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Part 2A of Form ADV: Firm Brochure

March 30, 2016

This brochure provides information about the qualifications and business practices of HealthCare Royalty Management, LLC. If you have any questions about the contents of this brochure, please contact us at compliance@hcroyalty.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about HealthCare Royalty Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

This brochure dated March 30, 2016, serves as an update to the Adviser's brochure dated March 30, 2015. While there have been no material changes to this brochure, we have made certain routine updates including to the discussion of fees and expenses in Item 5, Methods of Analysis, Investment Strategies and Risk of Loss in Item 8, and Conflicts of Interest in Item 11.

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ITEM 4. ADVISORY BUSINESS

The Adviser

For purposes of this brochure, the “Adviser” or “HC Royalty” means HealthCare Royalty Management, LLC (“HCRM”), a Delaware limited liability company, as filing adviser, together, where applicable, with its relying adviser, HCRP MGS Account Management, LLC (“HCRP MGS”). The filing adviser and the relying adviser are filing a single Form ADV in reliance on guidance promulgated by the SEC’s staff on January 18, 2012, in a letter addressed to the American Bar Association, Business Law Section.

Dr. Gregory B. Brown, Todd C. Davis and Clarke B. Futch (the “Founders”) launched HC Royalty in January 2007 in a strategic partnership with Cowen Group, Inc. (together with certain of its affiliates, “Cowen”).

HCRM is owned by Cowen Capital Partners II, LLC (“CCP II”), and managed by Vanderbilt Capital Partners, LLC (“VCP”). CCP II and VCP share profits from HCRM. HCRP MGS is owned by Vanderbilt Account Management GP, LLC (which is owned by the Founders) and CCP II.

Advisory Services

The Adviser provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (each, a “Fund” and collectively, the “Funds”). As the investment adviser of the Funds, the Adviser’s services consist of identifying opportunities for acquisition, management, monitoring, and disposition of investments of the Funds. Investment advice is provided directly to our Clients (as defined below). In the case of the Funds, such advice is subject to the discretion and control of the general partner of the applicable Fund. Investment advice is not provided individually to the limited partners of the Funds.

The Funds currently advised by the Adviser are: HealthCare Royalty Partners, L.P. (“Fund I”), HealthCare Royalty Partners II, L.P. (“Fund II”), HCRP Overflow Fund, L.P. (“Overflow Fund”) and HealthCare Royalty Partners III, L.P. (“Fund III”), as well as certain feeder funds related to the foregoing. In addition, HCRP MGS advises a separately managed account (the “Managed Account” and, together with the Funds, the “Clients”).

On behalf of its Clients, the Adviser seeks to achieve superior investment returns primarily from investments in healthcare royalty transactions, which include, but are not limited to traditional passive royalties, Synthetic Royalty® financings, structured debt, and equity investments in public and private biopharmaceutical companies, institutions, individuals or other entities. Healthcare products include, but are not limited to, biopharmaceuticals, medical devices and diagnostics. The Adviser generally employs a strategy of pursuing healthcare royalty investments that are able to generate consistent, predictable cash flows, attractive yields, and gross returns that are generally uncorrelated to the overall public and private capital markets.

The Adviser expects in the future to organize other investment funds, including feeder funds for the Funds or parallel funds for employees of the Adviser, or manage investment funds or separately managed accounts that may either co-invest with the Clients or follow an investment program similar to or different from the Clients’ program. The Adviser may also establish special purpose vehicles or subsidiaries, and it or the Funds may invest in or act through such special purpose vehicles or subsidiaries or manage additional separately managed accounts.

Services are provided to the Clients in accordance with the Advisory Agreements with the Clients and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

HC Royalty does not participate in wrap fee programs.

Assets Under Management

As of December 31, 2015, the Adviser managed approximately \$2.717 billion in regulatory assets under management on a discretionary basis. HC Royalty does not manage any assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

As provided under the governing documents and management agreements of the Clients, the Adviser or its affiliates will receive from the Funds both a quarterly management fee at a fixed rate and a performance fee or carried interest, as described further below. Although the Adviser has entered into agreements with the Funds providing for the below fees or carried interest, the Adviser may negotiate alternative fees or carried interest amounts on a client-by-client basis with other funds or separate account clients that it manages in the future. Different client facts and circumstances will be considered in determining such fees or carried interest amounts, including the client's investment strategy, assets under management, account composition, reporting requirements, economies of scale, if any, and any other factors the Adviser deems relevant. All such fees will be set forth in agreements with such clients.

Management Fee

For the Funds, a management fee (the "Management Fee") is charged as of the beginning of each calendar quarter as an aggregate fixed fee, which may vary as set forth in the applicable Fund organizational documents, calculated and payable quarterly in advance and calculated based on capital commitments during an initial period, and then after the initial period: (i) for Fund I, based on net asset value; and (ii) for Funds II and III, based on the lower of net asset value or cost basis of held investments. For the Overflow Fund, the Management Fee (i) during the investment period is the greater of \$150,000 and 0.3% of the net asset value, and (ii) after the investment period is 0.3% of net asset value. The Management Fee is debited against the investors' accounts and paid to the Adviser for its services pursuant to the terms of the investment management agreement. The Management Fee is not generally negotiable, although the Funds may charge different rates depending on the size of investment and, if consistent with the applicable Fund's organizational documents, the Adviser may from time to time enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors which provide such investors with additional and/or different rights (including, without limitation, with respect to management fees) than provided in the governing documents of the Clients. The Adviser may, if consistent with the applicable Fund's organizational documents, reduce or waive the Management Fee with respect to certain investors. The Adviser generally waives the Management Fee for investments by certain affiliated entities, the Founders, certain employees or certain strategic investors. Waived or reduced management fees may not be subject to offsets or reductions described herein. Due to waived or reduced Management Fee and/or the timing or receipt of compensation subject to offset, Fund investors may not get the full benefit of reductions or offsets. For the Managed Account, the Management Fee is a fixed fee calculated and payable quarterly in arrears, as of the first business day of the next calendar quarter. The Management Fee is generally prorated for periods where services were provided for less than a full calendar quarter, in accordance with the applicable investment management agreement and organizational documents. Management Fees are typically charged by the master fund with respect to funds structured in a master-feeder structure and therefore are borne indirectly by investors of feeder funds.

In addition, the Adviser and its affiliates may perform a broad range of advisory and other services, including administrative services related to securitizations and other similar financings (collectively, “Related Services”) for, and receive fees from, actual or prospective portfolio investments (“Portfolio Investments”) or the entities into which such Portfolio Investments are made (“Portfolio Companies”) or other investment vehicles of Clients and other affiliates of Clients as well as in relation to actual or prospective Portfolio Investment counterparties (each, a “Counterparty”). These fees may be substantial. Although these fees are in addition to the management fees, the Adviser will in some circumstances reduce the amount of management fees paid by the applicable Fund in connection with the receipt of such fees (subject to exceptions for certain securitization and administrative fees). The amount and manner of such reduction is set forth in the investment management agreements and/or organizational documents of the applicable Fund. Any such reduction of a Fund’s Advisory Fees will be limited to the extent of such Fund’s proportionate interest in any such portfolio company.

Performance Fees/Carried Interest

Except as provided below, the general partner of a Fund, an affiliate of the Adviser, will be apportioned and distributed a portion of the profits received by the Fund (the “Carried Interest”). Carried Interest paid by a Fund is indirectly borne by investors in such Fund. The Carried Interest is not generally negotiable, although the Adviser may from time to time enter into Side Letters with one or more investors which provide such investors with additional and/or different rights (including, without limitation, with respect to the Carried Interest) than provided in the governing documents of the Clients. The Adviser or the general partner may, in their sole discretion, reduce or waive the Carried Interest with respect to any investor. The Adviser and the general partner generally intend to waive a Fund’s Carried Interest for investments in such Fund by certain affiliated entities, the Founders, certain employees or certain persons who have strategic relationships with the Adviser. Please see Item 6 below regarding Carried Interest. For the Managed Account, there is no carried interest, but there is a performance fee which is calculated and payable by the Client quarterly as a percentage of profit received by the Managed Account during such quarter and is payable in arrears on the first business day of the following quarter.

Other Expenses

Generally, the Adviser will be responsible for and shall pay, or cause to be paid, all of its Normal Overhead Expenses, except as described below and as set forth in the applicable investment management agreements and organizational documents. For this purpose, “Normal Overhead Expenses” for a fiscal year include, without limitation, office overhead and compensation and employee benefits of the employees of the Adviser, and fees and expenses for administrative, marketing, clerical and related support services, office space and facilities and utilities. All other expenses will be borne by the Clients, including, without limitation, costs and expenses related to the purchase, holding and sale of Portfolio Investments and potential investments (whether or not consummated), expenses of counsel, accountants, tax advisers and other consultants (including, for example, the Strategic Advisory Board and/or industry advisors) and professionals, insurance costs, indemnification payments, litigation costs, taxes, fees or other governmental charges, the preparation of tax returns, auditor fees, financial reports and other reports to limited partners and expenses of advisory committee and limited partner meetings, expenses attributable to the purchase, holding, sale exchange, securitization or disposition of certain investments, including, without limitation, commissions, brokerage fees and other fees (including transaction fees payable to members of the Funds’ Strategic Advisory Board, if any), and other ordinary and extraordinary expenses associated with the operation of the Clients and their investment activities. Please refer to the discussion of the Adviser’s brokerage practices in Item 12 below.

With respect to any new Fund launched by the Adviser, such Client shall bear the formation and initial expenses necessary for the incorporation of such Client and the initial offering and administration of such initial issuance of Fund interests, as further described in such Client's governing documents.

The Adviser and its supervised persons do not accept compensation or commissions for the sale of securities or other investment products.

Expenses jointly incurred (e.g., on behalf of multiple Clients) will be allocated in a fair and equitable manner in accordance with the Adviser's policies and procedures. Expenses may be treated as joint expenses even if initially incurred only for the benefit of one Client where the Adviser reasonably and in good faith expects such expense to ultimately benefit another Client. The appropriate allocation between Clients of expenses and fees generated in the course of evaluating potential investments (whether or not consummated), such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the organizational and offering documents and investment management agreements of the Clients, as applicable. If multiple Clients evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Clients based on the anticipated investment of each Client.

With respect to allocating other expenses among Clients, to the extent not addressed in the organizational and offering documents and investment management agreement of a Client, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

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

As disclosed above under Item 5, FEES AND COMPENSATION, the Adviser is eligible to receive a Carried Interest distribution of certain profits from the Funds and a Performance Fee with respect to the Managed Account. The Funds pay a Carried Interest calculated at varying rates, subject to waivers or reductions for certain investor accounts.

The payment by some, but not all, Clients of a Performance Fee or Carried Interest, or the payment of such Performance Fee or Carried Interest at varying rates (including varying effective rates based on the past performance of a Client) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Clients paying a Performance Fee or Carried Interest at a higher effective rate, or allocate investment opportunities to such Clients. Generally, and except as may be otherwise set forth in the governing documents of the Clients, this conflict is mitigated by policies and procedures of the Adviser, including contractual provisions and procedures regarding the formation of additional Funds and setting forth investment allocation requirements. Please also see Items 11 and 12 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

ITEM 7. TYPES OF CLIENTS

The Adviser currently provides investment advisory services to the Managed Account and the Funds. Investment advice is provided directly to our Clients. In respect of the Funds, action on such advice is subject to the discretion and oversight of the general partner of each applicable Fund. The Adviser does not provide advice individually to the investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the 1940 Act and the Securities Act. Investors in the Funds may include high net worth individuals, trusts, estates,

charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

The minimum initial investment in each Fund is \$10 million, subject to lesser amounts being accepted at the discretion of the general partner.

The Adviser may in the future provide advisory services to other funds and separately managed accounts for high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The central tenet to HC Royalty's strategy is to identify and acquire premier healthcare assets that meet the Adviser's rigid investment criteria. Key criteria typically include: (i) evidence of sustainable product revenues with a long (generally 5 to 10 years) duration, (ii) focus on medically necessary products, (iii) a differentiated product profile, (iv) positive reimbursement dynamic with significant pricing power and willingness to pay, (v) market leading position, and (vi) strong barriers to entry around intellectual property, manufacturing and regulatory hurdles. While HC Royalty typically invests in cash-flowing products approved by the Food and Drug Administration (the "FDA"), some portion of the portfolio may be allocated to products not yet approved by the FDA or a comparable regulator and/or equity investments.

Once assets are identified, HC Royalty employs its robust sourcing model to identify royalty owners or companies responsible for product sales. Prospective investments undergo a significant due diligence review process that has been refined and tested over more than a decade. The Adviser supplements its in-house due diligence capabilities with an external network of relationships with specialized industry experts who provide due diligence assessments, advice and expertise. After the risk profile and return profile of an asset are thoroughly researched, HC Royalty utilizes customized structuring techniques that are designed to protect investment capital.

HC Royalty's professionals have completed and structured over 200 financing transactions and the team utilizes this structuring expertise to optimize the return profile of its investment and to protect against specific risks identified in due diligence. This orientation, however, is done in the context that structuring should not take precedence over properly evaluating the strengths and weaknesses of underlying product assets, which if misjudged can ultimately negate any perceived structural protections.

Once an investment has been structured and completed, HC Royalty remains actively engaged in managing its portfolio. The Adviser closely monitors the product sales and cash flow performance of each investment, enforcing operational and financial covenants when necessary. HC Royalty regularly meets with counterparties, marketers and management teams to anticipate and manage any changes proactively that may impact returns. HC Royalty invests in cash flowing assets with the general intent to hold each investment through its term, receiving quarterly royalty payments over the life of each royalty, which is expected to average six to ten years. However, HC Royalty opportunistically looks to accelerate the return of capital through securitizations, royalty repurchases and the exercise of put and call options.

In an attempt to mitigate downside performance risk, while at the same time identifying attractive investment opportunities, HC Royalty typically utilizes the following basic criteria when reviewing investments:

- HC Royalty targets investments principally in commercial stage healthcare royalty contracts where the product is already approved by the FDA or comparable regulatory authorities.
- HC Royalty seeks to invest in products with substantial asset collateral protection, typically in the form of IP/patent protection, regulatory approvals, and manufacturing barriers.
- HC Royalty targets medically necessary products that often treat an unmet or underserved market need.
- HC Royalty seeks products with a favorable reimbursement dynamic and significant pricing power/willingness to pay.
- HC Royalty seeks to acquire market leading products with an innovative product profile that has potential to capture meaningful market share.
- The Funds typically seek investments ranging from \$20 to \$200 million, although Funds may make investments in lesser or greater amounts. For transactions greater than \$150 million, HC Royalty anticipates funding part of the aggregate transaction value with capital from limited partners and other providers of co-investment capital.
- HC Royalty targets investments where the Funds are the most senior creditor in the capital structure with respect to the rights it acquires.
- HC Royalty looks for substantial asset value relative to the investment amount to create over-collateralization.
- HC Royalty invests in products with long-term cash flows that have expected portfolio term of generally five to ten years and investment terms can range from five to 15 years, depending on the remaining patent life.
- Before making an investment, HC Royalty completes a detailed valuation analysis on the applicable asset, including a bottom-up sales forecast, determination of operating expense requirements, review of the clinical need for the products and research on the competitive product landscape. HC Royalty also reviews the marketing company's capabilities, pipeline of complementary and competitive products, credit worthiness and therapeutic focus.

HC Royalty follows a bottom-up investment approach of first thoroughly analyzing the underlying healthcare product and subsequently utilizing customized structuring techniques to provide superior returns while mitigating the downside risk for each royalty investment. HC Royalty intends to create value through each of the following fundamental stages: (i) deal sourcing; (ii) due diligence and evaluation; (iii) structuring; and (iv) portfolio management. HC Royalty utilizes the team's significant relevant healthcare investing, operating, medical, structuring, and capital markets experience in an effort to further increase value for Clients.

INVESTMENT RISKS

An investment by a Client involves a high degree of investment risk, including the risk that the entire amount invested may be lost. Clients will make investments using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives of a Client will be realized. Below is a list of potential investment risk factors that are reportable in this brochure. There is no guarantee that this is a complete list of the risks, that a Client will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Client. Additional risks associated with an investment in a particular Client may be disclosed in the offering documents of that Client or investment management agreement or other documentation of the Client.

The risks associated with particular investments by a Client of the Adviser include, but are not limited to, the following:

Risks Associated with Portfolio Investments. Identifying and participating in attractive investment opportunities and helping to encourage the ongoing sales which result in royalty and similar payments is difficult. There is no assurance that a Client's investments will be profitable. There is a substantial risk that a Client's losses and expenses will exceed its income and gains, and a Client will fail to achieve its investment objectives and target returns. Any return on investment to the limited partners of a Fund or investor in the Managed Account will depend upon successful investments made on behalf of a such Client by its general partner or the Adviser and its affiliates, as applicable. Many investment decisions by such general partner will be dependent upon the ability of its members and agents to obtain relevant information from non-public sources, and the general partner often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. For example, the general partner may not have access to records regarding the complaints received regarding a given product or the results of research and development related to products. The value of each investment will depend upon many factors beyond the general partner's control. Portfolio Investments may have material variations in cashflows from period to period, face intense competition, and experience failures or substantial declines in value. There is a significant risk that a Client's investments will fail to yield the Client's targeted returns for a number of reasons, including due to failures to meet sales projections, counterparty defaults, changes in the marketplace for particular products, unanticipated competition, discoveries of previously unknown health risks or failures of management teams to execute on strategic plans. A Client may still hold some illiquid securities at the time of dissolution or termination of the investment management agreement, as applicable, with the result that such securities may be distributed in-kind or sold for a price that reflects their illiquid nature.

Forward-Looking Returns. The return goals for each Client are dependent, among other things, on building a portfolio of royalty interests and other Portfolio Investments and on numerous investment-specific assumptions that may not be consistent with future market conditions and that may significantly affect actual investment results. These assumptions may involve a significant element of subjective judgment and may be adversely affected by post-investment changes in market conditions. There can be no assurance the return goals will be achieved.

Nature of Investments. An investment in a Fund and investments held by a Client requires a long-term commitment, with no certainty of return. As with other types of instruments, royalty investments and the other anticipated Portfolio Investments involve the risk of loss in case of default or insolvency of the party obligated to pay the royalty, particularly since most royalty obligations provide for recourse only to specific assets.

Availability of and Ability to Acquire Suitable Investments. While the Adviser believes that many attractive Portfolio Investments of the type in which the Clients intend to invest are currently available, there can be no assurance that such investments will remain available throughout the life of a Client or term of the Managed Account. Past performance is not necessarily indicative of future performance. A Client may compete for attractive investments with other public or private vehicles, corporations, financial institutions or wealthy individuals or groups, some or all of which may have more capital and resources than a Client. These entities may invest in promising opportunities before a Client is able to do so or their competitive offers may drive up the prices of prospective Portfolio Investments, thereby potentially lowering returns.

Intellectual Property Protection Is Uncertain. In many cases, the perceived value in a Portfolio Investment is dependent upon protecting proprietary rights with respect to one or more products ("Portfolio Products"). In many cases, a party's ability to pay the required royalty (such party, a "Royalty

Obligor”), or the Client’s ability to realize a positive increase in the value of a Portfolio Investment with respect to a Portfolio Product, depends on obtaining and maintaining patent and trade secret protection of Portfolio Products, their use and the methods used to manufacture them, as well as successfully defending those intellectual property rights against third-party challenges. The degree of future protection to be afforded to Portfolio Products is uncertain because legal means afford only limited protection and may not adequately protect the rights of the entities with an interest in the Portfolio Product (an “Interested Party”) or permit them to gain or keep their competitive advantage. It is difficult and costly to protect the proprietary rights associated with Portfolio Products, and their protection cannot be ensured. There can be no assurance that any issued patents underlying Portfolio Products will provide sufficient protection to allow Interested Parties to conduct their business in the ordinary course. Interested Parties may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights related to Portfolio Products and they may be unable to protect their rights to, or commercialize, the applicable Portfolio Products. Moreover, there can be no assurance that Interested Parties will remain free from intellectual property infringement claims by third parties. If a third-party claims that an Interested Party is using inventions covered by the third-party’s intellectual property rights, that third-party may go to court to stop the Interested Party from engaging in its business in the ordinary course, which would likely adversely impact the value of the Client’s related Portfolio Investment. Intellectual property infringement lawsuits are costly, would likely affect the results of operations of the Interested Party and divert the attention of their management.

Unapproved Portfolio Products are Subject to Additional Risks. Some of a Client’s Portfolio Investments will likely relate to Portfolio Products which are in clinical development, or are otherwise not approved by the FDA or other regulatory agencies. A failure to gain regulatory approval from the FDA or similar organizations would materially and adversely affect those Portfolio Investments. The regulatory approval process is expensive, time consuming and uncertain and may prevent Interested Parties from obtaining approvals for the commercialization of some Portfolio Products.

General Portfolio Product Risks. The ability of Interested Parties to maintain the value of Portfolio Products is subject to numerous risks. For example: (i) products that compete with Portfolio Products may reduce or eliminate royalties arising from Portfolio Products, because the market may come to embrace a competitor’s products in lieu of Portfolio Products; (ii) ongoing marketing efforts for Portfolio Products may be unsuccessful; (iii) Portfolio Products may be found to be unsafe or become regulated to the point where it is no longer viable to continue sales of the Portfolio Products; (iv) insurance and similar reimbursement policies may change, resulting in decreased demand for Portfolio Products; (v) generic or similar products that compete with Portfolio Products may be approved, and sales of the related Portfolio Products would likely be adversely affected, thereby reducing the value of a Client’s related Portfolio Investment; (vi) Portfolio Product liability claims and product recalls could harm the value of Portfolio Investments and result in sales of Portfolio Products being discontinued; (vii) interruptions in supply chains may prevent Portfolio Products from being manufactured and sold; and (viii) marketers of Portfolio Products may have interests that differ from those of a Client, and such marketers will, in most cases, be outside the control of the Adviser and the relevant Fund’s general partner.

Currency. The Client’s investments may be made, and/or based on product sales, in various countries. Accordingly, certain investments and any proceeds therefrom will be denominated in a variety of currencies. If so denominated, the value of these investments will fluctuate as a result of changes in currency exchange rates. In addition, the Client may incur costs in connection with conversions between various currencies. Potential investors should be aware, therefore, that movements in the value of currencies over the life of a Client or term of a Managed Account and currency conversion costs will affect the value of a Fund and the investments of a Client.

Regulatory Changes. Regulatory changes may have a material adverse effect on the performance of a Client's investments. Healthcare costs have risen significantly over the past decade. Since taking office, President Obama and members of Congress have enacted and proposed significant reforms to the U.S. healthcare system that may limit the prices that can be charged for the products in which Clients will invest, or the amounts of reimbursement available for those products from governmental payors or from other third-party payors. Various healthcare reform proposals have also emerged at the state level. If government reimbursement becomes unavailable or is not be available for a Portfolio Product, that would diminish sales of that Portfolio Product or decrease cash flows available to satisfy royalty payment obligations, thereby harming a Client's related Portfolio Investment.

Portfolio Products (and the related manufacturing facilities) will be subject to ongoing regulatory obligations and oversight, which may result in significant additional expense for Interested Parties and limit their ability to commercialize Portfolio Products. HC Royalty cannot predict what additional regulatory initiatives, if any, will be implemented at the federal or state level, or the effect any future legislation or regulation will have on the products in which a Client may invest. However, an expansion in government's role in the U.S. healthcare industry may lower pricing and reimbursements for the products in which the Client may invest.

Regulatory and legislative developments related to the federal budget of the United States could result in reduced reimbursement and payment policies for Portfolio Products and reduced royalty payments to a Client, among other negative consequences. Such developments could also make it easier for generic products to compete with Portfolio Products.

The above described regulatory developments and proposals, and future developments and proposals, could have a material adverse effect on the performance of a Client's investments.

Political and Economic Risks. Clients will be subject to various risks incidental to investing, including political and economic instability. Clients' investments may be sensitive to general downward swings in the overall economy or in their specific industries or geographies. Factors affecting economic conditions, including, for example, public market volatility, inflation rates, rising interest rates, currency devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends and innumerable other factors, none of which will be in the control of a Client or the Adviser, can substantially and adversely affect the business and prospects of a Client and its investments. Further downturns in the U.S. or global economy, deteriorations in the condition of the market for healthcare products or adverse developments in the securities or credit markets may have an adverse impact on some or all of Clients' investments. While our Clients generally have a long-term investment horizon, there can be no assurance that the recent economic downturns in Europe, North America and other jurisdictions will improve and it is possible that economic conditions may deteriorate. A further downturn in the European or U.S. economy or the economies of other countries in which a Client is considering investments may have a significant adverse effect on the performance of a Client.

Compliance with Changes in Applicable Laws. Clients and their investments will be required to comply with a variety of U.S. and non-U.S. laws and regulations. If any of the laws and regulations currently in effect change or any new laws or regulations are enacted, the legal requirements to which Clients and their investments may be subject could differ materially from current requirements and may materially adversely affect Clients and their investments. Compliance with laws and regulations as currently enacted or as subsequently enacted or modified, could require the Clients to dispose of all or part of its investment in one or more investments or take other actions that may be inconsistent with the Client's strategy in respect of one or more investments and consequently may materially adversely affect the Client's returns from such investments.

Third-party Litigation Costs. Client's investment activities may subject them to the risk of becoming involved in litigation with third parties with respect to a Portfolio Investment. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by the officers or employees of the general partner or the Adviser, typically be borne by the Client, would reduce its net assets and could require investors to return to a Fund capital and earnings previously distributed by a Fund. The Adviser, its affiliates, and other related parties may be entitled to indemnification by Clients in connection with such litigation, subject to certain conditions described below in the relevant organizational documents and investment management agreements.

Cyber Security Risks. With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, Clients and their service providers (including the Adviser) may be prone to operational and information security risks resulting from cyber-attacks and/or other technological malfunctions, despite the efforts the Adviser and the Clients' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients and Fund investors. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks include, among others, stealing or corrupting the Adviser's data, a service provider's data, or data of the Funds' investors, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and causing operational disruption. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's or a service provider's systems to disclose sensitive information in order to gain access to the Adviser's data or that of a Funds' investors. Successful cyber-attacks against, or security breakdowns of, the Clients, the Adviser, or a custodian or other third-party service provider may adversely affect the Clients or Fund investors. For instance, cyber-attacks may affect a Client's ability to calculate its NAV, cause the release of a Fund's investor information or confidential Client information, impede trading, expose Clients, a Fund investor or the Adviser's assets to theft or embezzlement, cause reputational damage, cause the inability to access electronic systems, cause physical damage to a computer or network system or costs associated with system repairs, and subject the Adviser or a Client to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and additional compliance costs. While the Adviser has established business continuity plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cyber security risks also are present for issuers of securities in which the Clients invest, which could result in material adverse consequences for such issuers, and may cause a Client's investment in such securities to lose value.

ITEM 9. DISCIPLINARY INFORMATION

Item 9 is not applicable to the Adviser, as it has no reportable material legal or disciplinary events.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Related Broker-Dealers and Affiliated Entities

The Adviser is affiliated with Cowen and Company, LLC and ATM Execution LLC, both SEC registered broker-dealers. The Adviser is also affiliated with Cowen International Limited, a United Kingdom Financial Conduct Authority ("UK FCA") registered broker dealer and Ramius UK Limited, which is currently not active but is registered with the UK FCA with respect to certain investment advisory activities. The above referenced entities are all wholly owned subsidiaries of Cowen Group, Inc., a publicly traded company (Nasdaq: COWN). Cowen Group, Inc., through its subsidiaries, has an

ownership interest in the Adviser as well as the right to nominate two out of the five members on the Adviser's investment committee and three out of the five members on the Adviser's operating committee.

The Adviser is also affiliated with the following investment advisors which also manage funds and/or advise managed accounts: Ramius Advisors, LLC, Ramius LLC, Ramius Alternative Solutions LLC, Ramius Trading Strategies LLC, Ramius Asia LLC, Cowen Structured Credit Group LLC, Starboard Value LP, Quadratic Capital Management LLC, RCG Longview Equity Management, LLC, RCG Longview Management, LLC, RCG Longview Debt Fund IV Management, LLC and RCG Longview Partners II, LLC. All of the affiliated investment advisors are registered with the U.S. Securities and Exchange Commission but for Quadratic Capital Management, LLC, which is registered as an investment adviser with the State of Connecticut.

Cowen's business (including the affiliated broker dealers and investment advisers set forth above) generally operates separately from the Adviser, although the Adviser and Cowen may share certain compliance, technology and administrative functions. The Adviser does not direct any business to its broker-dealer affiliates. To the extent that a conflict arises that would not otherwise resolve itself in the ordinary course of the Adviser's and Cowen's independent operations in the marketplace, any such conflict is addressed through direct communication between the Founders and Cowen senior management and, as deemed necessary, in consultation with any relevant Fund's LP Advisory Committee (as defined in the relevant Fund's organizational documents). As a result of this, we do not believe there are any material conflicts related to this relationship.

Related General Partners

Affiliates of the Adviser serve as general partners of the Funds. For a description of potential material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such potential conflicts are addressed, please see Item 11 below.

Affiliated Adviser

HCRP MGS (as defined above), a Delaware limited liability company, is an affiliate of the Adviser which serves as adviser to the Managed Account. HCRP MGS has filed a single Form ADV with HCRM as a relying adviser.

For a description of potential material conflicts of interest created by the relationship among the Adviser and HCRP MGS, as well as a description of how such potential conflicts are addressed, please see Item 11 below.

Affiliations and Potential Conflicts of Interest

The Funds may from time to time participate in transactions alongside clients of an affiliated adviser (e.g. the Managed Account as advised by HCRP MGS). For a description of potential material conflicts of interest created by the relationship among the Adviser and HCRP MGS, as well as a description of how such potential conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a Code of Ethics (the "Code of Ethics") that seeks to place the interests of Clients over the interests of any employees or certain other persons covered by the Code of Ethics (as

used in this Item 11, “supervised persons”). The Code of Ethics requires all employees to comply with applicable U.S. federal securities laws at all times.

The Code of Ethics outlines written policies regarding personal trading in any brokerage or trading account in which a supervised person has any direct or indirect control or beneficial ownership. The personal trading policies adopted by the Adviser generally restrict personal trading of certain securities and require supervised persons to seek preclearance prior to trading in certain securities. A supervised person is required to disclose all of his or her personal account holdings to the Adviser upon becoming a supervised person. Supervised persons must provide certain quarterly and annual securities holdings reports and, subject to certain exemptions, supervised persons of the Adviser must hold their personal securities accounts at brokers approved by the Adviser which provide the Adviser with contemporaneous duplicate copies of all transaction confirmation statements and account statements.

Supervised persons are required to promptly report any violation or potential violation of the Adviser’s personal trading policies to a member of the Adviser’s legal department, who will then promptly inform the chief compliance officer (“CCO”) of such violation or potential violation.

This summary of the Code of Ethics is qualified in its entirety by the Code of Ethics of the Adviser, which is available to Clients and prospective clients upon request.

Conflicts of Interest

The material reportable conflicts of interest that may be encountered by a Client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Client. In addition, other potential conflicts may be disclosed throughout this brochure and in the offering documents of each Client and these materials should be read in their entirety. The Adviser has adopted policies and procedures to address and mitigate conflicts of interest, including those described below.

Co-Investment with other Funds Managed by the Management Company. It is expected that certain parallel funds and other vehicles, the investors of which may include affiliates of the Adviser (the “Co-Investing Funds”), either will invest in a Fund or will co-invest with a Fund in Portfolio Investments. Any investment by such entities in the Portfolio Investments will generally be allocated first to the applicable Fund in accordance with the Funds’ organizational documents and successor fund provisions and then to such entities based on the amount of capital they have available for the Portfolio Investment at the time of the acquisition of the Portfolio Investment. All decisions made by the Adviser on behalf of the Co-Investing Funds in their capacity as a co-investor with a Fund will be made based on the best interests of the Co-Investing Funds, which may be in conflict with the best interests of the Funds or the other investors.

Activities of the Adviser. The Adviser, its affiliates, and the Founders and other Adviser employees are not required to spend their full business time on the affairs of any Client. The Adviser and its employees manage a number of investment funds and accounts that invest in healthcare royalty transactions, including certain vehicles that may co-invest with other Clients in Portfolio Investments or make investments which a Client has declined to make. The Adviser, its affiliates, and the Founders and other Adviser employees could engage in activities which could conflict with the interests of Clients and there can be no assurance that such conflicts will not interfere with the management of Clients.

Diverse Investors. Investors in a Fund will at times have conflicting investment, tax, regulatory, policy and other interests with respect to their investments in a Fund. Such conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments and the timing of dispositions of investments. As a

consequence, conflicts of interest may arise in connection with the decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to the investors' individual tax situations. The Adviser and its affiliates may make any such determinations in its sole discretion, including whether and to what extent to take into account the tax considerations applicable to one or more investors in making decisions for the Fund, the parallel funds and a Fund's subsidiaries. To the extent any such tax considerations are taken into account, a Fund and its subsidiaries may incur additional costs or expenses, potentially including additional tax or other risks that otherwise would not have been incurred, and may structure or dispose of investments in a manner that is less beneficial for other investors, than might otherwise have been the case.

Transactions with Fund Affiliates. The organizational documents of the Funds allow them to participate in transactions in which the Adviser, the general partner of a Fund (or any of their employees, members and/or principals or any limited partner) is directly or indirectly interested but generally only when such transaction is approved by the relevant Fund's LP Advisory Committee (as defined in the relevant Fund's organizational documents). The Adviser, its affiliates, and employees of the foregoing may invest in Funds and alongside Clients, either through a general partner of a Fund, as direct investors in the Funds or otherwise. In connection with such transactions, a Fund, on the one hand, and the Adviser, the general partner of a Fund, their employees, members and/or principals or limited partners, on the other hand, may have conflicting interests. The Adviser and the general partner of a Fund may also face conflicts of interest in connection with purchase or sale transactions (involving an investment by a Fund) with an affiliate of the Fund (including other Funds), including with respect to the consideration offered by, and the obligation of, the Adviser, the general partner of a Fund, and other affiliates.

Cross-Transactions. Subject to the terms of the relevant governing documents of a Client, in certain cases, the Adviser may cause a Client to purchase investments from another Client, or it may cause a Client to sell investments to another Client. Cross-transactions can create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Client by selling underperforming assets to another Client. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Client that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Client involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Clients. In connection with effecting these transactions for the applicable Clients, the Adviser will follow applicable investment management agreement organizational documents of the Client. To the extent such matters are not addressed in such documentation, the Chief Compliance Officer ("CCO") is responsible for confirming, as applicable, that the Adviser (i) considers its respective duties to each Client, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Client where the Adviser may be deemed to own more than 25% of the Client, unless such transaction complies with the requirements of the Adviser's principal transactions policy below.

Principal Transactions. Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the Adviser must make

certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. Subject to the Clients' relevant governing documents, in connection with the Adviser's management of the Clients, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Client(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Personal Trading. Subject to the limitations set forth in the Clients' relevant governing documents, the Adviser, the general partner of a Fund, or their respective general partners, or their employees, members and/or principals or any other partner may buy or sell securities, private company interests or commodity interests for their own account. The records of any such trades will not be open to inspection by the Funds' investors or Clients. The Adviser maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest (see "Code of Ethics" above).

Differential Information. Due in part to the fact that potential investors in a Fund (including potential investors in a co-investment vehicle or purchaser of a limited partner's interests in a secondary transaction) or Clients may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors.

Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities. In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various Clients and other persons. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Clients with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Clients from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit. In addition, the Founders and other personnel of the Adviser invest indirectly in and may be permitted to invest directly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Client.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and expects to make allocation determinations consistently therewith. The Adviser assesses whether an investment opportunity is appropriate for a particular Client(s), based on the Client's investment objectives, strategies and structure. A Client's investment objectives, strategies and structure typically are reflected in the Client's limited partnership agreement, investment management agreement, organizational documents and/or offering memoranda. Once the participating Client(s) have been identified and subject to any investment allocation requirements applicable to a Client, if more than one Client will participate in an investment opportunity, the Adviser allocates the investment opportunity among the Clients in good faith and in accordance with each Client's organizational documents and applicable advisory agreements, generally based on a number of criteria deemed appropriate by the Adviser, including, but not limited to, Clients' investment objectives, target returns, portfolio construction metrics, reserves, asset allocation targets and risk controls, as well as relationships with strategic investors, in each case, as applicable. In certain circumstances, an investor in a Fund may have entered into a side letter that alters such investor's ability to be invest a given investment. Such side letters may also be taken into account in allocating investments across Clients. If the amount of an investment opportunity exceeds the allocation to the Clients, and any such excess may be offered to one or more co-

investors pursuant to the procedures included in such Clients' organizational documents/side letter agreements. There can be no assurance that an investment opportunity that comes to the attention of the Adviser will not be allocated wholly or primarily to other entities or accounts, with a particular Client being unable to participate in such investment opportunity or participating only on a limited basis.

Subject to any restrictions contained in the offering and/or organizational documents of the relevant Client or any Side Letter or other terms negotiated with respect to such Client, in general, (i) no investor in a Client has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in Clients, in the sole discretion of the Adviser or its related persons, and (iv) certain persons other than investors in the Clients (e.g., third parties) may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons. In exercising the Adviser's discretion to decide how to allocate investment opportunities among potential co-investors, the Adviser may consider some or all of a wide range of factors in the Adviser's sole discretion and as further set forth in the Adviser's policies and procedures. Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

From time to time, a Fund may make an investment with the expectation of offering a portion of its interests therein as a co-investment opportunity to investors in the Fund or third parties. There can be no assurance that the Adviser will be successful in obtaining such co-investment, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to such co-investment will not be substantial. In the event that a Fund is not successful in obtaining such co-investment, in whole or in part, the Fund may hold a greater concentration and have more exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. Moreover, an investment by the Fund which does not obtain co-investments as originally anticipated could significantly reduce the Fund's overall investment returns.

Conflicts Related to Purchases and Sales. Conflicts may arise when a Client makes investments in conjunction with an investment being made by other Clients, or in a transaction where another Client has already made an investment. Investment opportunities may be appropriate for a Client at the same, different or overlapping levels of a capital structure or investment structure of a Portfolio Investment or Portfolio Company. Conflicts may arise in determining the terms of investments, particularly where these Clients may invest in different types of securities in a single Portfolio Investment or Portfolio Company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether to enforce claims, whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with Clients that have invested in different securities within the same Portfolio Investment or Portfolio Company. Certain Clients may invest in debt, securities and other instruments of Portfolio Investment or Portfolio Company in which other Clients hold securities or other instruments or have contractual arrangements, including equity securities. In the event that such investments are made by a Client, the interests of such Clients may be in conflict with the interest of such other Clients, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels or in various contractual arrangements could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Clients may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial

or other difficulties, or to finance growth or other opportunities, Clients may or may not provide such additional capital, and if provided each Client will supply such additional capital in such amounts, if any, as determined by the Adviser, subject to the terms of the relevant governing documents with respect to such Client. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Client or a Counterparty or a Portfolio Investment of another Client. Investments by more than one Client in a Portfolio Investment or Portfolio Company may also raise the risk of using assets of a Client to support positions taken by other Clients. Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Clients, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Client participating in a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. A Client may invest in opportunities that other Clients have declined, and likewise, a Client may decline to invest in opportunities in which other Clients have invested.

Follow-on Investments. Following its initial investment in a Portfolio Investment, a Client may decide to provide additional needed funds in connection with such Portfolio Investment or may have the opportunity to increase its participation in a Portfolio Investment. There is no assurance a Client will make follow-on investments or that a Client will have sufficient capital to make all or any of such investments and the amount of any follow-on investments after the Client's investment period is subject to limitations in their relevant governing documents. Any decision by a Client not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a Portfolio Investment in need of such an investment or may result in a lost opportunity for a Client to increase its participation in a successful Portfolio Investment. In the event a Client does not participate in a follow-on investment opportunity and other investors provide the requested financing, a Client's investment in the Portfolio Investment will likely be substantially diluted. Further, investments to finance follow-on acquisitions may present conflicts of interest, including determination of the terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Client in a Portfolio Investment in which another Client has previously invested. In addition, a Client may participate in leveraging and recapitalization transactions involving Portfolio Investments in which another Client has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company/investment or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the General Partner and the Adviser. The Adviser has contracted and, subject to the limitations set forth in the relevant governing documents of a Client, may in the future contract with any related person of the Adviser (including but not limited to a Portfolio Investment or Portfolio Company of a Client) to perform services for the Adviser in connection with its provision of services to its Clients. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost. The Adviser generally may, in its discretion, recommend to a Client or to a Portfolio Company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a Portfolio Investment or Portfolio Company of a Client) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lower cost.

The Adviser, its affiliates, and the Founders, officers, principals and employees of the Adviser and its affiliates may, subject to the restrictions and limitations set forth in the Clients' relevant governing documents, buy or sell securities or other instruments that the Adviser has recommended to Clients. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by Clients. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Clients. If officers, principals and employees of the Adviser have made large capital investments in or alongside a Client they may have conflicting interests with respect to these investments.

Because certain expenses are paid for by a Client and/or its Portfolio Investments or Portfolio Companies or, if incurred by the Adviser, are reimbursed by a Client and/or its Portfolio Investments or Portfolio Companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Client or its Portfolio Investment or Portfolio Company to incur) such expenses.

Fee Structure. Because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon net asset value of the Funds, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so. Additionally, as discussed above, the Adviser and its affiliates are entitled to Performance Fees or Carried Interest under the terms of the investment management agreement and applicable organizational documents of the Adviser's Clients. The existence of the Performance Fee or Carried Interest may create an incentive for the Adviser or its affiliates to cause such Clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Related Services. As described in Item 5 above, the Adviser and its affiliates may perform Related Services, and may, subject to the restrictions and limitations set forth in the Clients' relevant governing documents, receive fees from, actual or prospective Portfolio Investments or Portfolio Companies, investment vehicles of Clients and other affiliates of Clients as well as in relation to actual or prospective Counterparties. Such fees may be in addition to any Management Fees, Performance Fees or Carried Interest paid by such Clients to the Adviser. Additionally, a Counterparty may reimburse the Adviser for expenses incurred by them in connection with its performance of services for such Counterparty, and such reimbursements may not be subject to the agreements described below. This could create a conflict of interest between the Adviser and its affiliates and the Clients and their investors because the amounts of these fees and reimbursements may be substantial and such Clients and their investors generally do not have an interest in these fees and reimbursements. The Adviser may determine the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to Counterparties, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Clients. The Adviser and its affiliates will in some circumstances reduce the amount of Management Fees paid by the applicable Client in connection with any receipt of the fees described above. The amount and nature of this reduction varies from Client to Client and is set forth in the limited partnership agreement, investment management and/or organizational documents of the applicable Client.

Business with Portfolio Companies and Investors. Given the collaborative nature of the Adviser's business and the Portfolio Investments or Portfolio Companies in which the Clients have invested, there may be situations where the Adviser is in the position of recommending a Portfolio Investment or Portfolio Company or a Counterparty's products or services to another Portfolio Investment, Portfolio Company or Counterparties. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective Portfolio Investments or Portfolio Companies and Counterparties for Clients, while the

products or services recommended may not necessarily be the best available to the Portfolio Investments or Portfolio Companies held by Clients or the Counterparties or the lowest cost.

The Adviser may have an incentive to recommend the products or services of certain investors in the Clients or their related businesses to the Clients or their Portfolio Investments or Portfolio Companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Clients or the Portfolio Investments or Portfolio Companies or the lowest cost. The Advisers and/or its affiliates may engage in business opportunities arising from a Client's investment in a Portfolio Investment (for example, without limitation, entering into a joint venture with an entity into which a Portfolio Investment has made or is making or making a proprietary investment in a Portfolio Investment or Portfolio Company) or a transaction with a Counterparty. The Adviser has service providers, including for example, investment bankers, outside legal counsel and accountants, who may be investors in a Client and/or who provide services to businesses that are competitors of the Adviser. The Adviser may have a conflict of interest with the Clients in recommending the retention or continuation of a service provider to a Client, Portfolio Investment or Portfolio Company or an Interested Party if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in a Client or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Certain members of a Client's advisory committee or similar governing body are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in a Client. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

Positions with Portfolio Companies. Employees of the Adviser may serve as directors of portfolio companies. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a Portfolio Company.

Side Letter Agreements. The Adviser has entered into, and may in the future enter into, one or more Side Letters with certain investors in the Funds pursuant to which it and its affiliates grants to such investors specific rights, benefits or privileges that are not made available to investors in the Funds generally. Examples of such rights and benefits include more favorable economic arrangements and access to additional information. As a result of such Side Letters, certain investors may receive additional benefits that other investors will not receive. Such agreements will be disclosed only to those actual or potential investors that have separately negotiated with the Adviser or its affiliates for the right to review such agreements.

Certain Funds may establish an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all, investors are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interest with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee.

Advisory Affiliates. As described in Item 10 above, certain of the Adviser's investment adviser affiliates have their own clients. Although these affiliates focus primarily on a different investment strategy than the Adviser, clients of the Adviser and these affiliates may invest in the same Portfolio Investments or Portfolio Company, including in the same security or in different securities of such a Portfolio Investment or Portfolio Company and may invest in other Clients. Interests of the Adviser's Clients may therefore conflict with the interests of the clients of these affiliates as described elsewhere herein.

Other Potential Conflicts. The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more Portfolio Investments or Portfolio Companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required.

In its discretion, the Adviser may have and may, as authorized by the applicable limited partnership agreement, investment management agreement and/or organizational documents, cause a Client and/or their Portfolio Investments, Portfolio Companies or Interested Parties to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Clients and/or their Portfolio Investments, Portfolio Companies or Interested Parties may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Clients (or their Portfolio Investments, Portfolio Companies or Interested Parties) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

If a Client purchases in the secondary market at a discount debt securities of a company in which a Client has, for example, a substantial equity interest, (a) a court might require a Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

Subject to the restrictions and limitations set forth in the limited partnership agreements or other governing documents of a Client, the Adviser, each Fund's General Partner, and Clients may lend money to the applicable Fund or another Client. Any such lending arrangements would create conflicts of interest between the applicable General Partner, the Adviser or affiliate, on the one hand, and the applicable Client acting as borrower, on the other hand.

Subject to the restrictions and limitations set forth in the limited partnership agreements or other governing documents of a Fund, each Fund's General Partner may withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner may elect to withhold certain information to such limited partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Providers of Operations Support

The Adviser and the Portfolio Companies will from time to time retain other companies and individuals ("Operations Support Providers"), which may be employees of Portfolio Companies of the Adviser's funds, employees of the Adviser, third party consultants including specialized consultants, external executives, Strategic Advisory Board members, "industry advisers" and "senior advisers". The Operations Support Providers are engaged to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more Portfolio Companies in relation to the identification, acquisition, holding, improvement and disposition of such

Portfolio Companies (“Operations Support Services”). These services may include providing support to the Adviser or Portfolio Companies regarding, among other things, the Adviser’s or Portfolio Company’s management (including serving in management positions or participating in determining corporate strategy), supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

Pursuant to the organizational documents of the Funds, fees and expenses associated with Operations Support Services (“Operations Expenses”) may be paid and/or reimbursed by the Funds. In some circumstances, these individuals may be also paid by the Portfolio Companies. In the event the individual is an employee of the Adviser, any compensation paid to the employee will in turn be given to the applicable Fund. Operations Expenses may be determined at the discretion of the Adviser taking into account the particular Operations Support Services to be performed and may include an equity or other interest in a Portfolio Company. The determination of whether a service is an Operations Support Service will be made by the Adviser, in its sole discretion but will generally be based on whether third parties often provide such services to investment advisers or companies. Operations Expenses may also be incurred in respect of Portfolio Companies prior to the closing of the investment. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Funds, such Operations Expenses will be allocated among the Funds as determined by the Adviser or manager, as applicable in a fair and equitable manner. The Adviser’s determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors.

ITEM 12. BROKERAGE PRACTICES

As Clients invest primarily in relatively illiquid private investments, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences. However, to meet its fiduciary duties to its Clients, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Brokerage Policy and Procedures

It is the Adviser’s policy to execute portfolio transactions for Client accounts in the best interests of its Clients, including to seek to obtain “best execution” when placing orders with broker-dealers. Best execution means executing securities transactions so that a Client’s total costs or proceeds and benefits in each transaction are the most favorable under the circumstances. However, in selecting a broker or dealer, the determining factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution. Therefore, in evaluating whether best execution is being obtained, the Adviser may take into account many factors as it deems relevant. In selecting a broker-dealer for any transaction or series of transactions, the Adviser does not adhere to any rigid formula but weighs a combination of factors that it deems relevant, including: net price, settlement capabilities and error resolution, electronic reconciliation capability, special execution capabilities, ability to execute large orders, to commit capital, and to minimize trading costs associated with implementing investment decisions, commission rates, reputation, including regulatory issues, financial strength and stability, efficiency of execution of small lots, value of research, other services provided by the broker-dealer (e.g.

custodial services), and other matters involved in the receipt of brokerage services generally. When applicable, the Adviser will generally seek reasonably competitive commission rates; however, it does not necessarily pay the lowest spread or commission available. The Adviser has adopted procedures to help it apply this policy.

In order to ensure best execution and to oversee other operations of the firm, the Adviser's CCO, in consultation with the Adviser's Founders, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Client. The Adviser does not receive "soft dollars" in connection with its use of broker-dealers.

Directed Brokerage

The Adviser generally does not have client directed brokerage arrangements. Use of directed brokerage arrangements may deprive a Client of benefits that might otherwise be obtained by "bunching" the Client's order with orders for other Adviser Client accounts and may result in the Client's paying a higher commission rate, receiving less favorable execution than if the Adviser had discretion to select the broker or negotiate the commission rate, or orders being placed at different times and potentially after orders are placed for Clients who have not implemented directed brokerage arrangements.

Aggregation of Orders

The Adviser and its affiliates may aggregate (or bunch) the orders of more than one Client for the purchase or sale of the same publicly traded security although it has no obligation to do so. Portfolio managers often employ this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. In determining whether or not to "bunch" orders the Adviser relies on the judgment of certain of its personnel as to what course of action is likely to be fair and in the best interests of the relevant accounts on an overall basis.

The Adviser and its affiliates also may combine orders on behalf of Clients with orders for other Clients for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Adviser and its affiliates generally aggregates trade orders for publicly traded securities so that each participating Client will receive the average price for each execution of a transaction.

If an order for more than one Client for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

The Adviser provides continuous advisory services for the Clients. The Portfolio Investments of each Client are formally reviewed not less than quarterly by the Adviser's entire team of investment professionals.

Reporting

The Adviser provides reports in accordance with the applicable Client's organizational and offering documents or investment management agreement and as may be agreed with particular investors. The Adviser has engaged an independent public accounting firm to prepare audited financial statements of the

Funds within 120 days of the end of each fiscal year (or such shorter period as may be set forth in a Fund's governing documents) or as soon as reasonably practicable thereafter.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive an economic benefit from someone who is not a Client for providing investment advice and other advisory services.

Neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals. However, the Adviser or its affiliates have entered into placement agreements with certain placement agents ("Placement Agents"), pursuant to which the Placement Agents have agreed to introduce potential investors to the Funds. The Placement Agents may receive compensation for such services from the Adviser or its affiliates.

ITEM 15. CUSTODY

Item 15 is not applicable to the Adviser, as the Clients' "qualified custodian" is not required to send account statements directly to the Adviser's Clients under the custody rule.

ITEM 16. INVESTMENT DISCRETION

The Adviser provides investment advice directly to its Clients pursuant to a written investment management agreement with each such Client, subject to the discretion and control of the general partner of the applicable Fund, and not directly to the investors in the Funds. Powers of attorney and any restrictions on the Adviser's authority are set forth in the investment management agreement, organizational documents and subscription documents of the Client.

ITEM 17. VOTING CLIENT SECURITIES

The Adviser has adopted voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to Client securities, such proxies are voted in the best interest of its Clients, and in so doing, the Adviser will take into account a number of relevant factors, including, but not limited to (i) the impact on the value of the Client's investment, (ii) alignment of the Adviser's interests with the Client's interests, including establishing appropriate incentives for the Adviser, (iii) the anticipated costs and benefits associated with the proposal, (iv) the relevant Client's investment horizon and effect on liquidity, (v) customary industry and business practices, and (vi) any contractual obligations in the relevant advisory agreements, Fund organizational documents or comparable documents. The Adviser will abstain from voting (which generally requires submission of a proxy voting card or written consent) or affirmatively decide not to vote if the Adviser determines that abstaining or not voting is in the best interests of the applicable Client. In making such a determination, the Adviser will consider various factors, including, but not limited to: (i) the costs associated with exercising the vote (e.g. translation or travel costs); and (ii) any legal restrictions on disposition resulting from the exercise of a vote.

At times, conflicts may arise between the interests of a Client, on the one hand, and the interests of the Adviser or its affiliates, on the other hand, or between the Adviser's Clients. All Adviser investment professionals are expected to perform their tasks relating to the voting of votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Clients. If at any time any investment professional becomes aware of any potential or actual conflict of interest or perceived conflict of interest regarding any particular voting decision, he or she must contact the CCO, who will conduct a conflicts of interest review in accordance with the Adviser's policies and procedures. The CCO, in consultation with the Investment Committee and the relevant LP Advisory Committee (each

as defined in the relevant Fund's limited partnership agreement), as appropriate, will use his best judgment to address any such conflict of interest and ensure that it is resolved in accordance with the Investment Committee's assessment of the best interests of the Clients.

This summary of the Adviser's voting policies and procedures is qualified in its entirety by the Adviser's voting policies and procedures. The Adviser will make information regarding how proxies were voted available upon request to any client and a copy of the Adviser's voting policies and procedures is available to any client upon request by contacting the CCO at (203) 388-9080.

ITEM 18. FINANCIAL INFORMATION

Item 18.A is not applicable to the Adviser, as it does not require or solicit prepayment of fees six months or more in advance.

In response to Item 18.B, the Adviser is not currently aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Clients.

Item 18.C is not applicable to the Adviser, as it has not been subject to a bankruptcy petition during the past ten years.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Item 19 is not applicable to the Adviser as it is not registered with any State securities authority.