

INVESTMENT ADVISER BROCHURE

ALTARIS CAPITAL PARTNERS, LLC

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Altaris Capital Partners, LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (212) 931-0250. 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.

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

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

MATERIAL CHANGES

The Management Company filed its most recent Form ADV Part 2 on March 25, 2015. This annual amendment updates the description of certain of the business practices of the Management Company and its affiliates.

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ADVISORY BUSINESS

Altaris Capital Partners is a private investment management firm, including several investment advisory entities and other organizations affiliated with the Management Company (collectively, “**Altaris**”).

The Management Company, a Delaware limited liability company and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to private investment funds. The Management Company commenced operations in January 2007.

The following are the affiliated advisers of the Management Company (collectively with the Management Company, the “**Advisers**”):

- AHP I GP, L.P. (“**GP I**”);
- AHP II GP, L.P. (“**GP II**”);
- AHP III GP, L.P. (“**GP III**”); and
- Altaris Partners, LLC (“**Altaris Partners**”) and together with GP I, GP II and GP III, the “**General Partners**”).

The Advisers’ clients include the following (collectively, the “**Partnerships**,” and together with any future private investment fund to which Altaris or its affiliates provide investment advisory services, “**Private Investment Funds**”):

- Altaris Health Partners, L.P. (“**Fund I**”);
- Altaris Health Partners II, L.P. (“**Fund II**”); and
- Altaris Health Partners III, L.P. (“**Fund III**”).

The General Partners each serve as general partner to one or more Partnerships or other pooled investment vehicles and have the authority to make the investment decisions for the Partnerships to which they provide advisory services. The Management Company provides the day to day advisory services for the Partnerships. Each General Partner is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the Advisers which operate as a single advisory business together with the Management Company.

GP I and the Management Company also advise AHP Feeder, L.P., a Delaware limited partnership (“**Fund I Feeder**”). Fund I Feeder was formed to invest directly into Fund I as a limited partner. The terms applicable to an investment in Fund I Feeder are substantially similar to the terms of an investment in Fund I and accordingly references herein to the activities of Fund I should be read to include the activities of Fund I Feeder unless otherwise noted.

The Partnerships and any other Private Investment Funds that may be formed by a General Partner (or its affiliates) at a later date or that may otherwise become clients of a General

Partner are expected to invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” The Advisers’ investment advisory services to the Partnerships 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, subject to certain limitations in the limited partnership or other operating agreement of each Partnership (each, a “**Partnership Agreement**”). From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of the Advisers or their affiliates may serve on a portfolio company’s board of directors or otherwise act to influence control over management of portfolio companies in which the Partnerships have invested.

The Advisers’ advisory services for Private Investment Funds are detailed in the applicable private placement memoranda and other offering documents (each, a “**Memorandum**”) and Partnership Agreements and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss” and “Investment Discretion.” Investors in Private Investment Funds participate in the overall investment program for the applicable Partnership, but may be excused from a particular investment due to legal, regulatory or other applicable agreed-upon circumstances pursuant to the applicable Partnership Agreement. The Private Investment Funds or the Advisers may enter into side letters or similar agreements with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time, the Advisers may provide (or agree to provide) certain investors or other persons, including the Advisers’ personnel and/or certain other persons associated with the Advisers and/or their affiliates (to the extent not prohibited by the applicable Partnership Agreement), co-investment opportunities, including opportunities to participate in co-invest vehicles that will invest in certain portfolio companies alongside a Private Investment Fund. Such co-investment opportunities typically involve investment and disposal of investments in the applicable portfolio company at the same time and on the same terms as the Private Investment 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 a Private Investment Fund. Any such purchase from a Private Investment Fund by a co-investor or co-invest vehicle generally would occur shortly after the Private Investment Fund’s completion of the investment to avoid any changes in valuation of the investment, and the co-investor or co-invest vehicle may be charged interest on the purchase to compensate the relevant Private Investment Fund for the holding period, and may be required to reimburse the relevant Private Investment Fund for related costs.

As of December 31, 2015, Altaris managed approximately \$854.1 million in client assets on a discretionary basis. TYSON Partners, L.P., a Delaware limited partnership (“**TYSON**”), is the sole member of the Management Company. The general partner of TYSON is Altaris Partners, LLC which is principally owned by George E. Aitken-Davies, Michael J. Kluger and Daniel G. Tully.

FEES AND COMPENSATION

In general, the Management Company receives a Management Fee (as defined below) and the General Partners each receive a carried interest in connection with their provision of advisory services. The Management Company, the General Partners or other Altaris entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (*e.g.*, monitoring and other fees) of Partnerships and a portion of such additional compensation will offset in part the management fees otherwise payable to the Management Company. Investors in a Partnership also bear certain expenses.

The limited partners of Fund I Feeder bear no Management Fee or carried interest at the Fund I Feeder level but rather bear Fund I Feeder's *pro rata* share of the Management Fee and carried interest applicable to Fund I Feeder's investment in Fund I. The limited partners of Fund I Feeder bear both Fund I Feeder's *pro rata* share of any fund expenses incurred at the Fund I level as well as any expenses incurred in connection with the operation of Fund I Feeder.

Management Fee

Each of the Partnerships will pay the Management Company, quarterly in advance, a management fee (the "**Management Fee**") equal to 2.0% on an annual basis of aggregate Partnership third-party investor capital commitments ("**Commitments**"). The General Partner does not pay a Management Fee on any amounts invested into a Partnership. Investors participating in a closing after the initial closing of a Partnership bear the Management Fee from the date of the initial closing of such Partnership. After the expiration of the "**Investment Period**," which generally runs from the initial closing of a Partnership through the sixth anniversary of the date of the initial notice of capital contribution drawdowns or until certain termination events (as further described in the applicable Partnership Agreement), the Management Fee will generally equal 2.0% of capital contributions used to acquire portfolio investments that have not been sold or otherwise exited. The Management Fee will be payable over the term of the applicable Partnership. Installments of the Management Fee payable for any period other than a full three-month period are generally adjusted on a *pro rata* basis according to the actual number of days in such period. The Management Fee will be paid out of current income and disposition of proceeds of the applicable Partnership and, to the extent necessary, from called capital commitments to such Partnership which will reduce unfunded capital commitments; provided, however, that to the extent of subsequent distributions, such amounts will be restored to the unfunded commitments and may be recalled by such Partnership.

The Management Fee is reduced by a portion of a Partnership's share of any directors' fees, professional services fees, and any breakup fees and certain other fees paid by portfolio companies to a General Partner, the Management Company or their affiliates, partners, members, officers or employees (such fees, "**Supplemental Fees**"). To the extent that such an offset credit would reduce the Management Fee for a given three-month period below zero, the credit will be carried forward for future application against payable Management Fees. To the extent that any other Private Investment Fund or any other entity or individual co-invests alongside the Partnership in any portfolio company investment, any Supplemental Fees generally will be allocated *pro rata* among the Partnership and the co-investors in proportion to the cost of the investment in the portfolio company borne by each.

As permitted under the Partnership Agreement for each Partnership, the General Partner may waive or agree to reduce the Management Fee. Certain such waived or reduced portions of the Management Fee are treated by the Partnership Agreement as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Partnership. The limited partners of the Partnership may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees may be significant. Due to waived or reduced Management Fees by an Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in a Partnership, resulting in a net additional benefit to such Adviser.

Carried Interest

The General Partner of each Partnership is entitled to receive a carried interest with respect to such Partnership equal to 20% of all profits in excess of an 8% compound preferred return, subject to a General Partner catch-up as more fully described in the applicable Partnership Agreement. The carried interest distributed to the General Partner is subject to a potential giveback at the end of the life of the applicable Partnership (and, in the case of Fund III, on the six-year anniversary of the date on which Fund III issued its initial drawdown notice for the Management Fee) if the General Partner has received excess cumulative distributions.

It is expected that any similar future Private Investment Funds will have a similar fee structure.

Other Information

The Advisers may exempt certain investors in the Partnerships from payment of all or a portion of Management Fees and/or carried interest, including the General Partners and any limited partner the majority of outstanding voting securities of which are held directly or indirectly by a General Partner, the Management Company or one or more of their respective affiliates. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by an Adviser and/or its affiliates, or through other Private Investment Funds which co-invest with a Partnership. For example, in instances where an Adviser professional or its affiliate invests in a Partnership, such professional or affiliate 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 Partnership Agreement, certain Advisers have the right to permit investors, affiliated with the Advisers or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Partnerships and other Private Investment 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 Partnership Agreement, over the term of the applicable Partnership, and investors generally are not permitted to withdraw or redeem interests in the Partnership.

Principals or other current or former employees of Altaris may receive a portion of the Management Fee, carried interest or other compensation received by the General Partners, the Management Company or their affiliates.

In addition to the Management Fee and carried interest payable to the relevant Adviser, each Partnership bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement of each Partnership, a Partnership bears all expenses relating to the Partnership's activities, investments and business to the extent not reimbursed by a portfolio company, including organizational expenses up to the expense cap specified in the applicable Partnership Agreement, all costs and expenses relating to its activities, including legal, auditing, consulting, custodial, administration, investor portal expenses, and accounting expenses (including expenses associated with the preparation and delivery of Partnership financial statements, tax returns and K-1s and related documents), expenses of any advisory committee of limited partners (a "**LP Committee**") and costs of reporting to and communicating with limited partners and annual meetings of the limited partners, insurance premiums, expenses associated with the acquisition, holding and disposition of its investments, expenses incurred in connection with transactions not consummated, extraordinary expenses (such as litigation, if any) and costs of winding up and liquidating each Partnership. The Management Company (rather than the Partnerships) pays all of the ordinary administrative and overhead expenses incidental to managing, originating and monitoring investments, including employees' salaries, benefits, rent, equipment and administrative expenses incurred by the Management Company or a General Partner. As is typical for private equity funds, the Partnerships likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

Operating Network

Additionally, as further described herein, it is the Advisers' practice to retain certain operating executives to provide services to (or with respect to) certain current or prospective portfolio companies in which one or more of the Partnerships invest. Such operating executives generally provide services in relation to the identification, assessment, acquisition, holding, improvement and disposition of portfolio companies, including operational and strategic aspects of such companies. These services may also include serving in management, policy-making or oversight positions for portfolio companies. Operating executives receive compensation for their time and expenses in connection with services provided with respect to prospective portfolio company investments (whether or not such investments are consummated) as well as ongoing compensation, both cash and equity-based, for services provided to existing portfolio companies. Operating executives may also be offered the opportunity to invest in a portfolio company alongside a Partnership. In each case, such compensation will be determined by the Advisers using reasonable judgment based on the fair market value of the services provided. Compensation paid to operating executives in connection with portfolio company investments that are consummated, or related ongoing services provided to portfolio companies, will be paid or borne by the relevant portfolio company directly. No compensation paid to operating

executives will offset the Management Fee. The use of operating executives subjects the Advisers to conflicts of interest, as discussed under “Methods of Analysis, Investment Strategies and Risk of Loss,” below.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the General Partners may receive a carried interest allocation on certain profits in the Partnerships. The Management Company and Altaris Partners manage AHP Co-Investment, L.P., a Delaware limited partnership (the “**Co-Invest Fund**”), which was generally only available for investment by Altaris personnel and which is not charged a performance-based fee. This could present a conflict of interest because the Advisers have an incentive to favor accounts for which they receive a performance-based fee. The relevant Advisers address this potential conflict of interest by generally causing the Co-Invest Fund to invest in each portfolio company of Fund I either (a) in the same proportion of its aggregate available Commitments as the portion of Fund I’s aggregate available Commitments invested in each such portfolio company or (b) such other portion of their aggregate available Commitments as the Advisers determine is fair and equitable. In addition, to the extent reasonably practical, each of the Co-Invest Fund’s investments in a portfolio company shall be sold proportionately at the same time and on substantially the same terms and conditions as Fund I’s investment in such portfolio company, subject to any tax, regulatory or legal restrictions or other considerations. In the future, the Advisers may form additional vehicles that co-invest alongside the Private Investment Funds and that may not be subject to a carried interest. Such vehicles would be subject to the same conflicts applicable to the Co-Invest Fund. See “Methods of Analysis, Investment Strategies and Risk of Loss,” for further discussion of conflicts of interest.

TYPES OF CLIENTS

The Advisers provide investment advice to Private Investment Funds, including the Partnerships. Private Investment Funds are 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 “**Investment Company Act**”). The investors participating in Private Investment 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 the Advisers and their affiliates and members of their families or other service providers retained by the Advisers.

Each Partnership has a minimum investment of \$10 million for third-party investors, which may be waived by the General Partner. The Feeder Fund generally has a minimum investment of \$1 million, which also may be waived in the General Partner’s discretion. In most circumstances, investors in the Partnerships must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities act of 1933, as amended and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The principal investment strategy of Altaris is to achieve long-term capital appreciation, primarily by acquiring equity and equity-related securities and certain debt instruments in private healthcare companies. Altaris seeks to make investments of at least \$10 million. Investments are predominantly of non-public companies although investments in public companies are permitted, subject to certain restrictions in the applicable Partnership Agreement.

The following is a summary of the investment strategies and methods of analysis generally employed by the Advisers on behalf of the Partnerships. More detailed descriptions of the Partnerships' investment strategies and methods of analysis are included in the applicable Memorandum and Partnership Agreement for each Partnership. *There can be no assurance that the Advisers will achieve the investment objectives of any of the Partnerships, and a loss of investment is possible.*

Investment and Operating Strategy

The Advisers seek to provide returns to investors by (i) using research and contacts to identify investments that the Advisers believe are attractive, (ii) performing rigorous analysis and due diligence to select and structure investments, and (iii) providing significant resources to portfolio companies.

Identification of Investment Opportunities. The Advisers seek investments for the Partnerships across the healthcare industry, and in particular, will target healthcare businesses with one or more of the following attributes: (a) intellectual property-based product lines, (b) industry transforming business models, and (c) traditional value investing characteristics. The principals of the Advisers (the "**Principals**") seek to leverage their relationships with large healthcare corporations and hospital systems to source and structure attractive investment opportunities. They may also use their relationships with other private equity firms and may work with a wide variety of healthcare and strategic consultants, deal finders, investment bankers, lenders, lawyers and accountants that may serve as sources of investment opportunities.

Rigorous Analysis and Diligence. The Advisers believe that rigorous due diligence is critical to assessing investment opportunities. The Advisers' diligence process typically includes conducting meetings with the target company's management, analyzing the target company's sector within the healthcare industry and the target company itself. The analysis generally includes an analysis of the company's historical performance and a review of the company's actual performance versus budget. The Advisers develop financial models for the proposed investment based on projected financial results. Altaris' investment committee decides whether to accept or reject each proposed investment.

Managing Investments. The Partnerships' investments are expected to vary with respect to size, type of security, and use of leverage. The Advisers target both control and influential minority investments and may partner with other private equity firms, strategic investors, or the Partnerships' limited partners to consummate certain transactions. The Advisers intend to pursue investments in which the Principals can exercise significant positive influence, typically through

board representation. Additional involvement may include regular consultations with management, participating in corporate governance, assisting with the development of business and strategic plans, and identifying and recruiting top level management.

Realization of Liquidity. The Advisers seek to create value for the Partnerships through the careful formulation and evaluation of multiple exit options when making an investment. The Principals have significant experience conducting or advising in the sale of businesses to strategic or financial buyers as well as accessing public markets. Using their understanding of the dynamic nature of healthcare and its emerging trends, the Advisers seek to identify potential strategic buyers positioned to pay a premium valuation for the Partnerships' portfolio companies.

Risks of Investment

A Partnership and its investors bear the risk of loss that the applicable Advisers' investment strategy entails. The risks involved with the Advisers' investment strategy and an investment in a Partnership are detailed in the applicable Partnership's Memorandum. In general, the investment risks applicable to each Partnership and the activities of its related Advisers include, but are not limited to:

Business Risks. A Partnership's investment portfolio will consist primarily of securities issued by non-public troubled 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. Indeed, investments in troubled companies involve a higher degree of risk than other investments.

Concentration of Investments. A Partnership will participate in a limited number of investments (and intends to make all of its investments in various segments of the healthcare industry) and such Partnership's investments generally will involve a high degree of risk. As a result, a Partnership's investment portfolio could become highly concentrated, and the performance of a few holdings or healthcare industry segments may substantially affect its aggregate return. Concentrating in a single industry may involve risk greater than generally associated with diversified acquisition funds, including fluctuations in returns. Furthermore, to the extent that the capital raised is less than the targeted amount, the Partnership may invest in fewer portfolio companies and thus be less diversified.

Investment in Junior Securities. The securities in which a Partnership 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 a Partnership's investment once made.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Partnership will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay Management Fees during the investment period based on the entire amount of the limited partners' Commitments to such Partnership and other expenses as set forth in the relevant Partnership Agreement.

Dynamic Investment Strategy. While each Adviser generally intends to seek attractive returns for a Partnership through the investment strategy and methods described herein, an Adviser 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 Partnership Agreement(s). An Adviser may pursue investments outside of the industries and sectors in which such Adviser has previously made investments or has internal operational experience.

Reliance on the Advisers. While the Advisers make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance of success. In addition, no assurance can be made that any or all of the Principals or other employees of the Advisers will remain employed by the Advisers throughout the life of a Partnership. If the Advisers were to lose the services of one or more of the Principals or of any other key personnel, its abilities to provide services to a Partnership could be adversely affected.

Long-Term Investments. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before realization of gains on successful investments. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of a Partnership investment. While a Partnership investment may be sold at any time, it is not generally expected that this will occur for a period of years after the initial investment. Prior to such time, there is unlikely to be a current return on the investments.

Illiquid Investments. Most of a Partnership's investments will be unlisted equity securities, do not have any readily available public market and are therefore illiquid. Such illiquidity may lead to increased difficulty in the valuation of such securities and in the execution of transactions involving such securities within a reasonable time or at favorable prices. As a result, achieving a public market and, ultimately, disposition of such investments may require a lengthy time period and may result in distributions in kind to the partners. In addition, it is anticipated that all or a substantial portion of a Partnership's investments will consist of securities that are subject to restrictions on sale by such Partnership because they were acquired from the issuer in "private placement" transactions or because such Partnership is deemed to be an affiliate of the issuer. Generally, a Partnership will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act of 1933, as amended (the "**Securities Act**"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act, which permit only limited sales under specified conditions. When restricted securities are sold to the public, a Partnership may be deemed an "underwriter," or possibly a "controlling person," with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act.

Non-controlling Investments. A Partnership may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, a Partnership at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that a Partnership may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Public Company Holdings. A Partnership's investment portfolio may contain securities issued by publicly-held companies. Such investments may subject a Partnership 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 a Partnership to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Projections. Projected operating results of a company in which a Partnership invests typically will be based primarily on financial projections prepared by each company's management, with adjustments to such projections made by the Advisers in their 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.

Competition. The private equity investment industry is highly competitive. There can be no certainty that the Advisers will identify a sufficient number of attractive investment opportunities to enable the full amount of capital committed to a Partnership to be invested. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to myriad uncertainties including an increase of competition for appropriate investment opportunities that may reduce the number of opportunities available and thus adversely affect the terms upon which investments can be made, which may not be foreseeable or within the control of the Advisers.

Leveraged Investments. A Partnership may make use of leverage by having a portfolio company incur debt to finance a portion of such Partnership's investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Partnership'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, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair a portfolio company's ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Partnership's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Partnership's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Partnership may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Partnership. Furthermore, should the credit markets be tight at the time a Partnership determines that it is desirable to sell all or a part of a portfolio company, such Partnership may not achieve an exit multiple or enterprise valuation

consistent with its forecasts. Moreover, the companies in which the Partnerships will invest generally will not be rated by a credit rating agency.

Hedging Arrangements. The Advisers may (but are not obligated to) endeavor to manage a Partnership's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Partnership 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 a Partnership to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Partnership to additional liquidity risks.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Partnership may decide to provide additional funds to such portfolio company and/or its subsidiaries 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 a Partnership will make follow-on investments or that a Partnership will have sufficient funds to make all or any of such investments. Any decision by a Partnership not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for a Partnership to increase its participation in a successful portfolio company or the dilution of such Partnership's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. A Partnership may invest in portfolio companies that are organized or headquartered 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 to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Partnership), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Partnership and/or the partners with respect to such Partnership's income, and possible non-U.S. tax return filing requirements for such Partnership and/or the partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover,

non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Risks Upon Disposition of Investments. In connection with the disposition of an investment in a portfolio company, a Partnership may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. A Partnership may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the partners. The relevant Partnership Agreement will include provisions to the effect that any claim in respect of a portfolio company, or any other liability of such Partnership, may be funded by the partners to the extent of the distributions that such partners received from the relevant Partnership and of their remaining capital commitments to such Partnership.

Reliance on Management of Portfolio Companies. While it is the intent of the Advisers to invest in companies with proven operating management or to recruit new management for underperforming companies acquired by a Partnership, there can be no assurance that such management will continue to operate successfully. Although the Advisers will monitor the performance of each investment, a Partnership will rely upon management to operate the portfolio companies on a day-to-day basis.

Healthcare Regulation, Reimbursement and Reform. Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Partnerships intend to make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the portfolio companies in which a Partnership invests. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the federal and state levels in the United States and internationally, and any such proposals, if adopted, could have a significant impact on the healthcare industry.

Litigation and Liability. Investments in the healthcare industry are often subject to significant risks related to litigation and liability for damages in connection with a portfolio company's operations, and the litigation and liability environment in the healthcare industry is constantly evolving and new court decisions and legislative activity may increase exposure to any of these types of claims.

Technological Change; Competition. A Partnership's 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 a Partnership's 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 a Partnership.

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 the Advisers expect 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.

Government Regulation; Risk of Withdrawals. Medical 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 medical product for an unapproved indication is prohibited. Furthermore, clearance of a medical 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 U.S. Food and Drug Administration (“**FDA**”) or corresponding regulatory authorities outside of the U.S., many medical products must undergo extensive investigation and clinical trials to meet stringent safety and efficacy requirements. Also, the manufacturer of a medical 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 a Partnership.

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 Partnership 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 Partnership's portfolio companies.

Material Non-Public Information. As a result of the operations of the Advisers and their affiliates, the Advisers frequently come into possession of confidential or material non-public information. Therefore, the Advisers and their affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Partnership. Consequently, a Partnership may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Advisers' internal policies. Due to these restrictions, a Partnership may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Valuation of Investments. Generally, the relevant Adviser will determine the value of all the related Partnership'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 Partnership's investments because, among other things, the securities of portfolio companies held by such Partnership generally will be illiquid and not quoted on any exchange. Each Adviser will determine the value of all of a Partnership'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 Adviser 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 an Adviser with respect to an investment will represent the value realized by the relevant Partnership 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 Adviser may cause it to ineffectively manage the relevant Partnership's investment portfolios and risks, and may also affect the diversification and management of such Partnership's portfolio of investments.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. 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 Partnership, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Altaris or one of its service providers holding its financial or investor data, Altaris, its affiliates or the Partnerships may also be at risk of loss.

Conflicts of Interest

The Advisers and their related entities engage in a broad range of advisory and non-advisory activities. In the ordinary course of the Advisers conducting their activities, the interests of a Partnership may conflict with the interests of the Advisers, one or more other Partnerships, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, the Advisers will determine all matters relating to structuring transactions and Partnership operations using their best judgment considering all factors they deem relevant, but in their sole discretion, subject in certain cases to required approvals by the LP Committee(s) of the participating Partnership(s).

During the Investment Period of each of the Partnerships, the Principals pursue all appropriate investment opportunities exclusively through the Partnerships, subject to certain exceptions. However, the Principals will typically manage several other Private Investment Funds and investments similar to those in which the Partnerships invest, and may direct certain relevant investment opportunities to those Private Investment Funds and investments rather than to the Partnerships. The Principals and the Advisers' investment staff will continue to manage and monitor such Private Investment Funds and investments until their realization. The significant investment of the Principals in each of the Partnerships, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in the Partnerships, although the Principals have economic interests in such other Private Investment Funds and investments as well and receive management fees and carried interest relating to such interests. Such other Private Investment Funds and investments that the Principals control or manage may potentially compete with the Partnerships or companies acquired by the Partnerships. Following the Investment Period of the Partnerships, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to the Partnerships' investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for a Partnership, but also for other Private Investment Funds operated by Altaris. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles.

Investments by more than one client of an Adviser in a portfolio company may also raise the risk of using assets of a client of such Adviser to support positions taken by other clients of the Adviser. When and to the extent that employees and related persons of an Adviser and its affiliates make capital investments in or alongside certain Partnerships, such Adviser and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Partnership's return from a transaction would be equal to and not less than

another Partnership participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The Advisers' 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 the Advisers will allocate investment opportunities in a manner that they believe in good faith to be fair and equitable to their clients under the circumstances over time and considering relevant factors, there can be no assurance that a Partnership'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 the Advisers may be subject, discussed herein, did not exist.

Conflicts may arise when a Partnership makes investments in conjunction with an investment being made by another Private Investment Fund, or if it were to invest in the securities of a company in which another Private Investment Fund has already made an investment. A Partnership 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 Private Investment Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Partnership and the other Private Investment Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. The Advisers and their 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 Partnership's investments will be the same as the returns obtained by other Private Investment 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 Private Investment Funds. In that regard, actions may be taken for one or more Private Investment Funds that adversely affect other Private Investment Funds.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements, the Advisers will allocate fees and expenses in a manner that they believe in good faith to be fair and equitable to clients under the circumstances and considering such factors as they deem relevant, but in their sole discretion. In exercising such discretion, the Advisers may be faced with a variety of potential conflicts of interest.

As a general matter, Partnership expenses typically will be allocated among all relevant Private Investment 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 the Advisers or their affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional. The Partnerships may have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Partnerships bearing different levels of expenses with respect to the same investment.

As a result of the Private Investment Funds' controlling interests in portfolio companies, the Advisers and/or their affiliates typically have the right to appoint board members to such portfolio companies, 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 the Advisers and/or their affiliates. Such amounts will be in addition to any Management Fees or carried interest paid by a Partnership to an Adviser.

Additionally, a portfolio company typically will reimburse the Advisers or service providers retained at an Adviser's discretion for expenses (including without limitation travel expenses) incurred by the relevant Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects the Advisers and their affiliates to conflicts of interest because the Partnerships generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial over time. The Advisers determine the amount of these reimbursements for such services in their own discretion, subject to internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Private Investment Fund, their effect is reflected in each Partnership's audited financial statements.

The Advisers generally exercise their discretion to recommend to a Partnership or to a portfolio company thereof that it contract for services with (i) the Advisers or a related person of the Advisers (which may include a portfolio company of a Partnership) or (ii) an entity with which the Advisers or their affiliates or current or former members of their personnel has a relationship or from which the Advisers or their affiliates or their personnel otherwise derives financial or other benefit. This subjects the Advisers to conflicts of interest, because although the Advisers select service providers that they believe are aligned with their operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Partnership, the Advisers may have an incentive to recommend the related or other person because of their financial or other business interest. There is a possibility that the Advisers, 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 Partnership(s) or Adviser(s)), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Because the Partnerships intend to invest only in portfolio companies within the healthcare industry, the potential conflicts of interest described in this paragraph are more likely to arise than if the Partnerships employed a more diversified investment strategy. Whether or not the Advisers have a relationship or receive 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.

The Advisers and/or their affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Private Investment Funds or other investment vehicles advised by the Advisers and/or their affiliates; conversely, former personnel or executives of the Advisers and/or their affiliates may serve in significant management roles at portfolio companies or service providers recommended by the Advisers. Similarly, the Advisers, their affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. 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, the Advisers and/or their affiliates, and/or the

Partnerships or other investment vehicles they advise. The Advisers may have a conflict of interest with a Partnership in recommending the retention or continuation of a third-party service provider to such Partnership 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 Partnerships, will provide the Advisers information about markets and industries in which the Advisers operate (or is contemplating operations) or will provide other services that are beneficial to the Advisers. The Advisers may have a conflict of interest in making such recommendations, in that the Advisers have an incentive to maintain goodwill between them and the existing and prospective portfolio companies for a Partnership, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Partnership.

The Advisers, their affiliates, and equity holders, officers, principals and employees of the Advisers and their affiliates may buy or sell securities or other instruments that an Adviser has recommended to a Partnership. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Partnership. Such transactions are subject to the policies and procedures set forth in Altaris' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Partnership. Employees and related persons of the Advisers have, and are expected to continue to have, capital investments in or alongside certain Partnerships, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

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

In addition, as described above, portfolio companies (and, to a lesser extent, the Partnerships) typically pay certain fees to operating executives and other consultants (including consultants introduced or arranged by the Advisers and/or their affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee, as described herein. Operating executives may make use of the Advisers resources or otherwise may be associated with the Advisers. Operating executives receive compensation for their time and expenses in connection with services provided with respect to prospective portfolio company investments (whether or not such investments are consummated) as well as ongoing compensation, both cash and equity-based, for services provided to existing portfolio companies. Operating executives may also be offered the opportunity to invest in a portfolio company alongside a Partnership. In each case, such compensation will be determined by the Advisers using reasonable judgment based on the fair market value of the services provided. Compensation paid to operating executives in connection with portfolio company investments that are consummated, or related ongoing services provided to portfolio companies, will be paid or borne by the relevant portfolio company directly. No compensation paid to operating executives will offset the Management Fee. Although the use of operating executives and the allocation of compensation paid to them by the Partnerships and/or the portfolio companies subjects the Advisers and/or their affiliates to potential conflicts of interest, the Advisers believe 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 Partnership(s)) that will result if the cost of the operating executive is lower than market rates for the services provided and/or if the services of the operating executive align with the relevant Adviser's model for the portfolio company and improve portfolio company performance. Although the Advisers seek to retain operating executives with a view to reducing costs to portfolio companies (and, ultimately, the Partnerships) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. The Advisers also seek to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Advisers believe will align such persons' interests with those of the Partnerships' limited partners, and seek to retain only operating executives and service providers which they believe 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.

Because a General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for an Adviser to cause a Partnership to make riskier or more speculative investments (or hold investments for longer periods) than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Partnership may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Partnership, based upon capital invested by such Partnership, this fee structure may create an incentive to deploy capital when Altaris may not otherwise have done so.

The Advisers may enter into side letter arrangements with certain investors in a Partnership providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects the Advisers and/or their affiliates to potential conflicts of interest. The Advisers and their affiliates attempt to resolve such conflicts of interest in light of their obligations to investors in the Partnerships and obligations owed by the Advisers to investors in investment vehicles managed by them, and attempt to allocate investment opportunities among a Partnership and the other Private Investment Funds in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Advisers will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Advisers consult and receive consent to conflicts from the applicable LP Committee(s), if any, and such other investment vehicles.

DISCIPLINARY INFORMATION

The Management Company 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

The Management Company is affiliated with each of the General Partners, which are deemed registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The Management Company provides advisory services to the General Partners and other Altaris entities pursuant to management agreements. These affiliated investment advisers operate as a single advisory business together with the Management Company and serve as managers or general partners of Private Investment Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Advisers have adopted the Altaris Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of the Advisers' Principals and employees and addresses conflicts that arise from personal trading. The Code requires the Advisers' personnel to:

- report their personal securities transactions;
- pre-clear from directly or indirectly acquiring beneficial ownership or disposing of any securities in a specific sector or industry or securities in an initial public offering or limited offering; and
- comply with the policies and procedures reasonably 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 Altaris' Chief Compliance Officer at (212) 931-0250. 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.

The Advisers and their affiliated persons (as defined below) 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, the Advisers and their 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 the Advisers. Accordingly, should the Advisers or any of their affiliated persons come into possession of material non-public or other confidential information with respect to any public or non-public company, the Advisers generally would be prohibited from communicating such information to clients, and the Advisers 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 Altaris personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Partnerships.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Partnership.

Co-invest opportunities may also be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, the Partnerships and other Private Investment Funds may invest together with other private investment funds advised by an affiliated adviser of the General Partner in the manner set forth in the applicable Partnership Agreement. The Advisers will determine the allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Advisers' fiduciary obligations and may take into consideration factors such as, but not limited to, the following: the client's investment restrictions and objectives (including those set forth in the applicable Private Investment Funds' underlying documents), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition and cash level and applicable regulatory restrictions.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Partnerships, and may give advice and recommend securities to other accounts or certain Partnerships or vehicles which may differ from advice given to, or securities recommended or bought for, other Partnerships or vehicles, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by Altaris (the "**Reference Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Reference Funds or may give priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by investors (or their representatives or advisory boards) in such Reference Funds. However, the Advisers may or may not, in their sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

The Advisers or their affiliates may recommend the purchase or sale of securities for Private Investment Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Private Investment Funds. Certain of these transactions may require the consent of the applicable Private Investment Fund.

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Partnership or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public

securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Advisers purchase or sell publicly traded securities for a Partnership, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers 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.

The Advisers have 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 the Advisers generally seek competitive commission rates, they 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 the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Private Investment 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, the Advisers closely monitor companies in which the Private Investment Funds invest, and the Altaris Chief Compliance Officer periodically checks to confirm that the investments of each Private Investment Fund are maintained in accordance with its stated objectives.

The Partnerships will provide to their limited partners (i) annual GAAP audited and quarterly unaudited financial statements and (ii) annual federal income tax information necessary for each limited partner's tax return. Each Partnership expects to hold an annual meeting of limited partners to review and discuss the Partnership's investment activities.

CLIENT REFERRALS AND OTHER COMPENSATION

The Advisers and/or their affiliates may provide certain business or consulting services to companies in the Partnerships' portfolio and may receive compensation from these companies in connection with such services. As described in the applicable Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by the Partnerships. However, in other cases (e.g., reimbursements for out of pocket expenses directly related to a portfolio company), these fees would be in addition to Management Fees. See "Fees and Compensation."

The Advisers have entered into solicitation arrangements pursuant to which the Advisers compensate persons for client referrals that result in the provision of investment advisory services by the Advisers. In some cases, with respect to investors that are referred by a solicitor, the Partnership will pay a placement or solicitation fee of up to 2% of such investors' commitment to the Partnership; however, such fee will be offset dollar for dollar against the Management Fee and, therefore, the fee will effectively be borne by the Advisers, 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 Partnership(s).

CUSTODY

The Advisers maintain custody of the Partnerships' assets held in the Partnerships' names with JP Morgan Chase, a qualified custodian located at 270 Park Avenue, 19th Floor, New York, NY 10017.

INVESTMENT DISCRETION

The Advisers have discretionary authority to manage investments on behalf of each applicable Partnership. As a general policy, the Advisers do not allow clients to place limitations

on this authority, provided that the Partnership Agreement of a Partnership may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the Partnership Agreement, however, an Adviser may enter into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in the Partnership 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. The Advisers assume this discretionary authority pursuant to the terms of (i) the Partnership Agreement, (ii) the investment management agreement between each Partnership, the applicable General Partner and the Management Company and (iii) powers of attorney executed by the limited partners of each Partnership.

VOTING CLIENT SECURITIES

The Advisers have adopted the Altaris Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how they will vote proxies, as applicable, for the Partnerships’ portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Partnerships, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Partnerships’ investors through the principals’ beneficial ownership interests in the Partnerships 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 the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of a LP Committee, on the proposed proxy vote, or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service on portfolio company boards by Altaris personnel or the Advisers’ 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 the Advisers when voting proxies on behalf of the Partnerships. If you would like a copy of the Altaris’ complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Altaris’ Chief Compliance Officer at (212) 931-0250, and it will be provided to you at no charge.

FINANCIAL INFORMATION

The Management Company 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.