund.

VOTING CLIENT SECURITIES

SR One has adopted the Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for each Fund's portfolio investments. The Proxy Policy seeks to ensure that SR One votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. SR One generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that SR One may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote, or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve SR One's vote in a particular solicitation. SR One does not consider service on portfolio company boards by SR One personnel or SR One's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by SR One when voting proxies on behalf of a Fund. Clients or investors that would like a copy of SR One's complete Proxy Policy or information regarding how SR One voted proxies for particular portfolio companies may contact Rajeev Dadoo, the SR One Chief Compliance Officer, at (610) 567-1007, and it will be provided at no charge.

FINANCIAL INFORMATION

SR One does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.