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Part 2A of Form ADV: Firm Brochure

March 30, 2021

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

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

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

ITEM 2. MATERIAL CHANGES

This brochure dated March 30, 2021, serves as an update to the Adviser's brochure dated March 27, 2020. Although we have made certain routine updates to improve and clarify the description of the Adviser's business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices, this brochure does not include any material changes.

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ITEM 4. ADVISORY BUSINESS

The Adviser

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

HC Royalty was launched in January 2007 in a strategic partnership with Cowen, Inc. (together with certain of its affiliates, “Cowen”).

HCRM is owned by Cowen Capital Partners II, LLC (“CCP II”), and managed by Vanderbilt Capital Partners, LLC (“VCP”). CCP II and VCP share profits from HCRM. HCR Collateral is owned by HCRM.

Advisory Services

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

The Funds currently advised by the Adviser are: HealthCare Royalty Partners, L.P. (“Fund I”), HealthCare Royalty Partners II, L.P. and HealthCare Royalty Partners II-A, L.P. (collectively, “Fund II”), HCRP Overflow Fund, L.P. (“Overflow Fund”), HealthCare Royalty Partners III, L.P. and HealthCare Royalty Partners III-A, L.P. (collectively, “Fund III”), HealthCare Royalty Partners IV, L.P. and HealthCare Royalty Partners IV-A, L.P. (collectively, “Fund IV”), HCR Stafford Fund, L.P. (“Stafford”), HCR H.O.P. Fund, L.P. (“HOP”), HCR Molag Fund, L.P. (“Molag”), HCR Potomac Fund, L.P. (“Potomac”), and HCR Canary Fund, L.P. (“Canary”). HCRM may, in its discretion, create additional funds or feeder or parallel funds in respect of its existing Funds in accordance with the relevant Fund’s governing documents (either by itself or with an affiliate), and may manage one or more separately managed accounts (collectively, the “Managed Accounts” and, together with the Funds, the “Clients”).

On behalf of its Clients, the Adviser seeks to achieve superior investment returns primarily by purchasing royalties and using debt-like structures to invest in commercial or near-commercial stage healthcare assets. The Adviser generally employs a strategy of pursuing investments that are able to generate consistent, predictable cash flows, attractive yields, and gross returns that are generally uncorrelated to the overall public and private capital markets.

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

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

HC Royalty does not participate in wrap fee programs.

Assets Under Management

The Adviser is reporting approximately \$4,082,345,702 in regulatory assets under management, including approximately \$4,057,093,177 managed on a discretionary basis and \$25,252,525 managed on a non-discretionary basis as of December 31, 2020.

ITEM 5. FEES AND COMPENSATION

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

Management Fee

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

In addition, the Adviser and its affiliates may perform a broad range of advisory and other services, including administrative services related to securitizations and other similar financings (collectively, "Related Services") for, and receive fees from, actual or prospective portfolio investments ("Portfolio Investments") or the entities into which such Portfolio Investments are made ("Portfolio Companies") or other investment vehicles of Clients and other affiliates of Clients as well as in relation to actual or

prospective Portfolio Investment counterparties (each, a “Counterparty”). These fees may be substantial. Although these fees are in addition to the management fees, the Adviser will in most circumstances reduce the amount of management fees paid by the applicable Fund in connection with the receipt of such fees (subject to exceptions for certain securitization and administrative fees). The amount and manner of such reduction is set forth in the investment management agreements and/or organizational documents of the applicable Fund. Any such reduction of a Fund’s Management Fees will be limited to the extent of such Fund’s proportionate interest in any such portfolio company.

Fees, discounts or commissions earned by broker-dealer affiliates of the Adviser (or affiliates providing similar services with respect to loans) conducting a financial services, loan origination, structuring, underwriting, placement or other similar business as a broker, dealer, distributor, syndicator, arranger or originator of securities or loans do not reduce the Management Fee. These affiliated broker-dealer fees include but are not limited to offering, placement, syndication, underwriting, solicitation or similar or related fees in connection with activities for a Fund such as an initial public offering of securities and the distribution of debt or equity securities of a portfolio company, or similar activities with respect to loans.

Certain investors in the Client that are employees, business associates and other “friends and family” of the Adviser, its affiliates or their personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, “Adviser Investors”) will not typically pay Management Fees or carried interest in connection with their investment in a Client. Furthermore, the Adviser may from time to time in the future establish certain investment vehicles through which Adviser Investors or other third parties may invest alongside one or more Clients in one or more investment opportunities, which generally do not pay Management Fees or carried interest. Notwithstanding that Adviser Investors will generally not pay Management Fees, Adviser Investors will generally pay for their pro rata share of certain Client expenses or the pro rata portion of such Adviser Investors’ expenses will be allocated to the Adviser or the general partner of the applicable Client.

In addition, the Adviser may from time to time in the future establish certain investment vehicles through which Adviser Investors or other third parties may invest alongside one or more Clients in one or more investment opportunities. Such co-investment vehicles generally do not pay Management Fees or carried interest.

Performance Fees/Carried Interest

Except as provided below, in most instances, the general partner of a Fund, an affiliate of the Adviser, will be apportioned and distributed a portion of the profits received by the Fund (the “Carried Interest”). Carried Interest paid by a Fund is indirectly borne by investors in such Fund. The Carried Interest is not generally negotiable, although the Adviser may from time to time enter into Side Letters with one or more investors which provide such investors with additional and/or different rights (including, without limitation, with respect to the Carried Interest) than provided in the governing documents of the Clients. The Adviser or the general partner may, in their sole discretion, reduce or waive the Carried Interest with respect to any investor. The Adviser and the general partner generally intend to waive a Fund’s Carried Interest for investments in such Fund by certain affiliated entities, certain employees and certain persons who have strategic relationships with the Adviser. Please see Item 6 below regarding Carried Interest. For one Fund, there is no carried interest, but instead there is a performance fee which is calculated and payable by the Client quarterly as a percentage of profit received by the Fund during such quarter and is payable in arrears on the first business day of the following quarter. For two other Funds, there is no carried interest, but instead a performance fee is paid based on profits received over successive two year periods, if such profits exceed a hurdle rate. Lastly, for one Fund, there is neither carried interest nor a performance fee.

Other Expenses

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

With respect to any new Client of the Adviser, it is anticipated that such Client shall bear the formation and initial expenses necessary for the incorporation of such Client and the initial offering and administration of the initial issuance of Client interests, as further described in such Client’s governing documents.

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

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

From time to time, the Adviser may create certain special purpose vehicles or similar structuring vehicles for purposes of accommodating certain tax, legal, and regulatory considerations of investors (“SPVs”). In the event the Adviser creates an SPV, consistent with the organizational and offering documents of the Funds, the expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV will typically be borne by the SPV, and indirectly, the investors thereof. In addition, expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne by the Fund and indirectly, the investors thereof (even if such investors do not participate in any such feeder fund or similar vehicle).

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

Allocation of Expenses

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by the Adviser, a Client, a Portfolio Company, co-investors and/or a third-party (each, an “Allocable Party”) and if so, how such fees costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or, fees, costs and expenses may be allocated among multiple Allocable Parties. The Adviser allocates fees, costs and expenses in accordance with a Client’s organizational documents. To the extent not addressed in the organizational documents of a Client, the Adviser will make allocation determinations among Allocable Parties on a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Client, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by the Adviser in its sole discretion). The Adviser will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Client for a particular service may not reflect the relative benefit derived by such Client from that service in any particular instance.

There may be occasions when one Allocable Party (the “Payor Allocable Party”) pays an expense common to multiple Allocable Parties (the “Allocated Parties”) (e.g., legal expenses for a transaction in which multiple funds and/or co-investors participate). On such occasions, each Allocated Party will reimburse the Payor Allocable Party for its share of such expense, generally without interest, after the payment is made by the Payor Allocable Party. In addition, there may be occasions where a Client procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocable Party. Subject to the organizational documents, the borrowing Client will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties. Furthermore, while highly unlikely, it is possible that one of the Allocated Parties could default on its obligation to reimburse the Payor Allocated Party.

The Adviser may from time to time enter into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants are paid compensation or other fees and/or are reimbursed for certain expenses. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Client(s), consistent with the allocation process described above.

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

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

The payment by some, but not all, Clients of a Performance Fee or Carried Interest, or the payment of such Performance Fee or Carried Interest at varying rates (including varying effective rates based on the past performance of a Client) may create an incentive for the Adviser to disproportionately allocate time,

services or functions to Clients paying a Performance Fee or Carried Interest at a higher effective rate, or allocate investment opportunities to such Clients. Generally, and except as may be otherwise set forth in the governing documents of the Clients, this conflict is mitigated by policies and procedures of the Adviser, including contractual provisions and procedures regarding the formation of additional Funds and setting forth investment allocation requirements. Please also see Items 11 and 12 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

ITEM 7. TYPES OF CLIENTS

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

Interests in the Funds are offered pursuant to applicable exemptions from registration under the 1940 Act and the Securities Act. Investors in the Funds may include high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

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

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

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

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

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

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

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

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

- HC Royalty targets investments principally in commercial stage healthcare assets where the product is already approved by the FDA or comparable regulatory authorities.
- HC Royalty seeks to invest in products with substantial asset collateral protection, typically in the form of IP/patent protection, regulatory approvals, and manufacturing barriers.
- HC Royalty targets medically necessary products that often treat an unmet or underserved market need.
- HC Royalty seeks products with a favorable reimbursement dynamic and significant willingness to pay.
- HC Royalty seeks to acquire market leading products with an innovative product profiles that have potential to capture meaningful market share.
- The Funds typically seek investments ranging from \$20 to \$250 million, although Funds may make investments in lesser or greater amounts. For most transactions greater than \$200 million, HC Royalty anticipates funding part of the aggregate transaction value with capital from limited partners and other providers of co-investment capital.
- HC Royalty targets investments where the Funds will be the most senior creditor in the capital structure with respect to the rights it acquires.
- HC Royalty looks for substantial asset value relative to the investment amount to create over-collateralization.
- HC Royalty invests in products with long-term cash flows that have expected portfolio term of generally five to ten years and investment terms can range from five to 15 years, depending on the remaining patent life.
- Before making an investment, HC Royalty completes a detailed valuation analysis on the applicable asset, including a bottom-up sales forecast, determination of operating expense requirements (where appropriate), review of the clinical need for the products and research on the competitive product landscape. HC Royalty also reviews the marketing company's capabilities, pipeline of complementary and competitive products, credit worthiness and therapeutic focus.

HC Royalty follows a bottom-up investment approach of first thoroughly analyzing the underlying healthcare product and subsequently utilizing customized structuring techniques to provide superior returns while mitigating the downside risk for each royalty investment. HC Royalty intends to create value through

each of the following fundamental stages: (i) deal sourcing; (ii) due diligence and evaluation; (iii) structuring; and (iv) portfolio management. HC Royalty utilizes the team's significant relevant healthcare investing, operating, medical, structuring, and capital markets experience in an effort to further increase value for Clients.

INVESTMENT RISKS

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

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

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

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

Nature of Investments. An investment in a Fund and investments held by a Client requires a long-term commitment, with no certainty of return. As with other types of instruments, royalty investments and the other anticipated Portfolio Investments involve the risk of loss in case of default or insolvency of the party

obligated to pay the royalty, particularly since most royalty obligations provide for recourse only to specific assets.

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

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

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

General Portfolio Product Risks. The ability of Interested Parties to maintain the value of Portfolio Products is subject to numerous risks. For example: (i) products that compete with Portfolio Products may reduce or eliminate royalties arising from Portfolio Products, because the market may come to embrace a competitor’s products in lieu of Portfolio Products; (ii) ongoing marketing efforts for Portfolio Products may be unsuccessful; (iii) Portfolio Products may be found to be unsafe or become regulated to the point where it is no longer viable to continue sales of the Portfolio Products; (iv) insurance and similar reimbursement policies may change, resulting in decreased demand for Portfolio Products; (v) generic or similar products that compete with Portfolio Products may be approved, and sales of the related Portfolio Products would likely be adversely affected, thereby reducing the value of a Client’s related Portfolio

Investment; (vi) Portfolio Product liability claims and product recalls could harm the value of Portfolio Investments and result in sales of Portfolio Products being discontinued; (vii) interruptions in supply chains may prevent Portfolio Products from being manufactured and sold; and (viii) marketers of Portfolio Products may have interests that differ from those of a Client, and such marketers will, in most cases, be outside the control of the Adviser and the relevant Fund's general partner.

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

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

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

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

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

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

and other jurisdictions will improve and it is possible that economic conditions may deteriorate globally. A further downturn in the European or a new recession in the U.S. or the economies of other countries in which a Client is considering investments may have a significant adverse effect on the performance of a Client.

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

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

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

Tax Reform Risks. A broad-based reform of the Internal Revenue Code of 1986, as amended (the “Code”) was signed into law on December 22, 2017 (the “Tax Act”) and legislation known as the “Coronavirus Aid, Relief and, Economic Security Act” (the “CARES Act”) was enacted in March 2020. Despite proposed and in some cases finalized regulations on certain aspects of these laws, there are significant uncertainties regarding the interpretation and application of the Tax Act and the CARES Act. While additional guidance is expected, the timing, scope and content of such guidance are not known. Changes to the Code and any further changes in tax laws or interpretation of such laws may be adverse to the Clients and their investors. For example, the Tax Act subjects Carried Interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. These changes could cause the Adviser’s investment professionals to incur a material increase in their tax liability with respect to their entitlement to Carried Interest. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser’s ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Clients and/or the investors and therefore, these rules have an additional impact on the investment decisions made on behalf of the Clients, including with respect to decisions on the timing and structure of investments and dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the Tax Act gives the Adviser an incentive to cause a Client to hold an investment for longer than three years in order to obtain lower tax rates on Carried Interest gains even if there are attractive realization opportunities earlier than three years. The Tax Act also creates the incentive for the Adviser to waive receipt of such Carried Interest and recoup such amount from subsequent liquidity events at potentially lower tax rates than the tax rates borne by the Client’s investors with respect to the earlier distributions.

Risks Resulting from the United Kingdom’s Exit from the EU. The United Kingdom left the European Union on January 31, 2020 (commonly referred to as “Brexit”). From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced, or amended. Depending on the terms of any future agreement between the European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Client and its investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, European, and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax, and economic uncertainty. 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 United Kingdom or the European Union, including companies or assets held or considered for prospective investment by a Client.

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 and its affiliates to manage, operate and invest in a Client and increased legal, regulatory or compliance burden for the general partner, a Client, and/or its affiliates, each of which may have a negative impact on the operations, financial condition, returns, or prospects of a Client.

Areas where the uncertainty created by the United Kingdom’s withdrawal from the European Union is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative

investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European Union countries, the regulation of the provision of financial services within and to persons in Europe, and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of a Client's investments and the ability to achieve the investment objective of a Client.

LIBOR Transition. The Clients' payment obligations, financing terms and investments in debt securities and derivatives may be tied to floating rates, such as the London Interbank Offered Rate ("**LIBOR**"). LIBOR is the offered rate for short-term Eurodollar deposits between major international banks. In 2017, the UK Financial Conduct Authority ("FCA") announced the FCA's intention to cease compelling banks to provide the quotations needed to sustain LIBOR from the end of 2021. On March 5, 2021, the FCA and LIBOR's administrator, ICE Benchmark Administration ("IBA"), announced that most LIBOR settings will no longer be published after the end of 2021 and a majority of U.S. dollar LIBOR settings will no longer be published after June 30, 2023. It is possible that the FCA may compel the IBA to publish a subset of LIBOR settings after these dates on a "synthetic" basis, but any such publications would be considered non-representative of the underlying market. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies. Various financial industry groups have been planning for transition away from LIBOR, but there are obstacles to converting certain securities and transactions to new reference rates. Markets are developing slowly and questions around liquidity in these rates and how to appropriately adjust these rates to mitigate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on the Clients. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that currently rely on LIBOR. The transition may also result in a reduction in the value of certain LIBOR-based investments held by the Clients or reduce the effectiveness of related transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could adversely impact the performance of the Funds. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur prior to the end of 2021.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Adviser, service providers to the Adviser or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. The Adviser has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

Coronavirus Outbreak Risks. The global outbreak of the 2019 novel coronavirus ("COVID-19"), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. COVID-19 has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak has already, and will continue in the short term to, adversely affect the Funds' investments and the industries in which they operate. Furthermore, the Adviser's ability to operate effectively, including the ability of its personnel or its service providers and

other contractors to function, communicate and travel to the extent necessary to carry out the Funds' investment strategies and objectives and the Adviser's business and to satisfy its obligations to the funds, their investors, and pursuant to applicable law, may be materially impaired by COVID-19. The spread of COVID-19 among the Adviser's personnel and its service providers would also significantly affect the Adviser's ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Fund's investment activities or operations. The full effects, duration and costs of the COVID-19 pandemic are impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve.

Impact of Economic, Health and Political Conditions. In the event of unfavorable general economic conditions such as a recession or economic slowdown in the United States and other countries, the business, operating results, financial condition and prospects of many of the Funds' portfolio investment companies would likely be materially and adversely affected, as would the value of the Funds' investments in such companies. Political unrest, war, acts of terrorism, pandemics, infections and diseases may also increase the risks inherent in the Funds' investments.

Environmental, Social and Governance Matters. While ESG is only one of the many factors the Adviser will consider in making an investment, there is no guarantee that the Adviser will successfully implement and make investments in companies that creates positive environmental, social or governance ("ESG") impact while enhancing long-term shareholder value and achieving financial returns. To the extent that the Adviser engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Adviser will depend on the Adviser's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Adviser's view of certain ESG-related and other factors, carries the risk that the Adviser may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by the Adviser.

Consideration of ESG factors may affect the Adviser's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the Adviser's performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser or any judgment exercised by the Adviser will reflect the beliefs or values of any particular investor. In evaluating a company, the Adviser is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause the Adviser to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or the Adviser's assessment of such practices may change over time.

ITEM 9. DISCIPLINARY INFORMATION

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

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Related Broker-Dealers and Affiliated Entities

The Adviser is affiliated with the following U.S. registered broker-dealers: Cowen and Company, LLC, Cowen Execution Services Limited, ATM Execution LLC, Cowen Prime Services LLC (dba Cowen Prime Advisors), and Westminster Research Associates LLC. The Adviser is also affiliated with a dual-registered U.S. broker-dealer and investment adviser, Cowen Prime Services LLC (dba Cowen Prime Advisors). The Adviser's non-US affiliates include Cowen International Limited and Cowen Execution Services Limited, both UK FCA registered broker-dealers, Cowen and Company (Asia) Limited, a Hong Kong broker-dealer and Quarton International AG, a German M&A and Debt Advisory business. The above referenced entities are all (directly or indirectly) wholly owned subsidiaries of Cowen Inc., a publicly traded company (NASDAQ: COWN). Cowen Inc., through its subsidiaries, has an ownership interest in the Adviser as well as a veto right regarding two out of the five positions on the Adviser's investment committee, and the right to nominate three out of the five members on the Adviser's operating committee.

The Adviser is also affiliated with the following investment advisors registered with the U.S. Securities and Exchange Commission (or rely upon the registration of an affiliated investment advisor registered with the SEC): Cowen Prime Services LLC (dba Cowen Prime Advisors), Cowen Investment Management LLC, Cowen Sustainable Advisors LLC (dba Cowen Sustainable Investments), Cowen Investment Advisors, LLC (dba Ramius Advisors LLC), Cowen Trading Strategies LLC, CHI Advisors LLC, RCG Longview Equity Management, LLC, RCG Longview Partners II, LLC, and TriArtisan Capital Advisors LLC. CSI GP I LLC (dba Cowen Sustainable Investments), Cowen Private Investments GP LLC, Cowen Private Investments II GP LLC, Cowen Healthcare Investments II GP LLC and Cowen Healthcare Investments III GP LLC are also registered as a Commodity Pool Operator with the CFTC and are members of the NFA.

The Adviser is also affiliated with Cowen Financial Products LLC, an unregistered swap dealer.

In addition, the Adviser has the following related persons who are general partners, managing members or sponsors of limited partnerships: Cowen Investment Advisors LLC (dba Ramius Advisors LLC), Cowen Private Investments GP LLC, Cowen Private Investments II GP LLC, Cowen Healthcare Investments II GP LLC, Cowen Healthcare Investments III GP LLC, Cowen Investment Management LLC, Cowen Investment Advisors, LLC, RCG RE Manager LLC, CSI GP I LLC (dba Cowen Sustainable Investments), TriArtisan ES MM LLC and TriArtisan Orlando MM LLC.

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

Related General Partners

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

Affiliations and Potential Conflicts of Interest

For a description of potential material conflicts of interest created by such relationships, as well as a description of how such potential conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a code of ethics (the “Code of Ethics”) that seeks to place the interests of Clients over the interests of any employees or certain other persons covered by the Code of Ethics (as used in this Item 11, “supervised persons”). The Code of Ethics requires all employees to comply with applicable U.S. federal securities laws at all times.

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

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

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

Conflicts of Interest

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

Co-Investment with other Funds Managed by the Management Company. It is expected that certain parallel funds and other vehicles, the investors of which may include affiliates of the Adviser (the “Co-Investing Funds”), either will invest in a Fund or will co-invest with a Fund in Portfolio Investments. Any investment by such entities in the Portfolio Investments will generally be allocated first to the applicable Fund in accordance with the Funds’ organizational documents and successor fund provisions and then to such entities, pro rata based on the amount of capital they have committed to the applicable Fund, subject to various factors set forth in the Adviser’s investment allocation policy. The Adviser makes allocation determinations in its sole discretion, consistent with organizational documents and written policies and procedures. All decisions made by the Adviser on behalf of the Co-Investing Funds in their capacity as a co-investor with a Fund will be made based on the best interests of the Co-Investing Funds, which may be in conflict with the best interests of the Funds or the other investors.

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

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

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

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

a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Client where the Adviser may be deemed to own more than 25% of the Client, unless such transaction complies with the requirements of the Adviser's principal transactions policy below.

Principal Transactions. Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the Adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. Subject to the Clients' relevant governing documents, in connection with the Adviser's management of the Clients, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Client(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

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

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

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

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities (as set forth on the Adviser's investment allocation policy and the relevant limited partnership agreement), and expects to make allocation determinations consistently therewith (for example, with respect to a particular investment opportunity, if some but not all is deemed appropriate for the current main fund, the remaining portion will be allocated to the other Clients pro rata based on their respective main fund commitment). The Adviser assesses whether an investment opportunity is appropriate for a particular Client(s), based on the Client's investment objectives, strategies and structure. A Client's investment objectives, strategies and structure typically are reflected in the Client's limited partnership agreement,

investment management agreement, organizational documents and/or offering memoranda. Once the participating Client(s) have been identified and subject to any investment allocation requirements applicable to a Client, if more than one Client will participate in an investment opportunity, the Adviser allocates the investment opportunity among the Clients in good faith and in accordance with each Client's organizational documents and applicable advisory agreements as well as the Adviser's investment allocation policy, generally based on a number of criteria deemed appropriate by the Adviser, including, but not limited to, Clients' investment objectives, target returns, portfolio construction metrics and each Fund's investment concentration parameters including, without limitation, parameters such as geography, industry, issuer, volatility, leverage and other similar risk metrics), reserves (including whether a Fund is able to invest all capital required to consummate a particular investment opportunity), asset allocation targets and risk controls, as well as relationships with strategic investors, in each case, as applicable. In certain circumstances, an investor in a Fund may have entered into a side letter that alters such investor's ability to be invest a given investment. Such side letters may also be taken into account in allocating investments across Clients. If the amount of an investment opportunity exceeds the allocation to the Clients, and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Clients' organizational documents/side letter agreements. There may be circumstances where an amount that could have otherwise been invested by a particular Fund is, instead, allocated to one or more co-investors, and there can be no assurance that an investment opportunity that comes to the attention of the Adviser will not be allocated wholly or primarily to other entities or accounts, with a particular Client being unable to participate in such investment opportunity or participating only on a limited basis.

Subject to any restrictions contained in the offering and/or organizational documents of the relevant Client or any Side Letter or other terms negotiated with respect to such Client, in general, (i) no investor in a Client has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in Clients, in the sole discretion of the Adviser or its related persons, and investors may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, and (iv) certain persons other than investors in the Clients (e.g., third parties) may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons. In exercising the Adviser's discretion to decide how to allocate investment opportunities among potential co-investors, the Adviser may consider some or all of a wide range of factors in the Adviser's sole discretion and as further set forth in the Adviser's policies and procedures. Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation. Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, the Adviser from time to time agrees to give particular investors, Funds, or other third parties priority access to co-investment opportunities. The existence of such priority co-investment access rights could affect the Adviser's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

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

Further, the Fund would also then bear the entire portion of any fees, costs and expenses related to such investment. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns.

Conflicts Related to Purchases and Sales. Funds from time to time invest in conjunction with an investment being made by other Clients, or in a transaction where another Client has already made an investment. Conflicts may arise in connection with such investments. Investment opportunities may be appropriate for a Client at the same, different or overlapping levels of a capital structure or investment structure of a Portfolio Investment or Portfolio Company. Conflicts arise in determining the terms of investments, particularly where these Clients may invest in different types of securities in a single Portfolio Investment or Portfolio Company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether to enforce claims, whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest, particularly with Clients that have invested in different securities within the same Portfolio Investment or Portfolio Company, and the Adviser may be incentivized to choose a course of action that benefits one Client to the detriment of another Client. Certain Clients may invest in debt, securities and other instruments of a Portfolio Investment or a Portfolio Company in which other Clients hold securities or other instruments or have contractual arrangements, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a Portfolio Company. In the event that such investments are made by a Client, the interests of such Client may be in conflict with the interest of such other Client, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Client holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Client's equity investment in the Portfolio Company. The involvement of such Clients at both the equity and debt levels or in various contractual arrangements could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Clients may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties of a Portfolio Company, or to finance growth or other opportunities, Clients may or may not provide such additional capital, and if provided each Client will supply such additional capital in such amounts, if any, as determined by the Adviser, subject to the terms of the relevant governing documents with respect to such Client. In the event one Client is unable to fund its share of additional capital (e.g., in the event such Client does not have sufficient available capital), the other Client may be obligated to fund more than its share of such amount. In such event, one Client may be obligated to fund more than its share of such amount. In such event, one Client will gain greater exposure to such investment than may have been intended and the other Client will be diluted in such investment. The returns of each Client may be negatively impacted as a result of the foregoing. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Client or a Counterparty or a Portfolio Investment of another Client. Investments by more than one Client in a Portfolio Investment or Portfolio Company may also raise the risk of using assets of a Client to support positions taken by other Clients. In addition, where more than one Fund invests in the same Portfolio Investment or Portfolio Company, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. For example, because the Adviser has an incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if the Adviser determines it is advisable for a Fund to exit an investment at the same time as another Fund of the Adviser or its affiliates,

the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Clients, and therefore may have additional conflicting interests in connection with these investments. In addition, Funds from time to time invest in securities of companies in which officers, principals, employees and other related persons of the Adviser and its affiliates have previously invested for their own accounts. There can be no assurance that the return of a Client participating in a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. A Client may invest in opportunities that other Clients have declined, and likewise, a Client may decline to invest in opportunities in which other Clients have invested.

The Clients, from time to time, co-invest with third parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks and conflicts that would not otherwise be present in investments where a third party is not involved. Such risks include, among other things, the possibility that the third party may have differing economic or business goals than those of the Client, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of the Clients. There may also be instances where the Clients will be liable for the actions of such third party co-investors. There can be no assurance that the return of a Client participating in a transaction with a third party would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

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

Conflicts Relating to the General Partner and the Adviser. The Adviser has contracted and, subject to the limitations set forth in the relevant governing documents of a Client, may in the future contract with any related person of the Adviser (including but not limited to a Portfolio Investment or Portfolio Company of a Client) to perform services for the Adviser in connection with its provision of services to its Clients. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost. While it has not done so as of the date of this brochure, the Adviser

generally may, in its discretion, recommend to a Client or to a Portfolio Company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a Portfolio Investment or Portfolio Company of a Client) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that the Adviser makes with respect to the Clients. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lower cost.

The Adviser, its affiliates, and the officers, principals and employees of the Adviser and its affiliates may, subject to the restrictions and limitations set forth in the Clients' relevant governing documents, buy or sell securities or other instruments that the Adviser has recommended to Clients. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by Clients or in securities of companies in which the Clients have previously invested. While the significant interests of the Adviser employee and officers generally align the interest of such persons with the Clients, such persons may have differing interests from the Client with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Clients. If officers, principals and employees of the Adviser have made large capital investments in or alongside a Client they may have conflicting interests with respect to these investments.

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

Fee Structure. Because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon net asset value of the Funds, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so. Additionally, as discussed above, the Adviser and its affiliates are entitled to Performance Fees or Carried Interest under the terms of the investment management agreement and applicable organizational documents of the Adviser's Clients. The existence of the Performance Fee or Carried Interest may create an incentive for the Adviser or its affiliates to cause such Clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation. In addition, the Adviser is incentivized to hold on to investments that have poor performance in order to receive ongoing Management Fees in the interim and, potentially, a more likely or larger Carried Interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the Adviser.

Related Services. As described in Item 5 above, the Adviser and its affiliates may perform Related Services, and may, subject to the restrictions and limitations set forth in the Clients' relevant governing documents such as the relevant limited partnership agreement, receive fees from, actual or prospective Portfolio Investments or Portfolio Companies, investment vehicles of Clients and other affiliates of Clients as well as in relation to actual or prospective Counterparties. Such fees may be in addition to any Management Fees, Performance Fees or Carried Interest paid by such Clients to the Adviser. Additionally, a Counterparty may reimburse the Adviser for expenses incurred by them in connection with its performance of services for such Counterparty, and such reimbursements may not be subject to the agreements described below. This could create a conflict of interest between the Adviser and its affiliates and the Clients and their investors because the amounts of these fees and reimbursements may be substantial and such Clients and

their investors generally do not have an interest in these fees and reimbursements. The Adviser may determine the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to Counterparties, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Clients. The Adviser and its affiliates will in most circumstances reduce, in whole or in part, the amount of Management Fees paid by the applicable Client in connection with any receipt of the fees described above.

Business with Portfolio Companies and Investors. Given the collaborative nature of the Adviser's business and the Portfolio Investments or Portfolio Companies in which the Clients have invested, there may be situations where the Adviser is in the position of recommending a Portfolio Investment or Portfolio Company or a Counterparty's products or services to another Portfolio Investment, Portfolio Company or Counterparties. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective Portfolio Investments or Portfolio Companies and Counterparties for Clients, while the products or services recommended may not necessarily be the best available to the Portfolio Investments or Portfolio Companies held by Clients or the Counterparties or the lowest cost.

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

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

Side Letter Agreements. The Adviser has entered into, and may in the future enter into, one or more Side Letters with certain investors in the Funds pursuant to which it and its affiliates grant to such investors specific rights, benefits or privileges that are not made available to investors in the Funds generally. Examples of such rights and benefits include more favorable economic arrangements and access to additional information. As a result of such Side Letters, certain investors may receive additional benefits

that other investors will not receive. Such agreements will be disclosed only to those actual or potential investors that have separately negotiated with the Adviser or its affiliates for the right to review such agreements. In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

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

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

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

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

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

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

between the applicable General Partner, the Adviser or affiliate, on the one hand, and the applicable Client acting as borrower, on the other hand.

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

Providers of Operations Support. The Adviser and the Portfolio Companies will from time to time retain other companies and individuals ("Operations Support Providers"), which may be employees of Portfolio Companies of the Adviser's funds, employees and former employees of the Adviser, affiliates of the Adviser, third party consultants including specialized consultants, advisers, industry specialists, external executives, Senior Advisory Board members, "industry advisers" and "senior advisers" and similar professionals. The Operations Support Providers are engaged to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more Portfolio Companies or prospective Portfolio Companies in relation to the identification, acquisition, holding, improvement and disposition of such Portfolio Companies and, from time to time, also provide "front office" functions with respect to a Fund, such as sourcing or other investment-related functions (such services, collectively, "Operations Support Services"). These services may include providing support to the Adviser or Portfolio Companies regarding, among other things, the Adviser's or Portfolio Company's management (including serving in management positions or participating in determining corporate strategy), supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. Certain Operations Support Providers may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the Portfolio Companies. These arrangements may in certain circumstances be memorialized in a formal written agreement and in other circumstances may be informal. In certain cases, Operations Support Providers have attributes of Adviser personnel (for instance, they may have dedicated office space, receive Adviser administrative support services, participate in general meetings or events for Adviser personnel, have Adviser e-mail address or business cards), even though they are not employees, affiliates or personnel of the Adviser.

Pursuant to the organizational documents of the Funds, fees, compensation, expenses and attributable overhead associated with Operations Support Services ("Operations Expenses") may be paid and/or reimbursed by the Adviser and/or the Funds. In the event the individual is an affiliate or employee of the Adviser or its affiliates, any compensation paid to the employee will in turn be given to the applicable Fund. Operations Expenses may be determined at the discretion of the Adviser taking into account the particular Operations Support Services to be performed and compensation for such Operations Support Services may include an equity or other interest in a Portfolio Company. The determination of whether a service is an Operations Support Service will be made by the Adviser, in its sole discretion but will generally be based on whether third parties often provide such services to investment advisers or companies, and may include reimbursement of an allocable portion of an affiliated Operations Support Provider's compensation

(including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation, rent, property taxes and utilities attributable to workspaces). Operations Expenses may also be incurred in respect of Portfolio Companies prior to the closing of the investment. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Funds, such Operations Expenses will be allocated among the Funds as determined by the Adviser, as applicable in a fair and equitable manner. The Adviser's determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors. To the extent any such Operations Expenses are payable to any affiliated Operations Support Provider by the Funds or a Portfolio Company, such Operations Expenses will be retained by such Operations Support Provider and will not reduce the Management Fee or any other fees otherwise payable to the Adviser or its affiliates and will not benefit the Fund or its investors, even if the Operations Expenses paid by a Fund or a Portfolio Company have the effect of reducing any retainers or minimum amounts otherwise payable by the Adviser.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points" or credit in loyalty/status programs to the Adviser and/or its personnel, and such benefits, rewards and/or amounts (whether or not de minimis or difficult to value), will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the Portfolio Companies. In addition, an Operations Support Provider's benefits described herein will, in certain circumstances, continue after termination of status as an Operations Support Provider.

ITEM 12. BROKERAGE PRACTICES

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

Brokerage Policy and Procedures

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

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

Directed Brokerage

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

Aggregation of Orders

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

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

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

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

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

Reporting

The Adviser provides reports in accordance with the applicable Client's organizational and offering documents or investment management agreement and as may be agreed with particular investors. The Adviser has engaged an independent public accounting firm to prepare audited financial statements of the Funds within 120 days of the end of each fiscal year (or such shorter period as may be set forth in a Fund's governing documents) or as soon as reasonably practicable thereafter.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

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

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

ITEM 15. CUSTODY

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

ITEM 16. INVESTMENT DISCRETION

For all Funds except Potomac, the Adviser provides investment advice directly to its Clients pursuant to a written investment management agreement with each such Client, subject to the discretion and control of the general partner of the applicable Fund, and not directly to the investors in the Funds. Powers of attorney and any restrictions on the Adviser’s authority are set forth in the investment management agreement, organizational documents and subscription documents of the Client. With respect to Potomac only, a portion of the assets managed by the Adviser are managed on a non-discretionary basis, while the remainder are managed in accordance with the immediately preceding sentences.

ITEM 17. VOTING CLIENT SECURITIES

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

At times, conflicts may arise between the interests of a Client, on the one hand, and the interests of the Adviser or its affiliates, on the other hand, or between the Adviser’s Clients. All Adviser investment professionals are expected to perform their tasks relating to the voting of votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Clients. If at any time any investment professional becomes aware of any potential or actual conflict of interest or perceived conflict of interest regarding any particular voting decision, he or she must contact the CCO, who will conduct a conflicts of interest review in accordance with the Adviser’s policies and procedures. The CCO, in consultation with the Investment Committee and the relevant LP Advisory Committee (each as defined in the relevant Fund’s limited partnership agreement), as appropriate, will use his best judgment to address any such conflict of interest and ensure that it is resolved in accordance with the Investment Committee’s assessment of the best interests of the Clients.

This summary of the Adviser’s voting policies and procedures is qualified in its entirety by the Adviser’s voting policies and procedures. The Adviser will make information regarding how proxies were voted

available upon request to any client and a copy of the Adviser's voting policies and procedures is available to any client upon request by contacting the CCO at (203) 487-8300.

ITEM 18. FINANCIAL INFORMATION

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

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

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

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

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