

Item 1- Cover Page

VR ADVISER, LLC

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This brochure provides information about the qualifications and business practices of VR Adviser, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 444-4100. 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.

VR Adviser, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information with which you can determine to hire or retain such an adviser.

Copies of this Brochure may be requested by contacting Investor Relations at 650-561-9580 or InvestorRelations@venrock.com. Additional information about VR Adviser, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes: Item 2 discusses material changes to the brochure since the last annual update. There have been no material changes since the last annual update.

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Item 4 – Advisory Business

- A. VR Adviser, LLC (“VRA” or the “Registrant”), a Delaware limited liability company, is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940 (the “Adviser Act”). It was established in 2013 and is located in New York and California. VRA serves as an investment adviser to pooled investment vehicles (each, a “Fund” or a “Client”)¹, and an affiliate of VRA serves as the general partner (or similar managing body) of each Fund.

VR Management, LLC (“VRM”), a Delaware limited liability company, is the sole owner of VRA. Bong Y. Koh, Brian D. Ascher, and Bryan E. Roberts own VRM. VRM has established a committee to govern the affairs of VRA. That committee is overseen by Dr. Koh, Dr. Roberts, and Nimish P. Shah. Mr. Shah is an employee of VRA and is a Member and Director of the General Partners of the Funds.

- B. VRA provides discretionary investment advisory services solely to Funds. The Venrock Healthcare Capital Partners line of funds (the “VHCP Funds”) focus on long-term investment opportunities in small capitalization public companies and late-stage private companies across all sectors in the healthcare and life sciences industry, with a current emphasis on biopharmaceuticals. Venrock Opportunities Fund, L.P. (the “Opportunities Fund”) focuses on later-stage follow-on investment opportunities in a subset of the public and private portfolio companies, and former portfolio companies, of other VRA-affiliated or VRM-affiliated investment funds, anticipated to be focused primarily on the healthcare and life sciences sector. The Firm seeks to apply a value-driven approach to identify investment opportunities and to apply a primary-sourced, bottom-up, venture capital-like approach in analyzing company specific opportunities for the Funds.

VRA is affiliated with and serves as manager of entities that serve as the general partners to each of the Funds (each, a “General Partner” and, collectively, the “General Partners”, and together with VRA, the “Firm”), and each of the Funds is controlled by its respective General Partner. The following is a list of each of the General Partners, each of which is an affiliated investment adviser of VRA:

General Partners:

- VHCP Management, LLC
 - VHCP Management II, LLC
 - VHCP Management III, LLC
 - VHCP Management EG, LLC
 - Venrock Opportunities Management, LLC
- C. The investment focus and risks of the Funds are more particularly described in each Fund’s offering and governing documents. The governing documents of the applicable Fund and its offering

¹ “Fund” or “Client” means a private investment fund to which VRA provides investment advice and/or invests on a discretionary or nondiscretionary basis. The individuals and other persons that invest in the VRA private investment funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “Client” do not include “investors.”

documents set forth the Fund's specific guidelines. These guidelines may provide for limits on the size, concentration, geography, type of security and/or terms of the Fund's investments. The Firm does not tailor its advisory services to individual investors in its Funds.

- D. The Registrant does not participate in wrap fee programs.
- E. As of December 31, 2022, the Registrant (together with the General Partners) manages \$2,417,300,965 in Client regulatory assets on a discretionary basis (including the net asset value of portfolio securities valued as of December 31, 2022 plus uncalled capital commitments as of December 31, 2022) and no Client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

- A. The Funds are “qualified purchasers” as defined in the Investment Company Act (and interests in the Funds are only offered to qualified purchasers). Investors and prospective investors should refer to the Funds’ governing and offering documents for a detailed description of the fees associated with investments in the Funds.
- B. The Firm deducts management fees (the “Management Fee”) directly from the Funds’ assets, quarterly in advance. The Firm is also entitled to a performance fee (the “Carried Interest Distributions”), based on cumulative net profits from investments. Carried Interest Distributions, if applicable, are deducted directly from Funds’ assets and not on a pre-determined schedule.
- C. The Funds will pay all expenses (other than routine general and administrative expenses, such as staff salaries, office rent, and overhead) attributable to the ordinary and extraordinary expenses and activities of each Fund, to the extent not paid or reimbursed by a portfolio company, including but not limited to: (i) all expenses incurred in connection with the selection, purchase, holding, monitoring, and sale of the Funds’ securities (including, without limitation, all custody, accounting, administration, research and research related, transfer fees, brokerage commissions and interest expense, and expenses of third party consultants assisting in investment due diligence), (ii) the cost of liability insurance and other premiums for insurance, (iii) all legal, regulatory, audit, bookkeeping, valuation, accounting and tax services and preparation fees relating to the Funds, (iv) all expenses associated with the preparation of the Funds’ financial statements and reports, (v) expenses of Fund transactions that are not consummated, (vi) expenses of the Limited Partner Advisory Committee, (vii) taxes, (viii) expenses attributable to the dissolution and windup of the Funds, (ix) expenses related to the registration of VRA with the SEC and compliance by it with the requirements imposed on registered investment advisers, (x) fees and expenses charged by the administrator for its services to the Funds (as applicable), and (xi) indemnity obligations and expenses that are not normal operating expenses.

Clients are generally required to pay Management Fees quarterly in advance, as specified in each Fund’s governing and offering documents. In the event VRA or its affiliates do not provide services for the full quarterly period, the Management Fee is typically prorated for the partial period. In general, the proration of fees is calculated based on the number of days remaining in the applicable period.

- D. Neither VRA nor any of its supervised persons anticipate receiving, directly or indirectly, any compensation from the sale of securities or other investment products.

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

The General Partners are entitled to receive Carried Interest Distributions under certain circumstances, which are based on cumulative net profits from investments specified in each Fund's governing and offering documents.

The Carried Interest Distributions may create an incentive for the Firm to recommend to the Funds' investments that are riskier or more speculative than those that would be made under a different fee arrangement. However, the Firm is committed to acting at all times in the best interests of the Funds. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance-based fees, as more fully described in each Fund's governing and offering documents.

Item 7 – Types of Clients

VRA provides investment advice to the Funds, which are private investment vehicles that are exempt from registration under the Investment Company Act. The Funds' investors are limited to individuals and entities that meet certain suitability criteria including "accredited investors", "qualified clients" and "qualified purchasers." The Funds are marketed exclusively to institutional investors and high net worth individuals that meet these criteria.

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

- A. In the public markets, the Firm seeks to apply a value-centric approach to identify opportunities to invest in undervalued companies that the Firm believes have potential for substantial appreciation. The Firm believes that this opportunity is made possible by the market's inefficiency in evaluating companies as they navigate through a complicated process for developing innovative medical products or services. These challenges include the effects of significant FDA and other regulatory hurdles, interpretation of detailed scientific and clinical data and results, manufacturing and quality assurance issues, commercial and financial milestones, intellectual property matters, and managerial issues, among others. Because of the complexities created by these challenges and risks, the Firm believes that the markets often overreact to reversible setbacks driving valuations down significantly, only to then climb upon turnaround and success. The Firm hopes to exploit this dynamic for the benefit of the Funds and believes that the healthcare and life sciences area is one of the few sectors that offers a plethora of such opportunities. The Firm believes that this group of undiscovered and/or under-appreciated public companies generally lacks sufficient coverage by Wall Street analysts (so-called "orphaned companies"), suffers from low market liquidity and further lacks a stable supportive institutional shareholder base.

In addition to public market investing via open market purchases and structured transactions, the Funds in some instances will also invest opportunistically in mezzanine financings of private companies, generally anticipated to be in companies with IPO or liquidity prospects soon after the investment and/or which have a predominantly public investor syndicate. The Funds may also enter into securities lending agreements with its prime broker or other counterparties. The Funds are

expected to build upon and leverage existing healthcare deal flow and reputation in the public and venture capital markets to secure proprietary investments in attractive later stage private companies and small capitalization public companies.

In the effort to achieve the Funds' objectives, the Firm plans to apply its extensive industry network and scientific and medical expertise together with rigorous financial analysis of the companies in its target investment universe. The Firm intends to utilize a primary-sourced, bottom-up venture capital-like approach in analyzing company-specific opportunities. The Firm believes that a fundamental research-driven process is a preferred approach to delivering superior long-term returns in the healthcare sector.

The Firm expects to provide some of the Funds' portfolio companies with support in a variety of areas, such as recruiting, strategy, clinical development, regulatory matters, business development, financial discipline, and capital markets, among others. The Funds regularly seek to act as lead or co-lead investor in structured investment transactions when multiple investors are involved, which the Firm believes will give the Funds access to more extensive due diligence information and the ability to negotiate valuation and terms on a more favorable basis. The Firm intends, in general, to seek to preserve the ability to buy or sell the VHCP Funds' stock positions, as well as later-stage follow-on investments in current or former portfolio companies of the VHCP Funds made by the Opportunities Fund, and to realize these Funds' investments without the limitations presented by participation on the portfolio companies' Board of Directors; however, there are expected to be circumstances where, in the judgment of the Firm, it will be in the best interest of these Funds to seek one or more Board member positions. In investments of the Opportunities Fund that are later-stage follow-on investments in current or former portfolio companies of the investment funds advised by VRM, it is anticipated that an employee of VRM may more commonly serve on the Board of Directors of those portfolio companies, in which cases the Firm generally intends to treat the Opportunities Fund as restricted with respect to trading in that portfolio company's securities in order to avoid any appearance of conflict or impropriety.

There can be no assurance that the Firm and the Funds will achieve their investment objectives or that investment strategies employed by the Firm will be successful. The Firm's investment program is speculative and entails substantial risks, including risk of loss of the entire investment, which the Funds and its investors should be prepared to bear.

As a general matter, the Firm utilizes the methods of analysis and investment strategies described in the governing and offering documents of the Funds. The information contained herein is a summary only. Investors and prospective investors should refer to those documents for a complete overview of the Firm's methods of analysis and investment strategies.

B/C.

There can be no assurance that the Firm's investment objectives will be achieved, and actual investment results may vary substantially from the investment objective. Investors should be prepared to bear these risks. The success of the Firm's investment activities will depend on its ability to identify investment opportunities that have the proper risk/reward balance.

An investment in the Funds involves a significant degree of risk. There can be no assurance that the Funds' targeted rate of return will be achieved or that there will be any return of capital. The environment is increasingly competitive, and an investor should only invest in the Funds if the investor can withstand a total loss of its investment.

No guarantee or representation is made that the Funds' investment program will be successful.

Risks Relating To The Funds' Investment Objectives And Strategy

HEALTHCARE AND LIFE SCIENCES INDUSTRY RISKS. The Funds plan to focus a substantial portion of their investing on healthcare and life sciences companies. The specific risks faced by healthcare and life sciences companies include:

- rapidly changing science and technologies;
- products or technologies that may quickly become obsolete;
- exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals;
- scarcity of management, technical, scientific, research and marketing personnel with appropriate training;
- unprofitable nature of the overwhelming majority of biotech companies and subsequent financing risk;
- high drug attrition or failure rate in pre-clinical studies, clinical studies and regulatory decisions;
- the possibility of lawsuits related to patents and intellectual property and the failure to secure necessary intellectual property; and
- changing investor sentiments and preferences with regard to technology sector investments (which are generally perceived as risky).

POLITICAL AND REGULATORY RISKS IN THE HEALTHCARE AND LIFE SCIENCES INDUSTRY. Healthcare and life sciences related companies are generally subject to greater governmental regulation than other industries at both the U.S. state and federal levels. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare or life sciences related company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability. Failure to obtain governmental approval of a key drug or device or other regulatory action could have a material adverse effect on the business of a portfolio company. Expansion of facilities by healthcare related providers is subject to "determinations of need" by the appropriate government authorities. This

process not only increases the time and cost involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare related facilities operators and negatively affecting the price of their securities. Moreover, in recent years both local and national governmental budgets have come under pressure to reduce spending and control healthcare costs, which could both adversely affect regulatory processes and public funding available for healthcare products, services and facilities. Certain healthcare and life sciences related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar “generic” products that are typically sold at a lower price than the patented product, causing the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. Finally, because the products and services of healthcare and life sciences related companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits.

Many healthcare companies are subject to rigorous regulation in their operations. Compliance with these regulations can be costly. Even when healthcare companies develop and institute comprehensive compliance programs, they are not able to guarantee that they, their employees, their consultants and their contractors will be in compliance with all potentially applicable regulations. If a healthcare company fails to comply with applicable regulations, the company could be subject to monetary and administrative penalties, increased compliance costs or a curtailment of its authority to conduct business, any of which could have a material adverse effect on the value of the company.

DRUG PRICING AND REIMBURSEMENT RISKS. In both U.S. and non-U.S. markets, sales of healthcare products and their success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers and other organizations. The continuing efforts of governmental and third-party payors to contain or reduce the costs of healthcare affects the revenues and profitability of healthcare companies. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. There can be no assurance that a portfolio company’s proposed products 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 in product development. Moreover, if reimbursement rates are reduced, or if health care providers anticipate reimbursement being reduced, providers may narrow the circumstances in which they prescribe or administer a portfolio company’s products, which could reduce the use or sales of such products and thereby have a material adverse effect on the value of the company.

HEALTHCARE COMPANIES FACE SUBSTANTIAL COMPETITION. The development and commercialization of new products is highly competitive. Competitors may succeed in developing, acquiring or licensing technologies and products that are more effective, have fewer side effects or more tolerable side effects, or are less costly than any product candidates that are developed by portfolio companies of the Fund, which could render the portfolio company’s product candidates obsolete and noncompetitive. Competitors also may obtain FDA or other marketing approval for their products before portfolio companies of the Fund, which could result in such competitors establishing a strong market position before portfolio companies of the Funds are able to enter the market. Many of potential competitors of portfolio companies of the Funds will have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting

clinical trials, obtaining marketing approvals and marketing approved products and may be able to reduce the price at which they sell their products.

CLINICAL TRIALS HAVE A HIGH RISK OF FAILURE. Portfolio companies of the Funds are not permitted to commercialize, market, promote or sell many product candidates in the United States without obtaining marketing approval from the FDA. Foreign regulatory authorities, such as the EMA, impose similar requirements. Portfolio companies of the Funds will likely be required to complete extensive preclinical development and clinical trials to demonstrate the safety and efficacy of their product candidates in humans before being able to obtain these approvals. Clinical testing is expensive, is difficult to design and implement, can take many years to complete and is inherently uncertain as to outcome. The Funds cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. The clinical development of product candidates is susceptible to the risk of failure inherent at any stage of product development, including failure to demonstrate efficacy in a clinical trial or across a broad population of patients, the occurrence of adverse events that are severe or medically or commercially unacceptable, failure to comply with protocols or applicable regulatory requirements and determination by the FDA or any comparable foreign regulatory authority that a product candidate may not continue development or is not approvable.

Undesirable side effects caused by product candidates of portfolio companies of the Funds could cause the portfolio companies or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities. Results of clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. If unacceptable side effects arise in the development of product candidates, the portfolio companies, the FDA or comparable foreign regulatory authorities, institutional review boards, or independent ethics committees could suspend or terminate clinical trials or deny approval of product candidates. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims.

SELECTION OF PRODUCT CANDIDATES. Because healthcare companies have limited financial and managerial resources, portfolio companies of the Funds are anticipated to focus on developing product candidates for specific indications that they identify as most likely to succeed, in terms of both their potential for marketing approval and commercialization. As a result, they may forego or delay pursuit of opportunities with other product candidates or for other indications that may prove to have greater commercial potential. Resource allocation decisions may cause failure to capitalize on viable commercial products or profitable market opportunities. Spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable product candidates. Inaccurate evaluation of the commercial potential or target market for a particular product candidate may cause portfolio companies to relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous to retain sole development and commercialization rights to the product candidate.

RISKS OF MARKET ACCEPTANCE. Some portfolio companies of the Funds will have never commercialized a product. Even if product candidates are approved by the appropriate regulatory authorities for marketing and sale, those product candidates may nonetheless fail to gain sufficient market

acceptance by physicians, patients, third-party payors and others in the medical community. Physicians are often reluctant to switch their patients from existing therapies even when new and potentially more effective or convenient treatments enter the market. Further, patients often acclimate to the therapy that they are currently taking and do not want to switch unless their physicians recommend switching products or they are required to switch therapies due to lack of reimbursement for existing therapies. Efforts to educate the medical community and third-party payors on the benefits of product candidates may require significant resources, including management time and financial resources, and may not be successful.

VOLATILITY OF PUBLIC MARKETS. The public market for healthcare companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the Funds to dispose of investments, and the value of investment securities on the date of sale by the Funds. In particular, the receptiveness of the public market to the Funds' portfolio companies may vary dramatically from period to period, and an otherwise successful portfolio company may yield poor investment returns if the Funds are unable to dispose of such securities due to lack of liquidity or a protracted depression in the stock price of the company. There can be no assurance that the Funds' investments will be profitable, and there is a substantial risk that the Funds' losses and expenses during any period will exceed its income and gains. In addition, securities exchanges can suspend or limit trading in any instrument traded on the exchange. A suspension could render it impossible for the General Partners to liquidate positions and expose the Funds to losses.

RISK INHERENT IN THE FUNDS' PUBLIC INVESTMENTS. Regardless of the existence of a public market for the securities of a particular portfolio company of the Funds, securities held by the Funds may be thinly traded or may cease to be traded after the Funds invest in them. In addition, such securities may be issued by unseasoned companies and may be highly speculative, or may be delisted from a stock exchange and become subject to trading solely in the over-the-counter market. The Funds expect to invest a substantial portion of its assets in companies with modest capitalization. Investing in the securities of such companies involves greater risk, potential price volatility and cost than investments in more mature public companies. Investments in these companies often involve higher risks because the companies lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. Therefore, the securities of smaller companies may be subject to wider price fluctuations. The spreads between the bid and ask prices of the securities of these companies in the over-the-counter market typically are larger than the spreads for more actively traded securities. The Funds may invest in securities with relatively low prices, which may be subject to greater percentage price fluctuations than higher priced securities. When making a large sale of securities, the Funds may have to sell a portfolio holding at a discount from quoted prices or may have to make a series of small sales over an extended period of time because of the limited trading volume of smaller capitalization company securities.

TRADING ERRORS. VRA's and VRM's process for placing orders and executing trades is subject to the risk of error. The Funds will both benefit from any gains and be responsible for any losses that result from any trading errors. Trading errors might include, for example, the purchase or sale of a security in the wrong amount or key stroke errors that occur when entering trades into an electronic trading system. VRA and VRM have established written policies and procedures for the handling of trading

errors. Pursuant to the exculpation and indemnification provisions of the Partnership Agreements of the Funds (the “Partnership Agreements”), the Funds (and not the General Partners, VRA or VRM) will be responsible for any losses resulting from trading errors and similar human errors, absent bad faith or gross negligence of their duties pursuant to the Partnership Agreements. VRA will determine in good faith whether or not a given trading error is required to be reimbursed pursuant to the standard of care stated in the preceding sentence. In making this determination, VRA will have a conflict of interest in determining whether a trading error should be attributed to the account of the Funds or the General Partners and will attempt to resolve such conflict by a reasonable determination of the status of such trading error under the aforementioned standard. Generally, in determining whether VRM or VRA was grossly negligent, VRA will evaluate and consider the adequacy of the supervisory procedures in place to prevent such errors from recurring with any frequency.

RISK INHERENT IN THE FUNDS’ PRIVATE INVESTMENTS. The Funds’ investments in private companies are anticipated to focus primarily on companies in various clinical trial stages or in expansion or profitable stages, but may still 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.

ABSENCE OF LIQUIDITY AND PUBLIC MARKETS FOR PRIVATE INVESTMENTS. Some of the Funds’ investments will be private, illiquid holdings. As such, there will be no public markets for these securities held by the Funds and no readily available liquidity mechanism at any particular time for these investments held by the Funds. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Liquidity in these securities is limited, and liquidity with respect to lower-rated and unrated subordinated classes may be even more limited.

VALUATION RISK. In particular with respect to the Funds’ investments in private companies, because the market for such securities is limited, calculating the fair value of the Funds’ holdings of private companies may be difficult, and there can be no assurance that the Funds’ valuation will accurately reflect the value that will be realized by the Funds upon the eventual disposition of such investment. The General Partners will likely use valuation methodologies for such assets that involve subjective determinations.

FOREIGN INVESTMENTS. The Funds expect to invest in some companies that are based outside of the United States or the operations of which are primarily outside of the U.S. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies and/or consumer spending; the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability and war; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient

financial information as a result of accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors which may not be as comprehensive or well developed as those in the United States and the procedures for the judicial or other enforcement of such rights which may not be as effective as in the United States; risks related to the fact that some investments may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well developed than those in the United States, possibly resulting in retroactive taxation so that the Funds could become subject to an unanticipated local tax liability.

FOREIGN EXCHANGE RISKS. Contributions to the Funds and distributions from the Funds will be denominated in U.S. dollars while investments may be denominated in various other currencies. As a result, the profits or losses of the Funds on any investment, as measured in U.S. dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. In addition, the Funds may incur costs in connection with conversions between various currencies. The Funds do not presently intend to seek to reduce currency risks through “hedging” or other methods.

LEVERAGE EMPLOYED BY PORTFOLIO COMPANIES. To the extent that any investment is made in a portfolio company with a leveraged capital structure or any portfolio company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the Funds in such company could be significantly reduced or even eliminated.

NO ASSURANCE OF RETURNS. There can be no assurance that the Limited Partners will receive distributions from the Funds in an amount equal to their investment in the Funds. The timing of profit realization is highly uncertain.

MINORITY INVESTMENTS. The majority of the Funds’ investments are expected to be minority stakes in public companies. Even where the Funds take more substantial positions in portfolio companies, during the process of exiting investments, the Funds may hold minority equity stakes at the time that they seek to dispose of their interests in such companies. As is the case with minority holdings in general, such minority stakes that the Funds hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

SUBSTANTIAL POSITIONS IN PORTFOLIO COMPANIES. From time to time the Funds may acquire positions in the securities of particular companies that, by themselves or when combined with positions held in other investment funds and accounts sponsored, managed and/or otherwise advised by VRA and its respective affiliates, comprise a substantial percentage of those companies’ outstanding securities. VRA, its affiliates and/or the Funds may be required to file with regulatory authorities reports of beneficial ownership of securities. In these cases, it may be difficult to liquidate or reduce the Funds’ position in these securities at all or at favorable prices, preventing the Funds from realizing profit or avoiding loss. In addition, there may be other circumstances under which the aggregate holdings of

a security by the Funds and other accounts sponsored, managed and/or otherwise advised by VRA and its affiliates, or the involvement of VRA and/or its affiliates with the issuer of that security, limit the Funds' ability to liquidate or reduce its position at all or at favorable prices. The Funds and their affiliates may at times attempt to influence management of a particular company or exercise control of a company.

DURATION OF INVESTMENT POSITIONS. The General Partners may not know the maximum—or even the expected (as opposed to optimal)—duration of any particular position at the time of initiation. The length of time for which a position is maintained may vary significantly, based on the General Partners' subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. Actual holding periods depend on possible events or milestones of an issuer and numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that the Funds will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

INVESTMENTS IN CONVERTIBLE SECURITIES. The Funds may invest in convertible securities, which are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, some convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of these convertible securities tends to decline as interest rates increase, and conversely, increase as interest rates decline. Convertible securities, however, also typically appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

PIPEs. The Funds may invest in private investments in public equities ("PIPEs") transactions and thereby purchase securities that are not freely saleable. Unlike the purchase of freely tradable common stock in the open market, PIPEs generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the underlying securities with the appropriate federal and state authorities for resale. In order for the Funds' investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, the Funds may be unable to dispose of the securities at appropriate prices if at all, or may experience substantial delays in doing so, and thus the Funds may not be able to realize the anticipated profit, if any, with respect to such investment for a substantial period of time, if ever. There can be no assurances that any issuer will succeed in registering for public resale the securities held by the Funds or that registration of securities pursuant to any such arrangement will create liquidity.

BRIDGE FINANCING. The Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds'

control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

LIMITATIONS ON ABILITY TO EXIT INVESTMENTS. The General Partners expect to exit from the Funds' investments in two principal ways: (i) open market or private sales and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to the Funds, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time. While the Funds anticipate that the majority of their investments will be in publicly-traded companies, these companies are expected to initially have small market capitalizations and low average trading volumes, which may render such investments significantly more illiquid than investments in public companies with larger market capitalizations.

CONTINGENT LIABILITIES ON DISPOSITION OF INVESTMENTS. In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The Funds may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the General Partners may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

SPECIAL PURPOSE ACQUISITION COMPANIES. The Funds expect to invest in special purpose acquisition companies ("SPACs"). SPACs are publicly-traded investment vehicles that raise funds in an initial public offering in order to complete a targeted acquisition to be identified at a later point in time. Unless and until an acquisition is completed, a SPAC generally invests substantially all of its assets 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 24 months), the invested funds are returned to the entity's shareholders, less certain permitted expenses, and any warrants issued by the SPAC will expire worthless.

The Funds may invest in stock, warrants and other securities issued by SPACs, or in the case of VHCP EG may use assets of the Fund to sponsor a SPAC itself, including a SPAC that is managed by a General Partner, VRA, VRM, or their affiliate. As the sponsor of a SPAC, VHCP EG would provide the initial capital necessary for the SPAC to complete its initial public offering and to fund its operations pending an acquisition in exchange for a significant percentage of the SPAC's equity. Investments in SPACs present significant risks. For example, SPACs are in essence blank check companies without an operating history or ongoing business other than seeking acquisitions. The value of a SPAC's securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. Even in the event that an initial acquisition is successful, the subsequent value of the SPAC's equity will be dependent on the SPAC's future performance, condition (financial or otherwise), results of operations, available earnings and cash flow, prospects, and various business, financial, industry, economic and other considerations, including economic downturns, some of which may or may not be within its control. Sponsorship of a SPAC also entails unique risks. In particular, the failure of a SPAC to consummate an initial public offering will render a portion of the sponsor's initial

investment in the SPAC worthless. In the event a SPAC is able to consummate an initial public offering, the SPAC's sponsor is typically required to enter into an agreement restricting its ability to transfer its interest for a specified period of time. Additional risks related to investments in and sponsorship of a SPAC are described in certain of the Funds' offering documents.

RELIANCE ON CORPORATE MANAGEMENT AND FINANCIAL REPORTING. The Funds are expected to rely heavily on the financial information made available by the issuers in which the Funds invest. The General Partners and their affiliates have no ability to independently verify the financial information disseminated by the issuer in which the Funds invest and are dependent upon the integrity of both the management of these issuers and the financial reporting process in general.

FOCUSED INVESTMENT RISK AND LIMITED PORTFOLIO DIVERSIFICATION. The Funds expect to be focused on investments in small capitalization public and late-stage private companies across all sectors in the healthcare and life sciences industry, with an emphasis on biopharmaceuticals. A specific investment focus is inherently more risky and could cause the Funds' investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, that is more diversified or has a broader industry focus. Since the Funds expect to focus their investments in the healthcare and life sciences industry, and such companies or industries may have high positive correlations to one another, they may be particularly vulnerable to events affecting such industries. Additionally, the portfolio holdings of the Funds will not be broadly diversified. The Funds could make larger investments in a smaller number of public companies with attractive risk/reward characteristics. Thus, a downturn of the economy or in the business of any one company could impact the aggregate returns delivered to investors by the Funds.

Funds Risks

RELIANCE ON THE GENERAL PARTNERS AND THE PRINCIPALS. The General Partners of the Funds will have sole discretion over the investment of the funds committed to the Funds as well as the ultimate realization of any profits. The Limited Partners will not make decisions with respect to the management, disposition or other realization of any investment made by the Funds, or other decisions regarding the Funds' business and affairs. The Limited Partners will not receive the detailed financial information issued by portfolio companies that will be available to the Funds. Accordingly, the Limited Partners will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by the General Partners in their selection of investments. As such, the pool of funds in the Funds represents a blind pool of funds. Investors in the Funds will be relying on the General Partners to conduct the business as contemplated by the private placement memoranda and Partnership Agreements of the Funds. The success of the Funds is significantly depending upon the expertise of the professionals of the General Partners, in particular the Directors of the General Partners (the "Principals"). The loss of any individual employee of VRA could have a significant adverse impact on the business of the Funds. No assurances can be given that the Principals and other employees of VRA will continue to be affiliated with the Funds throughout their terms. Furthermore, none of the Principals or any other employees of VRA are required to devote all or any specified portion of their time to managing the affairs of the Fund.

FUTURE AND PAST PERFORMANCE. The performance of prior funds is not necessarily indicative of any future fund's results. Notwithstanding any prior experience that the Principals may have in making

investments of the type expected to be made by the Funds, any such experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the Principals will be able to duplicate prior levels of success. While the General Partners intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.

NON-DISCLOSURE OF POSITIONS. In an effort to protect the confidentiality of certain of its positions, particularly positions that are in the process of being purchased, the Funds may not disclose some of their positions to Limited Partners from time to time.

COMPETITIVE MARKETPLACE. The marketplace for venture capital and smallcap public investing has become increasingly competitive. Involvement by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. There can be no assurances that the General Partners will locate an adequate number of attractive investment opportunities. To the extent that the Funds experience increased competition for investments, returns to investors may vary.

CHANGING ECONOMIC CONDITIONS. The success of the Funds' investment strategy could be significantly impacted by changing external economic conditions in the United States and global economies. The stability and sustainability of growth in global economies may be impacted by pandemics, terrorism or acts of war. The availability, unavailability, or hindered operation of external credit markets, equity markets and other economic systems which the Funds may depend upon to achieve its objectives may have a significant negative impact on the Funds' operations and profitability. There can be no assurance that such markets and economic systems will be available or will be available as anticipated or needed for the Funds to operate successfully. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.

NO ASSURANCE OF ADDITIONAL CAPITAL FOR INVESTMENTS. After the Funds have financed a company, continued development and marketing of products may require that additional financing be provided. In particular, technology companies – a sector in which the Funds expect to invest – have substantial capital needs that are typically funded over several stages of investment. 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. Alternatively, the Funds, either directly or through one of their portfolio companies, may elect to sell developed or undeveloped technology to existing companies. No assurance can be made that buyers for such technology can be located.

RESERVES. As is customary in the industry, the General Partners may establish reserves for follow-on investments by the Funds in portfolio companies, operating expenses (including the Management Fee), liabilities of the Funds, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could impair the investment returns to the Limited Partners. If reserves are inadequate, the Funds may be unable to take advantage of attractive follow-on or other investment opportunities or to protect their existing investments from dilutive or other punitive terms associated with "pay-to-play" or similar provisions. If reserves are excessive, the Funds may decline attractive investment opportunities or hold

unnecessary amounts of capital in money market or similar low-yield accounts. The Funds may establish reserves for future liabilities, including legal fees and indemnification expenses. The establishment of such reserves may be a divergence from GAAP. The establishment of such reserves will not insulate any portion of the Funds' assets from being at risk, and such assets may still be traded by the Fund. (See "*Contingent Liabilities on Disposition of Investments*" above.)

DEPENDENCE ON SERVICE PROVIDERS. VRA and the General Partners expect to rely on service providers for certain aspects of their business, including certain financial operations, trade related activity, trade reconciliation, and margin and collateral movement. Any interruption or deterioration in the performance of the Funds' service providers could impair the quality of VRA's operations, negatively impact its and the Funds' reputation and the Funds' investment strategies, and limit the Funds' potential to grow.

Banking Risk. The Funds use banks to custody investor funds and, in some cases, securities. Portfolio companies of the Funds use banks for cash management, financing, and other services. The Funds and portfolio companies may be significantly exposed to individual banks if, for example, the Funds have custody relationships with a single bank or if a particular bank holds accounts for a number of portfolio companies. Recent events involving regional banks have demonstrated the risk of banks being undercapitalized, adversely affected by changes in interest rates and subject to runs on deposits. The failure of an individual bank may cause Funds or portfolio companies to be unable to withdraw deposits or draw on lines of credit or other borrowings, which could negatively impact their operations and/or potentially result in losses to the Funds and their investors.

EMPLOYEE MISCONDUCT. The General Partners' and VRA's reputations are critical to maintaining and developing relationships with existing and prospective investors, as well as with the numerous third parties with which the General Partners, VRA, and the Funds do business. In recent years, there have been a number of highly publicized cases involving fraud, conflicts of interest, or other misconduct by individuals in the financial services industry, and there is a risk that an employee of or contractor to the General Partners or VRA or their affiliates could engage in misconduct that adversely affects the investment strategies implemented by the General Partners and VRA. It is not always possible to deter such misconduct, and the precautions the General Partners and VRA take to detect and prevent such misconduct may not be effective in all cases. Misconduct by an employee of or contractor to the General Partners or VRA or one of their affiliates, or even unsubstantiated allegations of such misconduct, could result in both direct financial harm to the General Partners, VRA, and the Funds, as well as harm the General Partners', VRA's and the Funds' reputations, which would have a materially adverse effect on the Funds.

COVID-19 Risks

EPIDEMIC OR PANDEMIC CONSIDERATIONS. There is a risk that a Fund's investments could be, directly or indirectly, affected by one or more outbreaks of disease. It is possible that COVID-19, or some future epidemic or pandemic, could have a materially negative impact on economic fundamentals (including disruption of global supply chains), consumer confidence, tourism and/or the performance of essential government services. It is not possible to predict the severity of the effect that any such future events would have on the U.S. and non-U.S. economies or the value of the Funds' investments or the performance of the Funds. Risks related to COVID-19 and its impacts on public markets, such as decreased customer traffic, interruption of supply chains and resulting shortages or cost increases,

increased litigation against portfolio companies, closures of schools, businesses, and other activities causing decreased demand for portfolio company products or services, and negative impacts on consumer spending patterns due to decreased income or actual or perceived wealth, among others, may result in a protracted downturn in U.S. public market prices, which could negatively impact the performance of the Funds. As a result, the future performance of the Funds could differ materially negatively from historical results.

OTHER BUSINESS INTERRUPTIONS. VRA's investment advisory activities and operations, or the activities and operations of a portfolio company and service providers, could be interrupted or adversely affected by extraordinary events or emergency situations, including, without limitation, outbreaks of infectious diseases, epidemics or pandemics, war, terrorism, failure of technology, disasters, government macroeconomic policies, or social instability, including, in particular, COVID-19. To mitigate the effects of these types of events, VRA has, as of the date of this Brochure, activated our business continuity and disaster recovery plans. These plans, for example, require our employees to work and access our information technology, communications or other systems remotely. The failure of these systems and/or disaster recovery plans for any reason could cause significant business interruptions in VRA's, its affiliates', the Funds' and/or portfolio companies' operations.

Miscellaneous Risks

CYBERSECURITY RISK. Since the use of technology has become more prevalent in the course of business, the Funds may be more susceptible to operational risks through breaches in cybersecurity. A cybersecurity incident may refer to either intentional or unintentional events that allow an unauthorized party to gain access to fund assets, customer data, or proprietary information, or cause the Funds or one of their service providers (including the General Partners, VRA, VRM, prime brokers, the Boards of Directors and custodians) to suffer data corruption or lose operational functionality.

A cybersecurity incident could, among other things, result in the loss or theft of customer data or funds, customers or employees being unable to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or remediation costs associated with system repairs. Any of these results could have a substantial impact on the Funds and the Limited Partners. For example, if a cybersecurity incident results in a denial of service, employees of the Funds' service providers could be unable to access electronic systems to perform critical duties for the Fund, such as trading, or accounting. Further, Limited Partners could also be exposed to losses resulting from unauthorized use of their personal information. Cybersecurity incidents could cause the Funds or one of their service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, or financial loss of a significant magnitude. They may also cause the Funds to violate applicable privacy and other laws. VRA has established written policies and procedures that seek to reduce the risks associated with cybersecurity and business continuity plans in the event there is a cybersecurity breach. However, there is no guarantee that such efforts will succeed, and the Funds do not control the cybersecurity systems of the issuers of securities in which the Funds invest or the Funds' service providers.

Conflicts of Interest

The following list of actual and potential conflicts of interest does not purport to be a complete enumeration of the conflicts attendant to an investment in the Funds. Additional conflicts may exist that are not presently known to the Funds, the General Partners, VRA or their respective affiliates or are deemed immaterial. Furthermore, additional potential conflicts that are unique to VHCP EG's structure are described in VHCP EG's offering documents but are not described below. Current and prospective Limited Partners should read this entire Brochure, the private placement memoranda of the Fund(s) in which they are considering making an investment or have invested, and the Partnership Agreements and the Subscription Agreements of such Funds for additional discussions of potential conflicts of interest. In addition, as the investment program of the Funds develops and changes over time, an investment in the Funds may be subject to additional and different actual and potential conflicts of interest.

Conflicts of Interest Generally. The Funds will be subject to a number of actual and potential conflicts of interest involving VRA, VRM, the General Partners, and their respective affiliates, members, officers, managers and employees (collectively, the "**VR Group**"). Any references to VRA in this section will be deemed to include its affiliates, members, officers, and managers and their employees (including the Principals). Because VRA, VRM and the General Partners are under common control, there is an inherent conflict of interest that may arise in certain circumstances, including, but not limited to, the ability of the Funds to terminate their management agreements with VRA and VRM. While conflicts of interest are inherent to the relationships between VRA and the Funds, merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of the Funds. When a conflict of interest arises, VRA will endeavor to ensure that the conflict is resolved fairly.

The VR Group provides investment management services to the Funds, VRM provides investment management services to certain venture capital investment funds, and the VR Group expects to in the future provide such services to other investment vehicles and accounts (collectively, together with the Funds, "**Other Accounts**"). Certain Other Accounts have investment objectives, programs, strategies and positions that are similar to, or may conflict with, those of the Funds, or may compete with, or have other interests adverse to, the Funds. The VR Group may serve as an investment adviser (or in a similar capacity) to Other Accounts (subject to applicable regulatory restrictions) and may provide advice or recommendations which differ from advice given to, or securities or other instruments recommended for, the Funds, even though their investment objectives may be the same or similar. There may be situations where VRA may be incentivized to take or not take certain actions that may otherwise be in the best interests of the Funds since taking an action would benefit, or refraining from taking an action may be detrimental to, in each such case, the Other Accounts.

Allocation of Investment Opportunities Among Clients. In the future, VRA may, from time to time, be presented with investment opportunities that fall within the investment objective of the Funds and Other Accounts, which could raise the potential for a conflict of interest in allocating investment opportunities, particularly when the availability of such opportunity is limited. The potential conflict may be greater if such Other Accounts pay greater compensation to VRA and its affiliates than the Funds, or where investment professionals of VRA have personal stakes (financial or otherwise) in such Other Accounts. Specified policies and procedures implemented by VRA and its affiliates (including,

without limitation, the General Partners and the Funds) are intended to help manage such potential conflicts of interests.

In addition, in order to create a clear priority for the allocation of investment opportunities, VRA intends to prioritize the VHCP Funds, other VRA or VRM investment funds, and any successor funds over the Opportunities Fund in all matters related to the allocation of investments.

The following actual and potential conflicts of interests may result based on the allocation of investment opportunities among the Opportunities Fund and the VHCP Funds or among the Opportunities Fund and the other VRA and VRM investment funds (including, in each case below, their successor funds):

Allocation of Investments. VRA will, from time to time, be presented with investment opportunities that fall within the investment objective of the Opportunities Fund and the VHCP Funds or other VRA or VRM investment funds, which could raise the potential for a conflict of interest in allocating investment opportunities, particularly when the availability of such opportunity is limited. As described in detail in the private placement memorandum of the Opportunities Fund, it is anticipated that (i) the Opportunities Fund will make investments solely in existing or prior portfolio companies of the VHCP Funds or other VRA or VRM investment funds primarily in the healthcare and life sciences sector, (ii) investment opportunities will first be allocated to other VRA or VRM investment funds or the VHCP Funds, and (iii) the Opportunities Fund will only invest in portfolio companies after the VHCP Funds or such other VRA or VRM investment funds have been permitted to participate in such investment opportunities to the full extent that their general partners deem appropriate. As a result, the Opportunities Fund is expected to participate in investment opportunities only to the extent the VHCP Funds or other VRA or VRM investment funds do not first elect to participate in such investment opportunities or a portion of such investment opportunities remain available after participation by such other VRA or VRM investment funds based on their separate investment and stage focuses. This means that the other VRA or VRM investment funds will in all cases have priority over the Opportunities Fund with respect to allocation of investment opportunities. In light of this allocation policy, it is expected that, over time, the Opportunities Fund will not be allocated certain investment opportunities that are consistent with its investment objective, which could affect the performance of the Opportunities Fund.

The potential conflict may be greater where such other VRA or VRM investment funds pay greater compensation to VRA and its affiliates than the Opportunities Fund, or where investment professionals of VRA or the general partners have personal stakes (financial or otherwise) in such other VRA or VRM investment funds. Specified policies and procedures implemented by VRA and its affiliates (including, without limitation, the Opportunities Fund and its General Partner) are intended to help manage such potential conflicts of interests.

VRA also may face conflicts of interest in deciding whether to allocate investments to the Opportunities Fund, as follow-on investments in portfolio companies of the VHCP Funds or other VRA or VRM investment funds could affect the value of the investments of the VHCP Funds or other VRA or VRM investment funds.

Exit Timing. The limited partnership agreement of the Opportunities Fund provides that its General Partner and VRA shall have the right to prioritize the VHCP Funds and other VRA and VRM investment funds ahead of the Opportunities Fund with respect to sales of securities of existing portfolio companies and that the Opportunities Fund will not be required to exit in lock-step with the VHCP Funds or other VRA or VRM investment funds. To the extent that the VHCP Funds or other VRA or VRM investment funds sell securities through public market transactions prior to, but near in time to, sales effected for the Opportunities Fund, the transactions effected for the VHCP Funds or other VRA or VRM investment funds could negatively affect the pricing of transactions subsequently effected for the Opportunities Fund. Due to the different investment strategy of the Opportunities Fund compared to the VHCP Funds or other VRA or VRM investment funds, VRA expects in some cases to advise the Opportunities Fund to hold securities longer and through periods of lower anticipated rates of absolute growth than the VHCP Funds or other VRA or VRM investment funds.

Capital Structure.

The Opportunities Fund may invest in different parts of the capital structure of portfolio companies than the VHCP Funds or other VRA and VRM investment funds. As a result, VRA could face conflicts of interest in deciding whether to take certain actions, or refrain from taking certain actions, that could benefit the investment of one or more clients while causing losses to the investment of other clients. In such circumstances, VRA might take certain actions (for example, choosing not to exercise certain rights or choosing to divest one or more securities) that are intended to mitigate such conflicts that it might not take if such conflict did not exist.

Price. Because the Opportunities Fund is expected to make solely follow-on investments in current and former portfolio companies of the VHCP Funds or other VRA or VRM investment funds, VRA anticipates that the Opportunities Fund will generally invest at a later stage of growth than the investment made by the VHCP Funds or other VRA or VRM investment funds at a per share price that is higher, potentially very much higher, than the per share price paid by the VHCP Funds or other VRA or VRM investment funds.

Legal Terms. The rights, preferences, and privileges of the securities purchased by the Opportunities Fund may be different from or inferior to the rights, preferences, and privileges of the securities of the same portfolio company purchased by the VHCP Funds or other VRA or VRM investment funds. In addition, because private securities generally vote on an as-converted-to-common-stock basis, it is anticipated that the voting power of the VHCP Funds or other VRA or VRM investment funds in the portfolio company will typically exceed, often greatly exceeding, the voting power of the securities purchased by the Opportunities Fund in the same portfolio company, although investments by the Opportunities Fund may dilute the voting power of the VHCP Funds or other VRA or VRM investment funds. VRA generally intends to vote the securities held by Funds in the manner that is most favorable to that specific Fund, and this may mean that the VHCP Funds or other VRA or VRM investment funds vote securities of a portfolio company in a manner that is not the most favorable to the Opportunities Fund if the Opportunities Fund and that the VHCP Funds or other VRA or VRM investment fund have disparate interests. The Opportunities Fund may purchase securities that do not have a “senior” liquidation preference or have no liquidation preference at all (for example, as is typical of common stock), in which case a

sale of the portfolio company for a total purchase price below the valuation of the financing round in which the Opportunities Fund purchases will result in the Opportunities Fund losing money on its investment (but could result in other VRA or VRM investment funds earning a profit at that same price).

Material Non-Public Information. VRA anticipates that some of the investments by the Opportunities Fund into existing portfolio companies of the VHCP Funds or other VRA or VRM investment funds will be in companies with respect to which the VHCP Funds or other VRA or VRM investment funds or their general partners or personnel possess material non-public information regarding that company. In addition, even if no material non-public information is possessed by VRA or VRM at the time the Opportunities Fund makes its investment, VRA or VRM will in some cases later decide on behalf of the VHCP Funds or other VRA or VRM investment funds to seek or accept material non-public information regarding that portfolio company. If VRA or VRM, other VRA or VRM investment funds, or their general partner entities or personnel are in possession of material non-public information regarding a portfolio company, in nearly all cases that will mean that the Opportunities Fund will not be able to purchase or sell securities of that portfolio company in the open markets. This could (i) delay the entry by the Opportunities Fund into an investment in such a portfolio company; (ii) constrain the Opportunities Fund to only being able to purchase securities directly from the portfolio company itself, which may limit the quantity or increase the price of the securities purchased; (iii) delay or prevent the resale of securities of such portfolio company held by the Opportunities Fund, which could result in adverse timing or reduced sales prices for those securities; and (iv) prevent or delay any planned “secondary” purchases of shares by the Opportunities Fund from other shareholders of the portfolio company who are not aware of (and are not permitted to be told) such material non-public information. VRA is entitled to give priority to the VHCP Funds or other VRA or VRM investment funds and what will benefit their portfolios in determining whether to accept material non-public information and has no obligation to consider the interests of the Opportunities Fund in this regard or to avoid material non-public information in cases where avoiding such information would favor the Opportunities Fund over the VHCP Funds or other VRA or VRM investment funds.

Lockup Agreements. The Opportunities Fund may be required to enter into lockup agreements that restrict the sale of securities held by the Opportunities Fund in certain instances, such as for a period following the initial public offering of a portfolio company. In some cases, VRA anticipates that sales of securities by the Opportunities Fund will be restricted by existing lockup agreement obligations of the VHCP Funds or other VRA or VRM investment funds or that the Opportunities Fund will be required to sign lockup agreements in connection with its purchase of securities due to the size of the total holdings of all the VHCP Funds or other VRA or VRM investment funds in instances where the Opportunities Fund might not be required to sign such a lockup agreement if the VHCP Funds or other VRA or VRM investment funds held no securities. These lockup agreements could delay the sale of securities by the Opportunities Fund, resulting in less advantageous sales timing and lower sales prices.

Valuation. Late-stage private company financing rounds of successfully growing companies are regularly priced at a premium to the then-applicable financial metrics and business milestones of that private company (i.e. the pricing anticipates future continued growth of the company). However, fair value GAAP accounting requires VRA to value such companies at their current, not

anticipated future, fair value. This means that, if the Opportunities Fund purchases private company securities, especially in cases where such securities do not possess a senior liquidation preference, and the price includes some anticipation of future growth, the Opportunities Fund may need to take an immediate markdown in the GAAP carrying value of the securities purchased by the Opportunities Fund in order to reflect the then-current fair value of the company. In many of these cases, because the VHCP Funds or other VRA or VRM investment funds will have purchased securities in lower priced earlier financing rounds of these companies, VRA anticipates that such a financing could result in an immediate markdown in the GAAP carrying value of the securities acquired in such financing round by the Opportunities Fund at a time when that same financing round pricing results in a markup in the pre-closing GAAP carrying value of the securities in such portfolio company held by the VHCP Funds or other VRA or VRM investment funds.

Section 16 “Short Swing Trading” Limitations. Section 16(b) of the Securities Exchange Act of 1934, as amended, also referred to as the “short swing trading” limitations, generally applies to any shareholder who owns more than 10% of a class of a public company's equity securities registered under the Securities Exchange Act or any director of a public company and generally provides that any gain between a purchase and sale or a sale and purchase of listed shares of such public company occurring within six months of each other must be forfeited to the public company, subject to certain limitations and exceptions. The VHCP Funds occasionally and other VRA or VRM investment funds regularly have affiliated personnel serving as a director of publicly-traded portfolio companies and/or hold more than 10% of the listed shares of publicly-traded portfolio companies, and so the short-swing trading limitations occasionally apply to the VHCP Funds and regularly apply to the other VRA or VRM investment funds and VRA or VRM personnel. If the Opportunities Fund holds shares of a publicly traded portfolio company and either another VHCP Fund or VRA or VRM investment fund has affiliated personnel serving as a director of that publicly-traded portfolio company and/or holds, alone or together with the Opportunities Fund and the VHCP Funds and other VRA and VRM investment funds, more than 9.9% of the listed shares of that publicly-traded portfolio company, then VRA currently intends to conduct the affairs of the Opportunities Fund as if the Opportunities Fund will be deemed to also be subject to the short swing trading limitations with respect to that portfolio company.

The limited partnership agreement of the Opportunities Fund provides that its General Partner shall have the right to prioritize the VHCP Funds or other VRA or VRM investment funds ahead of the Opportunities Fund with respect to managing short swing trading limitations. This means that the Opportunities Fund is expected in some cases to: (i) delay purchasing securities to not create risk of a matchable “purchase” at times that the VHCP Funds or other VRA or VRM investment funds may be exiting securities of the same issuer, which may mean the Opportunities Fund ultimately does not have an opportunity to purchase any such securities or purchases them at a less favorable price or timing; (ii) not purchase certain securities at all, due to the creation of short swing trading liability for the VHCP Funds or other VRA or VRM investment funds or VRA or VRM personnel, which could cause the Opportunities Fund to miss out on attractive investment opportunities; (iii) purchase convertible or exercisable securities (where such conversion or exercise features may have delays of 61 days or more before they may be triggered) rather than purchasing listed securities in order to avoid causing the group of the VHCP Funds or other VRA or VRM investment funds and the Opportunities Fund to hold more than 10% of such an issuer, which could result in reduced liquidity and delayed exit timing for the Opportunities Fund's

securities; (iv) purchase securities only at the rate the VHCP Funds or other VRA or VRM investment funds sell such securities, such that the group of the VHCP Funds or other VRA or VRM investment funds and the Opportunities Fund do not hold more than 10% of such an issuer, which could cause the Opportunities Fund to purchase such securities at a less favorable price or timing; and (v) make in-kind distributions of securities rather than selling them in the open market, which could cause the investors in the Opportunities Fund to sell such distributed securities at less advantageous times or prices than if the Opportunities Fund managed the sale of such securities on behalf of the Limited Partners.

Allocation of Investment Opportunities Relative to Funds Advised by VRM. In order to avoid the appearance of potential conflicts of interest with venture capital funds advised by VRM or other affiliates of VRM ("VRM venture capital funds") in the allocation of investment opportunities, the Firm plans to allocate future initial investment opportunities in privately-traded healthcare companies to the VRM venture capital funds (other than privately-traded opportunities sourced by the VRA investment team for which the post-money valuation is reasonably anticipated to exceed \$150 million, which will be allocated two-thirds to the VHCP Funds and one-third to the VRM venture capital funds) and future initial investment opportunities in publicly-traded healthcare companies to the VHCP Funds, unless the Firm first consults the Limited Partner Advisory Committee. The Firm believes that certain late-stage private company investments are more appropriately suited for the VHCP Funds and intends to consult the Limited Partner Advisory Committee from time to time regarding the allocation of these investment opportunities as they arise. If new VHCP Funds are launched, VRA anticipates that the allocation of initial investment opportunities between and among the VRM venture capital funds and the VHCP Funds will change, subject to the prior approval of the Limited Partner Advisory Committee. Please see Item 10(C) below for additional information.

Time Commitments. The General Partners and their Members will devote such time, effort and skill as may be reasonably required to implement the Funds' purposes. The General Partners and their Members, officers and employees currently act, and in the future may act as a general partner or investment advisor to Other Accounts and may, on behalf of such Other Accounts, purchase and sell, or recommend for purchase and sale, securities of a class held by the Funds or of a type suitable for investment by the Fund. Such current and future activities, including the establishment of other investment funds, may give rise to additional conflicts of interest.

Except as otherwise set out in the Partnership Agreements, VRA and its affiliates are not restricted from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve commitment of substantial time and resources of the General Partners, their Members, VRA or any of their affiliates. These relationships could be viewed as creating a conflict of interest in that the time and effort of the General Partners, their Members, VRA and their affiliates would not be devoted exclusively to the business of the Funds but would be allocated between (x) the business of the Funds and (y) the management of the monies of other advisees of such persons and such other businesses owned, operated or invested in by any such persons. Notwithstanding the foregoing, VRA believes that it is adequately staffed to manage the Funds.

Brokerage Services. The Funds' securities transactions may generate a substantial amount of brokerage commissions and other compensation, including clearing fees and charges, all of which the

Funds, not VRA, will be obligated to pay. The General Partners and VRA have complete discretion in deciding what brokers and dealers the Funds use and in negotiating the rates of brokerage commissions and other compensation the Funds pay. The Funds buy and sell securities directly from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers. Any use of commissions or “soft dollars” generated by the Funds to pay for brokerage and research products or services is expected to fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Service Providers. Certain service providers (or their affiliates), including brokers, attorneys, consultants and investment banking firms, that VRA may retain or seek to have retained for the Funds may also have relationships with, or have provided goods or services to, VRA, its affiliates or other organizations to which senior investment professionals of VRA have been affiliated. VRA may choose to engage or seek to have engaged the same service providers to provide services to the Funds, VRA or its affiliates. In some cases, these service providers may provide services for one or more of these parties on terms that are more beneficial than those afforded to other of these parties. There can be no guarantee that the Funds will receive the most beneficial terms offered by any particular service provider. These services and relationships, or more favorable terms offered by service providers, may influence the General Partners and VRA in deciding whether to select such a provider to perform services for the Funds.

Compensation to VRA and the General Partner; Valuations by the General Partner. The management fee charged by certain of the Funds is based on the aggregate net asset value or the aggregate capital contributions to the Fund. The payment of the management fee to VRA and the carried interest may create an incentive for VRA to justify a faster rate of calling capital or a higher valuation of Fund investments than would be the case if the management fee and/or the carried interest were not paid. The General Partner of the Fund has the authority to call capital and to value the Fund’s assets in line with the Firm’s Valuation Policy and may delegate such authority to the Administrator or one of its affiliates to be valued in line with the Fund’s valuation policy. Any instruments for which market quotations are not readily available will be valued at fair value as reasonably determined in good faith by the general partner pursuant to the specific procedures and guidelines for the particular instrument set forth in the Firm’s Valuation Policy. As the carried interest and the management fee are paid to the General Partner and VRA, respectively, the General Partner may have an incentive to place a higher value on Fund investments than might otherwise be the case.

Insider Activity and Material Non-Public Information. The Firm intends, in general, to seek to preserve the ability to buy or sell the VHCP Funds’ stock positions, as well as later-stage follow-on investments in current or former portfolio companies of the VHCP Funds made by the Opportunities Fund, and to realize these Funds’ investments without the limitations presented by participation on the portfolio companies’ Board of Directors; however, there are expected to be circumstances where, in the judgment of the Firm, it will be in the best interest of these Funds to seek one or more Board member positions. In investments of the Opportunities Fund that are later-stage follow-on investments in current or former portfolio companies of the investment funds advised by VRM, it is anticipated that an employee of VRM will more commonly serve on the Board of Directors of those portfolio companies, in which cases the Firm generally intends to treat the Opportunities Fund as

restricted with respect to trading in that portfolio company's securities in order to avoid any appearance of conflict or impropriety.

The General Partners or their affiliates may also obtain material non-public information in the course of managing the Funds or Other Accounts. In such circumstances, the Funds may be restricted from making certain investments or trading positions in the Funds' portfolio, which may have an adverse effect on the Funds' portfolio. As the Funds will indemnify the General Partners and their affiliates for such activities, indemnification payments could adversely affect the return on the Funds' investments in an issuer and to the Funds' portfolio as a whole. In addition, the General Partners and their affiliates expect to sign confidentiality agreements with respect to particular issuers and expect, as a result of signing such agreements, to receive material non-public information, which would restrict the Funds' ability to trade in such issuers' securities.

Alternatively, VRA may decline to receive material non-public information in order to avoid trading restrictions for the Funds even though access to such information might have been advantageous to the Funds.

Distributions of Securities In-Kind to the General Partners. To the extent a General Partner causes a Fund to make an in-kind distributions of securities to the General Partner, whether in respect of Carried Interest Distributions, in connection with withdrawals by the General Partner, or otherwise, then subject to compliance with applicable law, the General Partner will be permitted to sell such distributed securities for its own account, which sales may be earlier, simultaneously with, or later than the Fund and may be on different terms than the General Partner causes the Fund to sell securities it holds in the same issuers. To the extent that the General Partner sells securities distributed to it in-kind prior to, or simultaneously with, effecting sales of such securities for the Fund, the General Partner's sales of securities for its own account could negatively impact the price of such securities, which could reduce the proceeds earned from sales for the Fund's account.

Limited Partner Advisory Committee. The Limited Partner Advisory Committee may consider and, on behalf of the Limited Partners, approve or disapprove, to the extent required by applicable law or as determined by the General Partners, certain principal transactions and certain other conflicts of interest upon the request of the General Partners (which may include principal transactions) or as otherwise set out in the Partnership Agreements.

Investors were provided with an offering memorandum for each Fund that contains a detailed description of certain material risks related to an investment in such Fund. All such risk factors are applicable to the Funds generally. Investors are advised to carefully review all risk factors set forth in such offering memoranda, and investors may contact VRA for a complete set of these risk factors.

Transfers of Interests. As provided in the limited partnership agreements of the Funds, the General Partner of the Fund and an investor may agree that the investor will voluntarily transfer and sell its interest in the Fund to the General Partner on mutually agreeable terms. This creates a conflict of interest because the General Partner is acting for its own account with respect to the purchase of the Fund interest from the transferring investor and because the General Partner is not obligated to offer the opportunity to purchase this interest to the other investors or to offer an opportunity for other investors to transfer their interests to the General Partner. The purchase of such a Fund interest by the General Partner may not be at net asset value, could be on economically favorable terms to the

General Partner and such interest could further appreciate over the remaining life of the Fund. The General Partner is not obligated to and does not plan to provide notice to the other investors of such a voluntary transfer of an interest in the Fund to the General Partner, and the other investors will not have the opportunity to participate in such a transfer.

Conflicts Relating to SPACs. Where a General Partner, VRA, VRM, or one of their respective affiliates is the sponsor of a SPAC in which a Fund invests, which is presently contemplated as a possibility, the General Partner may have a conflict of interest in determining whether to invest Fund capital into the SPAC or to otherwise provide financing to the SPAC, and in determining the terms of such investments and financings. The General Partner will also have a conflict of interest in determining whether to allocate a particular acquisition to the Fund or to the SPAC where the investment would be appropriate for either.

In addition, a General Partner, VRA, VRM, or their employees or affiliates may provide administrative or other services to a SPAC in which a Fund invests and receive fees or other compensation from the SPAC for such services. Moreover, to the extent that a General Partner or its employees provide management or other services (including serving as directors or officers) to a target business acquired by the SPAC, that General Partner and/or its employees or affiliates may receive compensation and other benefits from the target business for such services. Such services will generally be provided on terms that a General Partner, VRA, and/or VRM reasonably and in good faith believes to be arms-length and consistent with the prevailing market for similar services. The Fund shall not be entitled to any such compensation or benefits, however the value of any such compensation or benefits (other than equity issued in connection with service as a member of the Board of Directors or in the contemplation of a public offering) shall be offset against or otherwise reduce the Management Fee on the same terms as "Transaction Fees" generally offset the Management Fee, as described in the Funds' Partnership Agreements.

Item 9 – Disciplinary Information

In the past ten years, there have been no legal or disciplinary events involving either VRA or any of its management persons that are material to VRA's advisory business.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither VRA nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.
- B. Neither VRA nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. In order to avoid the appearance of potential conflicts of interest with VRM venture capital funds in the allocation of investment opportunities, the Firm plans to allocate future initial investment opportunities in privately-traded healthcare companies to the VRM venture capital funds (other than privately-traded opportunities sourced by the VRA investment team for which the post-money

valuation is reasonably anticipated to exceed \$150 million, which will be allocated two-thirds to the VHCP Funds and one-third to the VRM venture capital funds) and future initial investment opportunities in publicly-traded healthcare companies to the VHCP Funds, unless the Firm first consults the Limited Partner Advisory Committee. The Firm believes that certain late-stage private company investments are more appropriately suited for the VHCP Funds and intends to consult the Limited Partner Advisory Committee from time to time regarding the allocation of these investment opportunities as they arise. If new VHCP Funds are launched, VRA anticipates that the allocation of initial investment opportunities between and among the VRM venture capital funds and the VHCP Funds will change, subject to the prior approval of the Limited Partner Advisory Committee.

In order to avoid the appearance of potential conflicts of interest in the allocation of investment opportunities between the Opportunities Fund and the VHCP Funds and other VRA or VRM investment funds, and in order to provide a mechanism to represent the interest of investors in the Opportunities Fund in these decisions, the limited partnership agreement of the Opportunities Fund provides that the Opportunities Fund will not invest in the securities of any new portfolio company whose debt or equity securities are held by the VHCP Funds and any other VRA or VRM investment fund at the time of the Opportunities Fund's investment and will not co-invest with the VHCP Funds or any other VRA or VRM investment fund in a specific investment round of any company (regardless of whether such company is an existing portfolio company of the Opportunities Fund) without first obtaining the approval of the Limited Partner Advisory Committee.

The General Partners serve as the general partners of the VHCP Funds and separately and independently make all decisions regarding investments, divestments, capital contributions, and distributions on behalf of the VHCP Funds. VRM has the right to designate the manager(s) of VRA and the principal owners of the General Partners from time to time. VRM is entitled to receive a portion of the management fees from the Funds, and VR Capital, LLC and VR Capital II, LLC, entities owned primarily by the owners of VRM, are entitled to receive a portion of the Carried Interest Distributions from the Funds. VRM has established a committee to govern the affairs of VRA, and a majority of the members of and the holders of a majority of the voting power for that committee are employees of VRA (Dr. Koh and Mr. Shah). The Firm does not believe that its relationship with VRM (or VR Capital, LLC or VR Capital II, LLC) creates a material conflict of interest with its clients.

VRA and VRM personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Clients that will neither be subject to an offset against any Management Fees payable to the Client nor will otherwise be shared with the Clients, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Client or account expenses can result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to VRA and/or VRA personnel (and not the Clients, investors and/or portfolio companies), even though the cost of the underlying service is borne by the Clients investors and/or portfolio companies.

D. VRA does not recommend or select other investment advisers for the Funds.

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

- A. VRA has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Clients, requires that the Firm’s employees act in the best interests of Clients, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. VRA’s employees are also required to comply with applicable provisions of the federal securities laws and to make prompt reports to the Firm or other appropriate parties of any actual or suspected violations of such laws by VRA or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of VRA’s employees. The Code prohibits employees from engaging in personal trading in the securities of issuers on the Firm’s restricted list; requires employees to provide duplicate brokerage accounts statements and trade confirmations or direct brokerage data feeds to the Firm or to report all securities transactions on at least a quarterly basis; and requires employees to provide or confirm a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material nonpublic information (“insider trading”) and other confidential information and policies and procedures addressing conflicts of interest, outside activities of employees, and gifts and business entertainment, including limitations and reporting requirements.

B/C/D.

Except as specifically provided in the Funds’ offering and governing documents, neither VRA nor any related person: (i) recommends to Clients, or buys or sells for Client accounts, securities in which the Firm or any related person has a material financial interest, (ii) invests in the same securities that the Firm or any related person recommends to Clients, or (iii) recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time that the Firm or any related person buys or sells the same securities for their own accounts. Such instances specifically provided in the offering and governing documents would include, for example (and without limitation): (i) the ability of the VHCP Funds to make investments in companies in which VRM venture capital funds hold existing investments, in each case following consultation regarding such investment with the Funds’ Limited Partner Advisory Committee (a committee composed of representatives of investors in the Funds and/or the VRM venture capital funds); (ii) the ability of the VHCP Funds to co-invest with other VRM venture capital funds in companies, in each case following consultation regarding such co-investment with the Funds’ Limited Partner Advisory Committee, and such co-investments are typically made on the same terms and timing; (iii) the ability of the Opportunities Fund to make investments in companies in which the VHCP Funds or the VRM venture capital funds hold existing investments or to co-invest with such other VRA or VRM investment funds in companies, in each case following prior approval of such investment by the Limited Partner Advisory Committee; or (iv) the ability of the General Partners to participate in distributions in-kind of securities by the Funds as part of the General Partners’ rights to receive Carried Interest Distributions or returns on capital invested in the Funds, and subsequently to sell such distributed securities (which sales in some instances will occur shortly following such distribution in-kind, at a time when investors in the Funds may also be selling such distributed securities for their own accounts, or during a period in which the Funds in some instances will continue to hold a portion of their original stock positions in the underlying company (in the case of a partial distribution of the Fund’s stock position, for example due to market volume considerations)). The Funds in some instances will invest (whether initial investments or investments of additional capital) in portfolio companies for which an employee of VRA or VRM

serves as a member of its board of directors and in companies from which VRA, VRM, or their employees or affiliated investment entities have received compensation (cash and/or equity), typically in connection with service on the board of directors. VRA (or its affiliated investment entities) provides a written disclosure to investors in each Fund and to the Fund's Limited Partner Advisory Committee annually disclosing all such compensation from portfolio companies and prospective portfolio companies of the Fund received by VRA, VRM, or their employees or affiliated investment entities.

Item 12 – Brokerage Practices

- A. When the Firm selects brokers on behalf of its clients to execute public market transactions, the Firm typically does so based on the Firm's assessment of the brokers that will provide the best execution on behalf of the Funds. The Firm periodically reviews the quality of execution by such brokers.

"Soft dollar" arrangements with broker-dealers are used by VRA to pay for certain brokerage- and research-related expenses. Any use of commissions or soft dollars generated by the Funds to pay for brokerage and research products or services is expected to fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended.

VRA does not typically consider Client referrals when selecting or recommending a broker-dealer.

VRA does not typically engage in directed brokerage.

- B. The Firm typically aggregates purchases and sales of securities for the VHCP Funds when more than one VHCP Fund is purchasing or selling securities in a single issuer. In most cases, the VHCP Funds purchase or sell such securities in a predetermined ratio in all such similar transactions.

Item 13 – Review of Accounts

- A. The portfolio management team typically meets one to three times a week to consider each Fund's holdings and potential transactions.
- B. This is not applicable to VRA.

Within 120 days after each Fund's fiscal year-end, audited financial statements are distributed to Investors in the Fund. The Firm also provides unaudited performance information for the Funds to its investors after each calendar quarter-end.

Item 14 – Client Referrals and Other Compensation

- A. Certain employees of VRA have been granted indirect economic interests in or are investors in VRM venture capital funds. Bong Y. Koh is a member of VRM. The Firm's Chief Compliance Officer monitors these activities. The Firm does not believe that these interests or investments create a material conflict of interest for the Funds.
- B. This is not applicable to VRA.

Item 15 – Custody

VRA does not maintain physical custody of its Clients' assets. However, VRA believes that it would generally be viewed by regulators as having custody of the assets of each Fund for which it or a General Partner serves as general partner under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). Accordingly, VRA and the General Partners intend to adhere to the applicable requirements of the Custody Rule with respect to each Fund for which VRA or a General Partner serves as general partner or managing member. The Chief Financial Officer of VRA will be responsible for arranging for the annual independent audits of the Funds by an independent auditor in accordance with generally accepted accounting principles and for delivery of the Funds' audited financial statements to investors within 120 days of the Funds' fiscal year end.

Item 16 – Investment Discretion

Typically, VRA provides investment advice directly to the Funds on a discretionary basis and not individually to the investors in the Funds. An affiliate of VRA, usually the General Partner, accepts discretionary investment authority for each Fund. Generally, this discretion is subject only to the investment guidelines set forth in the Fund's governing documents.

Item 17 – Voting Client Securities

- A. In the event that the Firm is presented with an opportunity to vote a proxy, the Firm's general policy is to vote proxies in accordance with the best interest of the Funds. The Firm believes company management generally is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, the Firm generally intends to vote proxies in line with company management. However, under circumstances when the Firm believes that company management's proposal will not maximize value for the Funds, the Firm intends to vote against company management's recommendations.
- B. This is not applicable to VRA.

Item 18 – Financial Information

- A. This is not applicable to VRA.
- B. The Firm does not believe that any such reasonably likely financial conditions exist, however investors should carefully review the risks factors disclosed in Item 8 of this document and contained in the offering documents of the Funds for a discussion of potential financial conditions and other risks that could negatively impact the Funds, the Firm, or the Firm's ability to meet its or the Funds' contractual commitments.
- C. VRA has not been the subject of a bankruptcy petition at any time during the past ten years.