

Consonance Capital Partners



Part 2A of Form ADV Brochure for:

Consonance Capital Partners, LP

1370 Avenue of the Americas, 33rd Floor

New York, NY 10019

Phone: (212) 660-8060

Fax: (212) 660-8098

www.consonancecapital.com

March 29, 2021

This Brochure provides information about the qualifications and business practices of Consonance Capital Partners, LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Maria de Leon at (212) 660-8060 or by e-mail at mdeleon@consonancecapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority, and references in this Brochure to the Adviser as a “registered investment adviser” are not intended to imply a certain level of skill or training. Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Consonance Capital Partners, LP routinely makes changes throughout its Brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Since the most recent update to its Brochure, dated March 30, 2020, Consonance Capital Partners, LP has not made any material changes to its Brochure. However, this annual update includes routine annual updating changes, certain enhanced disclosures, and updated regulatory assets under management.

Except as otherwise specified, all information set forth or referenced in this Brochure is as of the date hereof. Subject to the requirements of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and other applicable laws, Consonance Capital Partners, LP is under no obligation to update any such information.

We encourage all recipients to read this Brochure carefully in its entirety.

Item 3 – Table of Contents

	<u>Page</u>
ITEM 1 – COVER PAGE.....	1
ITEM 2 – MATERIAL CHANGES	2
ITEM 3 – TABLE OF CONTENTS	3
ITEM 4 – ADVISORY BUSINESS	4
ITEM 5 – FEES AND COMPENSATION	5
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ...	8
ITEM 7 – TYPES OF CLIENTS	9
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	9
ITEM 9 – DISCIPLINARY INFORMATION	21
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS..	21
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	23
ITEM 12 – BROKERAGE PRACTICES.....	25
ITEM 13 – REVIEW OF ACCOUNTS.....	25
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	25
ITEM 15 – CUSTODY	26
ITEM 16 – INVESTMENT DISCRETION	26
ITEM 17 – VOTING CLIENT SECURITIES.....	26
ITEM 18 – FINANCIAL INFORMATION	26

Item 4 – Advisory Business

Consonance Capital Partners, LP, a Delaware limited partnership (the “Adviser”), was formed in 2012 as a limited liability company. In December 2014, the Adviser changed its form of organization from a limited liability company to a limited partnership.

The Adviser provides discretionary investment advisory services to pooled investment vehicles organized as private investment funds as well as co-investment vehicles (collectively, the “Funds”). The Funds are private investment funds organized principally to invest in healthcare businesses.

The Funds are:

- Consonance Private Equity, L.P., a Delaware limited partnership (the “Main Fund I”);
- Consonance Private Equity PV, L.P., a Delaware limited partnership (the “PV Fund I”);
- Consonance Private Equity AF, L.P., a Delaware limited partnership (the “Friends and Family Feeder Fund I”);
- Consonance Private Equity II, L.P., a Delaware limited partnership (the “Main Fund II”);
- Consonance Private Equity PV, II, L.P., a Delaware limited partnership (the “PV Fund II”);
- Consonance Private Equity AF II, L.P., a Delaware limited partnership (the “Friends and Family Feeder Fund II”);
- Consonance Bako Co-Invest Partners, L.P., a Delaware limited partnership (“Bako co-invest”); and
- Consonance Eagle Co-Invest, L.P., a Delaware limited partnership (“Eagle co-invest”).

Main Fund I, PV Fund I and Friends and Family Feeder Fund I are referred to collectively herein as “Fund I”. Main Fund II, PV Fund II and Friends and Family Feeder Fund II are referred to collectively herein as “Fund II”. Main Fund I and Main Fund II are referred to collectively herein as the “Main Funds” and Friends and Family Feeder Fund I and Friends and Family Feeder Fund II are referred to collectively herein as the “Friends and Family Feeder Funds”. Bako co-invest and Eagle co-invest are referred to collectively herein as the “co-invest vehicles”.

Consonance Private Equity GP, L.P., a Delaware limited partnership (the “Lower GP I”), serves as the general partner of Fund I. Consonance Private Equity GP II, L.P., a Delaware limited partnership (the “Lower GP II”), serves as the general partner of Fund II. It should also be noted that Consonance GP Capital Feeder, L.P., a Delaware limited partnership (the “GP Capital Vehicle”), and Consonance GP Carry Feeder, L.P., a Delaware limited partnership (the “GP Carry Vehicle”), are limited partners of the Lower GP I and the Lower GP II. Certain affiliates of the Adviser are limited partners or members of the GP Capital Vehicle and the GP Carry Vehicle. Consonance Private Equity GP, LLC, a Delaware limited liability company (the “Upper GP”), serves as the general partner for the Lower GP I, the Lower GP II, the GP Capital Vehicle and the GP Carry Vehicle.

Consonance Bako Holdings GP, LLC, a Delaware limited liability company (“Bako GP”), serves as the general partner of the Bako co-invest. Eagle Rx Holdings GP, LLC, a Delaware limited liability company (“Eagle GP”), serves as the general partner of the Eagle co-invest.

The Adviser is the investment adviser to the Funds, each a private investment fund that invests in private equity investments in lower to middle market companies in high growth sectors of the Healthcare Industry (the “Investments”). The Adviser will advise the Funds as to their investment strategy. This strategy typically includes companies in the lower to middle market of the healthcare

industry with revenues between \$20 and \$150 million with respect to Fund I, and revenues between \$25 and \$500 million with respect to Fund II.

The Funds' investment objectives and/or parameters are set forth in more detail in the Funds' governing documents (the "Fund Documents") provided to each investor.

The Adviser does not tailor its advisory services to the individual needs of investors, and investors may not impose restrictions on investing in certain securities or types of investments. As applicable, the Fund Documents set forth the Funds' investment strategy, including guidelines regarding the types of securities the Fund will invest in and portfolio limits (if any).

The Adviser from time to time recommends that the Funds enter into letter agreements or other similar agreements with one or more investors that provide such investors with terms additional to or different from those set forth in the Fund Documents.

Mitchell J. Blutt, MD, Benjamin B. Edmands, Stephen V. McKenna and Nancy-Ann DeParle are the founding members ("Founders") of the firm and serve on the investment committee of Fund I. The Founders as well as Javier Starkand and Sean Breen serve on the investment committee of Fund II. Consonance Capital Partners GP, LLC is the general partner of the Adviser. Mitchell J. Blutt, MD, Benjamin B. Edmands, Stephen V. McKenna and Nancy-Ann DeParle are the principal owners of Consonance Capital Partners GP, LLC.

The Adviser does not participate in wrap fee programs.

As of December 31, 2020, the Adviser managed approximately \$1,309.5 million of the Funds' assets on a discretionary basis. The Adviser does not currently manage any Fund assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Management Fees

The Adviser receives a management fee from the Main Funds and the PV Funds in an amount equal to 2% per annum (the "Management Fee"), which is paid quarterly in advance. The Management Fee is based on the aggregate commitments of investors or the adjusted cost of all unrealized investments, as applicable. The co-invest vehicles and the Friends and Family Feeder Funds do not pay a management fee.

Management Fees and advisory fees applicable to investors are paid quarterly in advance and are deducted from investors' capital contributions. Investors may not withdraw from the Funds, and may not sell or transfer any of their interest in the Funds without the prior written consent of the Adviser or its affiliate. As such, the ability to refund a fee is not relevant to investors.

Expenses

The Funds will pay all expenses relating to the operation of the Funds and proposed or actual investments (whether or not consummated), including but not limited to, expenses of counsel, consultants or advisers (but excluding Operating Council members and members of the Senior Advisory Board ("OC/SAB members") acting in their capacity as OC/SAB members), accountants, and custodians, travel (including first class travel), and related expenses incurred in connection with transactions (whether or not consummated), portfolio monitoring expenses, any insurance,

indemnification or litigation expenses, and any taxes, fees or other governmental charges levied against the Funds. See Item 12 for a description of the Adviser's brokerage practices.

The Funds will also bear the offering and organizational expenses incurred in the formation of the Funds (including, but not limited to, legal and accounting expenses, and travel expenses (including first class travel)) up to \$1.5 million for Fund I, and up to \$2 million for Fund II. Offering and organizational expenses in excess of these amounts, together with any placement agent fees, will be borne by the Funds subject to a 100% offset against the Management Fee (if any).

The co-invest vehicles pay all of their expenses related to their operations, such as audit fees and tax expenses. The co-invest vehicles only invest in a single portfolio company, at the same time as the relevant Fund, and therefore do not pay any broken deal expenses and/or other expenses such as subscription credit facility fees and expenses, which are generally allocated entirely to the applicable Fund that is the borrower under such facility.

The Adviser (or its affiliate) is entitled to receive topping, break-up, monitoring, directors', organizational, set-up, advisory, investment banking, underwriting, syndication, and other similar fees in connection with the purchase, monitoring, or disposition of investments or from unconsummated transactions, including warrants, options, derivatives and other rights, in each case valued as of the grant date. These fees will first be applied to reimburse the Adviser or its affiliate for their unreimbursed out-of-pocket expenses in connection with the transaction giving rise to such fees and 100% of the Funds' pro-rata share of the balance, if any, net of any unrecouped fees and expenses for transactions not consummated and other Fund expenses that the Adviser or its affiliate has elected to pay, will be applied to reduce the subsequent installments of the Management Fee.

In certain limited circumstances, monitoring fee arrangements with portfolio companies may include provisions that permit acceleration of monitoring fees upon certain events, such as the initial public offering or strategic sale of a portfolio company. These acceleration provisions typically require a termination payment by the portfolio company, which often reflects the net present value at the time of the termination of the fees that would have been payable for the remaining term of the agreement. Because the monitoring agreements with portfolio companies often have prolonged terms, the effects of such acceleration is often substantial.

Any Funds that do not pay a Management Fee, such as the co-invest vehicles and the Friends and Family Feeder Funds, will not receive the benefit of any offset.

The Adviser and its affiliates may from time to time incur fees, costs and expenses on behalf of more than one Fund, portfolio company and/or the Adviser. In that event, expenses will be allocated in the Adviser's good faith discretion with a view to being fair and reasonable and having regard to all relevant and available information, including the extent to which the relevant entity(ies) or group(s) required or benefitted from the goods or services giving rise to the expense and whether all or a portion of a multiple-purpose expense should be viewed as overhead and absorbed by the Adviser.

The Adviser and/or its personnel can be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Funds that will not be subject to the management fee offset or otherwise shared with Fund investors and/or portfolio companies. For example, airline travel or hotel stays incurred in connection with Fund business may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Adviser and/or its personnel even though the cost of the underlying service is borne by the Funds or their portfolio companies.

The Adviser may from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to the Funds and the Adviser or its affiliates. In some cases discounts may be based on volume and so certain Funds or portfolio companies may receive a greater discount than others depending on the timing of their transactions (e.g., if a transaction occurs early in a year it may not receive the same discount as a transaction that occurs later in the year).

The Adviser may, from time to time, engage third-party consultants in connection with the Funds' investment processes. This may include individuals who are not employees or affiliates of the Adviser but consultants who may work with the Adviser on an exclusive or partly-exclusive basis. Such individuals or other consultants may also provide services directly to a portfolio company of a Fund. Fees paid and expenses reimbursed with respect to such persons may be allocated to or borne by the Adviser, or one or more Funds and/or one or more portfolio companies depending on the particular services provided by the consultant and the terms of any agreement that may exist between the consultant and a portfolio company. None of the Funds, the general partners of the Funds, the Adviser or any of their respective affiliates or related persons is entitled to all or any portion of the compensation payable to such persons (including, without limitation, any fees or any payments in respect of expense reimbursements), and such amounts will not offset or reduce the Adviser's management fees.

In addition, in certain instances, a Fund has borne and may in the future bear expenses in respect of an existing or prospective portfolio company that was not or will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment funds), where the Adviser has determined such arrangement to be in the best interest of such Fund (e.g., a Fund engages or pays for a consultant for services in respect of a portfolio company without reimbursement by other owners of the portfolio company).

The expenses described above are detailed, but do not include every possible expense a Fund may incur. In addition, the discussion herein generally summarizes the management fees, carried interest, fund expenses and other fee provisions applicable to the Funds; however, fees and expenses are negotiated on a vehicle-by-vehicle basis. Accordingly, investors should review the applicable Fund Documents for further details.

Performance-Based Fee payable upon Distribution/Realization of Proceeds:

Subject to a clawback, net proceeds from the sale of a portfolio investment and other amounts, including dividends or other proceeds, for each portfolio investment will, in the first instance, be apportioned among investors pro rata in proportion to their percentage interests in such portfolio investment. Thereafter, the amount apportioned to the affiliate of the Adviser will be distributed and the amount apportioned to investors will generally be distributed in the following amounts and order of priority:

Fund I

1. 100% to each investor until the investor has received cumulative distributions equal to:
 - a. the capital contributions by the investor that were used to acquire the investment plus the investor's proportionate share of any permanent write-downs or write-offs of unrealized investments; and
 - b. the investor's capital contributions for all organizational and Fund-related expenses, including the Management Fee (net of any fees previously applied against such capital contributions in respect of the Management Fee);

2. 100% to all investors until cumulative distributions are sufficient to provide an 8% cumulative annual return on the investors' capital contributions;
3. 100% to the affiliate of the Adviser until the cumulative amount distributed equals 20% of the sum of the cumulative amounts distributed to investors under paragraph (2) above and to the affiliate of the Adviser as described in this paragraph (3); and
4. 80% to all investors, and 20% to the affiliate of the Adviser.

Fund II

1. 100% to each investor until the investor has received cumulative distributions equal to:
 - a. the capital contributions by the investor that were used to acquire the investment plus the investor's proportionate share of any permanent write-downs or write-offs of unrealized investments; and
 - b. the investor's capital contributions for all organizational and Fund-related expenses, including the Management Fee (net of any fees previously applied against such capital contributions in respect of the Management Fee);
2. 100% to all investors until cumulative distributions are sufficient to provide an 8% cumulative annual return on the investors' capital contributions;
3. 100% to the affiliate of the Adviser until the cumulative amount distributed equals 25% of the sum of the cumulative amounts distributed to investors under paragraph (2) above and to the affiliate of the Adviser as described in this paragraph (3); and
4. 75% to all investors, and 25% to the affiliate of the Adviser.

The Adviser may enter and has entered into side letters or other similar agreements with certain investors that have the effect of establishing rights under, supplementing or altering a Fund's partnership agreement or an investor's subscription agreement. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, information rights, co-investment rights or transfer rights. For the most part, any rights established, or any terms altered or supplemented will govern only the investment of the specific investor and not the terms of the Fund as a whole.

It is important that investors refer to the applicable Fund Documents for a complete understanding of how the affiliate of the Adviser is compensated for services. This is particularly true with respect to performance-based compensation. The information contained herein is a summary only and is qualified in its entirety by such documents.

Item 6 – Performance-Based Fees and Side-by-Side Management

As described in Item 5, an affiliate of the Adviser (including through an investment in a general partner of the Fund) is eligible to receive performance-based compensation from investors upon the distribution of investment proceeds.

The Adviser recognizes that the Funds may have different terms in respect of fees and performance allocations and that, accordingly, actual or perceived conflicts of interest may arise in allocating opportunities to, between or among the Funds. As a fiduciary, the Adviser has a duty to allocate investment opportunities among the Funds in a fair and equitable manner. If the Adviser determines that it would be appropriate for more than one Fund to participate in an investment opportunity, the Adviser will seek to allocate the investment opportunity to all of the participating Funds on a fair and equitable basis. Generally, investment opportunities will be allocated pro rata based upon each

participating Fund's assets under management; provided, however, that the Adviser, in its sole discretion, may make allocations based upon other considerations, in accordance with the Fund Documents and the Adviser's investment allocation policies and procedures.

It should be noted that the possibility of an affiliate of the Adviser's receipt of performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based fee. Investors are provided with clear disclosure in applicable Fund Documents as to how the performance-based compensation is charged.

The Adviser has full discretion in determining to whom and in what relative amounts to allocate co-investment opportunities, whether through an entity it or one of its affiliates controls or directly into a portfolio company. In addition to allocating co-investment opportunities on a case-by-case basis as they arise as described above, the Adviser may determine to provide priority rights with respect to future co-investment opportunities generally to certain Fund investors (but not to others, including similarly situated Fund investors) or other persons, pursuant to commitments, arrangements or agreements between the Adviser and Fund investors or other persons or through the formation of one or more funds or other vehicles in which such investors or other persons would invest.

ADDITIONALLY, THE CO-INVEST VEHICLES DO NOT PAY A PERFORMANCE FEE. WE DO NOT BELIEVE THAT THIS ARRANGEMENT CREATES A CONFLICT OF INTEREST FOR THE ADVISER BECAUSE THE CO-INVEST VEHICLES INVEST ONLY IN PORTFOLIO COMPANIES ALONGSIDE THE FUNDS.

Item 7 – Types of Clients

The Adviser provides investment advisory services to pooled investment vehicles operating as private investment funds as well as co-investment vehicles.

The Funds will offer interests only to certain qualified investors who meet qualification requirements under applicable securities laws and other laws. Admission to the Funds is not open to the general public.

The minimum capital commitment of an investor in each Fund (excluding the co-investment vehicles) is \$5,000,000, although lesser commitment amounts have been accepted in the discretion of the Adviser (or its affiliate).

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

As described in Item 4, above, the Adviser provides advisory services to private investment funds that invest in healthcare business models that add sustainable value to the healthcare system by facilitating the delivery of higher quality care at a lower cost.

Investment Strategy

The Adviser focuses on private equity investments in lower to middle market companies in the Healthcare Industry. Transactions include growth equity investments, leveraged buyouts and build-ups. The Adviser invests in companies with proven business models and attempts to generate returns by developing and shaping those companies into strategically valuable assets. The Adviser's

goal is to capitalize effectively on the underserved and undermanaged lower to middle market of healthcare.

The Adviser typically targets companies in the Healthcare market with revenue of between \$20 million and \$150 million with respect to Fund I, and revenue between \$25 and \$500 million with respect to Fund II, which represent the majority of U.S. healthcare companies with over \$10 million in revenue due to the industry's high level of fragmentation. The Adviser sees the lower to middle market as providing a compelling opportunity to generate attractive returns.

This strategy involves risk of loss to investors and investors must be prepared to bear those risks.

Investment Process

The Adviser has a proactive, targeted investment approach to sourcing deals in subsectors of the healthcare industry that it believes have outsized growth opportunities. This process emphasizes macro "investable theme" identification and the application of these themes across the hundreds of subsectors that are actively tracked. The Adviser is focused on target identification in high priority subsectors, which is followed by an active calling effort on specific companies.

To enhance the Adviser's sourcing, evaluation, and portfolio management capabilities, the Adviser has established an Operating Council, which is comprised of healthcare operating executives with extensive managerial experience within the healthcare industry. Operating Council members are highly involved in macro theme discussions, idea generation, sector research, target identification, and diligence. Once an investment is made, the Operating Council members are important contributors in the development of strategic goals and the prioritization and implementation of key initiatives that drive value. Adding to the breadth and depth of the team, the Adviser has also established a Senior Advisory Board of recognized healthcare leaders and senior business professionals. These advisors offer strategic and operational expertise and, due to their significant individual reputations and networks, provide value through sourcing, diligence, and portfolio oversight. In certain cases, OC/SAB members may serve as consultants, advisers or board members of a portfolio company. Fees paid to OC/SAB members for such services by a Fund or its portfolio companies do not reduce the applicable Management Fee (or other compensation) payable by such Fund.

Market and Investment Risks

General Risk

Investing in portfolio companies involves a high degree of business and financial risk that can result in substantial losses. In order for the Adviser to succeed, it must be able to identify potentially successful business enterprises, a process that is difficult even for those with extensive experience investing in such enterprises. Portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and may require substantial additional capital to support expansion or to achieve or maintain a competitive position. Investment in the Funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an investor's capital contributions. Prospective investors should not subscribe for Interests unless they can bear such a loss. There can be no assurance that the Adviser's investment objectives will be achieved, and investment results may vary materially from one reporting period to the next. In addition, there will be occasions when the Adviser and its affiliates may encounter potential conflicts of interest in connection with the Funds. Consequently, an investment in the Funds is suitable only for sophisticated investors capable of making an informed independent decision as to

the risks involved in an investment in the Funds. Additionally, the risks discussed here are generally applicable to the co-invest vehicles except that the co-invest vehicles do not have the benefits of any diversification of the portfolio.

Long-Term Nature of Investment; Illiquidity

An investment in the Funds requires a long-term commitment, with no certainty of return. Generally, investments will be illiquid, and there can be no assurance that the Funds will be able to realize on such investments in a timely manner or at all. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. In addition, there may be little or no near-term cash flow available to investors. The Adviser typically will acquire securities for the Funds that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the “1933 Act”), or in a private placement or other transaction exempt from registration under the 1933 Act and that complies with any applicable non-U.S. securities laws. In addition, in some cases, the Adviser may be prohibited or limited by contract from selling certain investments for a period of time, and, as a result, may not be permitted to sell an investment at a time it might otherwise desire to do so.

Additionally, the realizable value of a highly illiquid investment may be less than its intrinsic value. It is generally not expected that partial or complete dispositions of investments will result in a return of capital or the realization of gains (if at all) for a number of years after an investment is made. A variety of factors (including economic conditions, asset conditions, political and regulatory considerations and public opinion) could affect the ability of the Adviser to buy or sell investments on favorable terms.

The investment program of each Fund is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates may undergo substantial changes, some of which may be adverse. Investment sourcing, selection, management and liquidation strategies and procedures exercised by the Adviser may not be successful, or even practicable, throughout a Fund’s term. *No Market for Limited Partnership*

Interests; Restrictions on Transfers

An investment in the Funds is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment and who understand that they may lose all or a significant portion of their invested capital. Investors must be willing to bear the economic risk of an investment in the Funds for an indefinite period of time. The interests in the Funds have not been, nor will they be, registered under the 1933 Act, the securities laws of any state of the U.S. or the securities laws of any other jurisdiction; and, therefore, cannot be resold unless they are subsequently registered under the 1933 Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the interests in the Funds under the 1933 Act or other securities laws will ever be effected. There is no public or private market for the interests and none is expected to develop. Interests are not transferable and may not be encumbered except with the prior written consent of the Adviser or its affiliates, and subject to various other limitations. Any credit facility of the Funds, which may be secured by a pledge of unpaid capital commitments, may impose additional restrictions on the transferability of interests in the Fund. Withdrawals from the Funds will generally not be permitted. Consequently, investors will not be able to liquidate their investments prior to the end of the Funds’ terms.

No Assurance of Investment Return

An investment in the Funds involves a significant degree of risk. The Adviser cannot provide assurance that it will be able to choose, make, and realize investments in any particular Fund investment. There can be no assurance that the Funds will be able to generate returns for investors or that the returns will be commensurate with the risks of investing in the type of assets and transactions described herein. Past investment activities of the Founders, and any entities with which they were associated, provide no assurance of future success. There can be no assurance that any investor will receive any distribution from the Funds. In addition, the Funds will bear the expenses of transactions that are not consummated. While such expenses may be reimbursed by offsetting certain amounts payable to the Adviser, there can be no assurance that sufficient offsetting fees will be generated to reimburse all such expenses. Furthermore, the Adviser may enter into agreements to consummate transactions which involve payments, such as reverse break-up fees, by the Funds in certain circumstances if the Funds do not consummate the transaction. As a result, the Funds could incur a substantial cost with no opportunity for a return. Even if the investments of the Funds are consummated and successful, they may not produce a realized return to the investors for a number of years. Accordingly, an investment in the Funds should only be considered by persons who do not require current income and can afford a loss of their entire investment. Past or current activities of the Founders provide no assurance of future success. There is no assurance that any benefits or advantages to investors suggested or implied will be available or accomplished. There can be no assurance that projected or targeted returns for the Funds will be achieved.

Relationships with Affiliates and the Potential for Conflicts of Interest.

For a discussion of risks that might arise from conflicts of interest involving affiliates, please see Item 10 below.

Reliance on Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such portfolio company's management team. The Adviser intends to seek management rights, including board representation or other rights, where appropriate. However, there is no assurance that these rights, if sought, will be obtained. Furthermore, even in cases where the Adviser may be represented on management boards or have other management rights, the Adviser does not expect to have an active role in the day-to-day operations of its investments. The success or failure of many of the portfolio companies will depend to a significant extent on the financial and management talents and efforts of specific employees of such portfolio companies, whose death, disability or resignation could adversely affect the performance of the portfolio company. In addition, the Adviser may co-invest with non-affiliated co-investors whose ability to influence the day-to-day management and affairs of the portfolio companies' investments may be significant and even greater than that of the Adviser.

Risks of Investing in the Healthcare Sector

The Adviser expects to make investments in the healthcare industry which is subject to regulatory controls by national, local and in some instances international governmental authorities. The nature and scope of healthcare regulations generally are subject to political forces and market considerations. New laws, regulations and judicial decisions, or new interpretations of existing laws, regulations and decisions, that relate to healthcare availability, methods of delivery or payment for products and services, or sales, marketing or pricing, may have a material negative

impact on the performance of portfolio companies that operate in this industry. The Adviser cannot predict whether new legislation or regulations governing the healthcare industry will be enacted by legislative bodies or governmental agencies, or what effect such legislation or regulations might have. In the United States, healthcare providers often rely on governmental and other third-party payers, such as federal Medicare, state Medicaid and private health insurance plans, to pay for all or a portion of the cost of the products and services they provide. Their ability to obtain appropriate coverage and reimbursement for their products and services from governmental and other third-party payers is critical to their success. Cost-containment incentives continue to result in increased discounts and contractual adjustments to charges for products and services in the healthcare industry. Future legislative or administrative changes to insurance coverage requirements and to the payment system in the United States could significantly reduce the amount of reimbursement available for the products and services provided by portfolio companies from governmental and other third-party payers or result in a denial of coverage entirely. Further, companies in the healthcare industry are often subject to significant risks related to litigation and liability for damages in connection with their operations, or products and services offered. The litigation and liability environment in the healthcare industry is constantly evolving, and new judicial decisions and legislative activity may increase exposure to any of these types of claims. Even if liability insurance is maintained by a portfolio company, it may not be adequate to cover potential liabilities, including as a result of warranty and product liability claims.

Changes to Healthcare Regulation in the United States

In the United States, there have been a number of legislative and regulatory proposals affecting the healthcare system that could affect the ability of portfolio companies to sell their products or services profitably. The Adviser cannot predict whether legislative or regulatory changes will be adopted, or how such changes would affect the healthcare industry generally.

Liability for Return of Distributions

An investor's capital commitment is susceptible to risk of loss as a result of any liability of the Funds irrespective of whether such liability is attributable to an investment to which such investor contributed any capital. An investor may be required to return distributions made to such investor under various circumstances, including to meet Fund obligations. In certain circumstances, applicable law may require that an investor return previously received distributions with interest. In addition, an investor may be liable under applicable federal and state bankruptcy or insolvency laws to return a distribution made during the Fund's insolvency.

Recourse to the Funds' Assets

The Funds' assets, including any investments made by the Funds and any capital held by the Funds, are available to satisfy all liabilities and other obligations of the Funds. If the Funds becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Funds' assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is competitive and involves a high degree of uncertainty. The Adviser could be competing for investments with private equity funds, hedge funds, strategic investors, financial institutions, large and well-capitalized industrial groups, commercial, investment and merchant banks, or other investors, and certain of

these competitors could have larger capital pools or superior access to investment opportunities. The availability of, and competition for, investment opportunities will depend on, among other things, financial, market, business and economic conditions. There can be no assurance that the Adviser will be able to locate, complete and exit investments that satisfy investment objectives or realize upon their values or that it will be able to invest fully the available capital or to diversify the investment portfolio. Additionally, competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available and adversely affecting the terms upon which investments can be made.

Limited Number of Investments; Lack of Diversity

The Adviser is expected to participate in a limited number of investments and, as a consequence, the aggregate returns may be materially and adversely affected by the unfavorable performance of even a single investment. On any given investment, loss of all or a portion of the investors' capital is possible. Investors have no assurance as to the degree of diversification in the investments. Because the investments may be concentrated within a single industry or sector, portfolio diversification will be less than would be possible if the Adviser were to invest in a broader range of industries or sectors. Such reduced diversification may increase the volatility of the returns, and could reduce the returns relative to diversified funds to the extent that such industries or sectors do not perform as well as other industries or sectors. Although the Adviser intends to diversify its investments among different assets, no assurances can be given that it will, in fact, so diversify its investments. The Adviser is also expected to make investments that are not diversified geographically. The Adviser may make investments for which third-party financing will be desirable but not necessarily available (on desired terms or at all) at the time of investment. Such financing may never become available, or a refinancing may not be able to be completed on desirable terms. This could result in the Funds having a variety of unintended long-term investments or reduced diversification.

Control Positions

The Adviser is deemed to have a control or management position with respect to one or more of the portfolio companies in which it has an investment. This in turn could expose the Funds to risk of liability for product defects, failure to supervise management, pension and other fringe benefits, violation of laws and governmental regulations (including securities laws), violation of fiduciary duties to minority owners and other types of liability, including, in the case of debt investments, lender liability. If these liabilities were to arise, the Funds might suffer a significant loss. The exercise of control over a portfolio company could expose the assets of the Funds to claims by such portfolio company, its security holders and its creditors.

Leverage

The Adviser's investments may include companies whose capital structures may utilize significant amounts of leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by the Funds may be the most junior in what may be a complex capital structure and thus subject to the greatest risk of loss.

Credit Risks in Investments

The Adviser invests in various forms of equity and debt securities issued by portfolio companies. The Adviser may enter into financial contracts with third parties or hedging arrangements. There is no minimum credit standard required for investment in any such security or any other financial instrument or the counterparty's credit standing, in the case of financial contracts, and many, if not all, of the securities or instruments issued by portfolio companies or financial contracts with third parties are expected to be illiquid or non-transferable and non-investment grade or non-rated.

Hedging

Certain of the investments by the Adviser or the portfolio companies may employ hedging techniques designed to reduce risks, such as from adverse movements in prices, inflation, interest rates or currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Adviser may benefit from the use of these hedging mechanisms, unanticipated changes in prices, inflation, interest rates or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

Bridge Financings

From time to time, the Adviser may make loans on a short-term, unsecured basis in anticipation of a future equity or long-term debt take-out refinancing. There can be no assurance that such take-out refinancing will occur on time, on desirable terms or at all, and such bridge loans may remain outstanding. In such event, the Adviser could have a long-term investment in a junior security and the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Adviser.

Use of Subscription Lines

The Funds may fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings will be borne by the relevant Fund and, accordingly, may decrease net returns of such Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. In light of the foregoing, the Adviser has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund.

Risks of Early-Stage Investments

The Adviser may invest in the securities of smaller, less-established companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. Less-established companies tend to have less capital and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies may also have shorter operating histories on which to judge future performance. While the Adviser anticipates making investments that range in size from approximately \$15 million to \$50 million, the Adviser has not established any minimum size for the companies in which it will invest.

Investments in Restructurings and Distressed Companies

The Adviser may make investments in portfolio companies that are experiencing or are expected to experience financial difficulties which may never be overcome. These financial difficulties may cause such portfolio companies to become subject to bankruptcy proceedings and could, in certain circumstances, subject the Funds to certain additional potential liabilities which may exceed the value of the investment therein. For example, under certain circumstances, lenders who have inappropriately exercised control over the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. Certain of the Funds' investments may be originated by or acquired from persons or entities, including financial institutions, that are insolvent, in serious financial difficulty or are no longer in existence and, as a result, the standards by which such investments were originated, the recourse to the seller or the standards by which such investments are being developed may be materially and adversely affected. Additionally, under certain circumstances, payments to the Funds and distributions by the Funds to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws.

Effects of Bankruptcy Laws

The Adviser may make investments in portfolio companies that are or may become the subject of voluntary or involuntary bankruptcy proceedings under applicable bankruptcy laws. Certain risks faced in bankruptcy cases that must be factored into the investment decision include, without limitation, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under applicable bankruptcy laws, or as a result of a liquidation proceeding, the Funds could suffer a loss of all or a part of the value of the investment in a portfolio company. A bankruptcy filing may adversely and permanently affect a portfolio company. The portfolio company could lose market position and key employees, and the liquidation value of the portfolio company may not equal the liquidation value that was believed to exist prior to the making of the initial investment. In general, bankruptcy laws may be expected to have a variety of adverse impacts on the value of the investments and the timing and amount of any distributions the Funds are able to receive therefrom. In addition, investments in restructurings may be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Accuracy of Third-Party Information

The Adviser may select investments for the Funds, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by third parties. Although the Adviser will evaluate all such information and data and will ordinarily seek independent corroboration when the Adviser considers it is appropriate and when such corroboration is reasonably available, the Adviser may not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Difficulty in Valuing Investment Portfolio

The Adviser will value the portfolio investments of the Funds from time to time at their fair market values as determined in good faith by the Adviser in accordance with ASC 820 (or any other standard that replaces ASC 820 as the generally accepted standard in the alternative investment

industry). Fund assets that are publicly traded securities for which market prices are readily available will be valued based on their trading prices, however, for almost every portfolio company, there will likely be no public market for its securities. Thus, portfolio valuation inherently is highly subjective and imprecise and requires the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value. In establishing the value of the investment portfolio, the Adviser may also consult with accounting firms, investment banks and other third parties when needed, to assist with the valuation of the investments. The value set by the Adviser may not reflect the price at which the Funds could dispose of interests in a particular portfolio company at any given time. In addition, valuations may result in adjustments of the aggregate fair market values or gross or net IRR calculations. There can be no assurance that the aggregate fair market values or gross or net IRRs, as calculated based on such valuations, will be accurate on any given date.

Regulatory Status

The Adviser is registered as an investment adviser pursuant to the Advisers Act and, as such, is subject to the provisions of the Advisers Act. Failure to comply with the requirements imposed as a consequence of registration or requirements that may be imposed as a result of future regulation may have a significant adverse effect on the Adviser's ability to perform its duties to the Funds. In addition, the Adviser and the Funds must comply with various legal requirements, including requirements imposed by laws governing anti-money laundering, bribery and corruption, securities, commodities, tax and pensions. A failure to satisfy the requirements of those laws or changes in the applicable law over the life of a Fund or of any of its portfolio investments could have material adverse consequences to that Fund or any of its investments. The Adviser's ability to source and execute transactions for the Funds may also be adversely affected by negative publicity arising from any regulatory compliance failures or other inappropriate behavior attributed to or any other publicity related to the Adviser, its affiliate or any of their respective investment professionals.

Cybersecurity and Identity Theft

The Adviser, each Fund and each Fund's portfolio companies generally rely on information technology systems for current and planned operations. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Information and technology systems of the Adviser, the Funds and their respective affiliates, each Fund's portfolio companies as well as service providers to the foregoing may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches and usage errors by their respective professionals. There can be no guarantee that the Adviser or the Funds will be able to prevent or mitigate such incidents. The failure of these systems could cause significant interruptions in the operations of the Adviser, the Funds, their affiliates and the portfolio companies and could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Funds. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any of which could be materially adverse to the Funds.

The Adviser, the Funds, their affiliates, service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business

functions. These systems are subject to a number of different threats or risks that could adversely affect a Fund and its investors, despite the efforts of such Fund's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of a Fund's service providers, counterparties or data within these systems.

Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to data or that of a Fund's investors. A successful penetration or circumvention of the security of systems could result in the loss, theft or corruption of an investor's data, a loss of fund data, a loss of funds, the inability to access electronic systems, overall disruption in operations systems, loss, theft or corruption of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. These threats may also indirectly affect a Fund through cyber incidents with third party service providers or counterparties. Data taken in such breaches may be used by criminals in identity theft, obtaining loans or payments under false identities, and other crimes that could affect a Fund's investors directly as well as affect the value of assets in which a Fund invests. These risks can disrupt the ability to engage in transactional business, cause direct financial loss and reputational damage, lead to violations of applicable laws related to data and privacy protection and consumer protection or incur regulatory penalties, all or part of which may not be covered by insurance. Cybersecurity risks also result in ongoing prevention and compliance costs. In addition, Funds may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information and adverse reputational reaction or litigation.

Similar types of operational and technology risks are also present for the portfolio companies in which Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Risk Management

The Adviser attempts to identify, monitor and manage significant risks and these efforts do not take all risks into account. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of the Adviser, Funds or their portfolio companies may be incomplete or altogether ineffective.

Business Continuity Plans

In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, the Adviser will initiate its business continuity plan to safeguard employee access to the resources and technology necessary to continue their responsibilities and meet portfolio company and investor needs. The business continuity plan is tested to ensure that appropriate measures are put in place to manage any such catastrophic events. However, the Adviser is not able to predict the level of disruption that such catastrophic events may have on its operation or the ability of the plan to succeed in a time of crisis; as a result, its business continuity plan may be insufficient to continue operating the Adviser's business as usual. The failure of the business continuity plan for any reason could cause significant interruptions in the operations of the Adviser, the Funds and/or

portfolio companies. Similar types of operational risks are also present for the portfolio companies in which the Funds invest, which could have material adverse consequences for such companies and may cause the Funds' investments to lose value.

The Adviser initiated its business continuity plan in response to the spread of the coronavirus, as its offices are closed and employees are working remotely. Employees have the necessary technology to continue meeting investor and portfolio company needs, including access to laptops with remote working capabilities and audio and video conferencing technology, and the Adviser's servers have been thus far capable of handling a remote workforce. The Adviser has discouraged all non-essential travel, and the investment team remains in ongoing communication with each other and with portfolio companies. While the implementation of the business continuity plan has not materially impaired operations to date, the ongoing implementation of the business continuity plan could affect the future ability of the Adviser to operate effectively, including the ability of personnel to function, communicate and carry out the Funds' investment strategies and objectives. In addition, when the coronavirus ends and more typical investments resume, expenses, such as travel and other in-person diligence expenses, may increase.

Global Economic Conditions

General global economic conditions may affect the activities of the Adviser and the Funds. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and participation by other investors in the financial markets may affect the value of investments made by the Funds. Market conditions affecting, for example, liquidity and volatility, credit availability and financial conditions generally, could change at any time. These changes could have a material adverse effect on the ability of the Adviser to complete the Funds' investment programs and to realize on investments, on the terms of those investments, or on the business, operations, condition or prospects of the borrowers.

The market outlook, trends, opportunities and other matters presented in the Fund Documents are based on various estimates and assumptions, including about future events. There can be no assurance that such market outlook, trends, opportunities and other matters will materialize. National and global market and economic conditions may deteriorate during the term of the Funds, and such conditions could deteriorate materially and for an extended period of time.

Brexit

The United Kingdom withdrew from the European Union on January 31, 2020 ("Brexit"). In connection with Brexit, the UK and the EU agreed on the Trade and Cooperation Agreement ("TCA") that governs the future trading relationship between the UK and the EU in specified areas. The uncertainty surrounding the implementation of the TCA and the outcome of ongoing negotiations may have economic, tax, fiscal, legal, regulatory and other implications for the asset management industry, the broader European and global financial markets generally and for private funds, such as the Funds, and their Investments. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the UK or the EU, including companies or assets held or considered for prospective investments by the Funds.

The ongoing effects of Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities) an adverse effect on

the ability of the adviser to manage, operate and invest the funds and an increased legal, regulatory or compliance burden for the adviser and/or the funds. There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on the funds and their Investments, including the ability of the funds to achieve their investment objectives.

Environmental, Social & Governance (“ESG”) Matters

ESG matters have been the subject of increased focus by regulators in the US and EU, among other jurisdictions. While the Adviser considers the ESG aspects of its investment practices, there can be no assurance that the Adviser will be able to identify all ESG issues or will be able to successfully implement ESG policies. The use of ESG metrics in the investment process may be subjective and the metrics themselves are not subject to uniform standards, and, as such, there is no guarantee that the Adviser will be able to accurately assess and measure the ESG risks and ESG compliance of a Fund’s investments and/or potential investments. ESG-related investment considerations may result in a Fund foregoing opportunities to make certain investments when it might otherwise be advantageous to do so, and/or selling certain investments because of their ESG characteristics when it might be disadvantageous to do so. Taking ESG considerations into account may affect a Fund’s investment performance and, as such, a Fund may perform differently compared to similar funds that do not use such considerations.

Public Health Concerns and Epidemics

The impact of disease and epidemics may have a negative impact on the Adviser, the Funds, their affiliates, service providers and other market participants and/or the performance and financial position of any of the foregoing. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline. For example, such events may adversely impact economic activity and development/construction activities through disruption in supply and delivery chains. Moreover, the Adviser’s operations and those of the Funds or their portfolio companies could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have a material adverse effect on the Adviser, the Funds and/or the Funds’ portfolio companies.

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China (“COVID-19”) and spread around the world, with resulting business and social disruption of a significant nature. The speed and extent of the spread of COVID-19 and the duration and intensity of resulting business disruption and related financial and social impact have been material and are expected to remain material for the foreseeable future. Governmental agencies and private sector participants have sought to mitigate the adverse effects of COVID-19, which have included such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel and other restrictions, and, more recently, the medical community has developed multiple vaccines that have proven effective in studies and are currently being rolled out to various segments of the population. However, delays and other logistical issues relating to vaccination of large segments of the population continue to significantly impact the timeline of a COVID-19 recovery. The Adviser’s operations and business results, including with respect to the Fund and their portfolio companies, could continue to remain materially adversely affected by the COVID-19 outbreak for the foreseeable future. The outcome of the end of the pandemic may be especially uncertain for

investment in healthcare companies. Some healthcare companies may have been temporarily and positively or negatively impacted by the pandemic and others may have been materially and adversely affected by the pandemic, and the end of the pandemic may have an uncertain effect.

It is critical that investors refer to the applicable Fund Documents for a complete understanding of the material risks involved in an investment in the Funds. The information contained herein is a summary only and is qualified in its entirety by such document.

Item 9 – Disciplinary Information

Neither the Adviser nor any of its management persons have had any legal or disciplinary events that would be material to an investor's evaluation of the Adviser or the integrity of the Adviser's management.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser serves as investment adviser to the Funds. Affiliates of the Adviser also invest directly in the Funds and employees of the Adviser or its affiliates also invest indirectly in the Funds (through an affiliate).

The Adviser is affiliated with Consonance Capital Management LP ("CCM"), a registered investment adviser. Mitchell J. Blutt, a Founder of the Adviser, is the Managing Member of Consonance CapMan GP LLC, the General Partner of CCM. CCM advises healthcare focused hedge funds. Mr. Blutt serves as an executive officer of CCM and also serves as executive officer of the Adviser. Accordingly, conflicts may arise in the allocation of time, services and function between the Adviser and CCM. The Adviser believes that the Funds' investment focus on private equity investments is sufficiently distinct from that of investment funds advised by CCM, which focuses on investments in public securities with some private placement securities, that the Adviser does not anticipate investing in the same security as CCM.

Conflicts of interest can arise out of the relationship between CCM and its investments in public securities, on the one hand, and the Adviser, with the Funds' portfolio company investments, on the other hand. The Funds' portfolio companies, in conducting their businesses, may interact with public companies within CCM's target investment universe, including companies in which CCM's clients have already invested. In particular, the Funds have agreed to acquire a company, and may later acquire other portfolio companies, that through normal business dealings may gain transparency into the sales, business and operations of smaller public companies. If a portfolio company were to provide this information on public companies to the Adviser before the public companies have announced their financial information, the relationship between the Adviser and CCM would require CCM to determine whether trading in the securities of those public companies (whose products the Funds' portfolio company distributed) would need to be restricted even if the Adviser had not provided the information to CCM. Restricting CCM from trading securities poses potentially significant risks to its business that can be lessened by adjusting the timing of when the Funds' portfolio company provides this internal sales data to the Adviser. This presents a conflict of interest by having to decide whether portfolio company information that may be useful for the Adviser should be delayed until after the public companies that the portfolio companies interact with have announced their financial information. Additionally, there is the risk that divisions of public companies that may be spun off as stand-alone private companies, or certain private companies that might otherwise fit within the Funds' target investment universe but have interactions with public companies could be excluded as potential portfolio companies if there

appears to be a significant risk of receiving non-public information that would create a material conflict of interest situation.

Additionally, CCM has created a special purpose acquisition company (“SPAC”), which expects to invest in a controlling interest in a company in the life sciences and biotechnology space. Mitchell J. Blutt, a Founder of the Adviser, has a significant role with the SPAC as Chairman of its Board of Directors and has an ownership interest in the sponsor of the SPAC. Conflicts therefore may arise with respect to the allocation of his time and resources. While the SPAC expects to target a private company, if its business combination target is a public company or subsidiary of a public company or may otherwise be expected to possess material non-public information with respect to a public company, the ability of the Funds to trade may be restricted in certain circumstances.

The success of each Fund will depend substantially on the ability of the Adviser to, among other things, source and complete investments, improve the operations and performance of the portfolio companies and assets acquired and exit investments at the appropriate time and at attractive valuations. Investment professionals, also spend time assisting other Funds with their investment activities and work on other matters, certain of which are noted above. Additionally, the Adviser or its affiliates may over time expand the range of services provided. Conflicts may arise with respect to such future activities and/or the allocation of time and resources of the Adviser’s investment professionals.

A Fund may in the future invest in a company that competes with, is a customer of, or a service provider or supplier to a portfolio company of another Fund. In addition, principals and employees of the Adviser may serve as directors and officers of companies that are competitors of portfolio companies of certain Funds. These circumstances may give rise to certain conflicts of interest. The Adviser, the Lower GP I, the Lower GP II, the Upper GP, the GP Capital Vehicle, the GP Carry Vehicle, the Bako GP, the Eagle GP and/or each of their members, principals, managers, affiliates and employees (the “Consonance Affiliates”) engage in other activities, which may include providing investment management and advisory services to other funds and accounts, and shall not be required to refrain from any activity, to disgorge profits from these activities or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Funds, or its affairs. These other funds or accounts may pursue a substantially similar investment strategy as that of the Funds. These activities could be viewed as creating a conflict of interest in that the time and effort of the Consonance Affiliates will not be devoted exclusively to the business of the Funds, but will be allocated between the business of the Funds and other business activities of Consonance Affiliates. The Adviser reviews all such business activities for conflicts of interest. The Adviser also requires that all employees receive prior approval from the Chief Financial Officer before engaging in a business activity outside of their employment with the Adviser.

Certain of the Consonance Affiliates invest in other private equity investment vehicles (including single investor co-investments) managed by other advisers. It is possible that the Adviser or the Funds may purchase portfolio companies that are owned by such other investment vehicles, which may indirectly benefit any the Consonance Affiliates invested in such vehicles.

Also, the Lower GP I, the Lower GP II, the Upper GP, the GP Capital Vehicle and the GP Carry Vehicle are related persons of the Adviser and as such are eligible to receive performance-based fees. The Adviser attempts to mitigate this conflict by disclosing the fees to investors in the funds prior to their investment.

The Adviser serves as investment manager to certain co-investment vehicles that invest alongside the Funds in certain portfolio companies and also, from time to time, may offer certain investors or

other persons the opportunity to co-invest directly in a portfolio company. The Adviser has sole discretion in terms of offering such co-investment opportunities, and co-investment opportunities typically will be offered to some and not to other Fund investors. In circumstances where an entire investment could be made by a Fund, the Adviser may still allocate a portion of such investment to one or more co-investment funds or other co-investors in accordance with the applicable Fund Documents.

The investors in a Fund will likely be subject to different legal, tax, and regulatory regimes. The nature and diversification of the Funds' investments, as well as the manner in which the Funds make, structure, hold and exit such investments may therefore lead to a more favorable legal, tax or regulatory outcome for some investors. In selecting investments appropriate for a Fund, the Adviser considers the investment objectives of the investing Fund as a whole, not the investment objectives of any of a Funds' investors individually.

The Fund Documents are detailed agreements that establish complex arrangements among the Adviser, the Funds, the partners of the Funds and other entities and individuals. From time to time, questions will arise under the Fund Documents regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of drafting and execution of the Fund Documents. While the Adviser will construe the Fund Documents in good faith and in a manner consistent with its legal obligations, the interpretations adopted will not necessarily be, and need not be, the interpretations that are most favorable to the Funds and/or their investors.

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

The Adviser's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to the Adviser's "Access Persons." Access Persons include, generally, any partner, officer or director of the Adviser and any employee or other supervised person of the Adviser (or an affiliate) who, in relation to the Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All employees of certain affiliates of the Adviser are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account the Adviser's status as a fiduciary and requires Access Persons to place the interests of the Funds and investors above their own interests and the interests of the Adviser and its affiliates. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Adviser's Chief Compliance Officer (the "Chief Compliance Officer"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Adviser's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, the Adviser's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

The Adviser manages the potential conflicts of interest inherent in personal trading by Access Persons through rigorous enforcement of its Code, which contains limitations on Access Persons' personal investment activities. Access Persons' personal securities transactions are required to be made in accordance with the Adviser's Code. In addition, the Adviser receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

With the exception of securities of public or private companies in the healthcare industry and initial public offerings, Access Persons are generally permitted to transact in securities for their personal accounts. As such, Access Persons generally are prohibited from personal trading in the securities and investments that comprise the vast majority of the investable universe of the Adviser's clients. However, if upon hire an Access Person holds any such securities or investments, the Access Person may retain them indefinitely or, subject to preapproval by the Chief Compliance Officer, close any such positions, but may not make new investments in such securities while they are Access Persons of the Adviser.

The Adviser believes that these personal trading restrictions effectively address the material potential conflict of interest with the Adviser's clients that may arise as a result of personal trading activities.

The Adviser maintains a "Restricted List" with the names of issuers of securities about which the Adviser (or its Access Persons) has learned material, non-public information or that may require, for business or legal reasons, that the Adviser's clients and Access Persons do not trade in the securities for a specific period of time. Access Persons are strictly prohibited from trading securities on the Restricted List (or any other securities to which the material, non-public information relates).

It should be noted that members of the Operating Council and Senior Advisory Board (the "Members") are not considered Access Persons of the Adviser and may have material, non-public information as a result of their employment or activities outside of their involvement with the Adviser. The Adviser has implemented a periodic attestation in which the Members are asked to acknowledge that they will not communicate any material, non-public information to the Adviser's employees in violation of federal securities laws. The Adviser's employees are also aware of the Adviser's policies and procedures regarding insider trading and are periodically reminded to report any potential material, non-public information, whether received from the Members or any other source, to the Chief Compliance Officer immediately.

In addition, the Code seeks to ensure the protection of non-public information about the activities of the Funds. Investors or prospective investors may obtain a copy of the Code by contacting the Chief Compliance Officer at mdeleon@consonancecapital.com.

As explained in Item 10 above, the Adviser serves as investment adviser to the Funds, which are closed to new investors. If at some future date the Adviser serves as the investment adviser to funds that are open for investment, the Adviser will recommend interests in those funds to prospective investors. The Adviser, its affiliates and certain Access Persons may invest in those funds as they have in the Funds.

The fact that the Adviser, its affiliates and certain Access Persons each has a financial ownership interest in the Funds creates a potential conflict in that it could cause the Adviser and its affiliates to make different investment decisions than if such parties did not have such financial ownership

interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in the Adviser's Code of Ethics.

The Adviser addresses these potential conflicts through regular monitoring of the Funds' portfolio and investments for consistency with the Funds' objectives, strategies, and target capacity. Further, the Adviser and its affiliates carefully consider the risks involved in any investments and provide extensive disclosure to clients regarding the potential risks that come with an investment in the Funds. The Code requires Access Persons to place the interests of the Funds and investors over their own or those of the Adviser, its affiliates and all Access Persons are required to acknowledge their receipt and understanding of the Code.

Further, the Adviser (or its affiliate) receives management and performance-based compensation. The management fees are payable without regard to the overall success or income earned by the Funds and, therefore, may create an incentive on the part of the Adviser to raise or otherwise increase assets under management to a higher level than would be the case if the Adviser was receiving a lower or no management fee. Performance-based fees may create an incentive for the Adviser to make Investments that are riskier or more speculative than in the absence of such performance-based fee.

Item 12 – Brokerage Practices

As described in Item 4, above, the Adviser is the investment adviser to private investment funds that invest in private companies in the healthcare industry. Due to the nature of the Funds' investment programs, the Adviser and its affiliates do not select or recommend broker-dealers for Fund transactions.

The Adviser does not utilize "soft dollars."

Item 13 – Review of Accounts

The Funds' portfolio and Investments are under continuous review by the Adviser's Investment Team. The Adviser is typically in daily or weekly contact with management at portfolio companies and will implement weekly or monthly reports that help both management and the Adviser capitalize on opportunities and mitigate risks emerging in the business.

Generally, investors will receive unaudited reports at least quarterly. In addition, investors will receive annual audited financial statements within 120 days of the fiscal year-end. The Adviser will hold annual meetings to provide investors with the opportunity to review and discuss with the Adviser (and its affiliates) the Funds' investment activities and portfolio. In addition to the information typically provided to all investors, the Adviser may in certain circumstances (e.g., in connection with a co-investment opportunity) provide certain investors with additional information with respect to a Fund or a portfolio company or provide more frequent reports that other investors will not necessarily receive.

Item 14 – Client Referrals and Other Compensation

The Adviser does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to the Adviser's clients. The Adviser currently does not directly or indirectly compensate any person who is not a supervised person for client referrals.

Item 15 – Custody

The Adviser is deemed to have custody of the Funds' assets pursuant to Advisers Act Rule 206(4)-2. To ensure compliance with Rule 206(4)-2 under the Advisers Act, the Adviser provides audited financial statements to investors within 120 days after the end of the relevant Funds' fiscal year (i.e., generally by April 30).

As the Adviser's investment program exclusively involves investments in private companies in the healthcare industry, the Adviser generally will be exempt from the requirement that securities be maintained with a "qualified custodian." The Adviser anticipates that the majority of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

To the extent that the Adviser's investments involve securities that are certificated, but also are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering and (ii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer, the Adviser will maintain such certificates with a qualified custodian.

Item 16 – Investment Discretion

The Adviser has discretionary authority to manage securities accounts on behalf of the Funds. The Adviser is authorized to make transaction recommendations for the Funds. Investors do not have the ability to impose limitations on the discretionary authority of the Adviser. Further, investors must execute subscription documents that contain a power of attorney.

Item 17 – Voting Client Securities

Based upon the Adviser's investment strategy and business as a private equity fund manager (and lack of involvement in publicly-traded equities) it does not vote proxies. If in the future it is contemplated that the Adviser may exercise voting authority with respect to any client securities, the Adviser will adopt proxy policies and procedures that are consistent with Rule 206(4)-6.

Item 18 – Financial Information

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. The Adviser has not been the subject of a bankruptcy petition.