
PART 2A OF FORM ADV: FIRM BROCHURE

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March 30, 2023

This brochure provides information about the qualifications and business practices of HealthCor Management, L.P. If you have any questions about the contents of this brochure, please contact Art Cohen at (212) 622-7800 and/or compliance@healthcogroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

HealthCor Management, L.P. is a registered investment adviser and is providing you with this brochure in compliance with SEC rules. Registration as an investment adviser does not by itself imply a certain level of skill or training.

Additional information about HealthCor Management, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

Since we last filed our last annual amendment to Part 2A Form ADV on March 30, 2021, HealthCor Management, L.P. (“**HealthCor**” or the “**Adviser**”) has begun the process of winding down operations. Certain assets were sold or liquidated during the 2022 calendar year and other assets were in the process of being sold or liquidated as of December 31, 2022. The Adviser plans to wind down operations completely in 2023.

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ITEM 4

ADVISORY BUSINESS

HealthCor Management, L.P. (“**HealthCor**” or the “**Adviser**”) launched on September 1, 2005 with its office in New York. HealthCor’s principal place of business is 55 Hudson Yards, 28th Floor, New York, NY 10001. Our principal owners are Joseph Healey and Arthur Cohen. Certain other key employees also have partnership interests in the Adviser. HealthCor has a staff of approximately 21 people.

HealthCor provides investment management services to several privately offered pooled investment funds (collectively, the “**Funds**”), as follows:

- HealthCor Therapeutics Master Fund, L.P. - a Cayman Islands exempted limited partnership whose interests are offered to investors through (i) a feeder fund called HealthCor Therapeutics Offshore, Ltd., a Cayman Islands exempted company, and (ii) a feeder fund called HealthCor Therapeutics, L.P., a Delaware limited partnership (“**HealthCor Therapeutics**”).
- HealthCor Hybrid Offshore Master Fund, L.P. - a Cayman Islands exempted limited partnership whose interests are offered to investors through a feeder fund called HealthCor Hybrid Offshore, Ltd., a Cayman Islands exempted company (“**HealthCor Hybrid**”).

The Adviser and its affiliates also act as a sub-adviser to Blackstone Alternative Multi-Strategy Fund, an investment company registered with the SEC (the “**RIC**”), as a sub-adviser to a UCITS and as adviser to a long only managed account.

The Funds are offered only to accredited investors, qualified clients, qualified purchasers (or certain non-U.S. persons) and certain employees of HealthCor and its affiliates. HealthCor’s primary responsibilities for the Funds are to identify, review, select, and manage investment opportunities that can achieve the Funds’ investment objectives.

The Adviser and its affiliates have full discretionary authority with respect to investment decisions. HealthCor provides its services to HealthCor Therapeutics and HealthCor Hybrid in accordance with the investment objectives and guidelines set forth in the respective feeder fund’s offering memorandum, and it does not provide investment advisory services for individual investors.

The Funds pursue a fundamentally driven long/short equity strategy with a principal focus on the global healthcare and life sciences sector. The primary investment objective of the Funds

is to achieve capital appreciation by buying securities with trading values materially lower than their intrinsic values and by selling short securities with trading values materially higher than their intrinsic values. Each Fund aims to achieve high absolute rates of return while minimizing the risk of capital loss. There can be no assurance that this investment objective will be achieved, and investment results may vary substantially.

The Funds are authorized to invest, on margin or otherwise, in U.S. and non-U.S. equity securities and other equity-related instruments.

HealthCor implements its investment strategy by focusing on in-depth and fundamental research. Each investment position will generally be judged on its own ability to generate profits consistent with its risk profile. HealthCor will identify investment opportunities through careful field research, quantitative screens, meetings with management teams, and discussions with brokerage firms and other research providers. Ongoing due diligence of portfolio investments is expected to include rigorous competitive, accounting and valuation analyses. HealthCor believes that such intensive fundamental research provides it with a competitive investment edge.

In accordance with common industry practice, the Adviser may from time to time enter into letter agreements or other similar agreements, referred to as “side letters,” with one or more investors in the Funds which provide such investors with additional and/or different rights, including, but not limited to, notification rights or transparency rights, then such investors have pursuant to general terms of such collective investment vehicle. The Adviser is not required to notify any or all of the other investors of any such written agreements or any of the rights and/or terms or provisions thereof, nor is the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other investors. Once invested in a Fund, investors cannot impose additional investment guidelines or restrictions on such Fund.

HealthCor’s activities for each of the Funds are further described in each feeder fund’s respective offering memorandum and in the Funds’ governing agreements and management agreements. The Funds’ documents also detail the various investment restrictions that govern the types of investments the Funds may and may not make.

As of December 31, 2022, HealthCor’s regulatory assets under management were approximately \$637,614,512.

ITEM 5

FEES AND COMPENSATION

The Adviser's current compensation structure for the Funds is summarized as follows:

- **Management Fees:**

The Adviser receives an (a) asset-based fee from HealthCor Therapeutics for each quarter equal to (i) 0.375% (1.5% per annum) of the net asset value of each Class A Shareholder's Class A Shares and (ii) 0.25% (1.0% per annum) in respect of each Founders Shareholder's Founders Class Shares, multiplied by the value (before taking into account the applicable accrued Incentive Allocations) of the HealthCor Therapeutics' capital account in the Master Fund (excluding any assets held in Special Situation Sub-Accounts, if applicable) with respect to each series of Class A Shares and Founders Class Shares, as applicable, as of such day (the "**Ordinary Management Fee**"); and (b) with respect to the Special Situation Sub-Accounts and any Sub-Class S Shareholders, the Adviser receives an asset-based fee from HealthCor Therapeutics for each quarter equal to (i) 0.375% (1.5% per annum) in respect of each applicable Class A Shareholder's Class A Shares and (ii) 0.25% (1.0% per annum) in respect of each applicable Founders Shareholder's Founders class Shares, multiplied by the cost of each existing Special Situation Investment (the "**Special Situation Management Fee**", and, together with the "**Ordinary Management Fee**", the "**Management Fee**"), with Special Situation Management Fee shall be allocated among each Sub-Class S Shareholder participating in the applicable Special Situation Investment pro rata based on that percentage of the assets of the applicable Special Situation Investment that would be allocated to such Sub-class S Shareholder if such Special Situation Investment was deemed to be disposed of on the date that such Special Situation Management Fee is calculated.

- **Incentive Allocation:** An affiliate of the Adviser receives performance-based compensation from HealthCor Hybrid in connection with the performance of its duties, in each case equal to 20% of the net increase in net asset value of such Fund (after deduction of the Management Fee), paid on an annual basis and on any interim withdrawal of capital by, or other distribution of funds to, an investor.

An affiliate of the Adviser receives performance-based compensation from HealthCor Therapeutics in connection with the performance of its duties, equal to 20% of the net increase in the Net Asset Value of such Fund for Class A Shareholders, and 15% of the

net increase in the Net Asset Value of such Fund Founders Shareholder, after deduction of Management Fees, paid on an annual basis and on any interim withdrawal of capital, or other distribution of funds to, an investor.

- **Loss Carry Forward:** When applicable, the Incentive Allocation takes into account a typical “high water mark” methodology with respect to HealthCor Therapeutics,. When applicable, the Incentive Allocation takes into account a modified “high water mark” as follows with respect to HealthCor Therapeutics only. For each fiscal year in which an investor realizes a net decrease in value of any of its investment, the Incentive Allocation is reduced by 50% for such investment until such investor recovers 200% of any net decrease. The loss carry forward mechanism permits assessment of an Incentive Allocation, although in a reduced amount, notwithstanding the fact that past losses have not been fully recovered. However, the reduction in the Incentive Allocation will continue to apply even after past losses have been fully recovered until such time as two times the losses have been recovered. An investor will not be permitted to recover any Incentive Allocation which has previously been allocated to the respective Fund’s general partner.

The Adviser or its affiliates withdraws Management Fees and Incentive Allocations directly from Fund assets by notice to the custodian. Investors in the Funds do not have the ability to choose to be billed directly for such amounts, which are non-negotiable. The Adviser may waive, reduce, or otherwise modify the Management Fee and/or Incentive Allocation for any investor in the Funds. Clients who have separately managed accounts following customized strategies may be charged management and incentive fees whose effective rate is generally similar to HealthCor Hybrid. As a sub-adviser to the RIC and the UCITS funds, the Adviser receives management fees from the RIC/UCITS fund adviser.

The Adviser and its personnel are eligible to invest in HealthCor Therapeutics. The Adviser and its personnel (including former personnel) may not be charged a Management Fee or an Incentive Allocation by the Funds.

In consideration for the Management Fee, the Adviser bears certain expenses including news, quotation and computer equipment and services (in each case except to the extent provided through soft dollars generated by the Fund), office space, utilities, telephone, administrative costs, and secretarial, clerical, and other personnel. The use of commission or “soft” dollars to pay for research and brokerage products or services, will come within the safe harbor for the use of soft dollars provided under Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. The Management Fee is expected to exceed the expenses borne by the Adviser on

behalf of the Fund. However, to the extent expenses to be borne by the Fund are paid by the Adviser, the Fund, as applicable, will reimburse the Adviser for such expenses.

The Funds pay all of their other costs and expenses, such as research and investment-related expenses, *e.g.*:

- fees costs and expenses related to the purchase, holding and sale of investments of the Funds, as applicable, to the extent not reimbursed, brokerage commissions;
- clearing and settlement charges;
- custodial fees;
- interest expenses; borrowing charges on securities sold short;
- expenses related to organizing entities, investment vehicles or accounts through or in which investments by the Funds, as applicable, may be made.

Expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments and investment banking expenses related to the purchase and sale of illiquid securities); directors' fees and expenses (to the extent provided in the Funds' limited partnership agreement); fees and expenses of members of any advisory committee to any of the Funds; costs of reporting to Shareholders and underlying owners; any withholding, transfer or other taxes imposed on the Funds (other than such taxes attributable to one or more, but not all, shareholders, which will be specially allocated to the shareholder(s) to which taxes are attributable) are also charged to the Funds.

Fees and expenses relating to tax filings in connection with the Funds; fees of the directors of the Fund and reasonable out-of-pocket expenses of such directors; registrar and transfer agency expenses; any governmental, regulatory, licensing, filing (including short sale notification filings) or registration fees, or costs of preparing and researching such governmental or regulatory filings, incurred in compliance with the rules of any self-regulatory organization or any U.S. federal, state or local, Cayman Islands or other applicable non-U.S. laws or regulations, including without limitation registration fees with the Cayman Islands Monetary Authority, including expenses incurred in the preparation of such registrations or filings (such as Form PF); and legal (including litigation and external legal) fees and expenses are all charged to the Funds.

Various accounting, auditing and tax preparation expenses (including expenses related to the

Adviser's middle and back-office accounting reconciliation systems including compliance functionality); fees and expenses relating to the Administrator; third-party valuation firms; third-party fees and expenses incurred in connection with transactions not consummated; taxes, governmental charges, and other duties payable by the Fund are considered expenses of the Funds.

Expenses relating to the offer, marketing and sale of shares of the Funds and interests in the Funds; registered office fees; investment-related travel expenses; costs related to issuing, transferring and redeeming each series, class or sub-class of shares or interests of the Funds, or portion thereof, and paying dividends or making other distribution there on; expenses related to liability insurance for directors of the Funds, the General Partner(s) of the Funds and the Adviser and their respective affiliates, members, directors, officers, employees and agents (including the costs of directors and officers and errors and omissions insurance premiums) are charged to the Funds.

All organizational expenses (including all reasonable costs and expenses incurred in connection with the formation and organization of, and offer, marketing and sale of shares or interests in the Funds, as determined by the General Partner or the Adviser, including all placement fees and all out-of-pocket legal, accounting, printing, travel and filing fees and expenses); extraordinary expenses and other similar expenses related to the Funds, General Partner(s) of the Funds or the Adviser determines in its sole discretion; provided, however, that if the Funds were deemed to hold "plan assets" under ERISA, the Funds, as applicable, shall pay such liability insurance and other expenses only to the extent permitted by ERISA.

Any such costs and expenses common to the Funds or any other funds managed by the Adviser, or its affiliates will be paid pro-rata by such entities based on capital, with certain exceptions. However, certain expenses may be allocated to a single Fund, between Funds or among a Fund/Funds and the Adviser, depending on the service, product or benefit derived by the Fund(s). Please refer to the offering memoranda for the relevant Fund for a more comprehensive list of expenses borne by such Fund. The Adviser may specially allocate expenses to a particular class of interests or shares to reflect such class's interest in special illiquid investments. Please refer to Item 12 of this brochure for a description of HealthCor's brokerage practices.

Neither the Adviser nor any of its supervised persons receives any transaction-based compensation for the sale of securities or other investment products.

Investors should review all fees charged by the Adviser, its affiliates, custodians, brokers, and others as disclosed in each feeder fund's respective offering memorandum to fully understand the total amount of fees to be paid by the Funds. Investors in the Funds may request a copy of these materials by contacting the Adviser at the address or telephone number listed on the first page of this brochure.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

An affiliate of the Adviser accepts performance-based compensation (i.e., the Incentive Allocation) as discussed under Item 5 above. The Incentive Allocation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of the Incentive Allocation. The possibility of this incentive to make riskier or more speculative investments is offset, in part, by the Loss Carry Forward discussed in Item 5 which results in lower performance-based compensation in the event that the Adviser loses money for investors. Prior to making an investment, investors are provided with information clearly disclosing how the Adviser's affiliate receives the Incentive Allocation and how the Incentive Allocation may increase investment risk, and the investors agree to these arrangements.

The Adviser, its affiliates and their personnel also manage certain funds and accounts on a side-by-side basis which have different compensation structures. Some of these funds and accounts may pay performance compensation while others only pay management fees. This creates a potential conflict of interest in that the Adviser, its affiliates or their personnel may be incentivized to allocate investment opportunities to the funds and accounts that are subject to the performance compensation.

ITEM 7

TYPES OF CLIENTS

The clients to whom the Adviser generally provides investment advice are private investment funds offered to investors on a private placement basis and institutional investors through managed accounts, as described above. Investors in the Funds or managed accounts consist of institutional investors, such as other private investment funds (fund of funds), foundations,

endowments, family offices and pension plans. The Adviser also provides sub-advisory services to the RIC and UCITS funds. Details concerning applicable suitability criteria for investors in the Funds are set forth in the respective feeder fund's offering memorandum and subscription documents. Although a Fund has the authority to accept subscriptions for any lesser amount, the minimum investment is generally \$5,000,000. Each investor is required to meet certain suitability qualifications, such as being a "qualified purchaser" as defined in the Investment Company Act of 1940, as amended. In addition, there are severe restrictions on withdrawals from the HealthCor Therapeutics and HealthCor Hybrid (which may be settled in securities rather than cash) and on transfers of interests in the Funds. Because of the restrictions on withdrawals and transfers, an investment in HealthCor Hybrid or HealthCor Therapeutics is a relatively illiquid investment and involves a high degree of risk. A subscription for limited partner interests in the Funds should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

As stated in Item 2 above, HealthCor is in the process of winding down operations. The Funds are not taking any new investments so the risks outlined here are in relation to remaining Fund holdings only.

The Funds:

Investment Objective

The investment objective of the Funds is to preserve capital and generate risk-adjusted capital growth. The Funds pursue a fundamental-driven long/short equity strategy with a principal focus on the global healthcare and life sciences sector.

Investment Philosophy and Strategy

HealthCor's investment style for the Funds is a "best idea"¹ orientation on longs and shorts with relatively large position concentrations. HealthCor implements this investment strategy by focusing on in-depth and fundamental research. Each investment position is generally judged on its own ability to generate profits consistent with its risk profile. HealthCor believes that individual stock selection will generally determine how well a Fund will perform. HealthCor identifies investment

opportunities through careful field research, quantitative screens, meetings with management teams, and discussions with brokerage firms and other third parties. Ongoing due diligence of portfolio investments includes rigorous competitive, accounting and valuation analyses.

HealthCor's principal focus on and comprehensive coverage of, the global healthcare and life sciences sector and the depth and quality of its fundamental research are key components of its investment strategy. With its attention to detail and methodical approach to research, HealthCor believes it has been able to develop deep subject-matter expertise in the sectors in which it invests.

HealthCor employs a bottom-up fundamental selection of best long and short ideas. Additionally, HealthCor conducts daily monitoring of top-down, portfolio-level analysis, including the following:

- Concentration of Investments: As to the Funds, the Adviser will aim to manage the Funds so that no position shall generally be greater than 10% of equity and no short will generally be greater than 5% of equity. However, there may be time periods when such Funds exceed such concentration guidelines, at portfolio management discretion, of the Adviser. Portfolio allocations reflect the relative confidence in the investments. HealthCor maintains a comprehensive coverage of all major sub-sectors of healthcare and life sciences and also actively monitors the concentration of positions between sub-sectors to avoid significant one-way bets.
- Liquidity: As to the Funds, HealthCor considers the liquidity of each investment and consequently of the portfolio as a whole. Where liquidity is limited, HealthCor usually invests with the expectation of a higher rate of return to compensate for the additional risk imposed.
- Price Target and Stop Loss Monitoring: HealthCor consistently evaluates each position in the portfolio to monitor changes in intrinsic value and trading value. HealthCor generally establishes price targets and stop loss parameters for each of the portfolio positions in order to harvest gains and minimize losses. In addition, a certain percentage decrease or increase in the stock price of a portfolio company generally triggers a hypothesis review by the portfolio managers and senior analysts, and a larger percentage decrease or increase in the stock price generally triggers investment action by the portfolio managers.
- Leverage: HealthCor employs leverage that is available through the use of brokerage firm margin accounts, as well as through its short positions and the use of total return

equity swaps.

- Hedging: The Adviser uses various techniques to hedge its investments including selling short, buying, and selling options, and buying and selling forward contracts on foreign exchange.
- Socially Responsible Investment: HealthCor has adopted a Socially Responsible Investment Policy outlining its practical integration of environmental, social and governance (“ESG”) considerations into its investment process. When assessing potential investments, HealthCor considers ESG factors as part of its due diligence and investment thesis. Similarly, when monitoring current investments HealthCor also considers ESG factors as part of the investment process and risk mitigation analysis.

Risk Factors Associated with the Funds

The investment strategies of HealthCor Therapeutics, HealthCor Hybrid, and managed accounts are speculative and entail investment and market-related risks. There can be no assurance the Funds’ investment objectives will be achieved. The Funds’ activities could result in substantial losses under certain circumstances. Investing in securities involves risk of loss that investors should be prepared to bear.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds or in a managed account. Investors in Funds should refer to the offering documents for the Fund for a more fulsome description of the risks associated with that particular Fund.

1. Healthcare and Life Science Industries’ Related Risks. The Funds invest a significant portion of their assets in securities of issuers focused on the healthcare and life science industries. Investing in securities and other instruments of healthcare companies involves substantial risks. Such risks include, but are not limited to, the following: changes in government policies, including policies regarding reimbursement of medical expenses; certain companies in which the Funds may invest may have limited or no operating histories, or may have limited products, markets and financial resources; rapidly changing technologies may cause products to quickly become obsolete; unanticipated problems often arise in connection with the development of new products, and many such efforts are ultimately unsuccessful; scarcity of management and marketing personnel with appropriate technological or medical training may slow or impede companies’ growth; the possibility of lawsuits related to technological and medical patents could cause delays and expense in product development and implementation; regulatory changes and/or government actions may

prevent a company from marketing its products; changing investors' sentiments (for example, the controversy surrounding drug pricing and resultant regulation may negatively affect the stock price of the underlying securities) and preferences with regard to investments in healthcare companies (which may be perceived as risky) may have an adverse effect on the price of underlying securities; volatility in the U.S. stock markets affecting the prices of securities of healthcare and life sciences companies may cause the Funds to experience substantial volatility; and certain healthcare and life sciences companies may be subject to extensive government regulation. In addition, many healthcare and life sciences companies may have substantial and ongoing capital needs for research and development, clinical trials and marketing and may have difficulty obtaining such funding under various market conditions or even under normal market conditions or such capital may be obtained on terms that are not favorable to existing equity holders. Also, obtaining government approval for new products from governmental agencies can be lengthy, expensive, and uncertain, and withdrawal or curtailment of government support could have an adverse impact on the profitability or market price of healthcare and life sciences companies. Furthermore, delays in generating products (as well as more general ongoing capital requirements) may result in the need for companies to seek additional capital, potentially diluting the interest of existing investors, such as the Funds.

2. Protection of Intellectual Property. The success of portfolio companies may depend heavily on their ability to establish and protect their proprietary rights through, among other things, patent prosecution. The patent prosecution process is complicated, time-consuming, expensive, and uncertain. Accordingly, one or more portfolio companies may be unable to protect some or all of its technologies, which could adversely affect such portfolio company, which in turn could negatively impact performance of the Funds. Portfolio companies will not be able to guarantee that: (i) their existing patents will not be challenged, or, if challenged, invalidated; (ii) their existing patents will provide sufficient protection against competitors; (iii) competitors will not independently develop similar products or designs around their patents; or (iv) they will be able to obtain future patents necessary to protect their business and/or fully execute their respective business plans. Portfolio companies may also rely on trade secret protection for certain confidential and proprietary information. Despite maintenance of policies designed to protect such trade secrets, a portfolio company may be unable to adequately protect its trade secrets, which could adversely affect such portfolio company, which in turn could negatively impact the performance of the Funds.

3. Government Regulations in the United States. The United States Food and Drug Administration (the “**FDA**”) regulates food, drugs, biological and medical devices

under the Federal Food, Drug and Cosmetic Act and other laws. These laws and implementing regulations govern, among other things, the development, testing, manufacturing, record keeping, storage, labeling, advertising, promotion and pre-market clearance or approval of technologies and products subject to regulation. In the event that a portfolio company develops a viable technology or product candidate, regulation by the FDA of such technology or product candidate is likely. Regulation of a technology or product candidate by the FDA involves a complicated, time-consuming, expensive, and uncertain process. Any delay or failure by a portfolio company with respect to such process could adversely affect the commercialization of its technologies and products, which in turn could negatively impact the performance of the Funds. In addition to FDA regulation, portfolio companies may be subject to regulation by other governmental authorities and agencies, both in the United States and abroad. Compliance with any such regulatory requirements could have a negative impact on a portfolio company or its ability to develop its technologies and products, which in turn could negatively impact the performance of the Funds. Government policies favoring research, including funding, may change and be less favorable or become unfavorable for the portfolio companies.

4. Impact of Healthcare Reform. Portfolio companies involved in the healthcare and life sciences industry may be negatively impacted by the continuing efforts of governments and various third-party payors to contain or reduce the costs of healthcare through various means. For example, in some foreign markets, pricing and profitability of prescription pharmaceuticals are subject to government control. In the United States, there have been, and continue to be, a number of federal and state proposals to implement similar government controls. In addition, increasing emphasis on managed care in the United States will continue to put pressure on the pricing of healthcare products, and significant uncertainty exists as to the reimbursement by the federal government, private insurers, and other third-party payors for newly approved healthcare products. The implementation of one or more cost control initiatives could decrease the price that portfolio companies would receive for any products in the future. Further, cost control initiatives could adversely affect a portfolio company's ability to commercialize, or realize royalties from, its technologies or products.

5. Illiquid Portfolio Securities. The Funds may invest a portion of their net assets in unregistered securities of publicly held companies and in privately held companies. Such investments will be illiquid and difficult to value and there will generally be no collateral to secure an investment once made. Such investments may require a significant amount of time from the date of initial investment before disposition. Sales of such securities may not be possible and, if possible, may be made at substantial

discounts from cost. In addition, because disposition of such investments may require a lengthy amount of time, distributions may be made in-kind to investors. Furthermore, some portfolio companies may have the need for additional capital to support expansion or to achieve or maintain a competitive position, and there is no assurance that such capital will be available, particularly for private companies.

6. Foreign Investments. The Funds may invest in companies that are organized and operating outside the United States. 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 and the application of complex tax rules to cross-border investments. In addition, the Funds may be subject to currency fluctuations as they may not always hedge currency risks.

7. Concentration of Investments. The Funds may participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Fund's investment portfolio could become highly concentrated, and such Fund's aggregate return may be affected substantially by the performance of only a few holdings. In the event that the healthcare and life sciences industry as a whole declines, returns to investors may decrease. In addition, redemption by an investor owning a significant portion of HealthCor Therapeutics or HealthCor Hybrid could materially adversely affect the performance of such Fund.

8. Leverage and Financing Risk. The Funds' portfolios may be leveraged to enhance returns and/or for cash management purposes. Accordingly, the assets of the Funds may be pledged in order to borrow additional funds. The investment return of each of HealthCor Therapeutics and HealthCor Hybrid may also be leveraged with options, commodity futures contracts, short sales, swaps, forwards, and other derivative instruments. The amount of borrowings which each Fund may have outstanding at any time may be very large in relation to capital and may vary, depending on the nature of the investments. While leverage presents opportunities for increasing the total return of the Funds, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the investments of such entities could result in a substantial loss to the Funds, which would be greater than if leverage were not employed.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the margin accounts of a Fund decline in value, such Fund could be subject to

a “margin call,” pursuant to which such Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the assets of a Fund, such Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements.

HealthCor Therapeutics’ and HealthCor Hybrid’s brokers, including those effecting short sales on behalf of the Funds and counterparties with respect to certain derivative instruments, may impose on the Funds certain financial and non-financial covenants, including requiring that the capital of HealthCor Therapeutics and HealthCor Hybrid exceed certain levels and/or that decreases in HealthCor Therapeutics’ and/or HealthCor Hybrid’s capital (whether by losses or otherwise) do not exceed certain amounts or percentages. In the event these or other covenants are violated, such brokers and counterparties may require the liquidation of some or all of the positions in the respective Fund’s portfolio. Even absent a violation of a covenant or other agreement, such brokers and counterparties may have the right to compel the Funds to close a short position with little (or no) notice. HealthCor Therapeutics and/or HealthCor Hybrid may be materially adversely affected (i) if such Fund fail to meet any collateral requirements, whether as a result of increased requirements imposed by any such brokers or counterparties or as a result of market fluctuations affecting the value of collateral or of the short position, (ii) if some or all of the Fund’s positions are liquidated in order to meet such increased requirements or in response to a violation of a covenant or other agreement, or (c) if securities to be sold short become unavailable or short positions become difficult or expensive to maintain.

Further, there is a risk that the institutions, including brokerage firms and banks, with which the Funds may trade or invest may encounter financial difficulties that may require such institutions to reduce the amount of financing previously granted to the Funds, resulting in forced liquidation of substantial portions of the Funds’ portfolios. Any financial difficulty of any such counterparty, or any reduction in the amount of financing granted to the Funds by any such counterparty, could have a material adverse effect on the Funds.

9. Short Selling. The Funds’ investment portfolios will include short positions. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from decline in the price of a particular security. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could

theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In addition, there is a risk that statutes, rules, orders, or regulations may be imposed that limits or prohibits short selling. Any ongoing or future regulatory limitations on short-selling, or any ongoing or future requirement to disclose short positions, may materially adversely affect the ability of the Adviser to implement the Funds' investment strategy.

10. Insider Trading Restrictions. By reason of their responsibilities in connection with their investing and management activities, personnel of the Adviser or of the general partner of a Fund may acquire material non-public information about a company or may otherwise be restricted from initiating transactions in certain securities. The Adviser's Code of Ethics and applicable law prohibit the Adviser from acting upon any such information even if that would be financially beneficial to HealthCor Therapeutics and/or HealthCor. Due to these restrictions, any Fund may not be able to initiate transactions that it may otherwise have initiated, including being prevented from selling an investment that it otherwise might have sold.

11. Co-Investments. The Adviser may, from time to time, offer to potential investors or investors in a Fund or managed account ("**Co-Investors**") the opportunity to invest alongside such Fund in a particular co-investment opportunity. The Adviser may, in its sole discretion, generally offer an investment to a potential co-investor if the Adviser has confirmed that there are no restrictions contained in the offering materials of the relevant Fund and if the co-investor together with its affiliates, has contributed an excess of \$200 million to the Funds or a managed account. There are other criteria which the Adviser may consider prior to entering into a co-investment arrangement with a potential co-investor. The potential co-investor may not be a current investor in any Fund. There are certain conflicts of interest that investors should be aware of as a result of these co-investment arrangements from both a preferential treatment standpoint, as well as conflicts resulting from side-by-side management of co-investment vehicles alongside the Funds. The Adviser could be incentivized to over-allocate well performing investments to co-investment vehicles in order to increase receipt of performance compensation. The Adviser will receive incentive fees, and may in some instances, also receive management fees for its management of co-investments. The Adviser has addressed these conflicts by adopting its Co-Investment Policies and Procedures ("**Co-Invest Policy**") which outlines the general allocation procedures of co-investments and allocation of expenses. The Co-Invest Policy details

procedures in allocating investments to co-investors which requires that the Funds receive first preference on all investment allocations and that the Adviser confirm there is excess capacity in the co-invest opportunity after allocation to the Funds. Such excess capacity will be allocated to co-investors generally on a pro rata basis based on the size of their investment in the relevant Fund or strategy. However, the Adviser will not be required to allocate such investments at the same time, price or pro rata if the Adviser does not have discretion with respect to the decision to purchase the co-investment for a potential Co-Investor, the Co-Investor requires time to conduct due diligence on the investment, the Co-Investor's legal, tax or other advisers are researching how to structure the investment or other considerations the Adviser is not aware of at the time it proposes a co-investment opportunity.

With respect to trading the co-investment opportunity, the Adviser will generally seek to make trading decisions on a fair and equitable basis over time, based on the respective investment guidelines of the relevant Funds and after taking into account such factors as the Adviser deems appropriate including without limitation, the relative amounts of capital available for investment, capital contributions or outflows, the investment programs, strategies, guidelines and restrictions of each Fund, the existing portfolio composition of the Fund, the sizing of the positions, relative weightings of the positions in the respective portfolios, price targets or stop-loss targets of the position as it relates to the particular Fund or Co-Investor, legal, tax and regulatory considerations of each Fund, the potential impact an investment could have on sub-sector distribution, liquidity, exposure guidelines, concentration limits, diversification needs and other portfolio characteristics and other relevant considerations. For example, the Adviser may choose to trim a position in one Fund because it is hitting a concentration limit but hold the same position in the other Funds or for other Co-Investors.

Generally, the Adviser will seek to fully exit or realize the investment at the same time and price for all Funds and Co-Investors on a pro rata basis but may take into account the following factors: liquidity of the position, the pressure that large sales may place on the stock price, regulatory filing obligations and other relevant factors. Notwithstanding the foregoing, the Adviser may liquidate all or some of a Co-Investment held in a Co-Investor's account upon the written direction of the Co-Investor even if the Co-Investment remains in the account of Funds and other Co-Investors.

Further, a Co-Investor may have the ability to terminate the Adviser's discretionary investment authority or request an in-kind transfer of such investment. There may be situations where a Co-Investor retains full investment discretion and seeks the

Adviser's non-discretionary recommendations on the co-investment. In all these instances, the Co-Investor may take a view that is contrary to the Adviser's recommendation which could have a negative impact on the Fund(s). The Adviser is not responsible for the impact that such actions taken by the Co-Investor may have on its own investment, the relevant Fund(s), or other Co-Investors.

A Co-Investor will receive regular reporting on the Co-Investment which a Fund investor will likely not receive by virtue of it being invested in a commingled fund. As a result of having greater transparency on the Co-Investment, the Co-Investor may be in a position to make decisions with respect to its investment in the Fund potentially placing Fund investors at a disadvantage.

Generally speaking, with regard to any broken deal expenses associated with a proposed Co-Investment Opportunity, the Funds that would have participated in such investment will bear such broken deal expenses on a pro rata basis with the Co-Investment vehicle formed to participate in such Co-Investment. To the extent a Co-Investor has an opt-in right with respect to such Co-Investor's participation in any Co-Investment Opportunity, the Adviser shall seek to receive a commitment from such Co-Investor to bear its pro rata share of all costs and expenses associated with such Co-Investment, including broken deal expenses to the extent of its offered allocation. To the extent such commitment cannot be obtained and to the extent broken deal expenses are incurred in connection with any proposed Co-Investment Opportunity, such broken deal expenses shall be allocated to the participating Funds and other Co-Investment vehicles based on the intended allocation of such Co-Investment.

12. Reliance on Management. Decisions with respect to the management of the Funds will be made by the investment professionals of the Adviser. The success of HealthCor Therapeutics and/or HealthCor Hybrid will depend on the ability of these individuals to identify and consummate investments and to dispose of investments of the Funds at a profit. The loss of the services of one or more of these individuals could have an adverse impact on the Funds' ability to realize its investment objective. In addition, it is expected that all of the personnel responsible for managing a particular Fund will continue to have responsibilities with respect to other funds. Thus, such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other funds and accounts.

13. Investor Concentration. At any one point in time, the majority of assets that employ a fund's strategy may be directly or indirectly held by a few investors.

Although each fund has certain mechanisms designed to facilitate orderly redemptions (including, without limitation, notice periods and provisions imposing restrictions on the amounts and dates of redemption), substantial redemptions by these investors within a short period of time could require the Adviser to liquidate positions more rapidly than would otherwise be desirable resulting in a reduction of assets of the relevant Fund. The resulting reduction in the assets of the Fund could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

12. Initial Public Offerings. The Adviser may purchase securities of companies in initial public offerings or shortly thereafter for the funds. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the funds to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings operate in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near- term prospects of achieving them.

13. Non-Discretionary Advice. The Adviser, from time to time, manages accounts on a non-discretionary basis. In such instances, the client may follow the same, similar, or different investment strategies as those client accounts that the Adviser manages on a discretionary basis. In addition, where the Adviser provides non- discretionary advice, generally the client will remain responsible for determining whether to accept a recommendation made by the Adviser, as well as responsible for implementing any recommendations made by the Adviser through accounts held away from the Adviser. Where a non-discretionary and discretionary client managed by the Adviser follow the same or similar strategy, the Adviser may implement investment decisions before or at the same time as communicating the same or similar recommendation to its non-discretionary clients following that strategy. In addition, since the Adviser will not control whether a non-discretionary client accepts a recommendation, or the implementation of such recommendation, non-discretionary clients may invest at different times and prices than discretionary clients following the same strategy.

14. Pandemic/COVID-19. As has been widely reported in the press, there has been an outbreak of a novel and highly contagious form of coronavirus (“**COVID-19**”),

which has spread to many countries throughout the world including the United States. The World Health Organization has declared the outbreak to be a public health emergency of international concern, and the U.S. Health and Human Services Secretary has declared it a public health emergency in the United States.

The impact of the outbreak of COVID-19 has been and will likely continue to be extensive in many aspects of society. The outbreak has resulted in numerous deaths, adversely impacted global commercial activity, and led (and will likely continue to lead) to significant uncertainty and disruptions in the global financial markets and the economies of nations where the coronavirus disease has arisen. Many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity. Consumer, corporate and financial confidence is being materially adversely affected by this outbreak. Such erosion of confidence may lead to or extend to a localized or global economic downturn. Such health crisis could exacerbate political, social, and economic risks and result in significant breakdowns, delays, and other disruptions to the economy, with potential corresponding results on the performance of the Fund and its investments. The global impact of this outbreak is rapidly evolving, and it is impossible to predict the scope of this outbreak or the impact it may have on the global economy or the global financial markets.

The COVID-19 crisis has already led to certain governmental interventions that were implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. Additional governmental intervention is likely to occur and the impact on the Funds and its investments cannot be predicted. Additionally, no assurances can be made regarding the policies that may be adopted by the Federal Reserve, the federal government (including regulatory agencies), any state government, or any foreign government as a result of the outbreak and/or market volatility.

In response to the crisis, HealthCor personnel have worked remotely, and in varying degrees, continue to work remotely, and business travel has been restricted. HealthCor continually monitors local governmental restrictions and related health concerns in light of the pandemic. As a result, whether and to what extent employees can work from HealthCor office locations is subject to change. Although HealthCor has

implemented its business continuity plan to permit personnel to work remotely and effectively, there is no assurance that this will work effectively at all times. Also, although HealthCor has continued to perform due diligence and monitor the Fund's portfolio companies, COVID-19 and resulting limitations on travel will affect the ability of HealthCor to meet in person with the companies in which the Funds invest. HealthCor reserves the right to change its protocols with respect to travel and working remotely, in its sole discretion, taking into account the guidance of the government and health organizations such as the Centers for Disease Control and Prevention.

This outbreak of COVID-19, or any future epidemic or pandemic similar to COVID-19, SARS, H1N1/09 flu or MERS, could have a significant adverse impact on the Funds and their investments, could adversely affect the Funds' ability to fulfill its investment objectives, and could result in significant losses to the Funds. The extent of the impact of any outbreak on the performance of the Funds and their investments depend on many factors, including the duration and scope of such outbreak, the development and distribution of treatments and vaccines for viruses such as COVID-19, the extent of its disruption to important global, regional and local supply chains and economic markets, and the impact of such outbreak on overall supply and demand, investor liquidity, consumer confidence and levels of economic activity, all of which are highly uncertain and cannot be predicted.

15. Special Purpose Acquisition Companies. The Funds have invested in Special Situation Investments that are stock, warrants, and other securities of special purpose acquisition companies ("SPACs"), the sponsors of such SPACs, or similar special purpose entities that pool funds to seek potential acquisition opportunities for the sole purpose of pursuing a business combination. Unless and until an acquisition is completed, a SPAC generally invests its assets (less a portion retained to cover expenses) in U.S. Government securities, money market fund securities and cash; if an acquisition that meets the requirements for the SPAC is not completed within a pre-established period of time (typically eighteen to twenty-four months), the invested funds are returned to the entity's shareholders. Because SPACs and similar entities are in essence blank check companies without an operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. Furthermore, because a SPAC's acquisition opportunities are not identified or known at the time the Funds were to invest in a SPAC or the sponsor of a SPAC, an acquisition ultimately made by

a SPAC may not be in the global biotechnology or specialty pharmaceutical sectors. In addition, these securities, which are typically traded in the OTC market, may be considered illiquid and/or be subject to restrictions on resale. Issuers of such securities may not be required to register these securities with the SEC, or to provide regular reporting to their investors. These securities typically have fewer shareholders, which makes them less liquid than stocks of larger companies, and which may result in unpredictable stock prices. These securities can also be difficult to dispose of quickly. Prospective investors should be aware that these factors and the nature of an investment in a SPAC may adversely impact the Master Fund and its performance.

HealthCor Hybrid Private Equity Strategy:

In addition to the Funds' strategy described above, HealthCor Hybrid also invested in private equity transactions with a focus on growth and later stage developmental businesses in the medical technology, healthcare services, healthcare information technology, therapeutics, and diagnostics sectors that are at or approaching an inflection point in their growth.

Additional Risk Factors associated with HealthCor Hybrid Private Equity Investments:

1. Risks Upon Disposition of Investments. In connection with the disposition of an investment in a private equity portfolio company, HealthCor Hybrid may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business or may be responsible for the contents of disclosure documents under applicable securities laws. HealthCor Hybrid may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate, or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by HealthCor Hybrid's investors.
2. Potential Lack of Diversification. Subject to limited conditions in the offering documents, the Adviser invested HealthCor Hybrid's capital without any pre-approvals from the investors. Except as provided in the offering documents, the Adviser is under no obligation to diversify HealthCor Hybrid's investments by amount invested or geographical area. Accordingly, poor performance by a small number of larger investments could substantially affect the aggregate returns of HealthCor Hybrid.
3. Illiquid Portfolio Securities. HealthCor Hybrid's private equity investments are illiquid and difficult to value. Such investments may require a significant amount of time from the date of initial investment to the realization of HealthCor Hybrid's

investment objectives and ultimate disposition. Sales of portfolio companies may not be possible, or, if possible, may not achieve valuations in excess of HealthCor Hybrid's costs. In addition, because disposition of such investments may require a lengthy amount of time, distributions may be made in-kind to investors. Furthermore, some portfolio companies may have the need for additional capital to support expansion or to achieve or maintain a competitive position, and there is no assurance that such capital will be available, particularly for private companies.

HealthCor Therapeutics Special Situation Investments:

In addition to the Funds' strategy described above, HealthCor Therapeutics also invests, from time to time, in illiquid securities ("**Special Situation Investments**"), where the Fund will seek long-term capital appreciation primarily by acquiring equity and equity-related interests in global biotechnology and specialty pharmaceutical companies. In connection therewith, the Master Fund will generally invest in later stage developmental companies. The Master Fund may also invest in small capitalization "orphaned" public companies, leveraged buyouts and recapitalizations, distressed debt investments, restructurings, and turnarounds.

Additional Risk Factors associated with HealthCor Therapeutics Special Situation Investments:

1. Risks Upon Disposition of Investments. In connection with the disposition of an investment in Special Situation Investments, HealthCor Therapeutics may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business or may be responsible for the contents of disclosure documents under applicable securities laws. HealthCor Therapeutics may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate, or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by HealthCor Therapeutics investors.
2. Potential Lack of Diversification. Subject to limited conditions in the offering documents, the Adviser invested HealthCor Therapeutics' capital without any pre-approvals from the investors. Except as provided in the offering documents, the Adviser is under no obligation to diversify HealthCor Therapeutics' investments by amount invested or geographical area. Accordingly, poor performance by a small number of larger investments could substantially affect the aggregate returns of HealthCor Therapeutics.

3. Illiquid Portfolio Securities. HealthCor Therapeutics' Special Situation Investments are illiquid and difficult to value. Such investments may require a significant amount of time from the date of initial investment to the realization of HealthCor Therapeutics' investment objectives and ultimate disposition. Sales of portfolio companies may not be possible, or, if possible, may not achieve valuations in excess of HealthCor Therapeutics' costs. In addition, because disposition of such investments may require a lengthy amount of time, distributions may be made in-kind to investors. Furthermore, some portfolio companies may have the need for additional capital to support expansion or to achieve or maintain a competitive position, and there is no assurance that such capital will be available, particularly for private companies.

Please refer to the offering documents for a more comprehensive listing of risk factors relating to an investment in the Funds.

ITEM 9

DISCIPLINARY INFORMATION

We are not aware of any legal or disciplinary events that would be material to an investor's or prospective investor's evaluation of HealthCor's advisory business or the integrity of our management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We are required to disclose certain financial industry affiliations and activities that we, our management or certain of our related parties may have.

HealthCor Partners Management, L.P., ("**HealthCor Partners**") a Delaware limited partnership affiliated with the Adviser and also registered as an investment adviser with the SEC, manages HealthCor Partners Fund, L.P. and HealthCor Partners Fund II, L.P., each a Delaware limited partnership (together, the "**Private Equity Funds**").

The Adviser, its affiliates and their personnel serve as investment advisers and investment managers to multiple funds. The Adviser may take action or give advice with respect to certain funds that differs from, or is inconsistent with, the advice given to other funds. The Adviser will devote as much time to the activities of each fund as it deems necessary and appropriate, and the amount of time devoted to different funds may vary.

With respect to the allocation of investment opportunities involving the purchase of publicly traded securities in a “non-private equity” transaction, the Adviser will seek to allocate investment opportunities for a relevant pooled investment vehicle or client account fairly and equitably under the circumstances. Currently, it is expected that there will be minimal overlap between the investment strategy of the Funds and that of the Private Equity Funds. On rare occasions, the Adviser may cause HealthCor Therapeutic and/or HealthCor Hybrid to buy positions from or to sell positions to another client for purposes including, but not limited to, rebalancing the portfolio of the relevant Fund and such other client in order to further the investment programs of such Fund and such other client, or for other reasons consistent with the investment and operating guidelines of the Funds and such other client. Should such a circumstance arise, however, the Adviser will act in a manner that it believes to be fair and equitable under the circumstances.

Except for as disclosed below, the Adviser and its personnel do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

During 2021, HealthCor had a relationship with a third-party venture capital firm who made an investment into the SPAC Sponsor that sponsored the HCAQ SPAC along with HealthCor, its clients and its personnel. Prospective clients should be aware that certain principals of HealthCor personally invested in certain investment vehicles sponsored by the third-party venture capital firm.

The HCAQ SPAC participated in a Business Combination Agreement in December 2021. At that time the HCAQ entity ceased to exist. HealthCor personnel are not involved in the management or leadership of the new combined entity. HealthCor does not currently receive any financial compensation in relation to the new entity. Certain HealthCor employees may continue to address administrative matters concerning the former SPAC entity; however, HealthCor anticipates that the time devoted to such matters shall be immaterial.

HealthCor does not currently sponsor any active SPAC vehicles.

No employee may engage in any outside work or business which interferes with the performance of their responsibilities to HealthCor. Employees may not serve as officers or directors of public companies without receiving prior approval from HealthCor. The portfolio managers or members of the HealthCor team may serve, from time to time, as directors or officers, or in a similar capacity, with respect to portfolio companies.

So long as such activities do not interfere with an employee’s responsibilities to HealthCor,

employees may also serve as outside directors to such entities as private corporations, charitable foundations, and other not-for-profit institutions. Employees are required to disclose these affiliations to compliance. Compliance will determine how best to address potential conflicts as they arise.

ITEM 11

CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty, and trust. In seeking to meet these standards, the Adviser has adopted a Code of Ethics (the “**Code**”). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds, including the Funds’ investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

The Code places certain restrictions on personal trades by employees, requires that they disclose their personal securities holdings and transactions to the Adviser on a periodic basis, and requires that employees’ pre-clear certain types of personal securities transactions. The Code also includes a policy statement on the prohibition of insider trading designed to deter the misuse of material non-public information and other procedures intended to avoid conflicts of interest between clients and the Adviser’s personnel in connection with personal securities transactions.

Potential and actual conflicts of interest may arise from the Adviser’s personal trading policy. The Adviser has established policies and procedures to monitor personal trading, including strict pre-clearance requirements, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest. Subject to such compliance procedures, the Advisers’ affiliates and personnel may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the guidelines of the Funds or accounts. The Adviser and its affiliates or personnel may provide advice or take action for their own accounts that may differ from, or conflict with advice given or action taken for the Funds or accounts which could impact the prices and availability of other securities or

instruments held by or potentially considered by one or more Funds or accounts. Conflicts may arise resulting from the investments that the Adviser, affiliates, or personnel may have in the Funds. The Adviser's policies and procedures attempt to mitigate such conflicts of interest.

The portfolio managers or members of the HealthCor team serve, from time to time, as directors or officers, or in a similar capacity, with respect to portfolio companies. In the event that members of the HealthCor team (i) obtain material non-public information with respect to any portfolio company on whose board of directors they serve or (ii) are subject to trading restrictions pursuant to the internal trading policies of such a portfolio company, the Funds may be prohibited for a period of time from engaging in transactions with respect to the securities of such a portfolio company, which prohibition may have an adverse effect on the Funds and thus the Funds, including with respect to the Funds' ability to invest. Nevertheless, the investment management agreements do not preclude members of the Adviser from serving as officers or directors of portfolio companies. Conversely, the investment management agreements do not require that members of the Adviser serve as officers or directors of portfolio companies, and there can be no assurance that the Adviser will have a legal right to influence the management of any portfolio company. Any compensation paid to members of the HealthCor team with respect to provision of such services to the portfolio companies shall be deposited in the Funds. In addition, and for the avoidance of doubt, prospective investors should be aware that members of the HealthCor team are not precluded from serving and receiving compensation as officers or directors of outside companies or organizations (i.e., that are not portfolio companies), subject to the Adviser's applicable policies, such as any trading restrictions.

Clients and prospective clients may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the first page of this brochure.

Managing Multiple Strategies

Management of multiple strategies presents certain conflicts of interest issues which may require disclosure to investors. For example, the fee structure of one Fund or account may be different from another Fund or account which may pose the appearance of a conflict. There also could be situations where multiple Funds or accounts may be eligible to invest in the same securities or may compete for limited opportunities to buy and sell such securities. The Adviser will evaluate whether an investment is suitable for a Fund or account based on, including without limitation, the relative amounts of capital available for investment, the investment programs, strategies, guidelines and restrictions of each Fund or account, the existing portfolio composition of the Fund or account, the sizing of the positions, relative weightings of the positions in the respective portfolios, legal, tax and regulatory considerations of each Fund or

account, the potential impact an investment could have on sub-sector distribution, liquidity, exposure guidelines, concentration limits, diversification needs and other portfolio characteristics and other relevant considerations and will seek to make allocations on a fair and equitable basis over time. The Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any other client solely because the Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in the portfolio managers' discretion, such security, transaction or investment is deemed to be unsuitable or impractical for such Fund or account.

Cross Trades and Principal Transactions

Cross Transactions. Subject to the obligation to achieve best execution, the Adviser may cause a Fund to buy or sell securities with other Funds for reasons consistent with the investment and operating guidelines of Adviser. These cross-trades may present actual or apparent conflicts of interest for the Adviser if, for example, the Adviser has an incentive to engage in cross-trades because of different fees paid by different Funds. Any such cross transaction will be subject to approval requirements and other restrictions set forth in the governing documents of the vehicle in question. Under no circumstance shall the Adviser engage in cross-trades with any Fund while such Fund's assets are treated as Plan assets under ERISA.

Principal Transactions. The Adviser currently does not engage in principal transactions. If the Adviser should find it necessary to engage in principal transactions, the Adviser will comply with the requirements of Section 206(3) of the Adviser's Act and, prior to the completion of each principal transaction, take the following steps:

- disclose to the client in writing the capacity in which it is acting (i.e., as principal);
- disclose the material terms of the transaction; and
- obtain the client's consent prior to trade settlement.

ITEM 12

BROKERAGE PRACTICES

In selecting an appropriate broker-dealer to effect a trade for the Funds, the Adviser seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among

other things, their reliability, financial responsibility, execution capability, commission rates, responsiveness to the Adviser, brokerage and research services provided to the Adviser (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services. If the Adviser determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the research and brokerage products or services provided by the broker-dealer, HealthCor Therapeutics and HealthCor Hybrid may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge. The Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Research and Other Soft Dollar Benefits

From time to time, the Adviser may pay a broker-dealer commission for effecting fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Adviser will affect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (“**Section 28(e)**”), and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Adviser believes it is important to its investment decision-making processes to have access to independent research.

Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In some cases, research services are generated by third parties but are provided to the Adviser by or through broker-dealers.

Information so received is in addition to and not in lieu of services required to be performed by the Adviser. Because commission rates in the United States are negotiable, the Adviser’s selection of broker-dealers on the basis of considerations which are not limited to applicable commission rates may at times result in the Funds being charged higher transaction costs than it could otherwise obtain. Nonetheless, the Adviser’s decision on which broker-dealer to utilize

will be fully driven by a concerted effort to seek best execution. Research services received from broker-dealers are supplemental to the Adviser's own research effort and, when utilized, are subject to internal analysis before being incorporated by the Adviser into its investment process.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by HealthCor Therapeutics and HealthCor Hybrid may be used by the Adviser to service one or more other funds. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Adviser (*i.e.*, a "mixed use" item), the Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Adviser and those that primarily benefit the Funds. The Adviser keeps a "Soft Dollar Budget" and compares all budgeted soft dollars to actual soft dollar budget on a regular basis. Additionally, on a periodic basis, the Adviser reviews the quality and effectiveness of services received from the Soft Dollar Budget allocations.

On a periodic basis, the Adviser considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met.

When the Adviser uses client commissions to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for the research, products, or services. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution. The Adviser may cause the Funds to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. The Adviser does not necessarily use soft dollar benefits to service all of its clients in proportion to the soft dollar credits the accounts generate. However, the Adviser will at all times act in good faith and in such a way to put client interests ahead of its own. The Adviser has policies governing best execution, broker selection, and soft dollars and directed brokerage

which require the Adviser to take into account all factors in determining best execution, including soft dollar benefits received.

Brokerage for Client Referrals

The broker-dealers that have entered into prime brokerage arrangements with the Adviser may occasionally provide the Adviser with introductions to potential investors. Capital introduction is a service provided by prime brokers and is designed to “introduce” hedge fund managers to potential investors, typically through individual meetings or in a conference format. Although capital introduction is customarily offered as a “free” service, various conflicts of interest are presented by such arrangements. While the Adviser does not compensate these broker-dealers based on capital introductions, the Adviser may be incentivized to use the services of a specific prime broker in order to have access to the broker’s capital introduction services. In addition, the Adviser benefits from arrangements where investors are referred to the Adviser because its management fees are generally based upon a percentage of assets managed and its performance compensation is generally based upon a percentage of net profits on such assets. Thus, the more assets the Adviser has under management, the higher its management fee income and, potentially, its performance compensation. Also, there is a direct conflict between the prime brokers’ desire to increase their revenues by raising capital through their prime brokerage services. The prime broker and/or its affiliates generally receive fees/commissions as a result of the Adviser’s decision to utilize its services as follows: custodian of client accounts managed by the Adviser; securities transactions executed on behalf of the Adviser’s clients; and lending funds and/or securities to the Adviser as part of the Adviser’s investment strategy, i.e., margin/short sale and/or securities lending programs. While the relationship may present the appearance of a conflict of interest, the availability of the foregoing products and services to the Adviser is not contingent upon Adviser committing to the prime brokers any specific amount of business (assets in custody or trading commissions).

The Adviser does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

Directed Brokerage

For the Adviser’s clients which are private investment funds, the Adviser has been delegated discretionary trading authority, including the authority to select broker-dealers to effect transactions on behalf of the Funds pursuant to best execution. The Adviser also has clients which are institutional investors who may instruct the Adviser to utilize a specific broker-dealer for their managed account.

Order Aggregation

If the Adviser determines that the purchase or sale of the same security is in the best interest of more than one fund that it manages, the Adviser may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating fund will receive the average price with transaction costs allocated pro rata based on the size of each fund's participation in the order as determined by the Adviser. In the event of a partial fill, allocations generally will be made on a pro rata basis on the initial order but may be modified on a basis the Adviser deems appropriate, including for example, in order to avoid odd lots or de minimis allocations. In any event, the Adviser seeks to ensure that each fund is treated equitably over time.

Trade Errors

The Adviser has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, the Adviser will use reasonable efforts to correct the error as soon as possible. The Funds will bear any losses resulting from such trading errors; provided that the Adviser will be responsible for losses resulting from the gross negligence, willful misconduct, breach of fiduciary duties under the Employee Retirement Income Security Act of 1974, as amended (as applicable) or fraud of the Adviser and/or any of their respective affiliates, employees, and agents.

ITEM 13

REVIEW OF ACCOUNTS

The Adviser's senior personnel, including portfolio managers, research associates, traders, chief operating officer, chief financial officer, general counsel, and chief compliance officer conduct daily, weekly, monthly and periodic reviews of the Funds' portfolios. The Adviser provides the following written reports to the investors in the Funds: monthly performance and exposure reports, monthly net asset value statements, tax reports, and audited financial statements within 120 days of a Fund's fiscal year end, quarterly letters documenting performance of a Fund, and certain other reports.

ITEM 14

CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services.

ITEM 15

CUSTODY

The assets HealthCor Therapeutics and HealthCor Hybrid a are held in custody by unaffiliated broker-dealers or banks. Each Fund is subject to an annual audit and the audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed within 120 days of each Fund's fiscal year end. In addition, upon the final liquidation of a Fund, financial statements reflecting the final audit will be distributed to investors.

ITEM 16

INVESTMENT DISCRETION

The Adviser is appointed pursuant to an investment management agreement as the investment manager of each Fund or account with full discretionary authority for investment decisions, and its advice with respect to each Fund is made in accordance with the investment objectives and guidelines as set forth in each Fund's respective offering memorandum or account's investment management agreement.

ITEM 17

VOTING CLIENT SECURITIES

The Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents, or resolutions (collectively, "**proxies**") in a prudent and diligent manner keeping in mind the Adviser's fiduciary obligation to base its voting decision on its reasonable judgment of what will serve the Funds' best interests and is in line with the Funds' investment objectives. The Adviser has engaged a third-party service to assist in its proxy voting. This voting service manages the process of meeting notifications, voting, tracking, mailing, reporting, record maintenance, and vote disclosure rules. The general policy takes into account all relevant factors, as determined by the Adviser in its discretion, including: (i) the impact on the value of the securities owned by the relevant fund and the returns on those securities; (ii) industry and business practices; and (iii) recommendations of the companies' management. The Adviser works to ensure that the voting is aligned with the best economic

interests of the Fund.

The Adviser recognizes that there may be potential conflicts of interest when the Adviser votes proxies solicited by an issuer with whom the Adviser or an employee of the Adviser has business or personal relationship that may affect how the Adviser votes on the issuer's proxy. Some potential conflicts of interest may be: (i) the issuer is a vendor whose products or services are material to the business of the Adviser; (ii) the issuer is an entity participating to a material extent in the distribution of proprietary investment products or research utilized by the Adviser; (iii) the issuer is a significant executing broker dealer of the Adviser; or (iv) the issuer is an access person of the Adviser who also services as a director or officer of the issuer. The Adviser will mitigate any potential conflicts of interest by reviewing each scenario on a case-by-case basis and utilizing its compliance policies and procedures to address any perceived or actual conflicts of interest. It is the responsibility of the Adviser to ensure that each proxy is voted on in a timely manner. Clients may obtain a copy of the Adviser's proxy voting policies and its proxy voting record upon request.

The Adviser uses Financial Recovery Technologies ("FRT"), a third-party class action vendor, to help maintain all potential class action lawsuits and settlements. FRT assists the Adviser by identifying potential class action cases that the Funds may participate in by analyzing the trading history against FRT's database to ensure all relevant matches are evaluated against open class action cases, and the filings are properly prepared. The Adviser may opt-in or opt-out of a class action lawsuit/ FRT also prepares and submits any class action related filings and helps recover funds. The Adviser recognizes that there may be potential conflicts of interest that arises from participation in class actions. In the event where this may occur, the Adviser will mitigate any potential conflicts of interest by reviewing each scenario on a case-by-case basis. All books and records related to any class action participation will be in accordance with Rule 204-2 of the Advisers Act.

ITEM 18

FINANCIAL INFORMATION

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds.