



## Item 1. Cover Page

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### **PATIENT SQUARE CAPITAL, LP**

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<https://patientsquarecapital.com>

**Dated as of March 31, 2022**

This brochure provides information about the qualifications and business practices of Patient Square Capital, LP ("Patient Square" or the "Firm"). If you have any questions about the contents of this brochure, please contact Patient Square at (650) 677-8100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration as an investment adviser does not imply that Patient Square or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Patient Square is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

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The Firm filed its most recent Form ADV Part 2A on October 11, 2021. This annual amendment updates the description of the business of the Firm and its affiliates, including certain investment risks and conflicts of interest.

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#### Item 4. Advisory Business

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Patient Square Capital, LP (hereinafter “Patient Square”, “we,” “us,” “our” or the “Firm”) was established in 2020 as a Delaware limited partnership with a principal place of business located in Menlo Park, CA. The principal owner of Patient Square is Jim Momtazee (the “Managing Partner”), and he is joined by seven highly complementary and experienced senior team members (collectively with Mr. Momtazee, the “Partners”) who collectively have decades of experience and a long-standing shared professional history.

Patient Square currently provides discretionary investment advisory services to private investment vehicles (each a “Fund,” and collectively, the “Funds”) and additional private investment vehicles, including co-investment vehicles (“Co-Invest Vehicles”), and, potentially in the future, separately managed accounts (collectively with the Funds, the “Clients”). Investors in the Funds are referred herein as “Investors,” or “Limited Partners.” Where the context so requires, in certain circumstances, references to the Funds also includes Co-Invest Vehicles. Co-Invest Vehicles include vehicles established for individual or multiple investors seeking exposure to single or multiple investments, as well as vehicles where Patient Square has varying levels of investment discretion.

The Funds will generally be exempt from registration under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), and will issue securities that will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”).

Patient Square will act as the alternative investment fund manager of the Funds for the purposes of the European Union (the “EU”) Alternative Investment Fund Managers Directive (2011/61/EU) (the “Directive”), together with Commission Delegated Regulation (EU) No 231/2013 supplementing the Directive, as well as any similar or supplementary law, rule, or regulation as implemented in any relevant jurisdiction and the United Kingdom (the “UK”) Alternative Investment Fund Managers Regulations 2013.

Each Fund’s general partner (each, a “General Partner”) has the power and authority to delegate the management of the respective Fund(s) to Patient Square, which is an affiliate of each General Partner. Each General Partner is subject to the Investment Advisers Act of 1940 (the “Advisers Act”) pursuant to Patient Square’s registration in accordance with SEC staff guidance. All references to the Firm include each General Partner.

The Funds will generally be private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Patient Square’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments will be made predominantly in non-public companies, investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the Partners, other senior personnel of Patient Square or their affiliates generally serves on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds will invest. Patient Square manages the assets of each Fund in accordance with the terms of each Fund’s private placement memorandum, limited partnership agreements and other governing documents (collectively, “Governing Documents”).

Patient Square does not currently provide investment advice to separately managed accounts nor does it provide investment advice to individual Investors. However, the Firm or its affiliates have entered, and expect to continue entering into, side letters (each a “Side Letter”) or similar agreements with Investors that may entitle such Investors to impose restrictions on investing in certain securities or types of securities. In addition, Patient Square may enter into a Side Letter or similar agreement with an Investor to provide for reduced management fees, carried interest or other preferential economic terms. Further information regarding the use of Side Letters and terms related thereto is set forth in “Conflicts of Interest - Side Letters” below.

As of December 31, 2021, Patient Square has regulatory assets under management (“RAUM”) of approximately \$2.12B, all managed on a discretionary basis.

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

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In general, Patient Square receives a management fee and a carried interest in connection with advisory services. Except as otherwise described in “Senior Advisors & Valuation Creation Function Personnel” below, Patient Square or other Patient Square entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the Management Fees (as defined below) otherwise payable to Patient Square in accordance with the applicable Governing Documents. In addition, in certain circumstances, Patient Square is permitted to receive compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in the Funds also bear certain expenses, including expenses of Patient Square and its affiliates in accordance with the applicable Governing Documents.

### **Management Fees**

Subject to the specific provisions in each Fund’s Governing Documents, a Fund will generally pay Patient Square, quarterly and in advance, a management fee (the “Management Fee”) equal to 2% on an annual basis of aggregate Investor capital commitments (“Commitments”) subject to a step-down at the end of a Fund’s investment period and other circumstances.

To the extent specified in a Fund’s Governing Documents, Patient Square or another Patient Square entity will be permitted to receive certain supplemental fees and other amounts (“Transaction Fees”) consisting of: (i) closing fees, commitment fees, monitoring fees, directors’ fees, financial consulting fees, advisory fees and other similar fees paid to Patient Square with respect to any Fund investment; (ii) transaction fees paid to Patient Square with respect to a Fund investment; and (iii) break-up fees and litigation proceeds with respect to a Fund’s transactions not consummated that are paid to Patient Square, in each case net of certain costs and expenses (including those described below) as set forth in the Governing Documents. Transaction Fees do not include, in any event, any amount received by a General Partner, VCF Personnel (as defined below), any Senior Advisor (as defined below), or any other person (whether directly or indirectly through persons affiliated with Patient Square or any of its affiliates) from a portfolio company, prospective portfolio company or other person (A) as reimbursement for expenses directly related to such portfolio company or prospective portfolio company, (B) as compensation for services provided to or in respect of any portfolio company or prospective portfolio company in connection with such portfolio company’s or prospective portfolio company’s business, (C) as compensation for services provided by a General Partner or other person as an employee of or in a similar capacity for such portfolio company or prospective portfolio company, including fees, incentive equity or other stock awards for services rendered by a General Partner or such other person to a special purpose acquisition

company (or similar collective entity) that is a portfolio company or prospective portfolio company, (D) as compensation, including fees (including director's or consulting fees), incentive equity, other stock awards or other compensation described under "Value Creation Functions and Senior Advisors" for services rendered by the Value Creation Functions or a member thereof or by a Senior Advisor (as defined below) to such portfolio company or prospective portfolio company (whether directly or indirectly through persons affiliated with the Patient Square or any of its affiliates), or (E) any other amounts that an advisory board otherwise approves as not constituting Transaction Fees. A Fund's Governing Documents generally will provide that 100% of Transaction Fees received by the Firm and attributable to a Fund's investment in a portfolio company will be credited against Management Fees otherwise owed to the Firm. The portion of Transaction Fees (if any) allocable to co-investors will not reduce the Management Fee payable by a Fund. The receipt of such fees will not reduce the Management Fee payable by a Fund, which has also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion on a fully diluted basis of any such fee and not the portion of any fee that relates to such co-investors or potential co-investors, which have the potential to be significant. Transaction Fee offsets generally are performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such fees or the provision of related services. Similarly, in certain circumstances, Patient Square expects that co-investors, lenders, Senior Advisors (as defined below), certain VCF Personnel (as defined below), other third-party consultants or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. Patient Square and/or its affiliates generally have discretion over whether to charge Transaction Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Transaction Fees generally will give rise to potential conflicts of interest between a Fund, on the one hand, and Patient Square and/or its affiliates on the other hand.

Certain Governing Documents permit Patient Square to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to Patient Square. A Fund's Limited Partners would, in such circumstances, be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of Patient Square in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver could possibly result in an acceleration (or delay) of Investor capital contributions. Waived or reduced Management Fees are not subject to the Transaction Fee offset described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by Patient Square and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed, resulting in a net additional benefit to Patient Square.

### **Carried Interest**

Subject to the specific provisions in each Fund's Governing Documents, Patient Square generally will receive a carried interest with respect to a Fund equal to 20% of all realized profits (net of permanent write-downs of unrealized investments and allocable expenses on realized investments) subject to an 8% per annum preferred return compounded annually. Patient Square is permitted to

waive (subject to potential recoupment) or defer any carried interest distribution, and may impose conditions on its recoupment of such waived or deferred amounts. Such waivers or deferrals may result in adjustments to the allocations of tax items to the Limited Partners. The Co-Invest Vehicles are generally not charged carried interest, although Patient Square is permitted to charge carried interest on Co-Invest Vehicles in the future.

### **Other Information**

Patient Square is permitted to exempt certain “exempted partners” in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Patient Square and any other person designated by Patient Square such as “friends and family” of Patient Square or its personnel, or other Investors meeting certain qualification requirements based on Commitment size or other strategic or relationship factors. The applicable General Partner reserves the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by Patient Square and/or its affiliates, or through other Funds which co-invest on substantially the same terms with a Fund, such as an “Executive Fund.” Patient Square retains flexibility to structure its compensation from Investors and expects in certain circumstances to agree to invoice an Investor directly for Management Fees and other compensation, rather than deducting such amounts from the Investor’s capital account(s).

Each Fund generally invests on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable Governing Documents, over the term of the relevant Fund, and Investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Patient Square generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Patient Square or its affiliates.

In addition to the Management Fee and carried interest payable to Patient Square, each Fund bears certain expenses. As set forth more fully in the Governing Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to a Fund’s (and its subsidiaries’ and intermediate entities’) activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce Management Fees, including, but not limited to, the following: costs and expenses attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of a Fund’s investments, legal, filing, accounting, auditing, investment banking, travel (including first-class (or equivalent) commercial airfare, private aircraft or other private air travel (so long as the cost does not exceed the cost of corresponding commercial travel (including first class (or equivalent) commercial airfare)) and car or ride sharing services), other modes of transportation, meals, lodging and entertainment and other meals and entertainment, consulting, research, brokerage fees, finder’s fees, financing, real estate title, appraisal, printing, reporting, custody, depositary, transfer, registration, insurance, Fund’s advisory board (the “Advisory Board”), Limited Partner meetings and related meal and entertainment expenses, interest, taxes, extraordinary expenses and other similar fees and expenses, including such fees and expenses, break-up or topping fees or other liabilities or obligations, incurred for transactions not consummated (“Broken Deal Expenses”), including Broken Deal Expenses relating to transactions that have been offered to co-investors, but not Patient Square expenses in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses). As a general matter, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among

Investors within a Fund regardless of whether any individual Investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment.

The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Patient Square and/or its affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. In certain cases, these or similar expenses (and/or Transaction Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, invoiced prior to work being performed and/or charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. Each Fund also generally will bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to a Fund's strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of a Fund. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to Investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices" below.

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expenses or obligations, without interest. While Patient Square believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Patient Square, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner permits certain Investors to co-invest in portfolio companies alongside one or more Funds, including through Co-Invest Vehicles, subject to Patient Square's related policies and the relevant Governing Documents and/or Side Letter(s). The terms of such co-investments, including whether the co-investment must bear expenses related to the co-investment, is determined by on a case-by-case basis by Patient Square depending on the facts and circumstances of the co-investment. Transaction fees and expenses allocated to any Co-Invest Vehicle will be borne by the Limited Partners thereof in accordance with and to the extent provided by the Governing Documents of such vehicle (which fees will not be included as Fund-level Transaction Fees and consequently will not be shared with the Funds or the Limited Partners or offset or otherwise reduce the Management Fee). In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial to the Funds, in the judgment of Patient Square, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility though Patient



Square may pursue reimbursement in certain circumstances.

### **Senior Advisors & Value Creation Function Personnel**

As more fully described in the Governing Documents, the Firm intends to create “Value Creation Functions,” comprised generally of persons that work in teams to source and enhance value of portfolio companies who are employees of, and/or independent contractors retained or engaged by, the Firm, the relevant General Partner and/or their respective affiliates. In addition, the Firm will utilize certain senior advisors (“Senior Advisors”) to provide services to the Firm, the Funds or the portfolio companies, who may be employees of the Firm or its affiliates but are expected generally to be retained as independent contractors. Certain members of the Value Creation Functions (“VCF Personnel”) and Senior Advisors are also expected to serve in management or governance roles with respect to portfolio companies. As compensation for their services rendered by the Firm, the relevant General Partner and/or their respective affiliates, certain VCF Personnel and Senior Advisors are expected to receive fees (including director’s or consulting fees), incentive equity or other stock awards, and be reimbursed (directly or indirectly through entities established by or affiliated with the Patient Square through which such services are provided) for including for (i) cash compensation such as guaranteed payments, fees, bonus amounts and/or other remuneration (other than grants of a General Partner’s carried interest), (ii) overheads such as health and welfare benefits, paid time off, insurance and other personnel costs and (iii) expense reimbursements and other amounts. Any such compensation, expense reimbursements and other amounts received by certain VCF Personnel or Senior Advisors generally will be paid by portfolio companies or prospective portfolio companies or directly by the Funds or alternative investment vehicles (which payments will not be included as Transaction Fees and consequently will not be shared with the relevant Fund or the Limited Partners or otherwise offset or reduce the Management Fee). A General Partner may cause (a) the prepayment or deferral of applicable Fund expenses by a Fund or a portfolio company and/or (b) such payment or deferral to be made out of such company’s free cash flow, working capital or by capitalizing such expenses into the purchase or sale price of such company. Granting a profits interest in the investments or related intermediate entities as a form of payment would have a dilutive impact on a Fund’s investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation.

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

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Patient Square currently manages Funds that pay performance-based compensation as described in Item 5. It does not currently manage Clients that do not pay performance-based compensation, although the Firm generally has the authority to waive carried interest with respect to certain exempted partners as described under “Fees and Compensation.” Additionally, to the extent Patient Square in the future manages Clients with varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or Patient Square personnel are assigned varying percentages of carried interest from Clients, Patient Square and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Clients from which they are entitled to receive a higher carried interest percentage.

Performance-based allocation arrangements have the potential to create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement, although we generally consider performance-based allocation arrangements to better align our interests with those of the Investors.

Further, Patient Square has adopted policies and procedures that, among other things, seek to ensure in good faith that investment opportunities are allocated fairly and equitably over time, and the process for identifying and managing conflicts of interest are addressed in the applicable Client's Governing Documents.

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

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As described in Item 4 above, Patient Square provides investment advice to the Funds which generally are Delaware limited partnerships that are exempt from registration as an investment company under the Investment Company Act, and whose interests are not registered under the Securities Act. Investors in the Funds may include institutions, pension plans, endowments, high net-worth individuals, trusts, funds of funds, charitable organizations, financially sophisticated individuals, and other sophisticated investors that meet certain qualification requirements. The Funds generally have a minimum investment amount of \$10,000,000 for third-party Investors, and the Funds' interests are offered and sold solely to qualified purchasers (or qualified knowledgeable Patient Square personnel), which may be waived on a case-by-case basis subject to our discretion.

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

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### **General**

The investment strategies Patient Square pursues are speculative and entail substantial risks, and each Investor should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of the Funds will be achieved. The descriptions set forth in this Brochure of the specific advisory services Patient Square offers to the Funds and investments made on behalf of the Funds should not be understood to limit in any way Patient Square's investment activities.

### **Investment Strategy and Methods of Analysis**

Patient Square employs a flexible but focused investment strategy broadly across the health care industry, pursuing opportunities in growth-oriented health care businesses regardless of their stage. Consistent with the Partners' previous experience, the Firm targets the following subsectors: biopharmaceuticals, pharmaceutical value chain, medical devices and diagnostics, health care providers, and technology-enabled services. The Firm intends to focus on both private equity and growth-stage companies that are driving innovation and/or efficiency in the health care industry. These investment areas are consistent with the Partners' previous experience and characterized by a higher premium on relationships for differentiated deal access as well as being less competitive areas of the market. The team members have experience with equity investments as small as \$30 million to over \$1 billion to support transactions covering the spectrum from platform builds and growth financings to large public to private and secondary private equity buyouts.

Patient Square seeks to partner with outstanding management teams to support the growth of products, services, and technologies that improve health. In the Firm's view, high-quality investments in health care share a number of characteristics, including: (i) premier management teams, (ii) strong revenue growth potential, (iii) high rates of return through deploying capital in accretive M&A, infrastructure development, and organic growth, (iv) strong downside protection, (v) attractive valuations, and (vi) a highly aligned culture and mission to improve the health and wellness of patients and consumers. A critical element of the Firm's investment approach involves

the pursuit of value enhancement through market expansion, scientific and technological development, and operational improvement.

### **Risk of Loss**

Investing in securities involves risk of loss that Investors should be prepared to bear.

The descriptions contained below are a brief overview of different associated risks related to the Firm's investment strategy. However, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. An investment involves significant risks and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the applicable Fund's Governing Documents.

There can be no assurances that the Funds will achieve their respective investment objectives. An investment carries with it the inherent risks associated with investments in privately traded stocks and bonds, options, and related instruments, including, without limitation, the risks described below. The following does not purport to list all of the risks applicable to an investment in a Fund. A Fund's Governing Documents provide a more fulsome list of such risks, and each prospective Investor should carefully review the applicable Fund's Governing Documents and the documents referred to herein before deciding to invest in a Fund.

### **Certain Risks Related to the Funds and their Terms:**

General Business Risks. The Funds' investment portfolios are expected to consist primarily of securities issued by a limited number of privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses, including a complete loss of capital.

Concentration of Investments. The Funds will participate in a limited number of investments and investments in one industry or one industry segment or within a short period of time. As a result, the Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect a Fund's aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds are likely to invest in fewer portfolio companies and thus be less diversified. If a Fund co-invests with another investment fund or investment vehicle (including any vehicle managed by Patient Square), a Limited Partner invested in such other investment vehicle would have exposure to a single portfolio company through more than one fund, potentially increasing such Limited Partner's losses; conversely, a Fund would have less exposure than if such Fund did not co-invest, potentially diluting returns. Furthermore, due to Patient Square's robust investment pipeline, it is possible the Funds draw down capital, at least initially (and permanently if the Funds are unable to raise sufficient capital), at an accelerated pace, which may limit capital availability for future investments, including opportunistic investments, as well as follow-on investments for existing investments and unanticipated liabilities and contingencies, which could adversely affect the investment results of a Fund.

The Funds intend to concentrate their investments in companies operating in the health care industry. Concentration in select industries involves risks greater than those generally associated with broadly diversified acquisition funds, including significant fluctuations in returns based on

market perception of the selected industries. Instability, fluctuation or an overall decline within the health care industry will likely not be balanced by investments in other industries not so affected. The Funds' portfolio companies will compete in this volatile environment. There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. Instability, fluctuation or an overall decline within the health care, consumer, specialty industrials and business services industries will likely not be balanced by investments in other industries not so affected. In the event that one or more of such sectors as a whole decline, returns to Limited Partners may decrease.

In addition, it is not always clear, particularly in the health care industry, where a company is based geographically. For example, many health care businesses, particularly in the biotech and pharmaceutical subsectors, have complex structures (often for tax reasons) with entities, employees, assets (including intellectual property) and revenues (if any) in different regions and countries around the world, including the United States. In such cases, Patient Square will use its good faith discretion to determine the applicability of any investment restrictions under the Governing Documents as well as in considering the economic exposure of the Funds to regions or geographies. In doing so, Patient Square will rely on information known to it at the time of investment, which may exclude certain available information, which if known at that time, could have resulted in different decisions being made. Patient Square will not be liable to the Funds for making these determinations in accordance with the standards set forth in the relevant Governing Documents and will not be required to take remedial actions to address potential overconcentration in light of information that becomes subsequently known to Patient Square after an investment is made. The foregoing determinations could result in the Funds being over- or under-exposed to a particular country or region and change the risk profile for the Limited Partners.

*Future and Past Performance; Loss of Principal; Lack of Operating History.* The Funds consist of newly organized entities that have no prior operating history or track record. Moreover, the initial core team responsible for investing the Funds' capital is newly assembled and has no, or only in a few cases, investing and operational experience together as a team. Accordingly, the Funds do not have performance history for a prospective Investor to consider. An Investor should only invest in a Fund as part of an overall investment strategy, and only if the Investor is able to withstand a total loss of its investment in a Fund.

*Reliance on Patient Square and Portfolio Company Management.* Control over the conduct and operation of the Funds will be vested entirely with Patient Square, and the Funds' future profitability will depend largely upon the business and investment acumen of the Partners. The loss or reduction of service of any one of such persons could have an adverse effect on the Funds' ability to realize their investment objectives. In addition, in the future one of the Partners could manage other investment funds besides the Funds, which could create conflicts of interest in the allocation of the time and attention of such person to the Funds. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of Patient Square. In addition, certain changes in Patient Square or circumstances relating to Patient Square may have an adverse effect on the Funds or one or more of their portfolio companies, including potential acceleration of debt facilities.

Although Patient Square will monitor the performance of the Funds' investments, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong

management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the relevant Fund's objectives. Furthermore, the success of many health care companies is highly dependent on the experience, abilities and continued service of key executive officers and key scientific personnel. If these companies lose the service of any of these officers or key scientific personnel, their future success could be undermined. The success of many health care companies also depends upon their ability to attract and retain other highly qualified scientific, managerial, sales and manufacturing personnel and their ability to develop and maintain relationships with relevant members of the health care community. Competition for such personnel and relationships is intense and many of these companies compete with each other (and other companies and organizations) for such personnel and relationships. There is no certainty that any of these health care companies will be able to continue to attract and retain qualified personnel or develop and maintain relationships with relevant members of the health care community.

*Unspecified Investments.* A purchaser of interests in a Fund must rely upon the ability of Patient Square to identify, structure and implement investments consistent with such Fund's investment strategy and policies. The activity of identifying, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory, or political environment. There can be no assurance that Patient Square will be able to locate or a Fund will be able to complete portfolio companies that satisfy such Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values or that such Fund will be able fully to invest its committed capital.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners will generally be required to bear Management Fees through the investment period of a Fund based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the Governing Documents.

*Competition for Investments.* The Funds expect to encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, governments, individuals, financial institutions, family offices, strategic industry acquirers and other investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Furthermore, the current market environment may also cause new entrants (including established firms expanding their strategies) to launch new or adjacent health care-focused investment funds and strategies. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and more personnel than Patient Square, the Funds and their affiliates. The Firm expects that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which investments can be made. Participating in auctions will also increase the pressure on the Funds with respect to pricing of transactions. For example, given the increasingly competitive environment, Patient Square may find it more difficult to obtain buyer- favorable terms in a transaction, such as receiving an indemnification by the seller for a breach of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund or the ability to terminate the transaction if there has been a material adverse

change in the company's business prior to closing of the investment. In addition, Patient Square has found competitors for investment opportunities willing to offer seller-favorable terms in a transaction, such as providing a "reverse break-up fee" and fund level guarantees. If a financing-related closing condition is not available to a Fund or if a Fund is required to provide a reverse break-up fee or guarantee in connection with a potential investment, such Fund may become obligated to consummate a transaction on less favorable terms or may be required to fund the reverse break-up or similar fee in connection with a potential investment that is not made. To the extent that the Funds encounter competition for investments, returns to Limited Partners may decrease including as a result of higher pricing, foregoing opportunities, or negotiating fewer transactional protections in order to remain competitive. Additionally, the Funds may incur bid, due diligence, negotiating, consulting or other costs on investments that may not be successful. As a result, the Funds may not recover all of such costs, which would adversely affect returns.

*Material Non-Public Information.* In the course of its operations, as well as in connection with officerships or directorships of Patient Square personnel, VCF Personnel and Senior Advisors, Patient Square frequently comes into possession of confidential or material, non-public information. Therefore, Patient Square and its affiliates may have access to material, nonpublic information that may be relevant to an investment decision to be made by the Funds. Consequently, the Funds may be restricted from initiating a transaction or selling an investment which, if such information had not been known to them, may have been undertaken on account of applicable securities laws or Patient Square's internal policies. Due to these restrictions, the Funds may not be able to make an investment that they otherwise might have made or sell an investment that it otherwise might have sold, which could result in lower overall returns to the Funds.

In addition, Patient Square receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of a Fund's investment (or prospective investment) in a portfolio company. As described above, the receipt of such information may restrict such Fund from transactions in the relevant company. Such information will also be periodically received in the ordinary course as a result of Patient Square personnel serving as directors of a public portfolio company and could cause the Fund to be restricted from transactions in the relevant portfolio company more often than if Patient Square personnel did not serve in such positions, which could have an adverse effect on Fund performance if Patient Square desired to engage in such transactions (including disposing of an investment in a timely manner). Patient Square has in the past and is likely in the future to enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. Patient Square has used and expects in the future in certain instances to use this information in a manner that provides a material benefit to Patient Square, its affiliates, or to other Funds without compensating or otherwise benefitting such Fund. In addition, Patient Square may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. Patient Square has in the past utilized and is likely in the future to utilize such information to benefit Patient Square, its affiliates or particular facts and circumstances but does not intend to specifically disclose such conflicts to such Fund.

Patient Square is expected to come into possession of material non-public information related to special purpose acquisition companies ("SPACs") and SPAC issuers. For example, Patient Square personnel currently do, and may in the future be offered the opportunity to, participate on a SPAC

issuer's board of directors, which participation will in many cases provide access to material non-public information. Patient Square could, as a result of such information, be prohibited from effecting trades on behalf of the Funds due to contractual "stand-still" obligations and/or other confidentiality obligations and thereby potentially limiting the universe of securities that Patient Square is permitted to purchase or potentially limiting Patient Square's ability to sell such securities on behalf of the Funds until the information has been publicly disclosed or is no longer deemed material. Patient Square could also be prohibited from voting on behalf of the Funds on a potential business combination between a SPAC and a target company due to its access to material non-public information. If Patient Square declines access to material non-public information regarding a SPAC issuer, Patient Square will, as a result, base its investment decisions with respect to assets of such SPAC issuer solely on public information, thereby limiting the amount of information available to Patient Square in connection with such investment decisions. These limited abilities to trade investments could adversely affect the investment results of the Funds.

*Risks in Identifying and Realizing Breakout Potential.* The success of each Fund's investment strategy will in large part depend on the ability of such Fund to identify and realize breakout potential in businesses based on operational, market or other attributes identified during diligence. This activity entails a high degree of uncertainty and doing so may divert the attention of key personnel and disrupt normal business. There can be no assurance that the Funds will be able to successfully accomplish this objective and failing to do so will negatively impact returns.

*ESG Matters.* Patient Square maintains an ESG Policy and intends to apply the policy to the Funds' investment activities, consistent with and subject to any applicable legal, regulatory, fiduciary or contractual duties. The ESG Policy may cause the Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than it would have made in the absence of the ESG Policy. Additionally, ESG factors are only some of the many factors Patient Square may consider in making an investment, and there is no guarantee that Patient Square will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long-term Limited Partner value and financial returns. Similarly, in evaluating a company, Patient Square often depends upon information and data provided by the company or obtained via third-party reporting or advisors, which may be incomplete or inaccurate and could cause Patient Square to incorrectly assess the company's ESG practices and/or related risks and opportunities. In addition, Patient Square's ESG programs and policies may change over time. In the event that Patient Square on occasion presents material ESG reports to Investors, the issuance of such reports will be based on Patient Square's sole and subjective determination of whether a material ESG issue has occurred in an investment. Further, Patient Square is not obligated to produce such reports.

ESG integration and responsible investing practices as a whole are evolving rapidly and there are different frameworks, methodologies, and tracking tools being implemented by other asset managers. The act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by Patient Square or a third-party ESG advisor or any judgment exercised by Patient Square will reflect the beliefs or values of any particular Limited Partner or align with the practices of other asset managers or with market trends. Therefore, Patient Square's approach to ESG integration may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends. Patient Square does not intend to independently verify certain of the ESG information reported by the portfolio companies. Further, Patient Square may determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other

considerations. To the extent Patient Square engages with portfolio companies on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or ESG performance of the investment.

Finally, there is also growing regulatory interest, particularly in the United States, UK and European Economic Area (which may be looked to as models in growth markets), in improving transparency around how asset managers, amongst others, define, measure and disclose impact of ESG factors on the performance of the Funds.

Patient Square's ESG program could become subject to additional regulation in the future, and Patient Square cannot guarantee that its current approach will meet future regulatory requirements.

*Dynamic Investment Strategy; Investment Restrictions.* While Patient Square generally intends to seek attractive returns for the Funds primarily through making private equity investments as described herein, Patient Square may pursue additional investment strategies and may modify or depart from its initial investment strategies, investment process and investment techniques as it determines appropriate. Patient Square reserves the right to pursue investments outside of the industries and sectors that the Partners have previously made investments or have internal operational experience. The Funds are also permitted to invest in public equity, public and private debt securities (including debt securities of portfolio companies held by other Clients), and hybrid, subordinated and preferred instruments.

While this Brochure contains a description of the types of investments that the Funds are expected to make, many factors may contribute to changes in emphasis in the construction of the portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. Subject only to each Fund's investment restrictions in the relevant Governing Documents, such Fund may employ other investment techniques and invest in other instruments that Patient Square believes will help achieve such Fund's investment objective, whether or not such investment techniques or instruments are specifically described herein. Patient Square will not be required to select any particular types of permitted investments and reserves the right to refrain from making certain types of permitted investments on behalf of the Funds, whether or not such investments are specifically described in this Brochure, and without notice to Limited Partners. Such investments may entail risks not described herein. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or structural shortcomings which could result in unsuccessful investments and, ultimately, losses to the Funds. In addition, any new investment strategies or techniques developed by the Funds may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Funds.

*Subscription Lines.* The Funds are authorized and expect to enter into a subscription line with one or more lenders in order to finance a Fund's operations (including the acquisition of the Fund's investments and the payment of expenses). Fund-level borrowing subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of Patient Square's right to call capital from the Limited Partners, Limited Partners would likely be obligated to contribute capital on an accelerated basis by the lender or otherwise if a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against a Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors. Patient Square reserves the right to employ the subscription line to provide credit support (including through the use of



guarantees and letters of credit) and loans, directly or indirectly, to underlying portfolio companies. While this may result in a lower cost of capital for the portfolio company than it may be able to obtain independently, ultimately, a Fund would face direct credit risk (i.e., recourse to the lender) as a result.

In addition, Fund-level borrowing will result in incremental Fund expenses incurred by a Fund that will be borne by Investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the Limited Partners and the terms of the Governing Documents, it could be higher than the interest rate a Limited Partner could obtain individually. To the extent a particular Limited Partner's cost of capital is lower than the Funds' cost of borrowing, Fund-level borrowing can negatively impact a Limited Partner's overall individual financial returns even if it increases the Funds' reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of credit typically delays the need for Limited Partners to make certain contributions to the Funds, which generally would enhance the Funds' performance figures (particularly because internal rate of return calculations depend on the amount and timing of capital contributions), and thereby benefit Patient Square and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Funds nor Investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities. Moreover, because following the investment period, the calculation of the Management Fee includes aggregate unrecouped bridge financing and investment contributions made (or payable to the Funds pursuant to capital call notices then issued or to be issued to repay indebtedness incurred by the Funds and used to fund an investment), Patient Square will have an incentive to use additional subscription line borrowings to increase its Management Fee income, which could present additional risk to the Funds.

Conversely, Patient Square will face an incentive to not employ the subscription line when it perceives that the overall cost of borrowing exceeds the rate of anticipated value accretion at the relevant underlying portfolio investment or its other uses of funds. This may result in more frequent capital calls from, and potentially a lower internal rate of return, to the Limited Partners.

A credit agreement could contain other terms that restrict the activities of the Funds and the Limited Partners or impose additional obligations on them. For example, a subscription line could impose restrictions on Patient Square's ability to consent to the transfer of a Limited Partner's interest. In addition, in order to secure a subscription line, Patient Square is authorized to request certain financial information and other documentation from Limited Partners to share with lenders. Patient Square will have significant discretion in negotiating the terms of any subscription line and likely will agree to terms that are not the most favorable to one or more Limited Partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows Patient Square to acquire investments and pay Fund expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for Limited Partners that would not arise had Patient Square called smaller amounts of

capital incrementally over time as needed by a Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger capital calls at the same time. The Funds also anticipate that they will utilize Fund-level borrowing when Patient Square expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses. Furthermore, borrowings by a Fund could cause a portion of such Fund's investments to be considered debt-financed and some or all of a U.S. tax-exempt Investor's distributive share of income from such Fund (including dividends, interest and capital gains) could be Unrelated Business Taxable Income as defined in the U.S. Internal Revenue Code.

Bridge Financing. The Funds are authorized to provide bridge financing to facilitate portfolio company investments, as set forth in the Governing Documents. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of a Fund retroactive to the date of the closing of such financing. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under a Fund's investment limitations, certain of which exclude bridge financing investments to the extent provided in the Governing Documents.

Recycling; Reinvestment. A General Partner has the right to recall amounts returned to Investors as repayment or recoupment of capital contributions with respect to an investment or payment of expenses (including Management Fees) for future Fund investments and expenses (including Management Fees), subject to certain limitations set forth in the relevant Governing Documents. Accordingly, during the term of a Fund, an Investor may be required to make capital contributions in excess of its Commitment and to the extent such recalled or retained amounts are reinvested in new investments, an Investor will remain subject to investment and other risks associated with such investments and such amounts will, in certain circumstances, increase the Management Fee.

Limitation of Recourse and Indemnification. The Governing Documents for each Fund limit the circumstances under which a General Partner and its affiliates will be held liable to a Fund. As a result, Investors could have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, each Fund's Governing Documents requires a Fund to indemnify their respective General Partners and a General Partners' respective general partners, Patient Square, their respective owners, members, managers, shareholders, partners, directors, officers, advisors, assigns, representatives and affiliates, agents and employees, all of their respective successors, heirs and assigns, and the members of the Advisory Board, for liabilities incurred in connection with the affairs of a Fund and otherwise as provided in the Governing Documents. Such liabilities could be material and have an adverse effect on the returns to Investors. For example, in their capacity as directors of portfolio companies, the partners or affiliates of a General Partner could be subject to fraudulent transfer, derivative or other similar claims brought by shareholders or creditors of such companies. The indemnification obligation of a Fund will be payable from the assets of such Fund, including the unfunded Commitments of the Investors. If the assets of a Fund are insufficient, a General Partner is authorized to recall distributions previously made to the Limited Partners (subject to certain limitations set forth in the relevant Governing Documents). It is possible that these liabilities of a Fund are not resolved prior to the date that a Fund will be dissolved and wound up. Furthermore, as a result of the provisions contained in the Governing Documents, the Limited Partners will have a more limited right of action in certain cases

than they would in the absence of these provisions. It should be noted that a General Partner is authorized to cause a Fund to purchase insurance for a Fund, a General Partner, the Patient Square and their employees, agents and representatives or other indemnitors exposed to liability prior to a Fund.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund to make follow-on investments may require Limited Partners to contribute additional capital following the investment period, including during a Fund's liquidation and final winding up; alternatively, any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Warehousing Arrangements. Under the terms of the Governing Documents of the relevant Fund, the relevant General Partner reserves the right to form, and certain Funds have already formed, one or more entities (each, a "Warehousing Vehicle") that is controlled by such General Partner (or any affiliate thereof) and the economic interests of which are owned by one or more holders of a direct or indirect interest in Patient Square or the General Partner (or one or more affiliates of such a holder). Such Fund will be permitted in the relevant General Partner's sole discretion to purchase from any Warehousing Vehicle, and any Warehousing Vehicle will be permitted to sell to the relevant Fund, certain securities and/or other investments acquired by such Warehousing Vehicle with the intended purpose of selling such securities and/or other investments to such Fund, a parallel fund, an employee Co-Invest Vehicle, any alternative investment vehicle and/or any Co-Invest Vehicle ("Warehoused Investments"). The arrangements with such Warehousing Vehicle (i) obligate a Fund to acquire Warehoused Investments from such Warehousing Vehicle and generally (ii) permit a General Partner to require the Warehousing Vehicle to sell Warehoused Investments held by such Warehousing Vehicle to a Fund, in each case upon certain conditions and terms (including price, calculated at the Warehousing Vehicle's original cost for such Warehoused Investments plus certain expenses and an additional amount calculated at a fixed percentage per annum). Although Warehousing Vehicles provide a Fund with additional investment flexibility and the fixed pricing arrangement is intended to reduce potential conflicts of interest, as a result of utilizing a Warehousing Vehicle, it is possible that a Fund could be required to purchase such Warehoused Investments at an undesirable point in time or at a price at which a Fund otherwise would not have made such purchase absent such obligation. The structure and terms of Warehousing Vehicles creates a potential conflict whereby the General Partner is incentivized to favor the Warehousing Vehicle (and its investors, who may have strategic relationships with Patient Square) at the expense of a Fund when determining whether to take or not take any particular action under the terms of the Warehousing Vehicles with respect to such Fund.

#### **Certain Risks Related to the Funds' Investments:**

Due Diligence Risks. Before making investments, General Partners and/or Patient Square will conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence is expected to entail evaluation of

important and complex business, financial, tax, accounting, ESG and legal issues, among others. Outside consultants, legal advisors, accountants, investment banks and other third parties, Patient Square personnel, VCF Personnel or Senior Advisors may be involved in the due diligence process to varying degrees depending on the type of investment, and related costs will be borne by the Funds. The decision to use Patient Square personnel, VCF Personnel or Senior Advisors over third parties to provide due diligence may lead to conflicts of interest based on the relationships between such persons and Patient Square (as discussed below under “Conflicts of Interest”). The involvement of third-party advisors or consultants may present a number of risks primarily relating to Patient Square’s reduced control of the functions that are outsourced. In addition, if General Partners and/or Patient Square are unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, General Partners and/or Patient Square will rely on the resources available to them, including information provided by the target company and, in some circumstances, third- party investigations. The due diligence investigation that General Partners and/or Patient Square carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating the investment opportunity. Moreover, the investigation will not necessarily result in the investment being successful. Further, Patient Square’s and/or its service providers’ ability to conduct due diligence likely will be limited during COVID-19 or similar events, which would increase the foregoing risks.

*Portfolio Company Leverage.* The Funds expect to make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds’ opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund’s investments to any deterioration in a company’s condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund’s investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Additionally, lenders would typically have a claim that has priority over any claim by a Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time such Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent

with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, a Fund will hold a larger than expected equity investment in such portfolio company and could realize lower than expected returns from the portfolio company that would adversely affect such Fund's ability to generate attractive returns for each Fund as a whole. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of businesses which such Fund may have been contracted to purchase. Moreover, the companies in which the Funds will invest likely will not be rated by any credit rating agencies. After a Fund has financed a portfolio company, continued development and marketing of products may require that additional financing be provided from such Fund or a third-party. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained. Separately, leverage may be used to effect dividend recapitalizations or similar transactions and generate cash for the Funds and the Limited Partners; to the extent any such dividend recapitalizations are not treated as realization events under the Governing Documents, any proceeds distributed to Limited Partners will be subject to the Limited Partner giveback, subject to limitations described in the Governing Documents, and accordingly may increase the risk of such a giveback.

The Funds are also authorized to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that the Funds would be compensated for providing such guaranty or exposure to such liability. Co-investors are expected to receive the benefit of such guaranty, although because co-investors typically do not agree to participate in guaranty arrangements in negotiating to participate in a transaction, co-investors are not expected to bear a commensurate percentage of potential liability. Any use of leverage by a Fund also will result in interest expense and other costs to such Fund that could exceed, or otherwise not be covered by, distributions made to the Funds or appreciation of their investments. The Funds are authorized to incur leverage on a joint and several basis with one or more other investment funds or other entities managed by or otherwise affiliated with Patient Square or any of its affiliates to the extent permitted under the Governing Documents and, in connection with incurring such indebtedness, Patient Square is authorized, in its sole discretion, to cause the Funds to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation or such right would otherwise be unenforceable. In addition, to the extent a Fund incurs leverage (or provides any guaranty), such amounts could be secured by the Commitments of such Fund's Investors or other Fund assets. The inability of a Fund to repay any leverage secured by the Commitments of such Fund's Investors could enable a lender to issue a capital call on behalf of a General Partner of a Fund.

*Investments in Mature Companies.* Investments in more mature companies which are in expansion mode or are in a highly profitable stage involve substantial risks. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing and general management of these activities.

*Early Growth and Growth Investments.* Patient Square may invest in private, early-stage companies. These companies typically have modest or no revenues and may or may not be profitable. They may require additional capital, at high valuations, to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be

available at all, or may not be available on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Although a representative of Patient Square may serve on the board of a company, each company will be managed by its own officers (who generally will not be affiliated with the Funds or Patient Square). A Fund may hold minority interests in certain of the companies it invests in, and, as such, a Fund would have limited influence over such companies and their management teams.

*Risk of Early-Stage Investments.* Patient Square expects to make early-stage investments, including investing in start-ups, providing growth equity capital and/or making commitments to pay expenses of management teams engaged in the discovery, development or exploration of products, science or technologies. While such investments offer the opportunity for significant gains, they also involve a high degree of business and financial risk and can result in substantial losses. Among these risks are the general risks associated with investing in companies at an early stage of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. There can be no assurance that such companies will ever be profitable or even have assets or products that generate meaningful revenue. Investment by Patient Square in start-ups or other early-stage companies may depend significantly on an entrepreneur or management team that the Firm has selected. Early-stage companies may face intense competition, including from companies with greater financial resources, more extensive development, marketing and service capabilities, and a larger number of qualified managerial and technical personnel.

With respect to companies in which the Funds invest growth capital, such companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position and/or to expand or develop management resources.

*Public Company Holdings.* The Funds expect to selectively and opportunistically make investments in equity and debt securities issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Patient Square and Limited Partners, and increased costs associated with each of the aforementioned risks.

*SPAC Investments.* The Funds are permitted to participate in one or more SPAC Sponsors (as defined below) that are formed for the primary purpose of forming, sponsoring, controlling, or managing a SPAC. The Funds could also directly invest in connection with the initial business combination of a SPAC. Each SPAC will register its shares with the SEC in an initial public offering and use the funds raised in such offering to effect a business combination and operate thereafter as a public company. The terms of any acquisition of interests in a SPAC and a SPAC Sponsor may, and in certain cases will, be calculated shortly before the initial public offering of such SPAC. Following the initial public offering, the trading price of a SPAC's securities may materially increase

or decrease, whether before or after a business combination, and none of Patient Square, the Funds, any SPAC Sponsor or any of their respective affiliates will be able to control or predict the movement of such price. There can be no assurance or guarantee that any SPAC will be able to acquire an interest in any entity or consummate an investment, and in such case the SPAC Sponsor (and, indirectly, the Funds (if applicable)) is not expected to receive a return of all amounts paid in connection with such SPAC. If, following a SPAC's initial public offering, the funds held in a SPAC's trust account are insufficient to allow it to operate until it consummates its initial business combination, a SPAC will depend on loans from a SPAC Sponsor or its management team to fund its search for a business combination, to pay income taxes, if any, and to complete its initial business combination. If a SPAC Sponsor loans such amounts to a SPAC, the Funds (if applicable) may bear a significant amount of any such loan and any related expenses. If such SPAC is unable to complete its initial business combination within a stipulated time period, it will be forced to cease operations and liquidate, and any loans it received (including indirectly from the Funds) will not be repaid. A Fund's interests in a SPAC Sponsor may include indirect ownership of warrants and "founder's shares" in a SPAC. A Fund's ownership percentage of such warrants and "founder's shares" may be less than the proportional amount of capital invested in such SPAC Sponsor by the Fund because some portion of such warrants and "founder's shares" is expected to be allocated to the management team, board members, advisors, consultants and/or other industry professionals providing services to the SPAC or SPAC Sponsor and other persons or entities. A person or entity may receive interests in a SPAC Sponsor without making a capital contribution or payment to such SPAC Sponsor. Each SPAC Sponsor may, or may not, be controlled by Patient Square and/or Patient Square personnel or its affiliates. In addition, Patient Square or Patient Square personnel or its affiliates may, or may not, sponsor the associated SPAC. Separately, a Fund's participation in a SPAC Sponsor, and the associated indirect ownership of warrants and "founder's shares" in the underlying SPAC, could increase the probability of a Fund making a distribution in kind of such securities to the Limited Partners in connection with the realization of a Fund's interest in such SPAC Sponsor. SPACs are under increasing regulatory scrutiny and the SEC is considering, among other action, treating SPACs as investment companies under the Investment Company Act unless they meet certain requirements, which would have a detrimental effect on the ability of SPACs to operate as currently intended.

*Operating Risks of SPAC Investments.* The Funds' investments are expected to include interests in SPAC Sponsors (including but not limited to funding purchases of "founder shares," providing "at risk" capital of the associated SPACs and entering into "forward purchase" arrangements). The Funds may also participate in "PIPE" financings associated with SPACs. Investments in SPAC Sponsors, and the SPAC market in general, involve a number of risks as summarized herein, including but not limited to risks surrounding the consummation of and ultimate value created by business combinations entered into by SPACs, imperfect information and lack of information regarding target businesses, risks based on reliance on key management personnel of a SPAC issuer, initial public offering-related risks, redemption-related risks and risks related to SPAC warrants.

The capitalization of each SPAC Sponsor is expected to vary with respect to each SPAC, and the Funds are expected to hold different units, classes and/or interests depending on the SPAC. Patient Square and the Funds may have very limited input with respect to the organizational and structural characteristics of each SPAC Sponsor and SPAC, including, without limitation, the jurisdiction of organization, form of legal entity, legal structure and tax treatment. In addition, the Funds are expected to be obligated to enter into certain lock-up or other agreements that preclude it from selling its investments. For example, "founder shares" to which a Fund may be entitled are typically

subject to lock-up restrictions for up to 12 months (although significantly longer in some instances) following the SPAC's initial business combination. As a result, a Fund could be precluded from realizing its investments at a time when it could realize profits and may be forced to wait to dispose of its shares and/or warrants until a time when the market price of such securities may be substantially lower, resulting in losses for such Fund.

The Funds may enter into a forward purchase agreement with a SPAC obligating the Funds to purchase units in the SPAC in connection with the consummation of the business combination. Unlike shares purchased by public investors in the initial public offering, the Funds are not expected to have a right to redeem these units, which may become worthless if a successful business combination does not ultimately occur. Also, the shares and warrants acquired pursuant to a forward purchase agreement are not expected to be SEC-registered or freely tradeable when acquired. By the time such shares and warrants have been registered with the SEC and become freely tradeable post-business combination, the market of the SPAC's securities may be substantially lower, creating losses for the Funds. The Funds may also make investments in "PIPE" financings, including backstop and support PIPEs and ones with a focus on addressing the need for financing certainty. There are numerous risks associated with PIPEs transactions. The SPAC may be unable to register for public resale the shares held by a Fund in a timely manner or at all or, even if the shares are registered for public resale, the market for the SPAC's securities may nevertheless be "thin" or illiquid, each of which could have an adverse effect on a Fund's investment. While the price paid by a Fund may be at a discount to the public trading price at the time of purchase, by the time a Fund is able to dispose of its shares in a public sale the market price for the SPAC's securities may be below the price paid by such Fund, or the sale by such Fund and other holders with similar registration rights at or about the same time may cause the market price of the SPAC's common stock to decline substantially before such Fund is able to dispose of any or all of its investment. The Funds may elect to hedge certain of its PIPE positions by holding a long position in the convertible security and, at the same time, selling short the underlying common stock in order to seek to lock in the spread between the convertible security and the common stock. However, this technique involves certain risks, including that the Funds may be unable to borrow the underlying common stock to effect the short sale, and that the price of the common stock may be adversely affected as a result of the short selling activity. Patient Square expects that each SPAC will encounter intense competition from other entities having a similar business objective, including private investors (which may be individuals or other investment partnerships), other blank check companies and other entities competing for the types of businesses such SPAC intends to acquire. Many of these individuals and entities are well-established and have extensive experience in identifying and effecting, directly or indirectly, acquisitions of companies operating in or providing services to various industries. Some of these competitors may possess greater technical, human and other resources or more industry knowledge than the relevant SPAC does. The value of a Fund's interests in a SPAC Sponsor will ultimately be dependent on the SPAC's ability to successfully complete its initial public offering and business combination transaction, the performance of the SPAC and the acquired company post-business combination and the market value of the SPAC's securities. A SPAC may not be able to find a suitable target and complete a business combination within the prescribed time period. If a SPAC has not completed an initial business combination within such time period, the SPAC is expected to: (i) cease all operations, except for the limited purpose of winding up; (ii) redeem its outstanding public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the trust account net of expenses and taxes thereon; and (iii) following such redemption, subject to the approval of the remaining stockholders and the board of directors, dissolve and liquidate, subject in each case to state law obligations (or obligations under the law of any other jurisdiction) to provide for claims of creditors and the requirements of



other applicable law. In such case, the SPAC's warrants will expire worthless and the Fund will not be entitled to recoup its "at risk" capital and/or any of its investment.

*Fund Sponsorship of and Investment in SPACs.* The Funds are permitted to serve as a sponsor of, or invest in entities that will sponsor, one or more SPACs that are expected to pursue the acquisition of companies typically within the health care sector (each, a "SPAC Sponsor"). It is expected that the Funds will make portfolio company investments in such SPAC Sponsors whose underlying SPACs hold an initial public offering during the investment period of such Fund unless at such time the relevant Fund is permitted to activate a successor fund, subject in all cases to such Fund having the ability to make such investments and those investments not violating the relevant Fund's investment restrictions or applicable law or regulation. Certain members of Patient Square, its affiliates and/or personnel, other consultants as well as "C-suite" executives and other industry professionals unaffiliated with Patient Square, are expected to serve as the management team or serve on the board of directors of one or more SPACs (the "SPAC Team"), which will require a significant portion of their time. As with a Fund's other portfolio company investments, in respect of all SPAC arrangements, a Fund will generally bear the expenses of the SPAC Team and any SPAC Sponsor, including, for example, overhead expenses, fees (including consulting fees), profits interests, diligence expenses, or other expenses in connection with backing the SPAC Team and the establishment of the SPAC Sponsor and the relevant SPAC, subject to the terms of the Governing Documents. Such expenses are expected to be borne directly by a Fund or indirectly as such Fund bears the start-up and ongoing expenses of a SPAC Sponsor and the SPAC, regardless of whether other consultants or any other persons unaffiliated with Patient Square serve as members of the SPAC Team. Certain of the capital contributions made by the Funds with respect to a SPAC Sponsor will be used to fund the "at-risk capital" of newly- formed SPACs, which is used to fund certain offering expenses, the upfront portion of the underwriting discount, and the working capital of each SPAC, for which the SPAC Sponsor typically receives warrants to purchase ordinary shares of the SPAC. In exchange for supplying the initial capital contribution to the SPAC, a SPAC Sponsor will acquire and hold "founder shares" or "promote". However, if the SPAC fails to locate and consummate a business combination or gain approval for the business combination from the SPAC's shareholders within the specified time-period, such Fund will lose its at-risk capital and its founder shares will become worthless. Certain members of the SPAC Team, including Patient Square personnel, employees and their respective affiliates, as well as members that are not Patient Square employees are expected to be entitled to a significant portion of any profits received through the SPAC Sponsor's ownership of such shares, which they may receive, in part, as compensation for their services rendered to the SPAC or SPAC Sponsor, subject to meeting any distribution thresholds established by Patient Square in favor of such Fund. Such persons may also receive other incentive equity, stock awards, cash fees or other cash compensation for such services. Accordingly, none of the foregoing profits, awards, fees or other compensation received by the SPAC Team or such SPAC Sponsor will be offset against any Management Fees payable to, or carried interest distributable to, a General Partner or Patient Square in respect of such Fund, or otherwise be shared with such Fund or the Limited Partners, regardless of whether the SPAC Team member is an employee or affiliate of, or otherwise associated with, a General Partner or its affiliates, including the SPAC Sponsor. In addition, the Funds are permitted to enter into a forward purchase agreement with a SPAC whereby a Fund commits to purchase forward purchase units consisting of ordinary shares and warrants of the SPAC in a private placement that will close concurrently with the closing of the SPAC's initial business combination. In such case, a Fund will gain exposure to the ultimate business combination held by a SPAC directly through the forward purchase units in the SPAC and indirectly through the founder shares held by the SPAC Sponsor. Certain members of the SPAC Team, including Patient Square personnel, employees and their

respective affiliates as well as members that are not Patient Square employees are expected to be entitled to a significant portion of any profits received through the SPAC Sponsor's ownership of the forward purchase units in the SPAC, which they may receive, in part, as compensation for their services rendered to the SPAC or SPAC Sponsor, subject to meeting any return thresholds established by Patient Square in favor of a Fund. Accordingly, none of the foregoing profits received by the SPAC Team will be offset against any Management Fees payable to, or carried interest distributable to, any General Partner or Patient Square in respect of a Fund, or otherwise be shared with a Fund or the Limited Partners, regardless of whether the SPAC Team member is an employee or affiliate of, or otherwise associated with, a General Partner or its affiliates, including the SPAC Sponsor.

*Fixed-Income Securities.* The Funds expect to selectively and opportunistically invest in bonds or other fixed-income securities of U.S. and non-U.S. issuers acquired in the secondary market, including bank debt, corporate debt, mezzanine debt, loans, notes, debentures, and commercial paper, as well as derivatives thereon and hybrid debt-like securities that may have fixed income components. Fixed income securities are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument and how this risk changes over time. Financial strength and solvency of an issuer and the priority of the lien are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Certain of the fixed-income securities may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, certain fixed-income securities may provide for payments-in-kind interest, which has a similar effect of deferring current cash payments.

The Funds will be dependent upon the judgment of Patient Square as to the credit quality of the securities. There can be no assurance that Patient Square will be successful in assessing the credit risk of the different investments or mitigating the impact of credit risk changes. A borrower's ability to repay its debts may be adversely affected by numerous factors, including, without limitation, the failure to meet its business plan, a downturn in its industry or negative economic conditions. Securities that become non-performing may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the security. However, even if such restructuring was successfully accomplished, a risk exists that upon maturity of such security, replacement "take-out" financing will not be available. There is no assurance that the value of any collateral will be sufficient to protect all or a portion of the related security. Deterioration in a borrower's financial condition and prospects may be accompanied by deterioration in the value of any collateral and a reduction in the likelihood of capitalizing on any guarantees that may have been obtained from the borrower or other parties. A borrower's failure to satisfy financial or operating covenants imposed under the related security could lead to defaults and, potentially, acceleration of the time when the investment is due. Foreclosure on the borrower's assets securing an investment could trigger cross defaults under other debts of the borrower (or vice versa), and could result in prepayment of the security or jeopardize the borrower's ability to meet its obligations, and could have a material adverse effect on the value of any related junior securities of such borrower that the Funds may hold.

Furthermore, Patient Square cannot assure that other claims may not be asserted that might interfere with enforcement of the Funds' rights. Patient Square cannot guarantee the adequacy of the protection of the Funds' interests, including the validity or enforceability of the applicable

investment contract and the maintenance of the anticipated priority and perfection of any applicable security interests. A default by a borrower may result in a Fund being unable to liquidate the related securities prior to the termination of such Fund; and such securities may end up being restructured on terms that might result in the Funds being unable to liquidate it prior to the termination of the Funds. This could cause the Limited Partners to receive in-kind distributions in respect of such investments upon the termination of such Fund.

The pace and quantum of investments in debt or debt-like instruments could meaningfully accelerate based on a change in market conditions if Patient Square believes investments of this type could produce attractive returns. It is foreseeable that a downturn in the Firm's target industry or negative economic conditions during the Funds' investment periods could result in a significant portion of Commitments invested in instruments of this type. In such a circumstance, the Funds could deploy their Commitments more quickly and with less exposure to equity investments than expected.

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

*PIPE Investments.* Patient Square expects selectively and opportunistically to pursue private investment in public company ("PIPE") investments or private financing of public companies. PIPE investments may be purchased directly from a publicly traded company in a private placement transaction. In a PIPE transaction, the Funds typically bear the price risk from the time of pricing until the time of closing. The Funds will generally not be able to sell or distribute PIPE investments unless the securities are registered under applicable securities laws or an exemption from such registration is available. In addition, even after the securities are saleable, it may take a significant period of time for the Funds to sell or distribute PIPE securities in an orderly manner during which time profit could have otherwise been realized or loss avoided, and in some cases the Funds may be prohibited by contract or law from selling such public company securities for a period of time. In addition, the Funds' sales of thinly traded securities could depress the market value of such securities. These circumstances or events could reduce the Funds' profitability. Disposition of the Funds' public company investments may result in distributions in-kind to Limited Partners.

*Minority or Shared Control Investments.* The Funds are permitted to invest in companies, including venture, early-stage and growth companies, where the Funds will hold a minority stake for which—in many cases—the Funds have no right to exert control or significant influence, and in some cases may only have limited or no minority protection rights. In such circumstances, the Funds may share control with third parties, such as founders, institutional co-investors, private equity funds of other sponsors, or other stakeholders in widely owned companies. In such cases, portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, liquidity needs, tax strategies, fiduciary duties, or other considerations that differ from or are inconsistent with those of the Funds or the Limited Partners. Such third parties may be in a position to take action contrary to the Funds' business, tax or other interests, and the Funds may not be in a position to limit such contrary actions, take other affirmative action, or otherwise protect the value of their investment. When taking non-control positions, the Funds generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that they will be successful in doing so. Such contractual protections are subject to negotiation, and effecting change through such provisions may be impractical and can lead to litigation or business degradation at a portfolio company.

Often in minority or shared control investments, the Funds will not be able to control the timing or occurrence of an exit strategy for such portfolio companies or investments and may not be able to maximize value for the Funds as a result. It may also be more difficult for the Funds to liquidate their interests than it would be had the Funds owned a controlling interest in the company. Even if the Funds have contractual rights to seek liquidity of the Funds' minority interests in such companies, it may be very difficult to sell or redeem such interests or seek a sale of such company upon terms acceptable to the Funds, especially in cases where the interests of the other Investors in such company have different business and investment objectives and goals. Further, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other Investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds.

Additionally, where the Funds hold a minority stake in a company, Patient Square expects to be unable to recover attributable Fund expenses from such company, including those expenses for services of Patient Square personnel, VCF Personnel, Senior Advisors, and Patient Square's affiliates. While Patient Square expects to use such services less often than in controlled acquisitions, in minority or co-control investments the Funds are likely to bear a disproportionate share of those costs vis-à-vis other equity holders of those companies.

*Strategic Investors; Investments in Joint Ventures.* The Funds are permitted to jointly invest in transactions with one or more strategic Investors or other co-parties (which may consist of Limited Partners, service providers, other private equity sponsors or other third-parties), including through joint ventures or other entities. Such investments will involve risks not present in direct investments, including, for example, the outcomes of collaborative decision making varying (adversely) from those which General Partners or Patient Square would have independently reached on behalf of the Funds, and the possibility that such co-party might become bankrupt, or might have interests, objectives, rights or remedies that are different from or may conflict with those of the Funds or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of their third-party co-venturers or partners. Such investments may also involve risks not present in investments in which the Funds invest alone or offers traditional co-investment opportunities that are managed by Patient Square or one of its affiliates. Furthermore, if any such co-party becomes bankrupt or defaults on its funding obligations, it may be difficult for the Funds to make up the shortfall. A Fund may be required to make additional contributions to replace such shortfall, reducing the diversification of the Fund's investments. A Fund may also be liable for the conduct of its co-venture parties. In addition, in negotiating an investment through joint ventures or other similar arrangements, the Funds may have to agree to less favorable terms (e.g., bearing a disproportionate share of expenses) than might be present in direct investments or traditional co-investment arrangements.

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

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b)

less publicly available information; (c) differing and potentially less well-developed or well- tested corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of Investors; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) exposure to fluctuations in interest rates payable with respect to the instruments in which the Funds invest; (f) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (g) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (h) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less or more government supervision and regulation; (i) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social instability, including the risk of sovereign defaults, regulatory change and the possibility of expropriation or confiscatory taxation; (j) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (k) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (l) possible non-U.S. tax return filing requirements for the Funds or Patient Square and Limited Partners; (m) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; and (n) political hostility to investments by foreign or private equity investors.

### **Certain Industry-Related Risks**

*Risks of Investing in Health Care Sector.* The Funds expect to make investments in the various sectors within the health care industry, which are subject to regulatory controls by international, national, and, in some instances, local governmental authorities. The nature and scope of health care regulations are generally subject to political forces and market considerations. While investments in health care companies offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial or total loss. Health care reform continues to be a significant factor in the profitability of health care companies, particularly with the focus on coordinated and value-based care initiatives and departures from fee for service driven models. New laws, regulations and judicial decisions, or new interpretations of existing laws, regulations and decisions that relate to health care availability, methods of delivery or payment for products and services, or sales, marketing or pricing, may have a material negative impact on the performance of portfolio companies that operate in this industry. Patient Square cannot predict whether new legislation or regulations governing the health care industry will be enacted by legislative bodies or governmental agencies, or what effect such legislation or regulations might have.

In both the U.S. and foreign markets, sales of health care products and services, and the success of such platforms, frequently depend, in part, on the availability of reimbursement from third-party payors such as governmental health programs, private health insurers (i.e., commercial payors), and other organizations. The levels of revenues and profitability of providers/suppliers of health care products and services may be affected by the continuing efforts of governmental and third-party payors to contain or reduce the costs of health care. Significant uncertainty exists as to the reimbursement status of certain health care products and services. There can be no assurance that a company's proposed products or services will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment.

Further, companies in the health care industry are often subject to significant risks related to

litigation and liability for damages in connection with their operations, or products and services offered. The litigation and liability environment in the health care industry is constantly evolving, and new judicial decisions and legislative activity may increase exposure to any of these types of claims. Even if liability insurance is maintained by a portfolio company, it may not be adequate to cover potential liabilities, including as a result of warranty and product liability claims.

Health care companies may face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel.

The manufacturing of health care products is a highly complex process, to which regulators apply stringent standards. From time to time, issues can arise in manufacturing that may result in a delay or suspension of a product, or even a recall of a product. An error may arise in the production process that results in the contamination of a product or batch, or more simply, a product batch being produced outside of approved specifications as a result of production variability. Corrective actions to such events can impact profitability and sometimes remove products from the market.

Health care companies whether focused on or possessing health care technological components often face specific risk which the Funds may be exposed to by investing in such companies. Such risks typically include: (i) rapidly changing science and technologies; (ii) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (iii) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (iv) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (v) rapidly changing investor sentiments and preferences with regard to technology sector investments.

*Adverse Trends in Health Care Provider Operations.* The health care industry is currently experiencing the following trends: changes in the demand for and methods of delivering health care items and services; changes in third-party reimbursement policies; significant unused capacity in certain areas, which has created substantial competition for patients among health care providers in those areas; increased expense for uninsured patients; increased competition among health care providers; increased insurance expenses; increased health care provider liability expenses; continued pressure by private and governmental payors to reduce payments to providers of services; increased scrutiny of billing, referral and other practices by federal and state authorities; increased scrutiny of surprise billing and related issues associated with transparency; changes in federal and state health care program payment models; increased risk of exposure to certain communicable diseases for health care providers, clinical staff and frontline workers; challenges in ability to recruit and retain health care providers, clinical staff and frontline workers, due to heightened risk of exposure to certain communicable diseases; increased emphasis on compliance with privacy and security requirements related to protected health information; and supply chain interruptions due to certain communicable diseases and related uncertainty with respect to national stockpiles of medical necessities and access to such supplies, including shortages, delays and significant price increases of equipment, supplies and personal protective equipment.

Further, certain target portfolio companies may be experiencing increased costs and expenses, as a result of (i) conducting daily “fitness-for-duty” assessments for all employees, including temperature and symptoms checks and providing personal protective equipment; (ii) the expansion of benefits to the employees, including the provision of additional paid time off for employees who have contracted certain communicable diseases or are required to be quarantined; and (iii)

implementing increased health and safety protocols at all the facilities, including increased cleaning/sanitization of workspaces, restricting visitor access, mandating social distancing guidelines and increasing the availability of sanitization products. These trends may, individually and/or collectively, have an adverse impact on the operations of health care providers in which a Fund holds an investment.

*Special Risks Associated with Health Care Technology Investments.* Investing in securities and other instruments of companies that offer health-related technology or technology-enabled products or services involves substantial risks. These risks include, but are not limited to, the following: certain companies in the Funds' portfolio may have limited operating histories; certain of these companies may produce products or render services that rapidly become obsolete as a result of the emergence of new competing products or services and/or improvements in existing products or services; rapidly changing market conditions and/or participants; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; scarcity of management, engineering and marketing personnel with appropriate technological training; the possibility of lawsuits related to technological patents; changing investors' sentiments and preferences with regard to technology sector investments (which are generally perceived as risky) with their resultant effect on the price of underlying securities; worldwide competition; consumer preferences; product compatibility; government regulation; excessive investor optimism or pessimism; and other factors. Many of the products and services offered by technology-related companies are also subject to the risk of short product cycles. Certain technology-related companies face special risks that their products or services may not prove to be commercially successful. Such companies also may be subject to risks relating to research and development costs and the availability and price of components. As product cycles shorten and manufacturing capacity increases, these companies could become increasingly subject to aggressive pricing and competition, which hampers profitability. In addition, technology assets and intellectual property, and in investments in or financing thereof, are usually governed by a complex series of legal documents and contracts. As a result, the risk of dispute over interpretation or enforceability of the documentation may be higher than for other investments. In addition, technology-related companies often own large numbers of patents, copyrights, trademarks, and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. Lawsuits involving disputes over intellectual property or related claims, regardless of the merits of the claims, are often time-consuming, costly to defend and can result in significant damage awards or expensive settlements. Such lawsuits can cause significant diversion of management attention and, if successful, can limit the ability of such companies to develop or market the technologies that form the core of their business.

*Health Care Research and Innovation.* The health care 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 companies in which the Funds invest.

Certain portfolio companies may also conduct clinical trials in the course of their research and development. Clinical trials can be time-consuming, expensive and involve a high degree of uncertainty. The success of the Funds may, in part, depend on the success of such clinical trials.

*Technological Change; Competition.* The Funds' portfolio companies are likely to face competition

from other companies or products based on product efficacy and/or safety profiles, the timing and scope of regulatory approvals, availability of supply, marketing and sales capability, reimbursement coverage, price and patent position. Others may develop technologies, which are, or in the future may be, the basis for products that will directly compete with or reduce the commercial market opportunity for the Funds' portfolio companies. For example, competition from larger and better capitalized pharmaceutical companies and more established biotechnology companies may be intense and may increase over time. Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with larger pharmaceutical and established biotechnology companies. Academic institutions, governmental agencies and other public and private research organizations also conduct research, seek patent protection and establish collaborative arrangements for clinical development and marketing, which can result in such competing products. These factors may materially adversely affect interests held by the Funds.

*Regulated Industries.* Certain industry segments in which the Funds intend to invest, including various sectors of the health care industry are (or may increasingly become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Compliance with these regulations can be costly. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to the health care sector are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invests. By way of example, the health care industry has been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industries are introduced from time to time, which, if adopted, could have a significant impact on such industries in general and/or on companies in which the Funds may invest. Even where health care companies develop and implement comprehensive compliance programs, there is no guarantee that they, their employees, consultants or contractors will be afforded protection from economic exposure to such laws and regulations.

There are various federal and state laws prohibiting fraudulent and abusive business practices by health care providers, suppliers, and parties that contract with such providers and suppliers who participate in, receive payments from or are in a position to make or influence referrals in connection with government-sponsored health care programs, including the Medicare and Medicaid programs. These federal laws include: the Federal Anti-Kickback Statute, which prohibits, among other things, the offering, payment, solicitation or receipt of any form of remuneration in return for, or to induce, the referral of any item or service reimbursed by state or federal health care programs; the Federal Physician Self-Referral Prohibition (so called "Stark Law"), which, subject to specific exceptions, restricts physicians from making referrals for specifically designated health services for which payment may be made under federal health care programs to an entity with which the physician, or an immediate family member, has a financial relationship; the False Claims Act, which prohibits any person from knowingly presenting false or fraudulent claims for payment to the federal government, including claims paid by the Medicare and Medicaid programs; the Civil Monetary Penalties Law, which authorizes the U.S. Department of Health and Human Services ("DHHS") to impose monetary penalties or exclusion from participating in state or federal health care programs for certain fraudulent acts; the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which makes it a federal crime to defraud any health benefit plan, including private payors; and the Exclusions Law, which authorizes the DHHS to exclude someone from participating in state or



federal health care programs for certain fraudulent acts.

Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. For example, in November 2020, DHHS published two final rules that aim to reduce regulatory barriers to care coordination and accelerate the transformation of the health care system into one that pays for value and promotes the delivery of coordinated care. The rules provide greater flexibility for health care providers to participate in value-based arrangements and to provide coordinated care for patients. The final rules also ease unnecessary compliance burdens for health care providers and other stakeholders across the industry, while maintaining strong safeguards to protect patients and programs from fraud and abuse.

Furthermore, governments have considerable discretion in implementing regulations that could impact a portfolio company's business, and as local governments may be influenced by political considerations, they may make decisions that adversely affect a portfolio company's business. Moreover, additional regulatory approvals, including, without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in laws and regulations, a change in a portfolio company's lessee or for other reasons. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. In addition, a Fund may require the consent or approval of applicable regulatory authorities in order to acquire or hold particular portfolio companies. If a Fund or any of its portfolio companies is unable to obtain required consent or approval, such Fund or such portfolio company may be unable to enter into transactions or to structure transactions in ways that are optimal for the Fund.

Each Fund intends to invest in portfolio companies it believes have obtained all necessary regulatory approvals. There can be no assurance that a portfolio company will be able to (a) obtain all required regulatory approvals that it does not yet have or that it may require in the future, (b) obtain any necessary modifications to existing regulatory approvals or (c) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay in satisfying or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility or leases to third parties or could result in additional costs to a portfolio company.

The success of the Funds' portfolio companies may be dependent upon obtaining certain government approvals. The research, development, preclinical and clinical trials, manufacturing, labeling, and marketing related to a health care industry company's products are subject to an extensive regulatory approval process by U.S. Food and Drug Administration ("FDA") and other regulatory agencies in the United States and abroad. The process for obtaining FDA and other required regulatory approvals, including the required preclinical and clinical testing is very lengthy, costly and uncertain. There can be no guarantee that, even after such time and expenditures, a portfolio company will be able to obtain the necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products or that the approved labeling will be sufficient for favorable marketing and promotional activities. If a portfolio company is unable to obtain these approvals in a timely fashion, or if after approval for marketing, a product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the portfolio company may experience significant adverse effects, which in turn, could negatively affect the performance of the Funds. Moreover, even after approval, products may still be the subject of regulatory action if new facts concerning their safety and efficacy come to light. Health care regulation is subject to change and can have a considerable impact on the marketing of products and services by companies in which the Funds invest or the customers or counterparties of such companies. Such regulatory changes could affect the ability of a portfolio company or one of its significant customers' or counterparties' ability to obtain or maintain approval of its products, even forcing such companies to withdraw their products from the market. In some cases, new regulations can substantially change the marketing conditions for certain health care products, such as pharmaceuticals. Accordingly, investments made in reliance on an existing market structure may not be cost effective or may be devoid of value and existing market positions could be endangered.

#### **Certain Structural & Macroeconomic Risks:**

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics, presidential, congressional and other elections or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. Furthermore, such confidence may be adversely affected by local, regional or global health crises including but not limited to the rapid and pandemic spread of novel viruses commonly known as SARS, MERS and COVID-19. Such health crises could exacerbate political, social and economic risks previously mentioned and result in significant breakdowns, delays and other disruptions on a local, regional and global scale, which are likely to have adverse effects on the operating performance of affected portfolio companies. A climate of uncertainty, including the spread of infectious viruses or diseases, may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This would likely slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn would likely have an adverse effect upon the Funds' portfolio companies.

Market Conditions. The capital markets have experienced great volatility and financial turmoil in

recent times. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally have the potential to reduce the availability of attractive investment opportunities for the Funds and affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) also increases the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of a credit crisis, the downgrading of the credit rating of the U.S. or pandemics, which, among other things, can impact the public market comparable earnings multiples used to value privately-held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector could have an adverse effect on the ability of the Funds to sell and/or partially dispose of their portfolio company investments. Related adverse effects could include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds are not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that Patient Square believes reflect the fair value of such investments.

The impact of market and other economic events may also affect the Funds' ability to raise funding to support their investment objectives.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* The recent deterioration of the global credit markets has made it more difficult for investment funds such as the Funds to obtain favorable financing for investments. The Funds' ability to generate attractive investment returns may be adversely affected to the extent the Funds are unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Funds to realize their investments at favorable times or for favorable prices.

*Public Health Emergencies.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases, have and may in the future result 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 the Funds.

In an effort to contain public health emergencies, national, regional and local governments, as well as private businesses and other organizations, may implement severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home," "shelter in place" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. This can result in 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 developments may result 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.

Furthermore, uncertainty can result in or coincide with, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets (including any portfolio company assets); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the loan, securities, derivatives and currency markets and market participants and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

The ultimate impact of such health emergencies — and the resulting potential decline in economic and commercial activity across 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, including global or regional economic downturns (including a recession) of indeterminate duration and severity, are possible. The extent of such a health emergency'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 economies are able to fully "re-open," it is difficult to assess what the longer-term impacts of an extended period of 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.

Russia-Ukraine Conflict. There is currently an ongoing military conflict between Russia and the Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

Risks related to U.S. Foreign Policy. Certain recent developments in United States trade policy and diplomatic relations between the United States and other nations may have unforeseen and unexpected consequences on the United States and global economies. As recent examples, in response to Russia's invasion of Ukraine in early 2022, the United States, along with several other countries, imposed strict economic sanctions on Russia that could have short-term and long-term impact on various global markets, including commodities, currency, financial, and securities

markets. In addition, the imposition of substantial tariffs on China and other nations by the United States, along with any retaliatory measures by China or such other nations, may continue to escalate, affecting economic and political conditions both domestically and internationally. A central issue in the United States-China dispute is the alleged theft and/or misuse of United States information technology patents, including trade secrets and related technical information, by Chinese government and corporate actors.

However, on February 14, 2020 both countries signed and implemented the Economic and Trade Agreement between the Government of the United States of America and the Government of the People's Republic of China, (the "US-China Phase One Deal") with each committing to reduce tariffs and China committing to reforms to provide market access and purchase more US goods. Although the increase in positive relations between the countries was limited as the COVID-19 pandemic has once again increased tensions between the U.S. and China. At this time it remains unclear whether a final trade deal will be struck between the two countries and, if so, the specifics of such deal and its effects on the broader geopolitical environment and global economic stability. Moreover, since the U.S.-China Phase One Deal was implemented, the United States has imposed sanctions and export restrictions on Chinese individuals and entities with ties to the Chinese military and Chinese individuals and entities who have been involved in human rights abuses in Hong Kong and Xinjiang. As the dispute between the U.S. and China continues, the imposition of tariffs on Chinese goods and expansion of export restrictions on Chinese individuals and entities, in particular, could result in market uncertainty and greater supply chain costs, any of which could negatively impact the investment opportunities available to a Fund and could negatively affect the long-term strategy, investment plans, and performance of the Fund and their investments. The Biden Administration has signaled that it intends to review the U.S.-China Phase One Deal.

It is not possible to ascertain the precise impact these events will have on the United States and other economies, the global information technology industry, a Fund or their investments from an economic, financial, tax or regulatory perspective, but any such impact could be material and adverse for a Fund and its investments.

### **Certain Legal, Regulatory & Tax Risks:**

Legal, Regulatory & Tax Risks, Generally. Legal, regulatory and tax changes could occur during the term of the Funds that may adversely affect the Funds, their portfolio companies or the Limited Partners. From time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The Funds may invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects. Furthermore, disruptions in government, such as those resulting from shutdowns of the U.S. federal government, have resulted in, and may in the future result in, delays or the inability of Patient Square, General Partners, the Funds and/or their affiliates to obtain regulatory and other approvals in a timely manner.

Enhanced Scrutiny and Regulation of the Private Equity and Financial Services Industries. The Funds' ability to successfully implement their investment strategies, as well as the ability of the Firm to conduct its operations, is based on laws and regulations that are subject to change through legislative, judicial or administrative action and could be adversely affected by future legislative, judicial or administrative action.

There has been significant discussion in recent times regarding enhanced governmental scrutiny and increased regulation of the private investment fund and financial services industries. In the aftermath of the global financial crisis in 2008, there have been unprecedented legislative and regulatory actions taken by numerous governments and their agencies. This enhanced oversight and regulation, and the potential for significant additional rule-making by various governmental bodies, has created uncertainty in the financial markets, including the private fund industry. Many of the regulators to which the Funds, General Partners, Patient Square or their respective affiliates are expected to be subject globally, including governmental agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding does not result in a sanction or the sanction(s) imposed against the Funds, General Partners, Patient Square or their respective affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the reputations of the Funds, General Partners, Patient Square or their respective affiliate, which may adversely affect the Funds' investment performance by hindering their ability to obtain favorable financing or consummate a potentially profitable investment.

The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds and their activities may adversely affect the value of investments held by the Funds and the ability of the Funds to effectively deploy their investment strategies and manage and operate portfolio companies in a manner that maximizes Limited Partner returns. Increased scrutiny and potential legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on Patient Square and may divert time and attention from portfolio management activities. In addition to, and in particular in light of, the changing global regulatory climate, Patient Square, the General Partners and/or the Funds may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market the interests to potential Investors. The effect of any future regulatory change(s) on the Funds could be substantial and adverse.

Any further increases in the regulations applicable to private investment funds generally or the Funds, the General Partners and/or Patient Square in particular may result in increased expenses associated with the Funds; activities and additional resources of Patient Square being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for Investors in the Funds or have an adverse effect on the ability of the Funds to effectively achieve their investment objectives. Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Patient Square and the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact Patient Square and its affiliates, a Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to a Fund.

There can also be no assurance that any of the foregoing will not have an adverse impact on Patient Square or otherwise impede the Funds' ability to effectively implement their investment strategies.

Legislative and Political Changes. The current administration has indicated that it intends to seek to enact changes to numerous areas of law and regulations currently in effect. Any such changes could significantly impact the Funds or their investments. Specific legislative and regulatory proposals might materially impact the Funds including, changes to trade agreements, immigration policy, import and export regulations, tariffs and customs duties, income tax regulations and the federal tax code (including added scrutiny of Management Fees, taxation of carried interest and use of management fee and carried interest waivers), public company reporting requirements and antitrust enforcement.

Changes in federal policy, including tax policies, and at regulatory agencies occur over time through policy and personnel changes following elections, which lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. The nature, timing and economic effects of potential changes to the current legal and regulatory framework affecting financial institutions under the current administration remain highly uncertain. Future changes may adversely affect the Funds' operating environment and therefore the Funds' businesses, operating costs, financial conditions and results of operations, together with the incentives faced by Patient Square.

Environmental, Health and Safety ("EHS") Matters. Certain portfolio companies may be subject to federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment, worker health and safety and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and wastes (including medical, infectious, and pharmaceutical wastes). Portfolio companies could incur significant expenditures in order to comply with existing or future EHS laws, and actual or alleged violations of EHS laws or permit requirements could result in restrictions or prohibitions on company operations or civil or criminal sanctions. Additionally, the risk of accidental contamination or personal injury or property damage relating to hazardous substances and wastes cannot be eliminated, which could result in litigation or claims against a company and, under some environmental laws, the assessment of strict liability and/or joint and several liability for investigating and cleaning up contamination on or from its properties or at off-site locations where it disposed or arranged for the disposal or treatment of hazardous substances or wastes. Moreover, changes in EHS regulations could inhibit or interrupt the operations of portfolio companies, or require portfolio companies to modify their facilities or operations. Accordingly, EHS matters may cause portfolio companies to incur significant unanticipated losses, costs or liabilities, which could reduce their profitability.

Political Risk; Current and Future Health Care Reforms. Political events, such as elections on federal, state, and local levels, can have an impact on health care companies throughout the health care sector (e.g., provider platforms, medical device manufacturers and suppliers, pharmaceutical, biotechnology companies, etc.). There can be no guarantee that the government's role in the health care industry will not adversely impact the performance of the Funds. There continues to be significant interest among policy makers and governmental and private payors in the United States as well as foreign jurisdictions in promoting changes in the health care industry to contain health care costs, increase access to care for those in need, navigate transparency issues such as surprised billing and improve the overall quality of care and wellness, which is frequently referred to as increased coordinated and value based care. In connection with efforts to increase access to care, on March 23, 2010, President Obama, signed into law the Patient Protection and Affordable Care Act, which Congress modified pursuant to the Health Care and Education Reconciliation Act

of 2010 (collectively, the “PPACA”). The PPACA expanded insurance coverage to more individuals, which could have a negative impact on various sectors within the health care industry. While the Funds cannot predict which future regulations will be adopted, or eliminated, or what affect adopted regulations, including the future and substance of the PPACA may have on the health care companies in which the Funds invest, the pendency, repeal, approval or implementation of such regulations and laws could decrease the Funds’ anticipated returns or adversely affect its investment opportunities.

Cybersecurity Breaches; Identity Theft; Protected Health Information. The information and technology systems of Patient Square, the General Partners, the Funds and their portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, Patient Square, a General Partner, a Fund and/or a portfolio company likely will have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Patient Square, a General Partner, a Fund and/or a portfolio company and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to a Fund’s Investors (and the beneficial owners of such Investors). Such a failure could harm the reputations of Patient Square, a General Partner, a Fund and/or a portfolio company, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to circumvent network security electronically or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Such a failure or breach could also harm Investors (e.g., in the event identity theft or otherwise obtaining access to Investor accounts). Cyber-attacks often also take the form of socially- engineered frauds, such as “phishing.” Third parties often also attempt to fraudulently induce employees, customers, third-party service providers or other users of Patient Square’s systems to disclose sensitive information in order to gain access to Patient Square’s data or that of a Fund’s Investors or portfolio companies. Companies have also been subject to “ransomware” attacks.

To the extent that any of Patient Square, a General Partner, a Fund, a portfolio company or their respective service providers is subject to cyber-attack or other unauthorized access is gained to such entity’s information technology system, Patient Square, General Partner, such Fund and/or such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; (v) cash; or (vi) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Patient Square, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Patient Square’s, the Funds’, portfolio companies’ and/or service providers’ operations, including the ability to make distributions to Limited Partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors). Similarly, such a security breach could disrupt or halt such entities’ operations for an indefinite period of time. In certain events, the failure or deemed failure of Patient Square, General Partners, a Fund and/or a portfolio company to address and mitigate cybersecurity risks may be the



subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Such cybersecurity and disaster recovery incidents could also result in reputational harm to Patient Square, a General Partner, a Fund and/or any affected portfolio company. Any of such circumstances could subject Patient Square, a General Partner, a Fund or its portfolio companies to substantial losses. The foregoing risks are equally applicable to service providers of Patient Square, a General Partner, a Fund and its portfolio companies.

Furthermore, certain portfolio companies in the health care industry may be subject to more stringent penalties in the event protected health information is improperly used, accessed, stored or disclosed due to laws such as Health Insurance Portability and Accountability Act of 1996 (“HIPAA”). Portfolio companies may need to expend additional capital, software development and other resources to modify products and services to address these evolving data security and privacy issues. Any failure to maintain confidentiality of sensitive protected health information in accordance with the applicable regulatory requirements could damage a portfolio company’s business, reputation and expose it to claims, fines and penalties.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, “Privacy Laws”) could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Patient Square, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Patient Square, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Patient Square, the General Partners, the Funds and/or their portfolio companies.

CFIUS and National Security Clearance Considerations. In some cases, investments by a Fund involving the acquisition of or investment in a U.S. business or assets with a nexus to U.S. interstate commerce (including a U.S. subsidiary of a company domiciled outside of the United States) may be subject to review and approval by the U.S. Committee on Foreign Investment in the United States (“CFIUS”). Significant CFIUS reform legislation and regulations, which became effective on

February 13, 2020, among other things, expanded the scope of CFIUS' jurisdiction to cover more types of transactions and empowered CFIUS to scrutinize more closely investments in U.S. assets, including investments involving foreign limited partners or co-investors that may be deemed "non-passive." In the event that CFIUS reviews one or more investments, there can be no assurances that a Fund will be able to maintain or proceed with such investments on acceptable terms. Additionally, CFIUS has authority to seek to impose limitations, restrictions, or conditions on one or more such investments that may prevent a Fund from maintaining or pursuing investment opportunities that a Fund otherwise would have maintained or pursued, or syndicating interests to foreign persons, which could adversely affect the performance of a Fund's investment in such portfolio companies and thus the performance of the Fund. Failure to submit required filings may result in significant financial penalties for each transaction party, as well as reputational damage and potential legal restrictions on future investments. In addition, CFIUS is actively pursuing transactions that were not notified to it and may ask questions regarding, or impose restrictions or mitigation on, transactions post-closing. Certain Limited Partners are expected to be non-U.S. investors, and in the aggregate, could comprise a substantial portion of a Fund's aggregate Commitments, which may increase the risks of such restrictions, limitations, and notification obligations being imposed. While the relevant General Partner may take steps (including, but not limited to, placing limitations on Limited Partners' governance rights) to help ensure a Fund investments are not within the jurisdiction of CFIUS or to improve a Fund's regulatory profile to help obtain approval of CFIUS, there can be no assurance that any restrictions implemented on any such Limited Partner or any such group of Limited Partners will allow a Fund to maintain, or proceed with, any investment, that a Fund's investments will be exempt from CFIUS requirements, or that CFIUS will not seek to ask questions about a transaction or will approve a particular transaction. Additionally, a Fund may invest in companies that are, or may become, subject to CFIUS requirements based on pre-existing foreign ownership and control; in such cases, CFIUS requirements may adversely impact a portfolio company's ability to obtain or retain business or otherwise make it more difficult for a Fund to realize a profit from an investment. Moreover, non-U.S. national security regulators are increasingly interested in reviewing investments (including with respect to technology, infrastructure, and data-related transactions), and, in certain cases condition approval and/or restrict or prohibit transactions, depending on the identity of the buyer and the nature of the asset. As a result, a Fund's investments outside of the United States may also face delays, limitations or restrictions as a result of notifications made under and/or compliance with these legal regimes. Heightened scrutiny of foreign direct investment worldwide may make it more difficult for a Fund to identify suitable buyers for investments upon exit and may constrain the universe of exit opportunities for an investment in a portfolio company.

## **Conflicts of Interest**

Patient Square and its affiliates engage in a broad range of advisory and non-advisory activities, including, investment activities for the Funds and other Clients and for SPACs (both those sponsored by SPAC Sponsors owned by the Funds and, subject to "Fund Sponsorship of and Investment in SPACs" herein, those not owned by the Funds) (collectively with the Clients, "Patient Square Accounts") and for their own accounts and providing transaction-related, management, legal, and other services to the Patient Square Accounts and portfolio companies. There can be no assurance that Patient Square will resolve all conflicts in a manner that is most favorable to any Patient Square Account. The following is a summary of conflicts of interests related to an investment in a Fund, and each prospective Investor should carefully review the full discussion of conflicts of interests in the applicable Governing Documents.

### *Time and Resources*

Patient Square will devote such time, personnel, and internal resources as are necessary to conduct the business affairs of the Patient Square Accounts in an appropriate manner as required by the applicable Governing Documents, although the Patient Square Accounts and their respective investments will place varying levels of demand on these over time. In the ordinary course of Patient Square conducting its activities, the interests of any Patient Square Account likely will conflict with the interests of Patient Square, its personnel, one or more other Patient Square Accounts, portfolio companies, or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Patient Square will determine all matters relating to structuring transactions and the Patient Square Accounts and other operations using its reasonable judgment and considering all factors it deems relevant in its sole discretion, subject in certain cases to the required approvals by the Advisory Board of the relevant Patient Square Account (as applicable). Additionally, the Managing Partner will devote time and attention to, and have material participation in connection with, certain outside interests and activities, including an active ownership interest in a preexisting personal business (dating back more than ten years) unrelated to investing in securities, board positions and other relationships and engagements with health care-related companies that are not affiliated with the Firm and customary family office activities. These activities will create conflicts of interest in the allocation of the Managing Partner's time and attention to a Fund. Without limitation, Patient Square principals currently hold investments in their personal capacities, and in the future expect to make other investments in industries and companies similar to those in which a Fund will be invested, and expect to spend time overseeing such investments. Patient Square principals have relationships throughout the health care industry and believe such personal investments provide opportunities for networking and deal sourcing within the industry that will benefit Patient Square and the Funds. Patient Square personnel reserve the right to make personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Patient Square's principals and Patient Square's investment staff will continue to make and monitor such investments until their realization. Such other investments that Patient Square principals expect from time to time to make generally have the potential to compete with companies acquired by a Fund. To the extent an investment opportunity is received that is unsuitable for a Fund, in Patient Square's sole discretion, Patient Square and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, Patient Square personnel are permitted to serve on boards or act in other roles unaffiliated with Patient Square, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles.

### *Investment Allocation*

From time to time, Patient Square will be presented with investment opportunities that would be suitable for a Patient Square Account, but also for other Patient Square Accounts. In determining which Patient Square Account should participate in such investment opportunities, Patient Square and its affiliates are subject to conflicts of interest among the Investors in such investment vehicles. Except as required by the relevant Governing Documents and Patient Square's investment allocation policy, which may be amended from time to time ("Investment Allocation Policy"), Patient Square is not obligated to recommend any investment to any particular Patient Square Account. Investments by more than one Patient Square Account in a portfolio company also have the potential to raise the risk of using assets of certain Patient Square Accounts to support positions

taken by other Patient Square Accounts.

Patient Square must first determine which Patient Square Account will, or are required to, participate in the relevant investment opportunity. Patient Square generally assesses whether an investment opportunity is appropriate for a particular Patient Square Account based on the relevant Governing Documents, as well as factors including, but not limited to, the following considerations: (i) the investment professionals that sourced the relevant investment opportunity; (ii) the investment focus and objective of each relevant Patient Square Account; (iii) the expected amount of capital required to make the investment as well as each relevant Patient Square Account's current and projected capacity for investing (including for any potential follow-on investments); (iv) the relevant Patient Square Account's targeted rate of return and investment holding period; (v) the stage of development of the prospective investment; (vi) the existing portfolio of investments of the relevant Patient Square Account; (vii) the investment opportunity's risk profile; (viii) the expected life cycle of the relevant Patient Square Account; (ix) any investment targets or restrictions (e.g., industry, jurisdiction, size, etc.) of the relevant Patient Square Account; (x) the ability of the relevant Patient Square Account to accommodate structural, timing, and other aspects of the investment process; and (xi) legal, tax, contractual, regulatory, fiduciary, or other considerations. Each Patient Square Account generally reserves the right to invest together with Patient Square Accounts advised by Patient Square or an affiliate in the manner set forth in the Governing Documents and Patient Square's Investment Allocation Policy. Patient Square will determine the allocation of investment opportunities among its Clients in a manner that it believes is fair and equitable to its Clients under the circumstances over time consistent with Patient Square's obligations and reserves the right to take into consideration factors such as those set forth above.

Patient Square and its affiliates have and will, subject to "Fund Sponsorship of and Investment in SPACs", continue in the future to sponsor SPACs outside of the Funds, which may create conflicts of interest related to the allocation of investment opportunities between the SPAC and Patient Square Accounts. See "SPACs Outside of the Funds." Moreover, Patient Square is authorized, in its sole discretion, to offer a fixed proportion of the amount of any investment opportunity (subject to negotiated limits) that would otherwise be allocated to the Funds, another Patient Square Account or other person, to third party co-investors (including through Co-Invest Vehicles). Patient Square may face an incentive to use these co-investment allocations in order to establish, strengthen, and/or cultivate relationships with "strategic" or prospective "strategic" Investors of the Funds or another Patient Square Account, or to enter into arrangements whereby Patient Square will receive additional economics in connection with providing specified amounts of co-investment opportunities to Investors in such Fund or other Patient Square Account. Therefore, these and other allocations could be less advantageous to the Funds relative to one or all of the other Patient Square Accounts, or vice versa, including that such allocation would reduce the exposure the Funds may otherwise have to an investment.

Patient Square's allocation of investment opportunities in the manner discussed above often will not result in proportional allocations among all Patient Square Accounts. Different economic arrangements among Patient Square Accounts will also create an incentive for Patient Square or its personnel to allocate certain co-investment opportunities (for example, those that are expected to generate higher carried interest) to the Patient Square Accounts with greater economic potential for Patient Square or such personnel (e.g. those with higher Management Fees and/or performance-based fees). While Patient Square allocates investment opportunities in a manner that it believes in good faith is fair and equitable to its Clients under the circumstances over time, and considering relevant factors discussed above, there can be no assurance that the actual allocation of an investment opportunity or the terms on which that allocation is made will be as favorable as it

would have been if the conflicts of interest to which Patient Square is subject, discussed herein, did not exist. Furthermore, the application of Patient Square's Investment Allocation Policy is a fact-intensive exercise. While Patient Square will base its allocation decisions on the information available at the time of the decision, this information may prove, in retrospect, to be incomplete or otherwise flawed. The weight Patient Square ascribes to certain factors will also evolve over time in response to, among other things, changes in market conditions, competition for investments, pace of investments, and the mix of opportunities available to a Fund.

### *Co-Investments*

In connection with determining the allocation of co-investment opportunities, Patient Square will, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, including other sponsors, market participants, finders, members of the Value Creation Functions, Senior Advisors, vendors, service providers and other third parties, members of a SPAC Team (as defined below), Patient Square personnel and/or certain other persons associated with a General Partner and/or its affiliates, in accordance with the relevant Governing Documents, Side Letters and Patient Square's Investment Allocation Policy which may reduce the availability of investment opportunities to the Patient Square Accounts. Patient Square's procedures permit it to take into consideration, in its discretion, a variety of factors in making such determinations, including but not limited to: (i) whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived degree of that interest; (ii) the expertise, knowledge and sophistication of the prospective co-investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment; (iii) the prospective co-investor's perceived ability to approve the investment pursuant to any applicable internal approval processes (including the predictability of the prospective co-investor's investment process), and to otherwise successfully and efficiently execute the transaction, in a timely manner with respect to the timeframe in which Patient Square believes favorable transaction terms may be achieved based on their history of consummating co-investment opportunities; (iv) any tax, regulatory, securities laws and/or other legal considerations with respect to the prospective co-investor (e.g., qualified purchaser or qualified institutional buyer status); (v) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (vi) Patient Square's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Patient Square's ability to execute the relevant transaction in the desired time or on desired terms; (vii) the size of the investment allocation available to Patient Square (and not being allocated to the Patient Square Accounts) and the practicality of splitting the allocation into smaller tranches; (viii) the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments) and the maximum number of Investors that can realistically participate in the transaction; (ix) any requirements of any third-party lenders as to the identity of any Investors participating as co-investors, as to the creditworthiness of any co-investors, as to the number of co-investors, or as to other matters with respect to the Investors in the transaction; (x) whether the prospective co-investor is considered "strategic" to the investment because it is able to offer a Patient Square Account or Patient Square or its affiliate certain services or benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the investment, or whether Patient Square believes that allocating investment opportunities to an Investor or person will help establish, recognize, strengthen and/or

cultivate relationships (including formal or informal strategic relationships) that have the potential to provide longer-term benefits to any of the relevant portfolio companies, Patient Square Account, Patient Square or its affiliates; (xi) whether the prospective co-investor has a history of consummating co-investment opportunities with Patient Square or its affiliates; (xii) whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; (xiii) the likelihood that the prospective co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the underlying portfolio company, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where the Investor would be willing to defer to Patient Square and assume a more passive role in governing the investment); (xiv) whether the prospective co-investor has any interests in any competitor of the underlying investment; (xv) the expected investment holding period; (xvi) the services provided by the prospective co-investor to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment); (xvii) the size and/or timing of the prospective co-investor's interest to be held in the underlying portfolio company as a result of a Patient Square Account's investment (which is likely to be based on the size of the prospective co-investor's capital commitment and/or investment in such Patient Square Account); (xviii) the size of the prospective co-investor's commitment to a Fund; (xix) whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or recurring distributions; (xx) the extent to which the prospective co-investor has previously been provided a greater amount of co-investment opportunities relative to other prospective co-investors; and (xxi) the likelihood that the prospective co-investor may invest in a future fund sponsored by Patient Square or its affiliates and other factors that Patient Square considers important in connection with the specific transaction or investment. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or Co-Invest Vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund Investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or Co-Invest Vehicle generally occurs shortly after a Fund's completion of the investment to avoid any changes in valuation of the investment but in certain instances could be well after a Fund's initial purchase.

Where appropriate, and in Patient Square's sole discretion, Patient Square reserves the right to charge interest on the purchase to the co-investor or Co-Invest Vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. Patient Square has granted certain Limited Partners the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities, or to enter into arrangements that create economic incentives for Patient Square to provide co-investment opportunities to certain Limited Partners. Granting such rights creates conflicts of interest for Patient Square regarding the allocation of investment opportunities because Patient Square will have an economic incentive to provide co-investment opportunities at the expense of the Funds' allocation to portfolio investments in order to avoid a diminution of Patient Square's Fund economics in respect of the recipient Limited Partner. In addition, while all fees, costs, expenses, liabilities and obligations relating to any non-consummated investment will generally be borne by the relevant Fund and not by third-party co-investors, Patient Square will allocate a *pro rata* share of such amounts (as

determined by Patient Square in good faith) to its affiliated personnel based upon their authorized or actual co-investment allocations. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and because co-invest opportunities generally appeal to Fund Investors and third parties, Patient Square expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund.

Furthermore, Patient Square or its related persons and its affiliates expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender, co-sponsor or co-underwriter. Additionally, from time to time, certain service providers may seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to Patient Square, a Patient Square Account and/or a portfolio company in connection with the services provided. Patient Square has a conflict of interest with respect to such arrangements because providing co-investment rights may be more economically advantageous to Patient Square than paying cash compensation and offering co-investment opportunities to such service providers, limiting the availability of co-investment opportunities for others.

Co-investment opportunities typically will be offered to some and not to other Investors, and the consideration of the factors set forth above likely will result in certain Investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. When and to the extent that employees and related persons of Patient Square and its affiliates make capital investments in or alongside certain Funds, Patient Square and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Patient Square Account's return from a transaction would be equal to and not less than another Patient Square Account participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Additionally, conflicts of interest may arise in the allocation of co-investment opportunities to the extent that such allocation may benefit Patient Square instead of, or more than, the Funds, or is not in the best interests of the Funds or any individual Limited Partner. For example, in some cases, an ad hoc Co-Invest Vehicle may be formed in connection with the consummation of a transaction and such entity will bear expenses related to its formation and operation. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial to the transaction, ultimately is not consummated, the full amount of any fees and expenses or other liabilities or obligations (including broken deal fees and expenses) generated in the course of evaluating any such proposed transaction generally would be borne by the Funds, and not by any potential co-investors that would have participated in such transaction (regardless of whether any co-investor(s) had yet been identified or confirmed, or whether any Co-Invest Vehicle had yet been formed in connection with the relevant transaction). However, (i) to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, to the extent such a vehicle is offered by Patient Square, such vehicle is expected to bear its share of expenses, and (ii) Patient Square will allocate a *pro rata* share of such expenses (as determined by Patient Square in good faith) to its affiliated personnel based on their authorized or actual co-investment allocations, provided that the co-investors in such vehicle may negotiate caps on expenses, in which case the Funds would bear more than their *pro rata* share of expenses. Patient Square reserves the right, in its sole discretion, to charge a management fee and obtain a carried interest in respect of any co-investment. Any fees, carried interest or other compensation such as transaction fees received in connection with a co-investment does not reduce or offset the

Management Fee. As a result, Patient Square will face incentives to allocate more investment opportunities to Co-Invest Vehicles in order to minimize Fund expenses and maximize fee income.

If a Co-Invest Vehicle co-invests with a Fund, or invests in an existing portfolio company of a Fund, conflicts of interest are likely to arise with respect to such Co-Invest Vehicle and such Fund, including conflicts similar to those described under the heading “Common Investments” below (for example and without limitation, with respect to the allocation of disposition opportunities among such Co-Invest Vehicle and such Fund). Patient Square and/or its affiliates will allocate such disposition opportunities between such Co-Invest Vehicle and such Fund as they determine in their sole discretion (subject to any specific requirements in the Governing Documents for such Fund and/or such Co-Invest Vehicle), taking into consideration those factors that they consider to be relevant under the circumstances (including those described under the heading “Common Investments” below).

Patient Square reserves the right to cause a Fund to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. A Fund may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may have financial difficulties resulting in a negative impact on such portfolio company, may at any time have economic or business interests or goals that are inconsistent with those of a Fund, may cause the investment to be reviewable by CFIUS or another U.S. or other national security investment clearance regulator, or may be in a position to take action contrary to the investment objectives of a Fund or narrow the array of potential exit strategies for a Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Fund’s return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Patient Square has created several Executive Funds to co-invest alongside the Funds for certain Investors associated with Patient Square, including certain employees of and service providers to Patient Square and/or its affiliates, executives of companies in which such principals previously have invested, been employed or otherwise been associated in which or the Funds are currently investing, strategic partners or relationships of Patient Square, members of the Value Creation Functions, Senior Advisors, members of a SPAC Team, family members of the foregoing persons and certain others. The Commitments to these Executive Funds and their level of participation in Fund investments are permitted to be increased or decreased with respect to particular Fund investments, subject to the limitations set forth in the relevant Governing Documents. This creates the ability for Patient Square to increase the participation of an Executive Fund in the investments expected to offer the highest returns (thereby diluting the participation of Investors in the Funds), while limiting an Executive Fund’s participation in less attractive opportunities (thereby causing Investors in the Funds to have higher exposure). This could also create differing interests from the Funds with respect to such investments (for example, with respect to the availability and timing of liquidity).

Without limiting the foregoing and independent of any investments made by an Executive Fund, Patient Square, in its sole discretion, intends in certain circumstances to offer to certain affiliated personnel the opportunity to co-invest with a Fund in certain investment opportunities in a fixed proportion to such Fund’s aggregate investment therein, and such investments may not be on the same terms or made at the same time as the corresponding investment by a Fund. Such co-investments create an incentive for Patient Square to allocate the investment opportunities



expected to offer the highest returns to its affiliated personnel, thereby depriving a Fund and its Limited Partners of a portion of those opportunities in which they would otherwise participate. However, Patient Square will disclose the aggregate amount of such co-investments to such Fund's Advisory Board and believes that by doing so, Patient Square and its personnel will be incentivized to exercise this discretion fairly and equitably.

### *Secondary Transactions*

In certain cases, Patient Square will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Patient Square Account. In such cases, Patient Square will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Patient Square Account interests should be offered to one or more existing Patient Square Account Investors.

### *Capital Structure Conflicts*

Where multiple Patient Square Accounts invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. Conflicts also may arise for Patient Square as between multiple Patient Square Accounts (including the Funds) in connection with the negotiation of the price of the debt securities or other instruments, the characterization of such debt securities or other instruments, the terms of inter-creditor agreements, the interest rate or stated dividend yield of such debt securities or other instruments, the nature of the covenants running in favor of lenders and the other terms and conditions of the investment or in addressing subsequent amendments or waivers. Other conflicts may arise in cases where one Patient Square Account desires optimal flexibility to grow its portfolio company, while another Patient Square Account, as a holder of debt interests and/or other securities in the same company, would be benefitted by placing tighter restrictions on the type and the amounts of such company's permitted investments and acquisitions. For example, another Patient Square Account may have an interest in pursuing, on behalf of its portfolio company, an acquisition that would increase indebtedness, a divestiture of revenue-generating assets or other similar transactions that may enhance the value of the equity investment with respect to such Patient Square Account but that would potentially also increase the risk of another Fund's investment in such company. In troubled situations, certain decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Patient Square Accounts that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Patient Square Accounts could or could not provide such additional capital, and if provided, each Patient Square Account generally will supply such additional capital in such amounts, if any, as determined by Patient Square in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Patient Square expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of a Patient Square Account versus other Patient Square Accounts (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). The action taken by one Patient Square Account may be adverse to

other Patient Square Accounts, particularly in the case of financial distress of a portfolio company. Further, Patient Square is expected to sponsor one or more funds that focus on credit-focused strategies and/or provides private debt to a variety of borrowers, including portfolio companies in which a Fund have invested or will invest equity.

If a Patient Square Account enters into any indebtedness with another Patient Square Account on a joint and several basis, the applicable General Partner(s) are expected to enter into one or more agreements that provide each Patient Square Account with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Patient Square expects to be subject to potential conflicts of interest, for example between a Patient Square Account with a reimbursement obligation and other Patient Square Accounts seeking reimbursement. In certain circumstances, Patient Square is expected to be prohibited from exercising (or Patient Square may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Patient Square Account or the other may be subject to creditor claims regarding subordination of interests. Patient Square intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Patient Square to bear its proportionate share of the applicable indebtedness.

### *Common Investments*

Potential conflicts are expected to arise when and to the extent a Patient Square Account (including a Co-Invest Vehicle) makes investments in conjunction with an investment being made by another Patient Square Account, or if it were to invest in the securities of a company in which another Patient Square Account has already made an investment. Conflicts of interest will arise in connection with making, holding and disposing of such investments, including, without limitation, with regard to valuation and terms of investment, exit timing, or terms and other matters. For example, if one or more Patient Square Accounts invests in a portfolio company of another Patient Square Account at a higher implied valuation than the valuation implied by the financing round in which the initial Patient Square Account participated, such subsequent financing round may significantly delay exit opportunities for the Patient Square Account with the preexisting investment and may incentivize Patient Square to cause such Patient Square Account to hold the securities of such portfolio company for a longer period than it otherwise would. Even if investments by two or more Patient Square Accounts are made at the same time and in the same proportions, and in the same security or other asset types, conflicts may arise because of different liquidity needs and different time horizons among such Patient Square Accounts. In addition, where multiple Patient Square Accounts invest in the same company at different times, the first Patient Square Account to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Patient Square Accounts; similarly, to the extent a transaction does not proceed, the first Patient Square Account to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Patient Square Accounts could or would have invested in the company in potential future transactions. A Patient Square Account may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Patient Square Accounts. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Patient Square Account and the other Patient Square Accounts or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Patient Square and its affiliates may from time to time express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Patient Square Account's investments will be the same as the returns obtained by other Patient Square Accounts

participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to multiple Patient Square Accounts. In that regard, actions taken for one or more Patient Square Accounts may adversely affect other Patient Square Accounts. A Patient Square Account's investment in, or divestment from investments in which other Patient Square Accounts are also invested is not required to occur at the same time or on the same terms, and accordingly, there can be no assurance that any Patient Square Account's return on such an investment will be the same as the returns achieved by any other Fund participating in the transactions.

#### *Allocation of Fees and Expenses*

Subject to any relevant restrictions or other limitations contained in the Governing Documents and Patient Square's Expense Allocation Policy, which may be amended from time to time, Patient Square will allocate fees and expenses in a manner that it believes is fair and equitable to its Clients under the circumstances over time and considering such factors as it deems relevant, and as further provided in the Governing Documents of any Client, but in any case in its sole discretion. In exercising such discretion, Patient Square expects to be faced with a variety of potential conflicts of interest. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate *pro rata* based on number of co-investors or Patient Square Accounts receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has a greater benefit to the Funds, Patient Square and/or its affiliates.

As a general matter, Patient Square Account expenses typically will be allocated among all relevant Patient Square Accounts eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by Patient Square or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion.

#### *Portfolio Company Appointments*

As a result of the Funds' controlling interests in portfolio companies, Patient Square and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Patient Square personnel, VCF Personnel, Senior Advisors or persons acting at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Patient Square, its affiliates, Senior Advisors or VCF Personnel. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by the relevant Fund(s) and/or other Client(s) to Patient Square. Such board members may even execute contracts with a Fund or Patient Square on behalf of such portfolio company. Patient Square's authority to appoint or influence the appointment of portfolio company board members who are involved in approving compensation payable to Patient Square subjects Patient Square and any such portfolio company board appointees to potential conflicts of interest. Decisions made by a director will potentially subject Patient Square, a Fund or their respective affiliates to claims they would not otherwise be subject to as an Investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. From time to time, employees or other personnel of Patient Square, Patient Square or their respective affiliates (including VCF Personnel and Senior Advisors) are likely to also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest. Any compensation received by such personnel in connection

therewith will not be offset against the Management Fee or otherwise be shared with a Fund and/or Limited Partners. It is likely that personnel of Patient Square will serve on boards other than boards of portfolio companies, and that such board service may create legal, business, or other conflicts with such personnel's service on portfolio company boards, in which case Patient Square would have a conflict of interest that may result in such personnel not serving on a portfolio company board and thereby reducing a Fund's effectiveness or influence at that particular portfolio company.

Additionally, a portfolio company typically will reimburse Patient Square or service providers retained at Patient Square's discretion for expenses (including without limitation travel expenses) incurred by Patient Square or such service providers in connection with their performance of services for such portfolio company. This subjects Patient Square and its affiliates to conflicts of interest because the Clients generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Patient Square determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices.

In addition, Patient Square may have representatives that serve on the boards of directors of portfolio companies targeted by one of the SPACs affiliated with, or owned by, the Funds. As a result, such individuals will be subject to fiduciary and other obligations to make decisions that they believe to be in the best interests of the applicable portfolio company, which may not be in the best interests of the Funds. Generally, the interests of such company would not be expected to be aligned with those of the Funds. This may result in a conflict between the relevant person's obligations to the portfolio company and its various stakeholders, on the one hand, and the interests of the Funds, on the other hand. Such conflict may be addressed to the detriment of the Funds.

#### *Secondees*

In certain circumstances, current or former Patient Square personnel are expected to serve in interim or part-time roles at portfolio companies, or may provide services to portfolio companies as secondees or in similar capacities, while maintaining certain benefits, office space, support services and/or indicia of employment at Patient Square. Under such arrangements, Patient Square and/or the relevant portfolio company will pay all or a portion of the compensation in respect of such employees, or could supervise or oversee such employees. Any such arrangements create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships or to former employees generally will not offset or reduce cost to Clients, including the Management Fee. As secondee arrangements are often initiated to meet temporary portfolio company needs, they are expected to change overtime, and in many cases will be ended by Patient Square when the portfolio company is sold, at which point the secondees may or may not return to Patient Square. It is possible that certain Patient Square personnel serve as secondees or other personnel with respect to multiple portfolio companies and perform services that directly or indirectly benefit Patient Square while serving as secondees or other portfolio company personnel.

#### *Portfolio Company Service Providers*

Patient Square generally exercises its discretion to recommend to a Client or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) Patient Square or a related person of Patient Square (which may include a portfolio company of Patient Square Accounts or other Patient Square Accounts); (ii) an entity with which Patient Square or its affiliates or current or former members of their personnel has a relationship or from which Patient Square or its affiliates or their personnel otherwise derives

financial or other benefit, including relationships with joint venturers or co-venturers; (iii) relationships where Patient Square personnel are seconded, or from which Patient Square receives secondees; (iv) a Senior Advisor or VCF Personnel and (v) certain Limited Partners or their affiliates. For example, Patient Square expects to be presented with opportunities to receive financing and/or other services in connection with the Funds' investments from certain Limited Partners or their affiliates that are engaged in lending or related business. This discretion subjects Patient Square to conflicts of interest, because although Patient Square selects service providers that it believes are aligned with its operational and value creation strategies and will enhance portfolio company performance and, relatedly, returns of the Funds and/or other Patient Square Accounts, Patient Square has a potential incentive to recommend its own services or those of an affiliate because of its own financial or other business interest. There is a possibility that Patient Square, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Funds, relevant Patient Square Accounts or Patient Square, would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Patient Square will not necessarily seek out the lowest cost options when incurring (or causing a Patient Square Account or its portfolio companies to incur) such expenses. Although Patient Square generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where Patient Square commits or has committed to seek "market" or "arms-length" rates or terms, Patient Square will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Patient Square reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, Patient Square undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, Patient Square reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not Patient Square has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

#### *Value Creation Functions and Senior Advisors*

The cost of services provided by VCF Personnel ("VCF Services") together with overhead, employee benefits, insurance, paid time off, airfare, lodging, meals, entertainment, gifts and certain other associated out-of-pocket expenses incurred in connection with the VCF Services (including fees (including director's or consulting fees), incentive equity or other stock awards and advances, loans and other variable compensation (including variable retainers, cash, bonuses, salaries and guaranteed payments), as well as reimbursement (directly or indirectly through entities established by or affiliated with the Firm through which VCF Services are provided) of overhead, employee benefits, insurance, paid time off, airfare, lodging, meals, entertainment, gifts and certain other associated out-of-pocket expenses incurred in connection with the VCF Services (collectively, "VCF Fees and Expenses") and compensation to Senior Advisors are expected to be paid and/or reimbursed by portfolio companies or prospective portfolio companies or directly by the Funds, which payments are not included as Transaction Fees and do not offset or otherwise reduce the

Management Fee, or are otherwise shared with the relevant Fund or its Limited Partners, regardless of whether the provider of VCF Services is an employee or affiliate of Patient Square. However, pursuant to the relevant Governing Documents, any VCF Fees and Expenses in the form of compensation paid to VCF Personnel (including cash, guaranteed payments, fees, bonus amounts, and/or other remuneration (other than grants of a General Partner's carried interest), overheads such as health and welfare benefits, paid time off, insurance, employer portion of payroll taxes, and other personnel costs) that is borne by a Fund and subsequently reimbursed to such Fund by an affiliate thereof or borne by a portfolio company or prospective portfolio company ("VCF Employee Compensation") will be subject to the VCF Employee Compensation Cap (as defined below). VCF Employee Compensation paid in excess of the VCF Employee Compensation Cap will be borne by Patient Square, but the full amount of VCF Fees and Expenses (regardless of the VCF Employee Compensation Cap) will be excluded from Transaction Fees and will accordingly not offset or otherwise reduce the Management Fees. The type, amount and allocation of VCF Fees and Expenses may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Value Creation Functions or its members, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company, which, for any particular period, could be more or less than the costs incurred by Patient Square with respect to such persons. Although Patient Square seeks to utilize VCF Services and Senior Advisors with a view of reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings, including the conflicts of interest discussed herein. In addition, the Firm generally intends to retain only such VCF Personnel that it believes provide a level of service at a value generally consistent with or better than other relevant market alternatives. However, there can be no assurance that no other service provider or VCF Personnel is more qualified to provide the applicable services or could provide such services at a lesser cost. In addition, the Firm has an incentive to retain VCF Personnel to provide services to portfolio companies even if retaining other providers would be as or more advantageous to the portfolio company.

In addition, VCF Personnel are permitted to receive certain benefits from Patient Square and/or their affiliates, including, in addition to the aforementioned compensation, office space, email addresses, business cards, health insurance and/or other benefits, and may make use of support services or other resources of Patient Square and its affiliates. Patient Square and/or portfolio companies intend to provide certain opportunities for VCF Personnel to invest in a Fund or an alternative investment vehicle or co-invest in certain portfolio companies of the Funds, with Management Fees and/or carried interest reduced or waived. VCF Personnel also may receive remuneration from Patient Square and/or a Fund or their affiliates and/or be entitled to other forms of compensation, including grants of a General Partner's carried interest, direct or indirect economic interests in SPACs, SPAC Sponsors or other businesses of the Firm and equity grants in portfolio companies or intermediate entities between a Fund and a portfolio company. Without limiting the foregoing, depending on seniority and function, VCF Personnel are expected to have a capital or profits interest in a Fund, a General Partner and one or more other investment vehicles sponsored by a General Partner or in an affiliate of a General Partner. As noted above, such investment opportunities, reimbursements and other compensation (whether in cash or equity) paid to VCF Personnel by a Fund and/or portfolio companies will not offset the Management Fee.

To the extent a Senior Advisor is employed or otherwise affiliated with Patient Square and provides services similar to - or as part of - the Value Creation Functions, Patient Square expects to recover

directly or indirectly from the Funds or portfolio companies the costs and expenses of any such Senior Advisors in a manner similar to the recovery of VCF Fees and Expenses, as described above. This includes, for the avoidance of doubt, any compensation, including fees (including director's or consulting fees), incentive equity or other stock awards and advances, loans and other variable compensation (including variable retainers, cash, salaries, bonuses and guaranteed payments), as well as reimbursement (directly or indirectly through entities established by or affiliated with the Firm through which Senior Advisor services are provided) of overheads, employee benefits, insurance, paid time off, airfare, lodging, meals, entertainment, gifts and certain other associated out-of-pocket expenses incurred in connection with services provided by a Senior Advisor. In certain circumstances where Senior Advisors are employed by Patient Square, the aggregate cost associated with the provision of services related to a Fund and its related entities by such Senior Advisor will be subject to the VCF Employee Compensation Cap described below.

The General Partner will face potential conflicts of interest in determining the allocation of VCF Fees and Expenses, particularly with respect to the implementation of any cap on compensation paid by a Fund to VCF Personnel who are employees by Patient Square, a General Partner, or its affiliates (Such employees, the "VCF Employees," and such compensation cap, the "VCF Employee Compensation Cap"). For example, the Firm generally will not be allocated VCF Fees and Expenses that relate to services performed by VCF Personnel for a Fund and/or portfolio companies or prospective portfolio companies. However, these services may also provide a direct or indirect benefit to the Firm and/or its affiliates including other Patient Square Accounts. Therefore, the Firm has an incentive to classify a particular service as being provided for a Fund and/or a portfolio company or prospective portfolio company, even though it may directly or indirectly benefit Patient Square and/or their affiliates, in whole or in part and such amounts will reduce returns of such Fund. The allocation of VCF Fees and Expenses may not be proportional, and any such determinations involve inherent matters of discretion by the Firm. In addition, portfolio companies of a Fund may pay VCF Personnel to perform VCF Services that, directly or indirectly, benefit one or more other Patient Square Accounts. Consequently, other Patient Square Accounts may receive VCF Services without being charged or at rates that are lower than the rates borne by a Fund or its portfolio companies.

Further, the implementation of the VCF Employee Compensation Cap will also cause the Firm to face potential conflicts of interest related to the allocation of fees and expenses because any amounts compensation paid to VCF Employees in excess of the VCF Employee Compensation Cap will be borne by Patient Square and not a Fund. For example, because the VCF Employee Compensation Cap only applies to the costs of services to a Fund (and not a portfolio company) by employees of Patient Square, the Firm will have the incentive to structure the engagement with VCF Personnel and Senior Advisors as independent or affiliated contractors and, notwithstanding the general expectations of allocation of costs described above, to allocate certain fees, expenses or costs to a portfolio company instead of directly to the relevant Fund. Additionally, because the VCF Employee Compensation Cap will not apply to expense reimbursements, the Firm will have an incentive to implement a more generous expense reimbursement policy in lieu of paying higher VCF Employee Compensation, the cost of which would be borne by the relevant Fund without limitation.

The Firm retains sole discretion in designating personnel as VCF Personnel or Senior Advisors (and making changes to such designations) over time, which creates an incentive to make designations (and re-designations) of personnel to avoid costs being subject to the VCF Employee Compensation Cap. VCF Personnel and Senior Advisors that were previously employed by Patient Square could become employed or seconded (on a permanent, interim, full-time or part-time basis) by portfolio companies and therefore their costs would be borne by the applicable portfolio company without

being subject to the VCF Employee Compensation Cap. Accordingly, any such personnel designation, re-designation or change in employment relationship is expected to increase the costs and expenses directly or indirectly borne by a Fund.

Patient Square expects that, most of the time, it will be reasonably clear which employees and affiliates provide VCF Services. However, in some cases, a person may provide VCF Services as well as other services to the Funds, Patient Square or any of their respective affiliates, which other services may not be recoverable to a Fund or its portfolio companies. While the costs and expenses associated with VCF Services are recoverable even if not performed by VCF Personnel, Patient Square reserves the right to designate VCF Personnel in its sole discretion, and has an incentive to do so in order to shift costs to a Fund and/or its portfolio companies that would otherwise be borne by Patient Square as overhead. In some cases, Patient Square personnel or unaffiliated third party advisors or consultants will perform services separate from or in addition to the VCF Services they perform (e.g., if such persons focus on both VCF Services and other Patient Square initiatives). In doing so, the Firm faces a conflict in determining the extent to which a Fund or its portfolio companies bear the related VCF Fees and Expenses, since VCF Fees and Expenses borne by a Fund and/or its portfolio companies would reduce the costs that Patient Square would be required to bear as overhead or otherwise. Patient Square has a similar incentive to rely on other VCF Personnel. Such determinations involve inherent matters of discretion by Patient Square and as described above, Patient Square may derive benefits from the services provided by such personnel in their capacity as VCF Personnel.

Patient Square expects to recover the costs and expenses of VCF Services in a variety of ways, including the following: invoicing the related portfolio company directly, capitalizing into closed transactions such amounts or Patient Square's good faith estimates of amounts for services expected to be provided to such portfolio company, offsetting such amounts against Transaction Fees or invoicing a Fund directly. Patient Square has discretion over which, if any, of these mechanisms to use, some of which will be more favorable to a Fund than others, such as described below with respect to challenges in recovering costs and expenses in the case of minority investments, as described below.

Patient Square expects VCF Personnel to provide VCF Services across each Fund's portfolio, including with respect to control-oriented investments and minority investments. Patient Square also expects that in many minority investments it will be more difficult to recover for the costs and expenses of the VCF Services. Nevertheless, Patient Square will make good faith judgments whether providing such VCF Services is still in the best interests of a Fund, and as a result, a Fund will bear a disproportionate share of the costs and expenses of VCF Personnel relative to other equity investors in a particular portfolio company.

While Patient Square does not currently intend for the Value Creation Functions to generate revenue or profits for the Firm through the provision of VCF Services to third parties unaffiliated with Patient Square, it is possible that the Firm will decide in the future to provide VCF Services to such persons. Such third-party services could include, in addition to VCF Services, the licensing of intellectual property, data or other assets developed by the Value Creation Functions, including assets created or developed as a result of their work on behalf of or with information or data from, the Funds or their portfolio companies or prospective portfolio companies. In such a case, the Firm would not share with any Fund revenues, profits compensation, royalties or any other economic interests arising from the provision of such services or products. VCF Fees and Expenses incurred on behalf of third parties would be allocated, consistent with the Firm's policies and procedures.



Even prior to providing VCF Services to third parties, it is possible that the Value Creation Function will in fact generate a profit at the end of any given period based on the lag in determining break even status at the end of such period compared to establishing rates at the beginning of such period. Further, VCF Personnel and Senior Advisors will, from time to time, provide services to Patient Square in lieu of Patient Square engaging a third party service provider, in which case Patient Square will make good faith efforts to account for such services when determining whether or not the Value Creation Function generates a profit.

### *Cross-Transactions*

Patient Square reserves the right from time to time to cause a Patient Square Account to enter into a cross-transaction whereby the Patient Square Account purchases securities from, or sells securities to, other Patient Square Account managed by Patient Square. Certain of such transactions raise potential conflicts of interest, including where the investment of one Patient Square Account supports the value of a portfolio company owned by another Patient Square Account. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by a Patient Square Account is acquired by a portfolio company acquired by another Patient Square Account. In some cases, a portfolio company of a Patient Square Account may be merged with or into a portfolio company owned by another Patient Square Account. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Patient Square Account's Governing Documents or otherwise in the sole discretion of Patient Square or its affiliates, Patient Square or its affiliates reserve the right to seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker at the expense of the relevant Patient Square Account to opine as to the fairness or "arm's-length" nature of a purchase or sale price) or by obtaining the consent of the relevant Patient Square Accounts (including, where applicable, the consent of each Patient Square Account's Advisory Board) to such transactions. However, Patient Square does not always expect to obtain such an opinion or consent. Patient Square also may determine that the willingness of a third-party to make an investment on substantially the same economic terms demonstrates the fairness of the relevant transaction to the Patient Square Account under then-current market conditions. Further, Patient Square Accounts nearing the end of their term are expected from time to time to sell their interest in commonly held investments to other Patient Square Accounts with more time remaining in their term, which gives rise to the conflicts of interest discussed herein. Conflicts of interest are also heightened in the foregoing transactions to the extent the Partners are assigned varying percentages of carried interest from Patient Square Accounts in the same investment, or if economic terms, performance and/or the potential for carried interest vary between Patient Square Accounts, particularly when one Patient Square Account sells its portion of such investment to another Patient Square Account, which could cause a portion of such carried interest to become "crystallized." Whether or not Advisory Board consent is obtained or there is a fairness opinion or a third-party Investor, Patient Square intends to conduct such transactions in a manner that Patient Square believes to be fair and equitable to each Patient Square Account under the circumstances over time, including a consideration of the potential present and future benefits with respect to each Client. Patient Square reserves the right to cause a Patient Square Account and/or its portfolio companies to enter into similar transactions with SPACs sponsored by Patient Square and/or its affiliates, which gives rise to potential conflicts of interest similar to those discussed herein. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts

will be beneficial to the Patient Square Account.

Although Patient Square generally structures Patient Square Accounts to avoid cross-guarantees and other circumstances in which one Patient Square Account ultimately bears liability for all or part of the obligations of other Patient Square Accounts, in certain circumstances lenders and other market parties negotiate for the right to face only select Patient Square Account entities, which may result in a single Patient Square Account being solely liable for other Patient Square Accounts' share of the relevant obligation and/or joint and several liability among Patient Square Accounts. In such case, Patient Square intends to cause the relevant other Patient Square Accounts to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Patient Square Account undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

In certain cases, Patient Square may determine that it would be in the best interest of a Fund to provide an opportunity for investors to obtain liquidity for all or a portion of their interests prior to the end of the Fund's term. In such situations, Patient Square may seek to raise capital from third parties who wish to directly or indirectly acquire interests in one or more portfolio companies from the Fund, including through the creation of a new fund or similar continuation vehicle. In such cases, Patient Square may seek to require the purchasers to make commitments to a successor fund and/or its parallel funds advised by Patient Square. Because Patient Square and/or its affiliates will have the opportunity to earn additional management fees and/or receive additional carried interest and other economic benefits in respect of such transactions, and because each purchaser's commitment to acquire interests in a successor fund and/or its parallel funds could be conditioned upon completion of the transaction, Patient Square will have a potential conflict of interest in determining transaction terms and participants.

#### *SPACs Outside of the Funds*

Patient Square, its affiliates and/or personnel have sponsored, and, following such time as Patient Square no longer offers SPAC opportunities to the Funds, could in the future, sponsor and/or provide other services to SPACs. While these SPACs are expected to acquire businesses in the health care sector, Patient Square does not generally believe that such SPACs and the Funds will pursue the same investment opportunities, although it is possible that the market conditions or the companies' priorities could change and that certain opportunities that could be viewed as appropriate for a Fund could be appropriate for or pursued by a SPAC. While the organizational documents of SPACs typically contain waivers of provisions requiring their sponsors to present to them investment opportunities, Patient Square and/or its affiliates and personnel may have obligations to pursue certain acquisitions through SPACs they sponsor. In the event an investment opportunity is suitable for a SPAC and a Fund, the Firm will make an allocation decision as described in "Investment Allocations."

Patient Square personnel, including the Managing Partner, are expected to serve in director, executive or consulting roles with respect to SPACs consummated outside the Funds, which will require a significant portion of their time. In addition, such SPACs have the potential to compete with the Funds' portfolio companies, and/or compete with the Funds or their portfolio companies for investments (e.g., add-on investments). For example, in connection with Patient Square-sponsored Montes Archimedes Acquisition Corp., the Managing Partner serves as the Chief Executive Officer and Director, and in addition to certain duties related thereto expects to join the board of directors of the target of the proposed business combination, which is active in the biopharmaceutical and

health care technology industries, while a Founding Partner, Patient Square's Chief Financial Officer, serves as the Chief Financial Officer and Secretary, of such SPAC, and has certain duties related thereto.

SPACs consummated outside the Funds also provide Patient Square personnel with substantial economic incentives, including salaries, bonuses, incentive equity, stock, options, warrants and/or other interests that, depending on the terms of a particular SPAC, may be more favorable than those associated with a single transaction in the Funds. The economic benefits provided by these SPACs may reduce such persons' incentives to dedicate time and resources to the Funds in favor of such SPACs. Further, such SPACs have the potential to conduct activities that give rise to many of the same potential conflicts of interests posed by other Patient Square Accounts in relation to the Funds as discussed herein, including but not limited to, time and attention, economic incentives, investments by the Funds in conjunction with a SPAC, business combinations, transactions and/or services between Fund portfolio companies and the SPAC, transactions between the Funds and the SPAC, the allocation of investment opportunities and expenses and the sharing of personnel. The Firm would compensate its personnel with economic interests in a SPAC, regardless of whether such personnel actively work on the Firm's SPAC business, which will create a conflict of interest for such personnel to prioritize their time and attention on such SPAC rather than the Funds.

Nevertheless, Patient Square believes its substantial investment in the Funds, time and attention requirements in the relevant Governing Documents and intention to cause the Funds to sponsor certain SPACs as discussed in "Fund Sponsorship of and Investment in SPACs" help to significantly mitigate the foregoing potential conflicts of interest.

*Business Combination by SPAC with Affiliated Companies.*

A SPAC may decide to acquire one or more (a) businesses affiliated with its sponsor, its officers or directors or its management team and/or (b) subject to the relevant Governing Documents, portfolio companies of other Patient Square Accounts. Directors of a SPAC may also serve as officers and board members for other entities. Such entities, including other Patient Square Accounts, may compete with such SPAC for investment or business combination opportunities. Even if such SPAC agrees to obtain an opinion from an independent investment banking firm or from an independent accounting firm that such an initial business combination with one or more affiliated businesses or portfolio companies is fair to the SPAC and its stockholders (including the Funds) from a financial point of view, potential conflicts of interest may still exist and, as a result, the terms of the initial business combination may not be as advantageous as they would be absent such conflicts of interest. Other Patient Square Accounts (including successor funds to the Funds) may hold positions in portfolio companies targeted by the SPACs in which the Funds hold interests (including through the applicable SPAC Sponsor) and accordingly the Funds may directly or indirectly (i) acquire interests in such companies alongside the other Patient Square Accounts and/or (ii) acquire interests in such companies from the other Patient Square Accounts. Such investments alongside other Patient Square Accounts may be coincident with or precede one another. It is possible that the terms of such investments (including with respect to liquidity and the type of security held) for the Funds and/or such other Patient Square Account(s) may not be the same. Additionally, the Funds and/or such other Patient Square Account(s) may have different expected termination dates and/or investment objectives (including target return profiles) and Patient Square, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities.

To the extent the Funds hold or acquire securities or instruments that are different (including with

respect to their relative seniority) than those held or acquired by other Patient Square Accounts, Patient Square and its affiliates may be presented with decisions when the interests of the two vehicles are in conflict. In that regard, actions may be taken for the other Patient Square Accounts that are adverse to the Funds. In addition, it is possible that in a bankruptcy proceeding a Fund's interest may be subordinated or otherwise adversely affected by virtue of such other Patient Square Accounts' involvement and actions relating to its investment.

#### *Personnel and Service Provider Retention Decisions*

Patient Square is also authorized, from time to time, to employ personnel or Senior Advisors or VCF Personnel with pre-existing ownership interests in, or who were employed by, portfolio companies owned by the Patient Square Accounts or SPACs; conversely, former personnel or executives of Patient Square or its affiliates or former Senior Advisors or VCF Personnel generally have the ability to serve in significant management roles at portfolio companies, the Clients, SPACs and/or other Patient Square Accounts or service providers recommended by Patient Square. Similarly, Patient Square and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, law firms, accountants, institutional investors, family offices, lenders, former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an Investor) in (at a reduced or waived Management Fee and carried interest), engage in transactions with and/or provide services (including services at reduced rates) to, Patient Square, the Funds, SPACs and/or other Patient Square Accounts. Patient Square has a conflict of interest with a Patient Square Account in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by a Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliates will continue to invest in the Funds, SPACs or other Patient Square Accounts, or will provide Patient Square information about markets and industries in which Patient Square operates (or is contemplating operations) or will provide other services that are beneficial to Patient Square, or the Funds, SPACs and/or other Patient Square Accounts. For example, Patient Square expects to cause a Client to make payments to investment banks and/or other intermediaries (including those that are Limited Partners), all or a portion of which is for the purpose of generating future deal flow for a Client; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of a SPAC or Patient Square Account rather than a Fund making the payment. Further, on a Management Fee- free and carried interest-free basis, certain service providers will be permitted to invest in the Funds and will be offered co-investment opportunities alongside the Funds (or otherwise gain exposure to a Fund's portfolio companies) in lieu of receiving cash payments for services provided to the Funds and/or Patient Square. Patient Square expects to be subject to a potential conflict of interest in making these recommendations, in that Patient Square has an incentive to maintain goodwill between itself, such service providers and/or the existing and prospective portfolio companies for the Funds, SPACs and/or other Patient Square Accounts, while the products or services recommended may not necessarily be the best available to the relevant Fund and/or other Patient Square Accounts or their portfolio companies.

Patient Square also expects to engage certain Limited Partners or their affiliates that are engaged in lending, investment banking or other businesses to provide financing, sourcing and/or other services in connection with a Fund's investments for compensation. Separately, Patient Square expects a Fund to invest in a portfolio company with a view to establishing relationships with, and

potentially obtaining strategic or other benefits from, founders and executives of such portfolio companies, including sourcing and service as executives or board members for other portfolio companies. It is possible under certain circumstances such benefits inure to the benefit of another or successor Fund rather than the Patient Square Account making the investment.

#### *Investments Away from the Funds*

Patient Square, its affiliates, officers, principals and employees reserve the right to buy or sell securities or other instruments that Patient Square has recommended to Clients. In addition, Patient Square and its related persons reserve the right to buy securities in transactions offered to but not pursued by the Funds and/or other Client(s) or buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in or reimburse the relevant Fund for due diligence or other expenses (including Broken Deal Expenses) incurred by such Fund in connection with a Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the relevant Governing Documents and any related policies and procedures set forth in Patient Square's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of the Funds and/or other Client(s). Employees and related persons of Patient Square have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies, directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

#### *Competing Investments; Interaction of Portfolio Companies*

Due to Patient Square's strategy of making investments in the health care sector and health care-related businesses, a Patient Square Account will make (or hold) investments that operate in the same market as (or adjacent markets to) or are competitive to the companies in which another Patient Square Account invests. In providing advice and recommendations to, or with respect to, such investments and in dealing with such investments on behalf of such Patient Square Account, Patient Square will consider the interests of such portfolio company and such Patient Square Account which may conflict with the interests of another Patient Square Account and its portfolio companies. Accordingly, such advice, recommendations and dealings may result in adverse consequences to one Patient Square Account or its investments. Certain SPACs sponsored by Patient Square and/or its affiliates similarly have the potential to compete a Patient Square Account and its portfolio companies as discussed herein, which gives rise to similar potential conflicts of interest.

Additionally, Patient Square may determine that it is appropriate for a portfolio company of a Patient Square Account to enter into commercial relationships or other transactions and partnerships with another portfolio company of one or more Patient Square Account or SPACs. Patient Square believes that the interaction of portfolio companies as well as cross-fund transactions involving the purchase, sale, or merger of portfolio companies of Patient Square Accounts is more likely for Patient Square's investment vehicles than those of a sponsor with a sector-diverse investment strategy.

#### *Capital Deployment*

Due to the fact that there are fixed investment periods after which capital from Investors in the Funds may only be drawn down in limited circumstances and because Management Fees are, at certain

times during the life of each Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Patient Square may not otherwise have done so.

#### *Transaction Fees*

Patient Square and its affiliates have the authority to: (i) set the amount of Transaction Fees paid by the Clients and (ii) determine whether Clients should engage in a transaction. Therefore, Patient Square faces a conflict of interest in that it is incentivized to charge higher Transaction Fees to the Clients, and also advise Clients to engage in transactions in order to procure Transaction Fees. Additionally, Patient Square, its personnel, affiliates and Senior Advisors or others designated by Patient Square expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, Patient Square and/or such other recipients will be permitted to retain such securities as Transaction Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Patient Square or retain such securities for a period consistent with their own financial and investment objectives, which is likely to differ from those of other Patient Square Accounts). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Client's relative ownership of the portfolio company awarding such compensation.

#### *Sharing, Utilization and Monetization of Portfolio Company Data and Information*

Patient Square will likely to enter into formal or informal arrangements with portfolio companies to facilitate the sharing of data and/or data analytics or may otherwise receive various kinds of portfolio company data and information from portfolio companies, including data and information relating to business operations, trends, budgets, customers and other metrics. However, such information sharing involves conflicts of interest among the Patient Square Accounts and/or between Patient Square Accounts and Patient Square. Data analytics based on inputs from one portfolio company could inform business decisions by other portfolio companies, or investment decisions by Patient Square and its affiliates, without the source of the data being directly compensated. Patient Square and its affiliates are permitted to utilize or monetize (including through licensing, selling, or developing into new products or services) such data and information in activities related or unrelated to the Funds or other Patient Square Accounts. Such utilization or monetization could provide to Patient Square a material economic benefit, which would not be shared with the Patient Square Accounts or offset or otherwise reduce the Management Fee. In addition, the acquisition of confidential or material non-public information with respect to portfolio companies of the Patient Square Accounts could limit or restrict the ability of the Patient Square Accounts to buy or sell particular securities. Moreover, no assurance can be given that Patient Square will be successful in utilizing portfolio company data in its investment process. Further, there has been increased scrutiny from a variety of regulators regarding the use of alternative data, including the type of data Patient Square obtains from portfolio companies, in this manner, and its use or misuse under current or future laws and regulations could create liability for the General Partners, Patient Square and the Funds in numerous jurisdictions. The General Partners and/or Patient Square cannot predict what, if any, regulatory or other actions may be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to the General Partners, Patient Square, or to the Funds.

#### *Side Letters*

Patient Square and/or its affiliates, in their sole discretion, reserve the right to enter into Side Letters

with certain Limited Partners in the Funds that have the effect of establishing rights (including economic terms) under, or altering or supplementing the terms of, the relevant Governing Documents with respect to certain Limited Partners. As a result of such Side Letters, certain Limited Partners will receive additional benefits that other Limited Partners do not receive, and such benefits may be significant. Further, Patient Square is likely to have its own economic and/or other business incentives to provide certain terms to certain Investors (e.g., based on Commitment amount to one or more Funds, the ability of the Investor to provide sourcing or other services to Patient Square, a Fund or other Patient Square Accounts or the potential establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Patient Square, a Fund or other Patient Square Accounts). Such rights, terms or confirmations in any such Side Letter or other similar agreement with respect to each Fund may potentially include (i) different economic terms, including reduced Management Fees, modified waterfall mechanics and/or reduced carried interest; (ii) the ability to opt-out of certain types of investments (including with respect to investments in certain geographies and/or industries); (iii) the right to receive certain additional information, certifications, reporting and/or notifications from a Fund or Patient Square or any of their affiliates and/or the manner in which information and/or notice shall be provided; (iv) the right to transfer interests in a Fund and to cause such transferee to be admitted to a Fund as a substitute Limited Partner; (v) the offering of, and/or participation in, co-investment and co-underwriting opportunities, including interrelated Fund economic terms and the ability to receive a co-investment's allocable share of any Transaction Fees; (vi) the right to withdraw from a Fund in the event of adverse tax or regulatory events or violations of law or policies or in the event the Investor's Commitment in a Fund would exceed a certain percentage of a Fund's aggregate Commitments; (vii) additional confidentiality protections; (viii) the right to disclose certain information to underlying Investors, the public, regulators or certain other persons; (ix) structuring rights with respect to certain types of investments; (x) modification of default remedies; (xi) investment pacing restrictions; (xii) limits on indemnification; (xiii) rights relating to the appointment of a representative to serve as a member and/or observer of a Fund's Advisory Board; (xiv) rights with respect to legal, regulatory or policy requirements applicable to any such Limited Partner or its affiliates; (xv) the right to be excused from participating in certain and/or all future investments and a stepdown in the Management Fee base to invested capital upon the occurrence of certain events related to key Firm personnel; or (xvi) certain other terms whether economic, procedural or otherwise. Side Letters may also relate to strategic relationships under which an Investor agrees to make Commitments to multiple Patient Square Accounts. As a consequence of one or more Limited Partners being excused or excluded from, or from regulatory or other factors limiting their participation in, certain investments, the aggregate returns realized by participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments. The other Limited Partners will generally have no recourse against a Fund, Patient Square and/or any of their affiliates in the event that certain Limited Partners receive additional and/or different rights and/or terms as a result of such Side Letters. Patient Square will be required to notify the other Limited Partners of any such Side Letters or other similar agreements or any of the rights and/or terms or provisions thereof, and to offer such additional rights and/or terms to other Limited Partners, only to the extent provided in the Governing Documents.

Side Letters subject Patient Square to potential conflicts of interest, including in circumstances where an Investor's right to serve on the relevant Fund's Advisory Board results in the Investor receiving additional information relative to other Investors. To the extent an Investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other Investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. As a consequence of one or more Limited Partners being excused or

excluded, or from regulatory, tax or other factors altering or limiting their participation in investments, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments. Although Patient Square believes it to be unlikely, excuse rights requested or received by one or more Limited Partners (or such regulatory, tax or other factors applicable to such Limited Partners) representing a substantial percentage of a Fund have the potential to create significant variations in Limited Partner investment returns, or to influence or affect the investment strategy and pursuit of investment opportunities by a General Partner on behalf of the relevant Fund as a whole. A Limited Partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more Limited Partners' voting rights generally will increase the voting rights percentage of other Limited Partners in the relevant Fund. Further, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

### *Portfolio Company Arrangements*

Patient Square is permitted to institute a program under which portfolio companies owned by the Funds are given the option to participate in purchasing, vendor or similar arrangements with Patient Square, its affiliates and other portfolio companies. Potential conflicts of interest arise in making such recommendations, as Patient Square has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. Program participants expect to receive discounts, benefits or services negotiated with various vendors and service providers on a group-wide basis. Participants voluntarily participate in the program without cost, and Patient Square allocates fees and costs for program among the relevant Funds and/or other Patient Square Accounts. Patient Square and its affiliates also participate in the program in exchange for an allocable portion of such fees and costs, and receive similar benefits and discounts as the portfolio companies participating therein. Such fees, costs, benefits and discounts may not be evenly shared among the participating entities, including that Patient Square or its affiliates will disproportionately benefit from the purchasing power of the Funds and the portfolio companies, and no such amounts will offset or reduce the Management Fee. Patient Square believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Funds) that will result if the rates for goods and services are discounted relative to those widely available in the market.

From time to time, Patient Square, its affiliates and personnel and persons selected by them expect to receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than Patient Square and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, Patient Square believes that the potential for conflicts of interest relating to such discounts is mitigated. Patient Square, its affiliates and personnel generally refrain from requesting, or negotiating for, such discounts in the ordinary course. Patient Square could receive other benefits, discounts, or preferential treatment, none of which will be shared with the Funds or the Limited Partners. Discounted prices or better terms offered by a portfolio company to Patient Square, any other portfolio company or third parties have the potential to affect the returns of the portfolio company, and ultimately a Fund that holds such portfolio company.



## *Platform Builds*

Patient Square reserves the right to have a Fund establish or invest in platform companies or similar platform investments that seek to acquire interests in other companies and/or assets. While a Fund would typically be involved in the strategy and oversight of any platform investment, a platform investment typically would retain its own management team to operate, administer and manage the platform on a daily basis. In such cases, a Fund generally will directly or indirectly bear the expenses related to developing and operating the platform investment, including overhead expenses (such as real estate, technology, salaries, bonuses and incentive-based compensation (e.g., equity, a profits interest, options and warrants)), investment sourcing and diligence expenses, transaction fees and other related expenses. Such expenses generally will not offset any Management Fees paid by the Limited Partners and as such Patient Square is incentivized to have such platform investments bear expenses that might otherwise have been paid by Patient Square or its affiliate.

Such platform investments create potential conflicts of interest. For example, management teams at platform companies sometimes provide services that are similar to, and that may overlap with, services provided by Patient Square and its personnel to a Fund, and certain Patient Square professionals, Senior Advisors and/or VCF Personnel are expected to serve on the boards of, or otherwise provide services to, platform investments. Patient Square generally will have the ability to influence significantly the form and amount of compensation paid to a platform investment's management team. Members of such a management team also may render services exclusively to the platform or provide the same or similar services to other Funds and/or portfolio companies.

Notwithstanding the foregoing, Patient Square also reserves the right to have a Fund implement a platform strategy by creating one or more new portfolio companies that are expected to aggregate a number of investments together that are related, including with respect to a particular subsector or industry within health care (e.g., gene therapy) or company state (e.g., smaller sized capital investments in minority positions in early stage, early growth or growth investments), without retaining a separate management team across all such aggregated investments. Such platform investments are generally expected to be treated as separate portfolio companies for purposes of the Governing Documents, except that for purposes of investment count and reporting to Limited Partners, they are likely to be aggregated and counted as one collective investment.

## *Valuations*

There is not expected to be an actively-traded market for most of the securities owned by a Fund. When estimating fair value, Patient Square will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. Valuations are only estimates of future results that are based upon assumptions made at the time that the valuations are developed. General economic, political, regulatory and market conditions and the actual operations of the portfolio companies, which are not predictable, can have a material impact on the reliability and accuracy of such valuations. Moreover, the exercise of discretion in valuation by Patient Square, subject to any limitations thereon provided in the Governing Documents, may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees. In particular, Patient Square will face incentives to minimize write-downs of a Fund's investments while maximizing write

ups on investments previously written down, in order to accelerate the payment of carried interest and increase the amount of Management Fees payable.

### *Insurance Coverage*

The relevant liability standards under insurance coverage procured by Patient Square are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Patient Square's insurance coverage are higher or lower than that set forth in the Governing Documents.

### *Conclusion*

Any of these situations subjects Patient Square, its personnel and its affiliates to potential conflicts of interest. Patient Square attempts to resolve such conflicts of interest in light of its obligations to its Clients. To the extent that an investment or relationship raises particular conflicts of interest, Patient Square will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Patient Square consults and receives consent to conflicts from an Advisory Board consisting of Limited Partners of the relevant Client(s), as applicable.

## **Item 9. Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective Investor's evaluation of our advisory business or the integrity of Patient Square's management.

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

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Neither Patient Square nor its management persons are registered, or have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator or a commodity trading adviser.

Patient Square is affiliated with the General Partners and equivalent entities formed from time to time and subject to the Advisers Act pursuant to Patient Square's registration in accordance with SEC guidance. These entities operate as a single advisory business together with Patient Square and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

There may be situations in which the interests of a Fund, in an investment or otherwise, conflict with the interests of the applicable Fund's General Partner, the Firm or any of their affiliates. The Governing Documents provide disclosure to Investors as to the methods and practices used by Patient Square and its personnel to address these conflicts of interest. The Firm's Chief Compliance

Officer (“CCO”) is responsible for identifying any actual or potential conflicts of interest, reviewing the facts and circumstances underpinning the identified actual or potential conflicts of interest with Patient Square’s Partners and external counsel, if appropriate, and recommend an appropriate course of action to take. If necessary, the General Partner of a Fund may refer a conflict of interest to the Advisory Board of a Fund.

Patient Square does not recommend or select other investment advisers for its Clients and does not have any other business relationships that may create material conflicts of interest other than those described in Item 6 of this Brochure.

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

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Patient Square has adopted a code of ethics (the “Code of Ethics”) in compliance with Rule 204A-1(a) under the Advisers Act that establishes standards of conduct for Patient Square’s supervised persons. The Code of Ethics includes general requirements that supervised persons must comply with relating to the Firm’s fiduciary obligations to the Clients and with applicable securities laws, as well as specific requirements relating to personal trading, insider trading, conflicts of interest and confidentiality of Firm information. It requires supervised persons to comply with the personal trading restrictions described below and to report their personal securities transactions and holdings periodically to the CCO and requires the CCO to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the CCO.

The Code of Ethics requires pre-clearance before purchasing any equity securities including options, warrants, futures or other derivative instrument of any single issuer equity securities, participation in initial public offerings (IPOs), as well as limited offerings (e.g., private placements), and further requires quarterly reporting of supervised persons’ personal securities transactions and securities holdings.

Each supervised person receives a copy of the Code of Ethics and any amendments to it, and must acknowledge having received those materials. Annually, each supervised person will certify that he or she complied with the Code of Ethics during the preceding year. The Investors and prospective Investors may obtain a copy of Patient Square’s Code of Ethics upon request.

Patient Square employees may also directly invest in investments made by the Funds for their own accounts based on personal investment considerations with pre-approval from Patient Square’s CCO. Certain employees may invest in the Funds, either through a General Partner, a feeder fund, a parallel fund (including Co-Invest Vehicles and Executive Funds) or as direct Investors in the Funds. To the extent that Co-Invest Vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Fund. Co-investment opportunities generally are also expected to be presented to certain affiliates of Patient Square, as well as third-party Investors and other persons, and such co-investments may be effected through Co-Invest Vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company’s structure. Such co-investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies and Risk of Loss.” General Partners, as applicable, are permitted to reduce all or a portion of the advisory fee, carried interest and/or incentive allocation related to investments held by such persons.

## **Item 12. Brokerage Practices**

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Patient Square focuses on making investments in private securities; thus, it does not ordinarily deal with any financial intermediary, such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments. To the extent Patient Square might invest in public securities for the Clients, it will select broker-dealers based upon the brokerdealer's ability to provide best execution in accordance with the Firm's policies and procedures. If in the future, Patient Square were to make decisions regarding the allocation of brokerage transactions for the Clients, Patient Square will consider a variety of factors, including but not limited to (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable broker-dealer spread or commission, if any), (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution, (iii) the financial strength, integrity and stability of the broker-dealer or counter-party, and (iv) the competitiveness of commission rates in comparison with other broker-dealers.

Patient Square has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Patient Square generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Patient Square does not participate in any soft dollar arrangements.

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

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Investment recommendations are reviewed by Patient Square's investment team and approved by the Firm's Investment Committee. Patient Square's investment team regularly reviews and monitors Clients' investments as well as conducts periodic reviews to ensure compliance with each Client's investment guidelines and restrictions as set forth in respective Governing Documents. Additionally, the Firm's Portfolio Management Committee will be responsible for periodic review and monitoring of investments of the Clients. Further, on a quarterly basis, Patient Square's Valuation Committee reviews and approves the valuation of the investments held by the Clients.

Investors will receive annual audited financial statements of their respective Fund(s) and additional Investor reports set forth in such Fund's' Governing Documents.

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

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From time to time, Patient Square enters into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential Investor becoming an Investor in a Fund. Patient Square typically engages placement agents to identify and refer certain potential Investors to invest in a Fund. Fees payable to such placement agents generally will be borne by Patient Square indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant

Fund(s) as part of the organizational expenses of such Fund. Solicitation arrangements relating to U.S. Investors and U.S.-domiciled Funds generally are disclosed in the relevant Fund's Form D.

Any conflicts of interest regarding economic benefits provided to the Firm or its affiliates by other persons that are not Investors are addressed in the manner set forth in the Client's Governing Documents.

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

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Each General Partner is deemed to have "custody" (within the meaning of Advisers Act Rule 206(4)-2 (the "Custody Rule")) of assets held in the name of one or more Funds, and intends to maintain such assets with the following qualified custodians: Merrill Lynch, Pierce, Fenner & Smith Incorporated (San Francisco, California).

To address the requirements of the Custody Rule, the Funds are subject to an annual audit by an independent auditor registered with the Public Company Accounting Oversight Board, and the audited financial statements prepared for each Fund are distributed to each Fund's respective Investors. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to the Funds' Investors within 120 days of each Fund's fiscal year end.

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

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Patient Square and the relevant General Partner have discretionary authority to manage the assets of the Clients pursuant to each Client's Governing Documents. In all cases such discretion is to be exercised in a manner consistent with the stated investment objectives for each Client and the applicable Client's Governing Documents.

#### **Item 17. Voting Fund Securities**

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In compliance with Rule 206(4)-6 of the Advisers Act, the Firm has adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a prudent and diligent manner that serves the applicable Client's best interests and is in line with such Client's investment objectives.

The Clients may, but do not typically, invest in publicly traded securities. However, in the future, the Clients may be in receipt of public securities as it relates to their investment strategies. In those instances, the relevant General Partner will vote Proxies in the best interest of the such Client and in accordance with their fiduciary duty owed to each Client.

If there is an actual or potential material conflict of interest in connection with a prospective vote, such conflict will be resolved in accordance with the applicable Client's Governing Documents and Patient Square's proxy voting policies and procedures. A General Partner may abstain from voting Proxies in any instance if it deems that such abstention is in the best interests of the applicable Client.

Clients and Investors may not direct proxy voting decisions. However, Clients and Investors may obtain information on how the applicable General Partner voted on behalf of its Clients by contacting the Firm's CCO. Additionally, Clients and Investors may also obtain a copy of the Firm's proxy voting

policies and procedures by contacting the Firm's CCO.

#### **Item 18. Financial Information**

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