

Item 1. Cover Page

**DISCLOSURE BROCHURE**

(FORM ADV, PART 2A)

**CHI Advisors LLC**

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**This brochure provides information about the qualifications and business practices of CHI Advisors LLC. If you have any questions about the contents of this brochure, please contact Cowen Investor Relations at (212) 201-4870 or [investor.relations@cowen.com](mailto:investor.relations@cowen.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. CHI Advisors LLC is registered as an investment adviser with the SEC. SEC registration does not imply a certain level of skill or training.**

**Additional information about CHI Advisors LLC (CRD# 304984) is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Please retain a copy of this brochure for your records.**

**Item 2.        Material Changes**

Below is a list of material changes that have been made to this brochure since the last annual update on 3/29/21.

Item 4: Information about new advisory clients, Cowen Healthcare Investments IV LP and CHI EF IV LP was added to Item 4 of this brochure.

Item 5: Additional information provided regarding the use of affiliated broker, Cowen and Company, LLC.

Item 8:

- The following risk factors in Item 8 of this brochure were updated: Changes in Tax Law, Non-US Investments, Changes to the European Union, Outbreaks of Infectious or Contagious Diseases
- The following risk factors were added to Item 8 of this brochure: Equity Risk, SPAC Investments, Private Investments in Public Equities, Short Sales, Health Research and Innovation, Continuation Vehicles, Warrants and Rights Risk

Item 12: Additional information provided regarding use of affiliated broker, Cowen and Company, LLC as well as disclosure regarding how the Advisor addresses trade errors.

Item 15: Additional information provided regarding the use of affiliated broker, Cowen and Company, LLC.

**Item 3.        Table of Contents**

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#### **Item 4. Advisory Business**

CHI Advisors LLC (the “**Adviser**”) is a Delaware Limited Liability Company formed in 2002, a wholly owned subsidiary of Cowen Investment Management LLC (“**CIM**”) and an indirect, wholly owned subsidiary of Cowen Inc., a publicly traded company (“**Cowen**”). This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The Adviser provides discretionary investment management services to private limited partnerships and other pooled investment vehicles (each, a “**Fund**” and together, the “**Funds**”). The Adviser also provides discretionary investment management services to investment vehicles formed in order to allow employees, partners, executive advisors or members of a Fund's general partner, the Adviser or their respective affiliates to participate directly or indirectly in a Fund's investments. While not considered an advisory client, the Adviser also manages a securities portfolio beneficially owned by its parent company, Cowen, that invests in securities that are also held (or previously held) by the Funds. The Adviser may in the future provide discretionary investment management services to hedge funds and separate accounts. The Funds, the securities portfolio beneficially owned by Cowen, employee investment vehicles, and any hedge funds and separate accounts that may be managed by the Adviser are collectively referred to herein as “**Clients**”.

The Adviser is responsible for managing the capital of its Clients in accordance with their respective investment objectives. Clients investing in the Adviser's private markets strategy primarily invest in equity or convertible debt securities of private operating companies engaged primarily in businesses related to healthcare. Certain Clients investing in the private markets strategy also invest in initial public offerings (an “**IPO**”) of equity securities of healthcare-related companies in which a Client has previously invested. The Adviser also offers a public markets strategy to Clients that focuses on investments in publicly traded healthcare companies in which the Adviser has previously invested in or performed due diligence on while those companies were privately held. The Adviser's management of its Clients and their respective investments are qualified in their entirety by reference to each Client's agreement with the Adviser as well as in formal offering documents (*e.g.*, the Client's offering memorandum, limited partnership agreement, or investment management agreement as the case may be, and any subscription documents). These documents are collectively referred to herein as the Clients' “**Offering Documents**”.

The Adviser currently acts as the agent for: (i) Cowen Healthcare Investments II GP LLC, a Delaware limited liability company that serves as the general partner to Cowen Healthcare Investments II, LP and CHI EF II LP; (ii) Cowen Healthcare Investments III GP LLC, a Delaware limited liability company that serves as the general partner to Cowen Healthcare Investments III, LP and CHI EF III, LP; and (iii) Cowen Healthcare Investments IV GP LLC, a Delaware limited liability company that serves as the general partner to Cowen Healthcare Investments IV, LP and CHI EF IV LP. Certain investment-related determinations, decisions, consents or other duties or actions described in a Client's limited partnership agreement as being the determinations, decisions, consents, duties or actions of such general partner will be performed by the Adviser in such capacity.

The descriptions of the investment management services offered by the Adviser, the investment strategy it pursues, and the investments it makes on behalf of its Clients set forth in this brochure should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to a Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients (and any respective investors therein) should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

As of January 1, 2022, the Adviser managed approximately U.S. **\$1,153,230,000** of Client assets on a discretionary basis.<sup>1</sup> This number is net of fees and expenses, includes unfunded capital commitments and is based on estimated and unaudited information and is therefore subject to change. The Adviser does not currently manage any non-discretionary Client assets or participate in wrap fee programs.

#### **Item 5. Fees and Compensation**

The fees applicable to each Client are set forth in detail in their respective Offering Documents. Clients generally pay the Adviser a fee for investment management services (the “**Management Fee**”). The Adviser is also entitled to performance-based compensation or carried interest distribution from certain Clients (“**Performance Compensation**”). The Adviser does not earn a Management Fee or Performance Compensation for advising employee investment vehicles or the proprietary securities portfolio beneficially owned by its parent company, Cowen.

The Funds generally pay the Adviser an annual Management Fee (payable quarterly in advance) that can range from 1.00% to 2.25%. During a Fund’s investment period, the Management Fee is generally calculated as a percentage of committed capital. Following the expiration of a Fund’s investment period, the Management Fee is generally calculated as a percentage of such Fund’s invested capital. The Adviser deducts Management Fees directly from a Fund’s available investment proceeds (if any) or the Fund issues a capital call to Fund investors.

In the event a Fund’s investment period does not commence on the first date of a quarter, the Management Fee for that quarter will be adjusted on a *pro rata* basis based on the number of days and/or months remaining in the partial quarter. In the unlikely event a Fund investor is required to withdraw (and the withdrawal date is other than as of the last day of a quarter), a *pro rata* portion of the pre-paid Management Fee will be returned to the investor.

Certain Funds, depending on their performance, also pay the Adviser Performance Compensation equal to a percentage of the amount of profits otherwise disburseable to each investor in a Fund in excess of a pre-determined “preferred return.” Performance Compensation is charged in compliance with all applicable requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

For the avoidance of doubt, the Adviser, in its sole discretion, may modify, waive, reduce or rebate any Management Fee or Performance Compensation or calculate such fees differently with respect to any Client and if applicable in the future to any class, sub-class or series of shares or limited partnership interests of a Client held by or on behalf of any investor, including, without limitation, any employees and their family members as well as any friends, agents or affiliates of the Adviser. Such modifications, waivers, reductions, or rebates may be made by the Adviser both voluntarily and on a negotiated basis with selected investors in a Client via side letter and other arrangements, which may not be disclosed to other investors in the same Client. As noted above, full details regarding the services, fees, investor suitability standards, and other terms applicable to Clients are included in their respective Offering Documents.

From time to time, the Adviser may permit certain Client investors to acquire interests on different terms than other Client investors (including, without limitation, with respect to minimum investment amounts, fees, expanded reporting and withdrawal terms). The Adviser is not required to notify any or all of the other Client investors of any such terms, nor is a Client investor or the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other Client investors (unless notification or offering rights have been separately granted thereto).

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<sup>1</sup> The client assets under management reported in this brochure differ from the regulatory assets under management (“**RAUM**”) reported in the Adviser’s Form ADV Part 1A Item 5 because the assets under management reported in this brochure are calculated on a net basis and do not include the value of the proprietary securities portfolios beneficially owned by Cowen.

## **Direct Expenses**

Each Client is responsible for expenses related to its respective operations and activities, including expenses associated with its investment portfolio and, if applicable, its proportionate share of the direct expenses of the third-party investment products in which it invests. The direct expenses incurred by each Client, which are outlined in detail in their respective Offering Documents may vary depending on the nature of the operations and activities of a Client. Below is a summary of the direct expenses typically borne by of the Adviser's Clients. The summary below is not meant to be a complete list of all direct expenses; nor should it be inferred that each expense appearing in the summary will be incurred by every Client. Clients are advised to read the relevant Offering Documents, as applicable, for a complete description of applicable direct expenses.

**Organizational Expenses:** Clients will generally bear the legal and other organizational expenses incurred in their formation and the offering of interests therein, including the expenses of their respective general partners, if any.

**Other Expenses:** In addition to the Management Fee and organizational expenses described above, Clients may also bear some or all of the following expenses: (i) fees payable to an administrator; (ii) brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expenses and other expenses the general partner (if any) reasonably determines to be related to investments made or considered by the Client; (iii) legal and compliance expenses relating to a Client, including fees and expenses of external attorneys retained by a Client, the fees and expenses incurred in preparing and submitting filings with the SEC (such as Form PF), the CFTC, the U.S. Treasury, the Internal Revenue Service and any other federal, state, provincial or local regulatory authority; (iv) professional fees relating to investments made or considered by a Client, including consultants, experts and members of any investment group with which the Client invests, the cost and expense of obtaining third party research, data, analytics and business intelligence (e.g., market data feeds, subscriptions to scientific journals or similar publications related to a Client's investment strategy) and the cost and expense of any subscriptions and computer terminals necessary for the delivery of such services); (v) investment-related travel expenses (including meals and lodging and the cost of attending industry conferences where investments in one or more existing or prospective portfolio companies are to be discussed with existing or potential co-investors or portfolio company management); (vi) all costs and expenses of any alternative investment vehicles, (vii) costs and expenses associated with the organization and maintenance of subsidiaries of a Client; (viii) costs and expenses associated with the monitoring and disposition of investments; (ix) all fees and expenses incurred by a Client, its general partner (if any) or its affiliates in connection with meetings of one or more Client investors and all fees and expenses incurred in providing reports and notices to Client investors, including for making capital calls and distributions (and including costs of software and virtual data rooms to facilitate such activities), (x) interest and other fees (including commitment, structuring, and underwriting fees) on margin loans, committed loan facilities, total return swaps, and other indebtedness, and expenses relating to any borrowing by a Client, (xi) accounting and valuation expenses, including licensing and other costs of accounting software packages, and the fees and expenses incurred in connection with the valuation of the assets of a Client; (xii) auditing, tax compliance, and tax preparation expenses; (xiii) taxes and other governmental charges imposed upon a Client as an entity (rather than solely as a withholding agent); (xiv) insurance expenses, including premiums for insurance policies for the benefit, directly or indirectly of indemnified persons (as defined in the relevant Offering Documents); (xv) regulatory expenses of a Client (including governmental reports and filing fees), including fees and expenses incurred in connection with compliance with the Alternative Investment Fund Managers Directive and/or the law, rules or regulations implementer or promulgated in any applicable jurisdiction in relation thereto and the fees and expenses incurred in connection with compliance with privacy laws, rules or regulations of any applicable jurisdiction, including the EU General Data Protection Regulation; (xvi) costs of litigation, indemnification and other extraordinary expenses; (xvii) fees and expenses in connection with the dissolution, liquidation and termination of a Client (including any liquidating trust in connection therewith), (xviii) any fees, costs or expenses of a type described in clauses (ii)-(viii) relating to investments or dispositions that were not consummated, including broken-deal fees; (xix) and any other fees or expenses incurred by the Adviser or such Client in connection with such Client's operations that are not specifically set forth in the Offering Documents as being paid by the Adviser.

To the extent that any non-investment expense relates to the operations of more than one Client, those expenses, to the extent permissible and equitable, will be allocated among the relevant Clients, in a manner the Adviser determines to be fair, which will generally be *pro rata* in accordance with the net asset value or committed capital of each Client benefiting from such expenses. To the extent that any investment expenses are incurred on behalf of a Client and one or more other Clients co-investing in a portfolio company, the Adviser will, to the extent permissible and equitable, generally allocate such expenses *pro rata* based on the relative market value of the investments made by the relevant Clients.

### **Other Fees**

The Adviser provides its Clients with services including, but not limited to, administration, organizing and managing the business affairs, executing and reconciling trades, preparing financial statements and providing audit support, preparing tax related schedules or documents, legal and compliance support and sales and investor relations support, diligence and valuation services. Under certain circumstances the Adviser may provide these services in return for a fee separate and apart from Management Fees.

The Adviser has and may again in the future, in its discretion, recruit consultants or retain the services (for a fee) of one or more third-party business executives who, in the good faith determination of the Adviser, possess relevant experience or expertise to serve as an advisor or consultant to the Adviser or a Client. These consultants also receive compensation and expense reimbursement for providing services to the portfolio companies in which a Client invests, which includes compensation for services onboards of directors, compensation for service as interim executives and consulting-related compensation, which involves both fixed and incentive compensation. Compensation may include (i) an annual fee, (ii) a discretionary performance-related bonus, (iii) a portion of the carried interest received by a general partner of the managing member of a Client (if any), or (iv) the opportunity to invest in one or more Clients or specific transactions on a no-fee basis. The Adviser will ensure any expenses incurred by the Adviser and reimbursed by a Client for such consultants are eligible to be reimbursed pursuant to the applicable Offering Documents.

The Adviser has engaged affiliated broker Cowen and Company, LLC ("**Cowen and Company**") to execute transactions for certain Clients either as agent or riskless principal. Cowen and Company is an introducing broker that clears its transactions on a fully disclosed basis through Pershing LLC, which also serves as a qualified custodian for certain Client accounts. Certain Clients have invested (and may in the future invest) in an IPO where Cowen and Company or another affiliated broker of the Adviser serves as principal underwriter or a member of an underwriting syndicate. Certain affiliates of the Adviser, including broker affiliate Cowen and Company can receive fees in connection with, arising from or otherwise related to, investment banking or other financial services it provides to a portfolio company beneficially owned by a Client, or to potential buyers of a portfolio company beneficially owned by a Client. The compensation in connection with providing these services or otherwise in connection with such portfolio company transactions may be material and Client investors may not have any right to income from such services and transactions and may not receive any portion of the foregoing fees (whether as a reduction or offset to the Management Fee or otherwise).

The Adviser will not utilize the services of an affiliated broker unless it has determined that the commissions, fees or other remuneration to be received by the affiliated broker are reasonable and fair compared to the commissions, fees or other remuneration received by other brokers in connection with comparable transactions involving similar services or securities. An investment in an IPO involving an affiliated underwriter will only be made when, in addition to meeting any related requirements set forth in the relevant Offering Documents, the Adviser has determined that the commission, spread or profit received or to be received by the principal underwriters and the affiliated underwriter is reasonable and fair compared to the commission, spread or profit received by such persons in connection with the underwriting of similar securities being sold during a comparable period of time.

In addition, investment banking or other financial services provided by an affiliate of the Adviser may create conflicts of interest between the advice given by the Adviser's affiliate to portfolio companies beneficially owned by a Client and the interests of a Client in that same portfolio company. Furthermore, to the extent that the Adviser's affiliate is not providing such other services at the time of an investment by a Client, the Adviser may have an incentive to recommend its affiliate to such portfolio company to provide the applicable services, even if another service provider may be more qualified or can provide such services at a lesser cost. The Adviser's affiliates may also have ongoing relationships with issuers whose securities, assets or other investments are held by or are being considered for a Client.

Certain Clients may, but are not obligated to, borrow money from Cowen or an affiliate thereof for the purpose of bridging the drawdown period in connection with its investments in IPOs, where the Client's allocation may not be known until the applicable IPO has been priced and allocated by the underwriting syndicate. Please see the relevant Offering Documents for additional information on such borrowings, including limitations thereon.

Finally, the Adviser and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Clients that will not be subject to a Management Fee reduction or offset or otherwise shared with Clients, their investors, and/or the investments. For example, airline travel or hotel stays incurred as Client expenses typically may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Adviser and/or such personnel (and not Clients, their investors, and/or the investments), even though the cost of the underlying service is borne by the Clients and/or portfolio companies. In addition, airline travel incurred as a Client expense for an Adviser personnel travelling for appropriate Client-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Client-related matters) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

To the extent not addressed above, the Adviser will allocate such fees and expenses in its sole discretion, in each case using good faith and its best judgment. Certain Clients may be subject to expense limitation provisions. Details regarding any applicable expense limitation provisions will be outlined in the relevant Offering Documents.

#### **Item 6. Performance-Based Fees and Side-By-Side Management**

Depending on performance, certain Clients pay a percentage of the amount of profits otherwise disburseable to each Client investor as Performance Compensation to the Adviser. The Adviser does not receive Performance Compensation from every Client and the terms of Performance Compensation can vary between Clients. When applicable, Performance Compensation is only be charged in compliance with all applicable requirements of Rule 205-3 under the Advisers Act and the Adviser (or general partner) only accepts Performance Compensation from qualified clients, as defined under the Advisers Act. Full details regarding any Performance Compensation payable by a Client (if any) including investor suitability standards can be found in the relevant Offering Documents.

Performance Compensation payable by certain Clients to the Adviser is generally a percentage of the amount of profits otherwise disburseable to each Client investor in excess of a pre-determined "preferred return." Just as the Adviser does not receive Performance Compensation from every Client, the method of calculating Performance Compensation may vary from Client to Client. The variation of performance-based compensation structures among the Adviser's Clients can create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of Clients that have performance-based compensation obligations rather than other Clients with lower or no performance-based compensation structure. The risk associated with this incentive may be mitigated to some extent by the provisions in the relevant Offering Documents requiring the Adviser (or the general partner, as applicable) to return excess performance-based compensation (*i.e.*, GP claw-back provisions). The Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflict of interest described above.



The Adviser may permit institutional investors in certain Clients to negotiate an investment in the underlying portfolio company in parallel with the Client or at a different point in the capital structure under terms and/or compensation arrangements that may be different than those of the other Client investors and may give rise to a conflict of interest. The Adviser is committed to negotiating any parallel investments in a manner consistent with its fiduciary obligations to its Clients.

#### **Item 7. Types of Clients**

The Adviser currently provides discretionary investment management services to Funds, a securities portfolio beneficially owned by Cowen and investment vehicles formed in order to allow employees, partners, executive advisors or members of a Fund's general partner, the Adviser or their respective affiliates the ability to participate directly or indirectly in the Fund's investments. The Adviser may in the future provide discretionary investment management services to hedge funds and separate accounts. As noted above, Funds, the securities portfolio beneficially owned by Cowen, employee investment vehicles, and any hedge funds and separate accounts that may be managed by the Adviser are collectively referred to herein as “**Clients**”. Funds, hedge funds and separately managed accounts formed as a “fund-of-one” may be organized as domestic or offshore (non-U.S.) companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined appropriate by the Adviser. The Adviser may also serve as general partner or managing member of a Client and certain employees of the Adviser may serve on the board of directors or advisory board of a Client. The types of investors that have invested and may in the future invest in the Adviser’s Clients include but are not limited to high net worth individuals, family offices, private funds, insurance companies, corporations, trusts, non-profit organizations, sovereign wealth funds, private pension plans, public pension plans, and banking and thrift institutions.

As a general matter, each Client is managed in accordance with its investment objectives, strategies and guidelines and unless a Client is a separately managed account, investment management services are not tailored to the individualized needs of any particular investor. In addition, an investment in a Client does not, in and of itself, create an advisory relationship between the investor and an Adviser. Therefore, investors must consider whether such an investment meets their investment objectives and risk tolerance prior to investing. Information about a Client, including its investment risk, can be found in its Offering Documents.

To seek to accommodate or mitigate the legal, tax, regulatory or other investment requirements of certain potential investors, the Adviser may create one or more additional entities to invest alongside a Client. Certain Clients operate using a “master-feeder” private investment fund structure, pursuant to which trading operations reside in a “master fund” and investors access the master fund directly or indirectly through a “feeder fund” that, in turn, invests in the master fund. Certain Clients participate in structures comprised of parallel funds and accounts, which generally invest in assets side-by-side on a *pro rata* basis (based upon capital commitments). The Adviser may also provide investors with the opportunity to participate in a co-investment with a particular Client. The minimum capital commitment required to invest in a co-investment will vary with each investment opportunity.

The minimum investment in the Funds managed by the Adviser is generally between \$1,000,000 and \$5,000,000, provided that in each case the Adviser may accept lesser amounts in its discretion.

Generally, Client investors must be an “accredited investor” within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”). The Adviser's Clients will not be registered as investment companies under the Investment Company Act of 1940, as amended (the “**Company Act**”), in reliance upon the exclusion from the definition of “investment company” under Section 3(c)(1) or Section 3(c)(7) of the Company Act. Certain Clients limit their respective offerings to investors that are “qualified purchasers” for purposes of Section 3(c)(7) of the Company Act (or “knowledgeable employees” or companies owned exclusively by “knowledgeable employees,” as such term is defined in the rules promulgated thereunder) while other Clients rely on the exemption from registration under Section 3(c)(1) of the Company Act and therefore only require investors to qualify as an “accredited investor” within the meaning of Rule 501 of Regulation D under

the Securities Act. As noted above in Item 6, if the Adviser receives Performance Compensation from a Client its investors will be required to meet the requirements of Rule 205-3 under the Advisers Act and certify that they are at least a “qualified client.” Please see the relevant Offering Documents for specific investor qualifications.

Pursuant to an exemption, the Adviser (and/or relevant general partner, if any) does not expect to be required to register, and will not be registered, with the U.S. Commodities Futures Trading Commission (“**CFTC**”) as a commodity pool operator or as a commodity trading advisor.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

The descriptions provided herein regarding the investment strategies pursued and investments made by the Adviser on behalf of its Clients should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described herein, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entails substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

### **Methods of Analysis and Investment Strategies**

The Adviser's private markets strategy invests primarily in mid- to late-stage ventures in the healthcare sector, with a primary focus on biotherapeutics and a secondary focus on digital health technologies, diagnostics, mobile health and health care information technology. The core elements of the Adviser's private markets strategy are a focus on novel, disruptive biologic insights; unmet medical need; experienced management teams; and strong investment syndicates that can support companies through their clinical development paths. Clients investing in the Adviser's private markets strategy generally seek to generate capital appreciation by primarily investing in equity or convertible debt securities of private operating companies engaged primarily in businesses related to healthcare, with a particular focus on biotherapeutics and a secondary focus on digital health technologies, diagnostics, mobile health and health care information technology. Certain private market strategy Clients may also make investments in IPOs of equity securities of healthcare-related companies in which a Client has previously invested. Certain Clients may also allocate a portion of their capital to cash or cash items and Cowen's proprietary securities portfolio may also invest in public equity companies in the healthcare sector that may be included in future Client portfolios. The Adviser also offers a public markets strategy that invests primarily in publicly traded healthcare companies that the Adviser has invested in or performed due diligence on while the company was privately held.

Certain employees of the Adviser currently serve and may in the future serve on the board of directors or act as observers at board meetings of certain portfolio companies beneficially owned by a Client. Although such observer rights or board positions in certain circumstances may enhance the Adviser's knowledge of the Client's portfolio investments, they may also have an adverse effect on the Client by impairing the Client's ability to sell the related investments when, and upon the terms, it may otherwise desire. If Adviser personnel are active as board members or observers with respect to a particular portfolio company, the Adviser expects that the Client would buy or shares of such portfolio company only during “windows” (typically following the release of the portfolio company's quarterly reports) when the portfolio company's policies permit insiders to trade its stock. Moreover, when an employee of the Adviser sits on the board of directors of a portfolio company owned by a Client that employee/board member may have to deal with conflicts of interest between the Adviser's Clients and the relevant portfolio company. Employee/board members are required to discuss any conflicting issues with the Adviser's Chief Compliance Officer and other members of senior management, as needed, in an effort to ensure the Adviser acts in a manner consistent with its fiduciary obligations to its Clients and the employee/board member's obligations to the portfolio company.

There can be no assurance that Client investment programs will prove successful, and certain investment practices can, in some circumstances, potentially increase any adverse impact on Clients' investment portfolios. The Adviser's risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser's activities could result in substantial losses under certain circumstances. Investing in securities involves risk of loss that investors should be prepared to bear.

### **Certain Risk Factors**

*The following risk factors and conflicts of interest do not purport to be a complete list or explanation of all the risks and conflicts of interest associated with the strategy pursued by the Adviser, the Adviser's method of analysis or the types of investment instruments utilized. Nor should it be inferred that each risk factor and conflict of interest discussed below will be faced by every Client.*

*The Adviser's risk management approach seeks to isolate and mitigate, not eliminate risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser's activities could result in substantial losses under certain circumstances and Clients (including their respective investors/beneficial owners) should be prepared to bear those losses. Client investors are advised to read the relevant investment management agreement and/or offering document, as applicable, for a more complete description of applicable risks.*

PAST PERFORMANCE RESULTS ARE NOT INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED, OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

No Assurance of Investment Return. No assurances whatsoever can be provided that a Client will be successful in choosing, making and realizing investments in any portfolio company or portfolio companies. There is no assurance that a Client will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of portfolio companies and transactions described herein. There can be no assurance that any investors will receive any distributions from a Client. Accordingly, an investment in a Client should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. There can be no assurance that a Client will achieve its investment objectives or that performance objectives of a Client will be achieved.

Suitability of Investment in a Client. The Clients managed by the Adviser may not be suitable for all investors. Client investors must be sophisticated and have the financial ability to understand and the willingness to accept the extent of its exposure to the risks and lack of liquidity inherent in an investment in a Client. Prospective investors with any doubts as to the suitability of an investment in a Client should consult with their own advisors to assist them in performing their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in a Client in light of their own circumstances and financial condition.

Risks of Investing in the Healthcare Industry. Investing in securities of healthcare companies involves substantial risks, including, but not limited to, the following: (i) the possibility of lawsuits related to patents or products, changes in government policies, and changes in investor sentiments and preferences with regard to healthcare sector investments; (ii) development of products in the healthcare industry may require significant time and up front expense, and a portfolio company's failure to raise additional financing on acceptable terms could force the company to delay, limit, reduce or terminate product development or commercialization efforts; (iii) a portfolio company may need to undertake significant clinical testing even before it may seek regulatory approval to launch commercial sales of its products and the results of clinical trials are inherently uncertain; (iv) a portfolio company and its products are likely to be subject to extensive regulation, compliance with which is costly and time consuming, and such regulation may cause unanticipated delays and other risks and uncertainties; (v) the occurrence

of serious complications or side effects in connection with use of a portfolio company's products, either in clinical trials or post-approval, could lead to discontinuation of their clinical development programs, refusal of regulatory authorities to approve such company's products or, post-approval, revocation of marketing authorizations or refusal to approve new indications, which could severely harm such company's business, prospects, and operating results; and (vi) a portfolio company's products could face competition sooner than anticipated due to changing legislation.

In the United States and some foreign jurisdictions, there have been, and the Adviser expects there will continue to be, a number of legislative and regulatory changes regarding the healthcare system, including cost-containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and biologics and affect a portfolio company's ability to profitably sell any product candidates for which such portfolio company obtains marketing approval. For example, in March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (together, the "**Affordable Care Act**"), was enacted with a goal of reducing the cost of healthcare and substantially changing the way healthcare is financed by both governmental and private insurers. The Affordable Care Act and other healthcare reform measures that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that a portfolio company may receive for any approved product. The implementation of cost containment measures or other legislative and regulatory proposals at the foreign, federal or state levels may prevent a portfolio company from being able to generate revenue, attain profitability or commercialize such portfolio company's products. It is possible that the Affordable Care Act will be repealed in whole or in part. It is difficult to predict the effect of a repeal of the Affordable Care Act on the business model, prospects or financial condition of the companies in which a Client may invest, and such action could introduce risks and uncertainties that adversely affect a Client or its portfolio companies.

**No Market; Illiquidity of Client Interests.** An investment in a Client may be illiquid and typically involves a high degree of investment risk. Interests in certain Clients have not been and will not be registered under the Securities Act, or any state securities laws or the laws of any other jurisdiction and it is unlikely that registration of those interests will ever occur. There will be no public market for interests in the Funds and it is not expected that a public market will develop.

The transferability of interests in a Client is generally restricted by the terms of the Client's respective Offering Documents and by United States federal and state securities laws. Interests in a Client may not be sold, exchanged, assigned, mortgaged, hypothecated, pledged or otherwise transferred at any time, in whole or in part, except as provided in a Client's respective Offering Documents. Accordingly, it may be difficult to obtain reliable information about the value of those interests. When investing in a Client, the investor must be prepared to hold its interests in the relevant Client for an indefinite period and bear the economic risks of the investment for the term of the relevant Client. Except in extremely limited circumstances, voluntary withdrawals from a Client will not be permitted.

**Lack of Liquidity in Markets.** The markets for some securities held in a Client portfolio may be thinly traded from time to time. This lack of liquidity and market depth could disadvantage a Client, both in the realization of the quoted prices and in the execution of orders at desired prices or in desired quantities. Also, securities exchanges and the SEC have authority to suspend trading in a particular security without notice.

**Broad Investment Mandate; Unspecified Investments.** Investors must rely upon the ability of the Adviser to identify, structure and implement investments consistent with the Client's investment objectives and policies. Investors will not have a right or power to participate in the management of the Client in which they invest. In addition, the investment guidelines set forth in the relevant Offering Documents are subject to the good faith interpretation of the Adviser (or Client's general partner, if any) and transactions within such objectives may be affected using a broad array of transaction types, structures and techniques.

**Concentration of Investments.** Subject to applicable limitations in the relevant Offering Documents, a Client's portfolio may be concentrated. Any such lack of diversification would increase the risk of loss to a Client if there

were a decline in the market value of any security or sector in which such Client had invested a large percentage of its assets. Investment in a “non-diversified” fund will generally entail greater risks than investments in a “diversified” fund.

Equity Risk. The market price of securities owned by a Client may go up or down, sometimes rapidly or unpredictably. Clients are subject to the risk that the equity securities in each of their portfolios will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions, which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. Such values may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, a Client may lose all or substantially all of its investment in any particular instance.

SPAC Investments. Certain Clients may invest in units of, shares of, warrants to purchase stock of, and other interests in special purpose acquisition companies or similar special purpose entities (collectively, “SPACs”) that pool funds to seek potential acquisition opportunities in healthcare or life sciences companies that the Adviser has invested in, advised a Client on an investment in or diligenced prior to a Client’s involvement in a SPAC process. The funds raised by the SPAC in its IPO are held in trust until the SPAC successfully consummates an initial business combination (“IBC”) or until redeemed by public shareholders in connection with an IBC. If the SPAC fails to consummate an IBC within a specified amount of time, typically 24 months (which may be extended in certain circumstances), the trust proceeds are returned to the public shareholders.

Certain Clients may also invest in a SPAC through a private placement in connection with an IBC, including through a private investment in public equity (“PIPE”) transaction. In such event, a Client would not have a claim to assets in the trust account and would not be entitled to redeem its investment in connection with the IBC. In addition, in connection with any such investment, a Client may agree to vote in favor of the IBC and not to redeem shares purchased in the IPO or in the open market. A Client may also be required to agree not to transact in or hedge the securities of the SPAC for a specified period of time. As a result, a Client could have a prolonged period of exposure to a particular SPAC without the ability to liquidate or hedge the position. Such investments are also subject to the risks associated with PIPEs as discussed in the “Private Investments in Public Equities” section below.

Any Client investment in a SPAC is subject to a variety of risks, including, among others, that (i) a business combination, if effected, may prove unsuccessful and an investment in the SPAC may lose value; (ii) the warrants or other rights with respect to the SPAC held by the Client may expire worthless or may be repurchased or retired by the SPAC at an unfavorable price; (iii) the Client may be delayed in receiving any redemption or liquidation proceeds from a SPAC to which it is entitled; (iv) an investment in a SPAC may be diluted in connection with the business combination or by additional financings; (v) no, or only a thinly traded, market for shares of or interests in a SPAC may develop, leaving the Client unable to sell its interest in the SPAC or to sell its interest only at a price below what the Client believes is the SPAC interest’s intrinsic value; (vi) the values of investments in SPACs may be highly volatile and may depreciate significantly over time; (vii) assets in the SPAC may be subject to third-party claims, which could reduce the per share liquidation price received by the investors in the SPAC; and (viii) a SPAC investment may be subject to an extended lock-up period and other restrictions on resale and redemption, including those in connection with a private placement voting and support agreement.

In addition, a SPAC sponsor and a Client may invest in certain “at-risk” capital of a SPAC, in order to finance certain underwriting and other third-party expenses incurred in the organization of the SPAC. In exchange for funding the at-risk capital, the SPAC sponsor and the Client may receive private placement warrants of the SPAC, units of the SPAC or shares of the SPAC, and the Client may also receive LLC interests in the SPAC sponsor. An investment in the at-risk capital of a SPAC is subject to complete loss if the SPAC does not complete a business combination within the designated time period. Investments in a SPAC sponsor consist of securities issued on a private placement basis, which are subject to legal and contractual lock-ups and transfer restrictions and are illiquid. In connection with a business combination, a SPAC sponsor may agree to forfeitures, earn outs, additional lock ups, or other agreements that may have the effect of reducing the value of any such investments.

Private Investments in Public Equities. Certain Clients may invest in PIPEs, and thereby take a position in a public company. In a PIPE transaction, there may be an extended period of time between signing and closing. Furthermore, in connection with such transactions, a Client may be required to enter into a lock-up agreement and will be subject to securities law restrictions on its ability to liquidate the shares. As a result, the relevant Client may be required to bear the price risk for an extended period of time. In addition, the Client may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC’s preparedness to declare effective a resale registration statement covering the resale, from time to time, of the shares sold in the private financing. To the extent that the public market for such companies declines, it is possible that private investments in public equities transactions may generate losses or returns that do not justify the risk associated with such investments. In addition, due to securities law regulations, the Client may be restricted from selling, or hedging its exposure to, such securities that it has acquired through a PIPE and in certain circumstances, all the securities of such public company acquired by the Client whether through a PIPE or otherwise, during a time when the Client would otherwise seek to do so. For example, the Client may be required to hold such security even though the value of such security is continuing to decrease. Such restrictions could have an adverse effect on the Client, and its ability to achieve its investment objective.

Short Sales. Certain Clients may make short sales of ETFs tracking indices of healthcare stocks (or otherwise obtain short exposure to such indices). A short sale involves the sale of a security that the Client does not own with the expectation of purchasing the same security (or a security exchangeable for the same security) at a later date at a lower price. A short sale involves a theoretically unlimited risk of an increase in the market price of the security sold short, increasing the cost of buying those securities to cover the short position, and thus a possible unlimited loss to the Client. There is no assurance that the security necessary to cover a short position will be available for purchase or to be borrowed. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. The Client must generally return to the lender on short notice securities that the Client borrows to be sold short. In these cases, the Client would be required to purchase the securities at the market price. If the market price increases, then the Client could be required to purchase the securities at a higher price in order to close out the short positions. This may result in losses to the Client, which losses are (at least in theory) unlimited. The Client may short sell securities to implement a long/short strategy in order to hedge a long position or enable the Client to express a view as to the relative value between the Adviser’s portfolio companies and the broader healthcare indices. There is no assurance that a Client will achieve the objective of this strategy or that long positions will not decrease in value and short positions will not increase in value, causing a Client to incur losses on both components of the transaction. In addition, when a Client effects a short sale, it may be obligated to leave the proceeds of the sale with the broker and also deposit with the broker an amount of cash or other securities (subject to applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the sold borrowed securities.

Health Research and Innovation. The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more

effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the portfolio companies.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments that fall within a Client's investment objective is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. The Adviser may be unable to find a sufficient number of attractive opportunities to meet a Client's investment objectives. The success of a Client will depend on the ability of the Adviser to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio investments. It is possible that competition for appropriate investment opportunities will increase, which may reduce the number of investment opportunities available to a Client and adversely affect the terms upon which investments can be made. Moreover, a Client may incur due diligence or other costs on investments which may not be successful. As a result, a Client may not recover all of its costs, which would adversely affect returns. There can be no assurance that a Client will be able to locate, complete and exit investments which satisfy a Client's investment objective, or realize upon their values, or that it will be able to invest fully its committed capital.

Convertible Securities. A Client may invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent. Convertible securities may or may not be rated within the four highest categories by Standard & Poor's Ratings Group and Moody's Investor Service and, if not so rated, would not be investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities. Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of a Client's holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared, or the issuer enters into another type of corporate transaction.

Restricted Financial Instruments. Restricted financial instruments cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted financial instruments can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these financial instruments may be resold in privately negotiated transactions, because there is less liquidity for these financial instruments, the prices realized from these sales could be less than those originally paid by a Client. Restricted financial instruments may involve a high degree of business and financial risk which may result in substantial losses.

Investment in Small Companies. There is generally no limitation on the size or operating experience of the portfolio companies in which a Client may invest. Some small companies in which a Client may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Portfolio companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such portfolio companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small actors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Additional Capital; Follow-On Investments. Certain portfolio companies in which a Client invests, especially those in a development phase, may require additional financing to satisfy their working capital requirements. The amount of the additional financing needed will depend upon the maturity and objectives of the particular investment. Each such round of financing (whether from a Client or other investors) is typically intended to provide a portfolio

company with enough capital to reach its next major corporate milestone. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to its existing investors, including a Client. In addition, a Client may make additional debt and equity investments or exercise preemptive rights under warrants or options or for the purpose of converting convertible securities that were acquired in the initial investment in such portfolio company in order to, among other things, preserve its proportionate ownership when a subsequent equity or debt financing is planned, to protect a Client's investment when, for example, the performance of that investment does not meet expectations, to enhance the value of an existing investment or in anticipation of disposition, refinancing, recapitalization or other transaction. Certain Clients may extend capital commitments to investments in portfolio companies that become due and payable when certain milestones are reached, like those related to product development, capital deployment or otherwise. If one or more companies owned by a Client fails to meet such milestones, and the Client has reserved significant capital for such purpose, it may have incurred opportunity costs associated with the milestone financing commitment. There can be no assurance that the Adviser will be able to redeploy such committed funding quickly on behalf of its Clients.

The availability of capital is generally a function of capital market conditions that are beyond the control of the Client or any portfolio company. There can be no assurance that the Adviser will be able to predict accurately future capital requirements necessary for success or that additional funds will be available from any source. A Client may be called upon to provide follow-on funding for its investments or have the opportunity to increase its investment in a portfolio company. There can be no assurance that a Client will make follow-on investments or that it will have sufficient funds or the ability to do so. Any decision by the Adviser to make a follow-on investment or a Client's inability to make such an investment may have a substantial negative impact on the value of a Client's investment and/or may diminish a Client's ability to influence a portfolio company's future development.

Lack of Control in Minority Investments. A Client's investments may represent minority positions, without power individually to exert significant control over the board of directors and management of such portfolio companies. Clients will rely significantly on the existing management and board of directors of the portfolio companies, which may include representatives of other investors with whom the Client is not affiliated and whose interests or views may conflict with the interests of the Client. This may result in a Client either being forced to exit the investment at a time or in a manner not of its own choosing or not being able to liquidate its investment at a time or manner of its choosing, or may be overruled with respect to certain portfolio company business decisions.

Limitations on Ability to Exit IPO Investments. While certain Clients may invest in portfolio companies that the Adviser expects to undergo an IPO within 18 months of a Client's investment, there can be no assurance that an IPO will occur within such time. If no IPO occurs, securities will remain illiquid with limited opportunities for sale and the Adviser may determine that there is no suitable divestment opportunity within 18 months. Even if an issuer experiences an IPO, securities held by a Client may be subject to lockup or other contractual or legal restrictions preventing their sale or disposition for an extended period of time following the IPO, including as a result of the Adviser or its affiliate having material non-public information about an issuer. As a result, a Client could hold the securities of an issuer for significantly longer than originally intended.

Purchasing Securities of IPOs. Participation in and trading of securities with respect to IPOs is an investment approach in which the Adviser may engage on behalf of a Client. To this end, the Adviser maintains relationships with investment banks, service providers, company executives and others which may, from time to time, result in allocations to a Client of securities of companies in IPOs. The possibility of the purchase and sale by a Client from time to time of securities of companies in IPOs or shortly thereafter involves special risks, including a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors could contribute to substantial price volatility for the shares of these companies and, thus, for a Client. The limited number of shares available for trading in some IPOs may make it more difficult for a Client to buy or sell shares without an unfavorable impact on prevailing market prices. Further, such risk may be exacerbated if one or more other affiliates of the Adviser attempt to buy or sell the same securities as a Client in



any public offering. In addition, some companies in initial public offerings are involved in relatively new lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

To the extent a Client participates in initial public offerings registered under the Securities Act (*i.e.*, “new issues” as defined by FINRA Rule 5130), investors who are “restricted persons” under FINRA rules, as well as executive officers and directors of certain companies that have or may have certain investment banking relationships with broker-dealers selling new issues, will be limited in the amount of profits (if any) that they may be allocated from such new issues in which a Client invests or prohibited entirely from participating in such new issues. To the extent an investor is subject to these limitations, an investment in a Client has the potential to produce meaningfully lower performance than that experienced by investors that are not subject to such restrictions. Any investor that does not provide satisfactory notification to show that it is not subject to FINRA-related limitations on participation in new issues will be presumed to be subject to them.

The purchase of new issues or other IPOs involves greater risk than securities trading in general. Although many investors typically assume that new issues and other securities in an IPO will open at a price higher than their initial price, and that they will continue to trade at a premium until they are liquidated, there is no guarantee that either of these scenarios will occur. The prices of newly issued securities may not increase as anticipated and, in fact, may decline more rapidly. In addition, as described herein, not all investors will be eligible to participate in profits and losses attributable to new issues, so to the extent new issues losses are incurred, only a subset of investors may bear all or most of these losses.

Custodial Risk. Prime brokers will have custody of a Client’s securities, cash, distributions and rights accruing to a Client’s securities accounts. SEC rules require prime brokers to maintain physical possession and control of fully paid securities held in a Client’s account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the prime brokers generally have the ability to loan, pledge, and rehypothecate the securities in a Client’s account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the prime brokers. In such an event, a Client would typically not have a right to recover its securities held by the prime brokers but would rather have only an unsecured claim against the prime brokers and participate *pro rata* with other customers of the prime brokers in the proceeds of the sale of customer securities. Also, even if the prime brokers do have sufficient assets to meet all customer claims, there could be a delay before a Client receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, a Client may establish relationships with multiple prime brokers. However, there can be no assurance that a Client will be able to establish or maintain such relationships. In addition, a Client may not be able to identify potential solvency concerns with respect to a Client’s prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner.

The prime brokers may hold a Client’s securities through third parties such as clearing corporations, other brokers or banks. In addition, a Client may hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, a Client may be subject to credit risk with respect to such third parties, as well as with respect to the prime brokers.

Legal, Tax & Regulatory Risks. Legal, tax and regulatory changes could occur during the term of a Client that may adversely affect a Client, its portfolio investments or the Client’s investors. A Client may have limited legal recourse in the event of a dispute, and remedies might have to be pursued in the courts in a variety of countries. There can be no assurance that regulations promulgated in countries where a Client invests will not adversely affect a Client or its portfolio investments.

Changes in Tax Law. Future legislation may result in significant and complicated changes to the Code or other applicable laws, including changes in tax rates. Any changes in tax laws or interpretation of such tax laws may be

adverse to a Client or their respective limited partners. There can be no assurance that the structure of a Client or of any investment will be tax-efficient to any particular limited partner. Prospective investors should consult their own tax advisers regarding the tax consequences of an investment in any Client to them, particularly in light of their specific tax situations, including any applicable U.S., state or local or non-U.S. taxes and, in the case of U.S. tax-exempt and non-U.S. investors, with reference to any special issues that investment in a Client may raise for such investors, taking into account the implications of any changes in tax laws or interpretation of such tax laws. Prospective investors should consult their own tax advisers regarding the possible U.S. federal, state, local, non-U.S. and other (including non-income) tax consequences of their investment in a Client.

Non-U.S. Investments. Certain Clients may invest a portion of their aggregated committed capital in portfolio companies that are organized, headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain risks and special considerations not typically associated with U.S. investments. Such risks may include (i) dependence on exports and the corresponding importance of international trade, (ii) differences between U.S. and non-U.S. markets, including price fluctuations, market volatility, less liquidity and smaller capitalization of securities markets, (iii) currency exchange rate fluctuations, (iv) rates of inflation, (v) controls on, and changes of controls on, foreign investment and limitations on repatriation of invested capital, (vi) governmental involvement in and control over the economies, (vii) differences in auditing and financial reporting standards that may result in the unavailability of material information about issuers, (viii) longer settlement periods for securities transactions, (ix) differences in corporate laws regarding fiduciary duties and protection of investors, (x) possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, (xi) additional administrative burdens as a result of local legal requirements, (xii) crime, corruption, terrorism, political unrest and war and (xiii) the risk of nationalization or expropriation of assets or confiscatory taxation. Clients may be adversely affected by such risks or by future adverse developments in global or regional economic conditions in the financial markets.

Changes to the European Union. The UK left the European Union on January 31, 2020 (commonly referred to as "**Brexit**"). During an 11-month transition period, the UK and the European Union agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the European Union and the UK from January 1, 2021. The Trade and Cooperation Agreement does not provide the UK with the same level of rights or access to all goods and services in the European Union as the UK previously maintained as a member of the European Union and during the transition period. In particular, the Trade and Cooperation Agreement does not include an agreement on financial services which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the UK and the European Union.

From January 1, 2021, European Union laws ceased to apply in the UK. 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 UK on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Fund 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 UK, 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 UK or the European Union, including companies or assets held or considered for prospective investment by a Client.

The future application of European Union-based legislation to the private fund industry in the UK and the European Union will ultimately depend on how the UK renegotiates the regulation of the provision of financial services within and to persons in the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on a Client and its investments, including the ability of a Client to achieve its investment

objectives. 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 their affiliates to manage, operate and invest on behalf of a Client and increased legal, regulatory or compliance burden for the Adviser, their affiliates and/or its Clients, 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 UK'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 the Fund's investments and the ability to achieve the investment objective of a Client.

Soft Dollars. A Client may receive products and services from any broker, dealer or other financial intermediary or counterparty with or through which a Client executes portfolio transactions, including derivatives transactions. When it does so, it is said to be paying for those products and services with "soft dollars." The Adviser may use products and services acquired with one Client's soft dollars in managing another Client, and vice versa, and may use those soft dollars to acquire products and services it uses primarily or even exclusively in managing other Clients, even Clients that do not generate any commissions. The Adviser currently intends to use its Clients' soft dollars only to acquire services and products that are within the Section 28(e) "safe harbor."

Holding Period Requirement. The Adviser's ability to achieve the investment objectives of a Client depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. While it is inherently uncertain what position the current administration or future administrations will take going forward, the Tax Act provides that, if certain holding period requirements are not met carried interest and gain on the sale of investment services partnership interests will be subject to higher rates of U.S. federal income tax than was the case under prior law. This new holding period requirement could affect investment decisions, including with respect to the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment, such as non-liquidating distributions, and could adversely impact returns for investors. For example, the Tax Act may give 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. In addition, this new legislation could adversely affect employees or other individuals performing services for a Client who hold direct or indirect interests in the Adviser (or general partner, if any) and benefit from carried interest, which could make it more difficult for the Adviser and its affiliates to incentivize, attract and retain individuals to perform services for Clients.

Continuation Vehicles. The Adviser may establish one or more continuation vehicles or other vehicles for purposes of purchasing one or more portfolio companies or SPVs on behalf of a Client (including any SPV formed for the purpose of investing in publicly traded equity securities) and, subject to limitations set forth in the relevant Client's limited partnership agreement, a Client may sell (or otherwise structure the transfer of) such portfolio companies or SPVs to any such continuation or other vehicle. Because a transfer to a continuation or other vehicle will typically represent the sale of a Client's entire interest in such portfolio companies or SPV to such continuation or other vehicle, the relevant Client's limited partners' indirect interest in such portfolio company or SPV to such continuation or other vehicle will generally be sold even if such limited partners do not desire to participate in such continuation or other vehicle, and may occur at a time when such limited partners would have preferred to maintain their interest in such portfolio company or SPV through the relevant Client. In addition, the costs and expenses of selling a Client's portfolio company or SPV to such continuation or other vehicle may be borne by the relevant Client, and indirectly, its limited partners, which may adversely affect the relevant Client's overall return. Given

that the Adviser will likely charge management fees and carried interest, and receive reimbursements for other fees, costs and expenses with respect to, and have a capital or other interest in, any such continuation or other vehicle, the Adviser will likely face conflicts of interest in determining whether to utilize a continuation or other vehicle when structuring a Client's exit from any portfolio company or SPV. However, such conflicts will not restrict the Adviser from utilizing a continuation or other vehicle if it determines to do so in its sole discretion and such transaction is conducted in accordance with the relevant Client's limited partnership agreement.

Furthermore, it is possible that new limited partners will be subscribing for interests in a continuation vehicle alongside the relevant Client's limited partners that will entail rolling their interests in the underlying portfolio companies, which could result in the dilution of those limited partners' indirect interests in the relevant underlying portfolio companies and could adversely affect returns to such limited partners. In addition, any new limited partners may participate in a continuation vehicle or other special purpose vehicle on terms that are more favorable than the terms offered to the limited partners that rolled their interest in the relevant underlying portfolio companies.

Cybersecurity Risk. Cybersecurity risks have increased significantly in recent years because of, among other things: the proliferation of Internet and telecommunications technologies to conduct financial transactions; the ability and degree to which investment managers collect and maintain proprietary and other nonpublic data, as well as publicly available data that may be organized in a manner that is not publicly available; and the increased sophistication and activities of organized crime, hackers, terrorists, and other external parties, including foreign state actors. The Adviser, its Clients' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Client and its investors, despite the efforts of the Adviser and a Client's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Client and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, a Client's service providers, counterparties or data within these systems. Third-parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of its Clients' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of Client investor data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a Client, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which Clients invest, which could have material adverse consequences for such companies, and may cause a Client's investments to lose value. Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of a company beneficially owned by a Client.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Adviser, service providers to the Adviser or the Clients and/or their respective affiliates could cause significant losses to such Clients. 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 Clients, 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 Clients 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 Clients. 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.

Warrants and Rights Risk. Certain Clients may acquire warrants. A warrant gives the holder a right to purchase, at any time during a specified period, a predetermined number of shares of common stock at a fixed price. Unlike a convertible debt security or preferred stock, a warrant does not pay fixed dividends. A warrant may lack a liquid secondary market for resale. The price of a warrant may fluctuate as a result of speculation or other factors. In addition, the price of the underlying security may not reach, or have reasonable prospects of reaching, a level at which the warrant can be exercised prudently (in which case the warrant may expire without being exercised, resulting in a loss to a Client's entire investment in the warrant). Rights are similar to warrants but typically have a shorter duration and are issued by a company to existing stockholders to provide these holders the right to purchase additional shares of stock at a later date.

Privacy and Data Protection. A Client's investments are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. The General Data Protection Regulation (EU 2016/679) (the "**GDPR**") came into effect on May 25, 2018, replacing the Data Protection Directive (Directive 95/46/EC). The GDPR seeks to harmonize national data protection laws across the EU, while at the same time, modernizing the law to address new technological developments. As a regulation, the GDPR is binding on data controllers and data processors in all EU member states, without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach than Directive 95/46/EC and has a significant impact on data controllers and data processors either with an establishment in the EU, or which offer goods or services to EU data subjects or monitor EU data subjects' behavior within the EU. The regime imposes stringent operational requirements on both data controllers and data processors and has introduced significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover of the undertaking or €20 million (whichever is higher), depending on the type and severity of the breach.

The current ePrivacy Directive (Directive 2002/58/EC), will also be repealed by the EU Commission's Regulation on Privacy and Electronic Communications (the "**ePrivacy Regulation**") which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy. The ePrivacy Regulation is in the process of being finalized.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Adviser's current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on reputation.

U.S. Data Privacy and Security Laws. The U.S. is in a period of active consideration of additional data privacy and cybersecurity laws. These include the California Consumer Privacy Act ("**CCPA**"), effective since January 1, 2020; the New York SHIELD Act, aspects of which took effect on October 23, 2019 and other aspects of which took effect on March 21, 2020; a range of proposed additional laws in California, New York, Texas, Utah, Washington and other states; and a range of proposed additional laws at the federal level. The cumulative effects of CCPA and other recently adopted laws include an increased ability of individuals, relative to companies, to control the use of their personal data; increased obligations of companies to maintain the security of data; and increased exposure to fines or damages for companies that do not accord individuals their specified privacy rights, that experience data breaches or that do not maintain cybersecurity at certain levels of quality. On behalf of its Clients, the Adviser will endeavor to maintain systems that promote compliance with CCPA and these other laws, both those adopted to date and those that may be adopted in the future, but there can be no assurance that these systems will be effective in mitigating the business impact of individuals' increased privacy rights or in ensuring compliance with the CCPA

and such other laws. In the event of fines or damages due to noncompliance with such data privacy and cybersecurity laws, there may be a business impact on the Adviser and its Clients.

At the federal level, the United States Congress is also considering various proposals for data privacy and security legislation. We are subject to the rules and regulations promulgated under the authority of the Federal Trade Commission, which regulates unfair or deceptive acts or practices, including with respect to data privacy and security. Additionally, the Gramm-Leach-Bliley Act of 1999 (along with its implementing regulations) restricts certain collection, processing, storage, use and disclosure of personal information, requires notice to individuals of privacy practices and provides individuals with certain rights to prevent the use and disclosure of certain nonpublic or otherwise legally protected information. These rules also impose requirements for the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines.

The cumulative effects of the CCPA, the CPRA, the GDPR and other recently adopted data privacy and security laws include an increased ability of individuals, relative to companies, to control the use of their personal information; increased obligations of companies to maintain the privacy and security of data; and increased exposure to fines, damages or reputational harm for companies that do not afford individuals their specified privacy rights, that experience data breaches or that do not maintain cybersecurity practices at certain required levels. The global data protection landscape is currently unstable, resulting in possible significant operational costs for internal compliance and risk to our business. The General Partner, the Investment Adviser and their respective Affiliates will endeavor to implement and maintain systems designed to promote compliance with the CCPA, the CPRA, the GDPR and these other laws, both those adopted to date and those that may be adopted in the future, but there can be no assurance that these systems will be effective in mitigating the business impact of individuals' increased privacy rights or in ensuring compliance with the CCPA, the CPRA, the GDPR and such other laws. In the event of fines, damages or reputational harm due to noncompliance with such data privacy and security laws or a data breach, there may be a business impact on the Client, the Adviser and any other related parties.

General Data Protection Regulation - Fair Processing Information. Prospective investors should be aware that, in considering and/or making an investment in a Client, and interacting with a Client, its affiliates, agents, advisers and/or delegates by: (i) submitting a subscription agreement, (ii) communicating through telephone calls, written correspondence and emails (all of which may be recorded); or (iii) providing personal data concerning individuals connected with the investor (such as directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners, advisers and/or agents), they will be providing the Client and the Adviser, its affiliates, agents and/or delegates with personal data (as such term is defined in applicable EU data protection legislation). The Adviser has prepared a privacy notice, which provides further information regarding the personal data collected and used by it including in relation to a Client, and the purposes for which such personal data is processed. The privacy notice is appended to the relevant Offering Documents. Prospective investors should read the privacy notice carefully before sharing any personal data in accordance with the steps described above. If you have any questions or concerns regarding the processing of personal data by the Adviser or a Client, please contact Cowen Investor Relations at [investor.relations@cowen.com](mailto:investor.relations@cowen.com).

Reinvestment. Certain Clients are entitled to reinvest, reuse and/or distribute and recall distributions received for purposes of making investments in securities of publicly traded companies. This can result in the Client making investments with an aggregate cost basis greater than the capital committed by the Client's limited partners and could result in the loss of a limited partner's capital commitment as well as such reinvested amounts. To the extent such reused or retained amounts are reinvested, a Client's limited partners will remain subject to investment and other risks associated with such investments as described in the relevant Client's Offering Documents.

Market Disruption and Geopolitical Risk. A Client is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Client's investments. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also

could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments. At such times, a Client's exposure to a number of other risks described elsewhere in this section can increase.

Outbreaks of Infectious or Contagious Diseases. Pandemics and other widespread public health emergencies have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to a Client.

An ongoing outbreak of a novel coronavirus ("**COVID-19**") has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

COVID-19 could continue to adversely impact the biotechnology and life sciences companies in which the Fund will invest, including by causing:

- delayed approvals from local regulatory authorities to initiate planned clinical trials;
- delays or difficulties in enrolling patients in clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- changes in local regulations as part of a response to the COVID-19 coronavirus outbreak which may require us to change the ways in which clinical trials are conducted, which may result in unexpected costs, or to discontinue the clinical trials altogether;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as clinical trial sites and hospital staff supporting the conduct of clinical trials;
- interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others, or interruption of clinical trial subject visits and study procedures, the occurrence of which could affect the integrity of clinical trial data;
- risk that participants enrolled in clinical trials will acquire COVID-19 while the clinical trial is ongoing, which could impact the results of the clinical trial, including by increasing the number of observed adverse events; and
- interruptions in preclinical studies due to restricted or limited operations at research and development facilities.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across nearly all of the world's largest economies — on global economic conditions, and on the operations, financial

condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects are possible, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to "re-open," it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses for a Client. The extent of the impact on a Client and its investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of a Client to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy a Client intends to pursue, all of which could adversely affect a Client's ability to fulfill its investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of a Client, its portfolio companies, the Adviser, and Cowen may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Investment Expenses / Broken Deal Expenses. Client investments may require extensive due diligence, legal, and other costs prior to their consummation and may result in a Client bearing "**Broken Deal Expenses**" if they are not consummated. A Client may pay any fees, costs, and expenses incurred in discovering, developing, negotiating, evaluating, acquiring and structuring any investment opportunities it pursues, whether or not such investments are ultimately consummated, including investments pursued by the Adviser prior to the initial closing of a Client that are intended to become investments in a Client's portfolio. Additionally, a Client may enter into agreements that involve payments, such as reverse break-up fees, by a Client if it does not consummate the transaction. These expenses can be significant and may be material to a Client. A Client may incur, either directly or pursuant to its obligation to reimburse the Adviser for any such expenses advanced by it, significant expenses in connection with proposed investments that are not consummated without the opportunity for gain or recoupment of such expenses.

Intellectual Property Rights. The success of certain Client's investments may depend, in part, on the portfolio company's ability to protect proprietary methods and technologies that they develop or license so that they can prevent others from using their inventions and proprietary information. If intellectual property rights are not adequately protected (and competitors gain access to its technology), the value of a Client's investment might be adversely affected. Protecting and enforcing intellectual property rights may be very expensive and intellectual property rights may be challenged, weakened or invalidated through administrative process or litigation. Certain investments made by Clients may rely on a combination of patent, copyright, trademark, trade dress, unfair competition and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and



protect proprietary rights. These laws, procedures and restrictions provide only limited protection. A portfolio company held in a Client's portfolio might be required to spend significant resources to monitor and protect its intellectual property rights and may initiate claims or litigation against third parties for infringement of its proprietary rights and could result in counterclaims against them. Any litigation, whether or not favorably resolved could result in significant expense for a portfolio company, divert the efforts of its technical and management personnel, which in turn may adversely affect its value.

Cash and Other Investments. The Adviser may cause a Client to invest all or a portion of its assets in cash or cash items, in whole or in part, for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items are generally of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. While these investments generally involve relatively low risk levels, they may produce lower than expected returns and could result in losses.

Financial Market Fluctuations. In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Clients and may affect the Clients' ability to make investments and the value of the investments held by the Clients. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Clients' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present, and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Clients will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Client to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Volatility in the financial sector may have an adverse material effect on the ability of the Clients to buy, sell and partially dispose of their portfolio company investments. The Clients may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Client may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments.

Valuations; Use of Estimates. Certain securities in which a Client invests may not have a readily ascertainable market price. Such securities will nevertheless generally be valued by the Adviser, which valuation will be conclusive with respect to a Client, even though the Adviser may face a conflict of interest in valuing such securities because the value thereof will affect their compensation. The Adviser may also have no ability to assess the accuracy of valuations received from an underlying private investment fund in which it invests. Valuation information received from the investment manager of a private investment fund typically will be estimates only, subject to revision of its annual audit. In addition, the Adviser will have the ability to adjust estimated values provided to it by underlying investment advisers subject to the valuation guidelines set forth in the relevant Offering Documents.

### **Conflicts of Interest**

Various actual and potential conflicts of interest may arise from the overall investment and other business activities of the Adviser and its affiliates, in each case, for their own account and for the account of others. The following briefly summarizes some of these conflicts but is not intended to be an exhaustive list of all such conflicts.

The Adviser and its affiliates expect to advise multiple Clients whose accounts may purchase or sell the same securities. The Adviser and its affiliates are not under any obligation to share any investment opportunity, idea or strategy with any particular Client. As a result, Clients of the Adviser or its affiliates may compete with one another for investment opportunities. The Adviser may make recommendations to and take actions on behalf of certain Clients, which may be the same as or different from those made or taken on behalf of another Client. The Adviser may from time to time acquire positions in or transact in securities and other investments on behalf of a Client which may differ from or be inconsistent with the advice given, or the timing or nature of the Adviser's action or actions with respect to another Client. The Adviser's investment allocations are designed to provide a fair allocation of purchases and sales of securities among the various Clients managed by the Adviser, while preserving incentives for the Adviser to find new investment opportunities, and to ensure compliance with appropriate regulatory requirements.

From time to time, the Adviser may permit certain Client investors to acquire interests on different terms than other investors (including, without limitation, with respect to minimum investment amounts, fees, expanded reporting and withdrawal terms). The Adviser is not generally required to notify any or all of the other investors of any such terms, nor is a Client or the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other investors.

By reason of the investment management responsibilities and other activities of certain affiliates, the Adviser may acquire confidential information or otherwise be restricted from initiating transactions in certain securities. It is acknowledged and agreed that, except as required by the applicable law, the Adviser may not be free to divulge, or to act upon, any such confidential information and that, due to such a restriction, the Adviser may not initiate certain transactions the Adviser otherwise might have initiated. It is further acknowledged and agreed that the Adviser shall, for itself and on behalf of its Clients, disclose such information to governmental and regulatory authorities as may be required by law.

Affiliates of the Adviser that are not engaged in investment management activities may develop fundamental analyses, technical models, and market or company-specific knowledge as part of analysis provided by research personnel, which may not be available to the Adviser due to regulatory restrictions and internal compliance policies. Affiliates of the Adviser that are not engaged in advising investment management activities may take differing views than the Adviser with respect to a portfolio company, including in some instances adopting a sell or neutral recommendation with respect to a security in which a Client maintains a long position.

Employees of the Adviser and its affiliates (including their friends and family members as well as the wealth-planning vehicles of such employees, friends and family members), may be permitted to invest in Clients of the Adviser at reduced (or bear no) Management Fees and Performance Compensation and may buy and sell securities or securities of issuers or obligors with debtor instruments that are held by a Client or may be suitable for a Client for their own account or the account of others. This may on occasion create conflicts of interest with regard to such matters as allocation of opportunities to participate in particular investments or to dispose of certain investments.

Due to the fee-paying arrangements described above in Item 5 (some of which may be deemed to be significant), there is the potential for conflicting interests between the Adviser and its broker affiliates. The Adviser endeavors to resolve these conflicts in the best interests of its Clients. As noted in Item 5, brokerage commissions, advisory and/or investment banking fees paid by a portfolio company to a broker affiliate will not reduce or offset the Management Fees or Performance Compensation paid or distributed to the Adviser. Client investors are strongly

encouraged to carefully read the relevant Offering Documents for additional details regarding this conflict (if applicable).

The Adviser may, in its discretion, recruit consultants or retain the services (for a fee) of one or more third-party industry experts. All or a portion of the compensation and reimbursement of expenses paid to such consultants/experts may be borne directly or indirectly by a Client. Consultants/experts may also receive compensation and expense reimbursement for providing services to portfolio companies, which includes compensation for services on boards of directors, compensation for service as interim executives and consulting-related compensation, which involves both fixed and incentive compensation. Compensation of such consultants/experts may include (i) an annual fee, (ii) a discretionary performance-related bonus, (iii) a portion of the carried interest received by a general partner or managing member of a Client, or (iv) the opportunity to invest in one or more Clients or specific transactions on a no-fee basis. The Adviser will ensure any expenses incurred by the Adviser and reimbursed by a Client for such consultants/experts are eligible to be reimbursed pursuant to the applicable Client's Offering Documents.

Prospective investors should expect that certain Client investors will have enhanced relationships with the Adviser (or an affiliate), a Client or one or more portfolio companies beneficially owned by a Client and that such relationships may give rise to both known or unknown conflicts of interest for both the Adviser and such Client investors. It may not be possible to mitigate such conflicts of interest and a Client, or one or more portfolio companies beneficially owned by a Client, could be harmed as a result.

If an employee of the Adviser sits on the board of directors of a portfolio company owned by a Client that employee/board member may have to deal with conflicts of interest between Clients managed by the Adviser, the investors of those Clients and the relevant portfolio company. The employee/board member is required to discuss the conflicting issue with the Adviser's Chief Compliance Officer and other members of senior management, as needed, in an effort to ensure the Adviser acts in a manner consistent with its fiduciary obligations to its Clients and the portfolio company.

As mentioned above, the Adviser's parent company, Cowen, is a publicly traded company. As a public company, Cowen is subject to the risk of investigation or litigation by regulators or its public shareholders arising from an array of possible claims, including shareholder dissatisfaction with the performance of its businesses or its share price, allegations of misconduct by its officers and directors or claims that it has inappropriately dealt with conflicts of interest or investment allocations. As Cowen is the ultimate parent of the Adviser, any such investigations into or claims brought against Cowen could divert time, attention and resources away from the Adviser's investment management business. Additionally, as a public company, Cowen is subject to a number of reporting and regulatory regimes, including the U.S. Sarbanes-Oxley Act of 2002 and the reporting provisions of the Exchange Act. Compliance with any such laws similarly requires the time, attention and resources of Cowen and its executive officers that might otherwise be devoted to the Adviser's Clients, which diversion may result in an adverse effect on its Clients. In addition, Cowen may have certain obligations to its public equity holders, which may pose potential conflicts of interest regarding the activities conducted, and decisions made, on behalf of the Adviser's Clients, including the Adviser's ability to disclose certain Clients' performance information.

Please refer to the relevant Offering Documents for a more detailed discussion of a Client's risk factors and conflicts of interest.

#### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or Client investor's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

## **Item 10. Other Financial Industry Activities and Affiliations**

The Adviser is affiliated with the following U.S. registered broker-dealers: Cowen and Company, LLC (CRD # 7616), ATM Execution LLC (CRD # 122529); and Westminster Research Associates LLC (CRD # 14508). The Adviser is also affiliated with two UK FCA registered broker-dealers: Cowen International Limited and Cowen Execution Services Limited; one Hong Kong SFC registered broker-dealer: Cowen and Company (Asia) Limited; and Cowen Financial Products LLC, an unregistered swap dealer. All of the above referenced affiliates are wholly owned subsidiaries (directly or indirectly) of Cowen.

As noted above, Cowen and Company or another affiliated broker have been engaged in the past and may be engaged in the future for compensation to provide investment banking services by a company in which a Client is invested and/or may be employed by a portfolio company's board of directors to perform advisory, capital raising, or other transactional services for the portfolio company at a negotiated rate of compensation. Such engagements may or may not be awarded in competition with other investment banks. The Adviser's affiliated brokers may also provide investment banking services for other companies, public or private, whose business activities may be deemed to conflict with or compete with the business of a portfolio company in which a Client is invested. The Adviser and its broker affiliates have established policies and procedures reasonably designed to prevent the misuse by the Adviser, its affiliated broker, and their personnel of material information regarding issuers of securities that have not been publicly disseminated.

The Adviser is affiliated with the following investment advisors registered with the U.S. Securities and Exchange Commission (or reliant upon the registration of an affiliated investment advisor): Cowen Investment Management LLC, Cowen Sustainable Advisors LLC, Cowen Trading Strategies LLC, TriArtisan Capital Advisors LLC, Cowen Investment Advisors LLC (dba Ramius Advisors, LLC), Healthcare Royalty Management, LLC, HCR Collateral Management, LLC and Cowen Prime Advisors LLC.<sup>2</sup>

The Adviser has no financial planner relationships. At this time, the Adviser does not believe there are any material conflicts related to these affiliations. For a complete description of these advisors and their advisory clients, please refer to their Form ADV Parts 1 and 2 which can be obtained on the SEC's Investment Adviser Public Disclosure website (<https://www.adviserinfo.sec.gov/IAPD/Default.aspx>).

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Adviser has adopted a Code of Ethics that is applicable to all of its access persons, supervised persons and virtually all of its employees (for purposes of this section of the brochure, references to "employees" include access persons and supervised persons). The Code of Ethics reflects the Adviser's belief in the absolute necessity to conduct all business, make all decisions and carry on all personal activities at the highest ethical and professional levels. The Adviser will provide a copy of the Code of Ethics to any Client or prospective Client (or Client investor) upon request.

All persons that are covered by the Code of Ethics must avoid activities, interests and relationships that may interfere or appear to interfere with making decisions in the best interests of Clients. More specifically, the Code of Ethics seeks to place the interests of Clients over the interests of any employee; imposes standards of business conduct for all of the Adviser's employees; requires employees to comply with the federal securities laws; regulates employee personal securities transactions, including requiring all covered persons to obtain pre-approval before investing in hedge fund or private placement investments; and requires reporting and review of personal securities transactions.

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<sup>2</sup> Although under common control with RCG Longview Equity Management LLC and RCG Longview Partners II, LLC, the Adviser's managing member, CIM, is not involved in the day to day activities of either RCG Longview advisory affiliate (although CIM's equity ownership interest entitles it to a share of their net revenue).

While employees of the Adviser are generally permitted to invest in securities for their own personal accounts and may invest in securities that are also held by Clients of the Adviser, they may be subject to the Adviser's reimbursement policy in the event their personal trading activity competes with Client trades. In the event an employee trades a security on the same day and in the same direction as a Client account and the average price paid or received by the employee for the relevant security was better than the average price paid or received by a Client for the same security, then the Adviser may require the employee to reimburse the impacted Client for the difference between the average price paid by the employee and the average price paid or received by the relevant Client.

The Adviser has and may continue to purchase securities and other instruments for its own account (or the account of an affiliate) that are also being purchased by the Adviser on behalf of a Client and may also purchase securities and other instruments that are not appropriate for Client investment (pursuant to its investment guidelines and procedures). In the event the Adviser does purchase securities and other instruments for its own account (or the account of an affiliate) that are also being purchased by the Adviser on behalf of a Client, the Adviser will endeavor to purchase those securities and other instruments for its Clients on terms at least as favorable as the terms on which the same securities or instruments are purchased for the accounts of the Adviser and/or its affiliates. Notwithstanding the foregoing, the Adviser is not obligated to allocate all potential transactions to a Client for which it might be eligible pursuant to its investment guidelines and procedures. Depending on the circumstances, the Adviser may allocate certain transactions on a disproportionate basis among its other Clients and/or may allocate all of a transaction to another Client, including Clients in which one or more of the principals or employees of the Adviser or its affiliates may have an interest. In addition, varying compensation arrangements among Clients could incentivize the Adviser to allocate investment opportunities to certain Clients over others, or to otherwise manage Clients differently.

When it is determined that it would be appropriate for one or more Client to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating investment accounts on an equitable basis, taking into account such factors as the investment objectives of the participating investment accounts, the availability of leverage, the relative amounts of capital available for new investments, relative exposure to market trends, transaction costs, the portfolio positions of the participating investment accounts, the eligibility of a Client, respectively, and the other investment accounts under applicable law to make the investment in question and the manner in which the investment is likely to affect the amount of available capital after the investment is made.

The Adviser may enter into side letter arrangements with one or more investors in certain Clients, providing such investors with different or preferential rights or terms, including but not limited to (i) different or preferential fee structures; (ii) other preferential economic rights, (iii) information and reporting rights; (iv) excuse or exclusion rights; (v) waiver of certain confidentiality provisions; (vi) co-investment rights; (vii) liquidity or transfer rights; and (viii) certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor. Side letter arrangements with investors in one class of a Client's securities (*e.g.*, the senior tranche of a structured credit vehicle) may incentivize the Adviser to take action or abstain from taking action that conflict with the interest of investors in another class of such Client's securities (*e.g.*, junior tranches of a structured credit vehicle). Except as otherwise agreed with an investor, the Adviser is not required to disclose the terms of side letter arrangements with other investors in the same Client.

#### **Item 12. Brokerage Practices**

The Adviser is responsible for, among other things, the placement of any securities transactions entered into on behalf of a Client, and for the negotiation of any commissions paid on such transactions. Such securities may be purchased over the counter, through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio securities through brokers involve a commission to the broker, and purchases from dealers serving as market makers include the spread between the bid and the ask price.

The Adviser has discretion with respect to investment decisions it makes for its Clients, and also with respect to the selection of brokers, dealers and other counterparties for such transactions, and the amount of commissions or other compensation to be paid by its Clients. The Adviser provides investment management services to its Clients based on the particular investment objectives and strategies described in their Offering Documents.

Brokers and dealers are selected by the Adviser on the basis of a variety of factors, including, without limitation, some or all of the following: 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; offering on-line access to computerized data regarding open orders; the ability or inability of electronic trading networks to handle trades instead of other broker-dealers; value of research; and other matters involved in the receipt of brokerage services generally.

Commissions charged by certain broker-dealers utilized by the Adviser may include additional products and services, such as research. The Adviser only uses additional products and services provided by broker-dealers (included in its commission rate) that meet the eligibility criteria of the safe harbor created by Section 28(e) of the Exchange Act. The Adviser does not currently have any “soft dollar” accounts with any of its brokerage relationships; however, in the event an account was opened, any use of “soft dollars” would fall within the Section 28(e) safe harbor. Under Section 28(e), research obtained with soft dollars generated by a Client may be used by the Adviser to service accounts other than the Client.

Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, as well as discussion with research personnel. The Adviser may, in the future, pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if the Adviser determines such prices or commissions are reasonable in relation to the overall services provided. Any research services provided by broker-dealers used by a Client may be utilized by the Adviser or its affiliates in servicing all of its Client accounts. The Adviser is not obligated to use all of the information it receives from broker-dealers on behalf of its Clients. Nonetheless, the Adviser believes that such investment information provides a Client with benefits by supplementing the research otherwise available to it.

A Client’s securities transactions may generate a substantial amount of brokerage commissions and other compensation, all of which a Client, not the Adviser, will be obligated to pay. As noted above, the Adviser has complete discretion in deciding what brokers and dealers a Client will use and in negotiating the rates of compensation a Client will pay. In addition to using brokers as “agents” and paying commissions, the Adviser, on behalf of a Client may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all of the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services.

As noted above in Item 5, the Adviser has engaged Cowen and Company to execute transactions for certain Clients either as agent or riskless principal. Cowen and Company is an introducing broker that clears its transactions on a fully disclosed basis through Pershing LLC, which also serves as a qualified custodian for relevant Client accounts. The Adviser will not utilize an affiliated broker unless it has determined that the commissions, fees or other remuneration to be received by the affiliated broker are reasonable and fair compared to the commissions, fees or

other remuneration received by other brokers in connection with comparable transactions involving similar services or securities. The amount of Management Fees paid to the Adviser are not reduced by the amount of brokerage commissions paid by a Client to an affiliated broker.

Certain Clients have made and may continue to make an IPO investment in an offering where Cowen and Company or another affiliated broker serves as principal underwriter or a member of an underwriting syndicate if certain conditions are met, as set forth in the Offering Documents.

The Adviser may aggregate or “block” purchase and sale orders of securities to seek the efficiencies that may be available in larger transactions when it determines that aggregation is consistent with its duty to seek best execution for its Clients, although it has no obligation to do so.

From time to time the Adviser may be introduced to prospective Client investors through “capital introduction” events, some of which may be sponsored by the relevant Client’s prime brokers. The Adviser may take into account “capital introduction” events provided by a prime broker when selecting prime brokers and determining the extent to which a prime broker will be used.

It is the policy of the Adviser that the utmost care is taken in making and implementing investment decisions on behalf of its Clients. To the extent that any trade errors occur, they are to be corrected as soon as practicable and if possible, in such a manner that the relevant Client incurs no loss. Trade errors generally occur either in the (i) investment decision-making process (e.g., a decision may be to purchase a security or an amount of a security that is inconsistent with a Client’s investment restrictions); or (ii) trading process (e.g., a buy order may be executed as a sell, or vice versa, or a security other than that which the portfolio manager ordered may be purchased or sold). Depending on the circumstances of the error, corrective action following a trade error may vary and is determined based on the facts and circumstances of the error and the relevant contractual and/or regulatory requirements of the affected Client(s).

Trade errors frequently result in losses but may, occasionally, result in gains. The Adviser will evaluate each trade error pursuant to the exculpation provision under the relevant investment management agreement (or other relevant governing agreements) to determine whether the resulting loss must be paid for by the Adviser or may be borne by the Client to the extent it is affected. The Adviser may offset any errors resulting in a gain to the Client with errors resulting in a loss to the same Client but in making such calculations, the Adviser may only net gains and losses of errors that result from related transactions in a single Client account. All potential trade error reimbursements (including decisions to net any gains resulting from trade errors with losses resulting from trade errors) are subject to review by the Adviser. The Adviser does not use brokerage commissions, any portions of brokerage commissions, or soft dollars to pay for trade error corrections.

### **Item 13. Review of Accounts**

The Adviser is responsible for making investment decisions in compliance with Client investment guidelines and restrictions as well as applicable law and regulation. The Adviser holds informal meetings as needed to discuss investment ideas, economic developments, current events, investment strategies, issues related to a Client’s portfolio holdings, *etc.* The Adviser evaluates its Client portfolios on a regular basis (no less than quarterly) including whether or not the investments made for a Client is consistent with its investment objectives and restrictions and if necessary, will monitor for any trading irregularities and/or unusual positions.

The Adviser (or the general partner, as applicable) typically sends Client investors a statement no less than quarterly documenting the performance of the Client’s portfolio and their capital account balance. The Adviser may provide certain Client investors with information on a more frequent and detailed basis if agreed to by the Adviser. In addition, when required by law or otherwise agreed to by contract, the Adviser will issue Client audited financial statements within the legally required time period following of the end of such Client’s fiscal year. The Adviser will also provide its Client’s investors tax reports (if applicable); however, no assurances can

be made as to when investor tax information will be provided. As a result, Client's investors may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state, and local level.

#### **Item 14. Client Referrals and Other Compensation**

The Adviser does not receive economic benefits from non-Clients for providing investment advice. However, the Adviser or its affiliates may enter into placement agreements with certain placement agents ("**Placement Agents**"), pursuant to which the Placement Agents have agreed to introduce potential investors to Clients. The Placement Agents may receive compensation for such services from the Adviser or its affiliates.

In relation to the portfolio companies owned by certain Clients it advises, certain employees of the Adviser have been and may again in the future be reimbursed by the relevant Client for travel, entertainment, direct, and/or other expenses incurred in the course of serving on a portfolio company's board of directors or any committees or sub-committees of a board of directors in connection with attendance at meetings, recruitment of directors or management, interviews with attorneys, accountants, recruiters, consultants, investment bankers, vendors, customers, prospects, investors or lenders or their agents, and other actual or potential counterparties plus any other direct expenses incurred as a result of activities undertaken at the request of the relevant portfolio company's board of directors or management.

The Adviser has provided and may in the future provide its Clients with services including, but not limited to, administration, organizing and managing the business affairs, executing and reconciling trades, preparing financial statements and providing audit support, preparing tax related schedules or documents, legal and compliance support and sales and investor relations support, diligence and valuation services. Under certain circumstances the Adviser may provide these services in return for a fee separate and apart from Management Fees.

#### **Item 15. Custody**

Pursuant to Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), the Adviser is generally deemed to have custody of Client funds and securities and is therefore required to maintain the assets of its Clients in separate accounts with a qualified custodian. The private securities in which the Adviser's Clients have invested are maintained in book entry form with the relevant portfolio company and meet the requirements of the Custody Rule's qualified custodian exception. Client funds and securities that do not meet the requirements of the qualified custodian exception are held at an independent broker-dealer, bank or trust company. As noted above in Item 5 and Item 12, Pershing LLC maintains custody of any Client accounts maintained with Cowen and Company.

The Adviser's Clients receive account statements on at least a quarterly basis directly from the broker-dealer, bank or other qualified custodians (including Pershing LLC, when relevant). Typically, the investors in the Adviser's Funds (including investors in vehicles formed in order to allow employees, partners, executive advisors or members of a Fund's general partner, the Adviser or their respective affiliates to participate directly or indirectly in a Fund's investments) do not receive account statements from the qualified custodian(s) as these statements are directed to the Adviser as the investment manager or general partner of these investment vehicles.

The Adviser has engaged an independent public accounting firm registered with and subject to review by the Public Company Accounting Oversight Board (PCAOB) to perform an annual audit of the Funds it advises in accordance with U.S. Generally Accepted Account Principles. The audited financial statements are distributed to the Funds and their respective investors within 120 days of their fiscal year end.

#### **Item 16. Investment Discretion**

The Adviser, in its capacity as an investment adviser (or general partner, if applicable) has discretionary trading authority with respect to its Clients. The Adviser's investment decisions and advice with respect to each Client are



subject to each Client's investment objectives and guidelines, as set forth in its Offering Documents. The Adviser does not currently advise any non-discretionary Clients. While the Adviser does not currently have any non-discretionary Clients, it is not prohibited from entering into an investment management agreement that is purely advisory in nature and does not grant the Adviser with discretionary authority over a Client or a class of securities within a Client.

**Item 17. Voting Client Securities**

In compliance with Advisers Act Rule 206(4)-6, the Adviser has adopted proxy voting policies and procedures. All decisions about how to vote a proxy will be made in accordance with the Adviser's proxy voting policies and procedures, which are designed to take into account the best interests of a Client, as determined by the Adviser in its discretion. The Adviser may take into account all relevant factors when making such determination. Clients are generally not permitted to direct voting decisions. The Adviser has primary responsibility to monitor voting decisions for conflicts of interest, which include the consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in the vote that may present a conflict of interest. This summary is qualified in its entirety by the Adviser's voting policies and procedures. The Adviser will make information regarding how proxies were voted available and/or provide a copy of its voting policies and procedures to Clients upon request.

The Adviser may advise certain Clients that only own an interest in a single company and be part of a group that controls the business of the target investment. The Adviser may be expected to vote the company's shares or other interests, either via proxy or by direct representation at a shareholder meeting, in agreement with the recommendations of the company's board of directors, on which the Client has direct or indirect representation. This action should be consistent with the best interests of the Client. In the event that the Adviser determines a different action to be in the best interests of a Client, the Adviser will act in such a manner that is in the best interests of its Client.

This summary of the Adviser's voting policies and procedures is qualified in its entirety by the Adviser's voting policies and procedures. Copies of relevant proxy logs, identifying how proxies were voted in connection with a Client and copies of proxy voting policies are available to any Client or prospective Client upon written request to Cowen Investor Relations at [investor.relations@cowen.com](mailto:investor.relations@cowen.com).

**Item 18. Financial Information**

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.