
WindRose Health Investors, LLC

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This brochure (“Brochure”) provides information about the qualifications and business practices of WindRose Health Investors, LLC and other relying advisers. If you have any questions about the contents of this brochure, please contact us at (212) 887-2105. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about WindRose Health Investors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

March 26, 2020

Item 2 - MATERIAL CHANGES

This brochure ("Brochure") is dated March 26, 2020 and is the annual updating amendment to the prior brochure, dated March 20, 2019.

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Item 4 - ADVISORY BUSINESS

WindRose Health Investors, LLC

WindRose Health Investors, LLC (“Adviser” or “WindRose”), together with its predecessor entity, MTS Health Investors, LLC, WindRose Health Investors IV Management, L.P., and WindRose Health Investors V Management, L.P., has been in business since March 2000. The Adviser was wholly-owned by MTS Health Partners, L.P. - which is majority-owned by Curtis Lane - until December 31, 2017. On January 1, 2018, the Adviser was spun-off and is now owned by both Oliver Moses and Curtis Lane.

Types of Advisory Services

The Adviser provides advisory services to private equity funds (“Funds”) that primarily invest in middle-market healthcare companies located in the United States. The Adviser makes investments through deal structures that allow the Funds to seek control or exert significant influence over their portfolio companies. The Adviser targets profitable companies that deliver cost-effective services and products, and have the ability to gain market share in healthcare industry segments that are typically large, growing, fragmented and poised for consolidation. Our current Private Funds are as follows:

- WindRose Investors, LP
- MTS Investors C, LP
- MTS Investors D, LP
- WindRose Health Investors II, LP
- WindRose Health Investors III, L.P.
- WindRose Health Investors IV, L.P.
- WindRose Health Investors Executive IV, L.P.
- WindRose Health Investors V, L.P.
- WindRose Health Investors V-A, L.P.

Investment Restrictions

The investment program of each Fund has specific objectives and restrictions which are described in the organizational documents and/or offering materials of each Fund. The Adviser does not tailor the Funds’ investment programs for any particular Fund investor, although certain investors that invest through co-investment vehicles are permitted to elect not to invest in any or all opportunities identified by the Adviser.

Assets Under Management

As of December 31, 2019, the Adviser had assets under management of \$1,260,021,669 all of which was managed on a discretionary basis.

Item 5 - FEES AND COMPENSATION

Fee Schedules

The Adviser receives an annual management fee from each Fund. During the investment period, the annual management fee is equal to 2% of the capital commitments. Thereafter, the annual management fee ranges from 1.5% to 2% (depending on the Fund and the length of time expired since the end of the investment period) and is calculated based on invested capital, less capital returned to investors and as adjusted for any permanent write downs in the value of investments. In addition, the Adviser (or its affiliate) receives a carried interest from certain Funds equal to 20% of the profits of the Fund if the investors achieve at least an annual 8% return. Management fees and carried interests are not negotiable by investors in the Funds. Specific information about the management fees and carried interests for each Fund is provided in each Fund’s organizational documents and/or offering materials.

Calculation and Deduction of Advisory Fees

The management fee is payable quarterly in advance by each Fund. While the management fee is generally paid by calling unfunded capital commitments, the Adviser may pay the fee out of current income and disposition proceeds of each Fund. The carried interest is allocated to the capital account of the Adviser (or its affiliate) and is generally distributed by each Fund either (1) after investors have received 100% of their capital contributions and an annual 8% compounded return or (2) after investors have received 100% of their capital contributions (including allocated expense contributions) and an annual 8% compounded return related to all realized investments.

Other Fees and Expenses

The Adviser pays all of its ordinary administrative and overhead expenses incurred in connection with managing, originating and monitoring investments, including its employees' salaries, rent and utilities. Each Fund pays all other costs and expenses of the Fund that are not reimbursed by portfolio companies, including legal, auditing, consulting, financing, accounting, custodial and other professional fees and expenses; expenses associated with the Fund's financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the Fund's advisory committee and annual meetings of the investors; insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund.

The Adviser and its affiliates may from time to time receive fees from portfolio companies, such as directors' fees, financial consulting fees and monitoring fees relating to the Funds' investments. A percentage of those fees (ranging from 50% to 100% depending on the Fund) is reimbursed to the investors through a management fee offset mechanism.

Prepaid Fees

The management fee is payable quarterly in advance. Installments of the management fee payable for any period other than a full three-month period are adjusted on a pro rata basis according to the actual number of days in such period.

Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As set forth in Item 5, the Adviser (or its affiliate) may be entitled to receive carried interest from the Funds. The investors investing through co-investment vehicles are charged the carried interest at the discretion of the Adviser. As a general matter, because these co-investment vehicles invest alongside the Funds, there is no conflict of interest with respect to allocation of investments between the fee paying Funds and the non-fee paying co-investment vehicles. The Adviser has adopted written policies and procedures designed to address conflicts of interest in allocating investment opportunities among the Funds.

Item 7 - TYPES OF CLIENTS

The Adviser's clients are the Funds. The minimum amount investors invest for participation in a Fund is set forth in the Fund's offering materials and varies from Fund to Fund, subject to waiver by the Adviser. Fund investors generally must meet minimum net worth and other criteria as required by applicable federal securities laws and regulations.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General Description

The Adviser provides advisory services to Funds that primarily invest in middle-market healthcare companies located in the United States. The Adviser makes investments through deal structures that allow the Funds to seek control or exert significant influence over their portfolio companies. The Adviser estimates that there are over 120 sub-sectors within the healthcare services and products industry. The following includes certain of the key investment strategies and methods of analysis used by the Adviser in identifying and evaluating investment opportunities:

Analysis of specific company and healthcare sub-sector dynamics: The Adviser seeks to identify companies that deliver discernible value to the healthcare system through cost reduction, better clinical outcomes and other efficiencies. The Adviser actively monitors each of the industry sub-sectors to identify proactive investment initiatives. During this process, the Adviser overlays its network to all potential opportunities to identify situations where value can be added.

Analysis of dynamics. Investing in healthcare companies is complicated by the dynamic nature of the industry. The Adviser analyzes both the industry's direct and indirect effects of change. The Adviser seeks to anticipate the value creation curve in specific industry sub-sectors to best time the Funds' investments and exits. The Adviser uses its in-depth knowledge of healthcare to evaluate opportunities.

Focus on opportunities where the Adviser brings more than capital. Through its broad network of relationships, the Adviser has developed effective resources that it can deliver to the Funds' portfolio companies. The performance enhancement edge that the Adviser seeks to provide can come in the form of executive leadership, new customer and vendor relationships, operational enhancements and access to thought leaders in both the healthcare industry and government.

Active portfolio management. The Adviser monitors the portfolio companies and their operations, and seeks to provide the services of experienced business executives as members of the board of directors of the portfolio companies. In each case, the Adviser gauges the level of control of the portfolio company acquired in connection with the investment and endeavors to cause the portfolio company to grow through acquisitions or otherwise, enabling investors ultimately to realize a profit when the investment is harvested.

Material Risks for Significant Investment Strategies

The following list of risk factors does not purport to be a complete list or explanation of the risks involved in investing in the Adviser's investment strategies. Additional risks associated with a Fund's investment objectives are set forth in the offering materials for each Fund. Prior to making an investment in a Fund, prospective investors should read the offering materials and the governing document for the applicable Fund and consult with their own advisors in deciding whether to invest in a Fund.

Business Risks. The Funds' investment portfolios consist primarily of securities issued by privately held companies, and operating results in a specified period may be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

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

Concentration of Investments. The Funds participate in a limited number of investments and make all of their investments in various segments of the healthcare industry. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or healthcare industry segments may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, Fund investors will be required to pay management fees during the investment periods based on the entire amount of their capital commitments.

Risk of Investing in the Healthcare Sector. Investing in securities and other instruments of healthcare companies involves substantial risks. The healthcare industry is subject to regulatory controls by international, national and, in some instances, local governmental authorities. The nature and scope of healthcare regulations generally are subject to political forces and market considerations, the effects of which cannot be predicted. There can be no assurance that governments or regulatory agencies will not adopt laws or regulations, change their interpretation of existing laws and regulations, or take other actions that adversely affect the markets or companies in which the Funds may invest or may have invested. Further, companies in the healthcare industry are often subject to significant risks related to litigation and liability for damages in connection with their operations. The litigation and liability environment in the healthcare industry is constantly evolving, and new court decisions and legislative activity may increase exposure to any of these types of claims.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. The return of capital and the realization of gains, if any, generally occur only upon the partial or complete disposition of an investment, which generally does not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment.

Leveraged Investments. A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs.

Restricted Nature of Investment Positions. Generally, there is no readily available market for Fund investments, and hence, most of the Funds' investments are difficult to value. Certain investments may be distributed in kind to the Fund investors.

Reliance on the Adviser and Portfolio Company Management. The Funds' future profitability depends largely upon the business and investment acumen of the Adviser. The loss or reduction of service of one or more of the Adviser's principal investment personnel could have an adverse effect on the Funds' ability to realize investment objectives. Although the Funds generally invest in portfolio companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with a Fund's objectives.

Projections. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections.

Need for Follow-On Investments. Following an initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision

by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment.

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

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. The recent deterioration of the global credit markets has made it more difficult for investment funds such as the Funds to obtain favorable financing for investments. A Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments.

Conflict of Interest; Advisory Business. MTS Health Partners, L.P., the former parent company of the Adviser, operates a strategic advisory business that focuses on the healthcare industry (the "Strategic Advisory Affiliate"). Although the Adviser and the Strategic Advisory Affiliate focus on the same segments of the healthcare industry, they generally focus on different target transaction ranges. It is the Adviser's policy generally not to invest in any companies that are advised by the Strategic Advisory Affiliate and the Adviser generally does not engage the Strategic Advisory Affiliate's services on behalf of the portfolio companies held by the Funds.

Unforeseen Risks: The healthcare market may be subject to unforeseen risks, including political events, terrorism, fraud, force majeure, fire, flood, earthquakes, and outbreaks of an infectious disease, pandemic, or any other serious public health concern. These unforeseen risks may have a negative effect on the performance of clients' investment portfolios.

Item 9 - DISCIPLINARY INFORMATION

This Item is not applicable.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Affiliate

Certain of the Adviser's management persons may be registered representatives of MTS Securities, LLC, a registered broker-dealer, if necessary or appropriate to perform their responsibilities.

Relying Adviser

The filing adviser discloses in its Form ADV that it and its relying advisers are together filing a single Form ADV in reliance on the position expressed in this letter and identifies each relying adviser by completing a separate Schedule R, of Form ADV for each relying adviser and identifying it as such by including the notation.

Strategic Investor Relationship

The Adviser previously had a strategic relationship with an independent investment management firm (the "Strategic Investor"). The Strategic Investor is still an investor in one or more of the Funds and receives a portion of the carried interest allocable to the Adviser.

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 ("Code") in accordance with Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act") designed to provide that the Adviser's personnel, as well as certain other persons who occupy a similar status, perform similar functions or provide investment advice on behalf of the Adviser, comply with applicable federal securities laws and place the interests of the Adviser's clients first in conducting personal securities transactions. The Code requires all personnel of the Adviser to obtain prior approval for all transactions in an initial public offering or in a private placement, as well as transactions involving securities in the healthcare industry (including those in the secondary market). The Adviser will not grant prior approval for a personal trade that anticipates (i.e., front runs) or competes with a Fund order. If prior approval is granted, personnel must execute the transaction for which the approval was obtained within 24 hours of receiving approval. The Adviser will provide a copy of the Code to a Fund investor or prospective client upon request.

Participation or Interest in Client Transactions

Affiliates of the Adviser serve as general partners of the Funds and such affiliates solicit investors for the Funds. This may be viewed as a potential conflict of interest, which the Adviser attempts to mitigate by describing the relationships in the Funds' offering documents. Conflicts of interest that arise between a Fund, on the one hand, and the Adviser, its affiliates, or any existing or future clients of the Adviser, on the other hand are discussed and resolved on a case-by-case basis by senior management (including Mr. Lane) of the Adviser and its affiliates and representatives of the Funds' general partners. Such discussions take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict.

Item 12 - BROKERAGE PRACTICES

The Adviser selects brokers on the basis of best price, costs and execution capability. In selecting a broker, the Adviser may consider a variety of factors, including (i) the price and prompt execution of orders, and (ii) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting transactions in light of the size and difficulty of executing the order. When the Adviser places orders for purchases or sales of publicly traded securities on behalf of multiple Funds, the orders are aggregated, and partially filled orders are allocated pro-rata in accordance with the number of securities intended to be purchased or sold by each Fund.

Item 13 - REVIEW OF ACCOUNTS

General Description

Members of the Adviser's senior management monitor and review the Funds' investments on an ongoing basis.

Client Reports

The Adviser provides the following written reports to Fund investors: (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year and (iii) annual tax information necessary to file U.S. tax returns.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser compensates third party placement agents for referring potential investors to the Funds. These arrangements involve fees based on a percentage of the commitments made by an investor referred by such placement agents.

Item 15 - CUSTODY

Investors of the Clients receive the applicable Client annual financial statements audited by an independent public accounting firm each year.

Item 16 - INVESTMENT DISCRETION

The Adviser acts as the investment adviser to each Fund in accordance with the authority granted under each Fund's partnership agreement to the Adviser (or its affiliate serving as the general partner). Subject to the supervision of the general partner of the applicable Fund, the Adviser seeks to manage the Fund's investments in accordance with the investment objectives set forth in the Fund's offering materials.

Item 17 - VOTING CLIENT SECURITIES

As required by Rule 206(4)-6 under the Advisers Act, the Adviser has adopted written policies and procedures to guide the Adviser in the event it is presented with proxy voting opportunities. However, due to the nature of the Funds' typical investments, the Adviser is presented with proxy voting opportunities only in rare circumstances.

The general policy of the Adviser is to vote proxy proposals in a manner that serves the best interests of the Funds. In cases where one or more representatives of the Adviser or its affiliates is a member of a company's board of directors, the Adviser will exercise its voting authority over such company's securities at the direction of the board member(s), except in a case where a Fund's interest is in conflict with the director's obligations as a fiduciary to the company. Where no personnel of the Adviser serve as directors of a company, the determination of how to vote proxies will be made by the investment professionals responsible for the investment in consultation with the Adviser's senior management staff. The Adviser from time to time may enter into voting agreements that govern the manner in which securities of portfolio companies should be voted. In certain circumstances, the Adviser may determine not to vote a proxy.

Fund investors may obtain a copy of the Adviser's proxy voting policy and information regarding how the Adviser voted proxies for particular portfolio securities by contacting the Adviser's chief compliance officer.

Item 18 - FINANCIAL INFORMATION

This Item is not applicable.