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Form ADV Part 2A – Disclosure Brochure

Piper Heartland Healthcare Crossover Strategy

March 29, 2023

This Brochure provides information about the qualifications and business practices of Piper Heartland Healthcare Capital, LLC (“PHHC”). If you have any questions about the contents of this Brochure, please contact us at 612-303-6000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

PHHC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about PHHC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This section is intended to identify only specific material changes made to the Brochure and provide clients with a summary of changes made subsequent to the date of the last update.

There have been no material changes to the brochure since March 31, 2022.

A new Brochure will be provided and/or made available to you as necessary based on changes or new information, without charge.

Additional information about Piper Sandler Heartland Healthcare Capital, LLC is also available via the SEC's web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

This disclosure document deals solely with the Piper Heartland Healthcare Crossover Strategy (the “Heartland Healthcare Crossover Strategy”). This document provides information about Piper Heartland Healthcare Capital LLC (“PHHC”) and its Heartland Healthcare Crossover Strategy (“Strategy”) that should be considered when investing in any investment vehicles. This information has not been approved by any federal or state governmental authority.

General Information and Investment Advisory Services Relating to Heartland Healthcare Crossover Strategy

PHHC is a Delaware limited liability company that was organized in 2020 and is wholly owned by Piper Sandler Investment Group Inc., a direct holding company subsidiary of Piper Sandler Companies (together, with its affiliates, “Piper Sandler”), a public company listed on the New York Stock Exchange (symbol: PIPR).

PHHC’s advisory services are limited to the Heartland Healthcare Crossover Strategy, which is principally focused on providing investment advisory services to one or more pooled investment vehicles that are offered to investors via private placements. More specifically, the Heartland Healthcare Crossover Strategy will invest in initial public offering (“IPO”)-ready private companies with the target objective of providing a more attractive financial return than public equity investing, with a lower degree of risk and a faster return of capital as compared with early-stage private equity or venture investing. The Strategy will invest solely in companies that operate in the healthcare industry. Within the healthcare industry, the Strategy will seek to invest in companies that operate in sub-sectors covered by Piper’s investment banking and equity research groups, which include biopharma, medical devices, healthcare information technology, and diagnostics.

Piper, with a Firm history dating to 1895, has a significant asset management business through four principal United States asset management affiliates, PSC Capital Partners LLC (“PSCCP”), Piper Sandler & Co. (“**Piper**”), Piper Sandler Finance Management, LLC (“PSFM”), and Piper Sandler Advisers (“PSA”) each of which is an investment advisory firm registered with the SEC. Each of these entities is a wholly owned subsidiary of Piper. Piper also operates the Simmons Private Equity Investment vehicles, an asset management business, through Parallel General Partners, a general partner regulated by the Guernsey Financial Services Commission. Piper, in turn, is a public company listed on the New York Stock Exchange (symbol: PIPR).

Healthcare Experience of the Firm

Piper has been a leading strategic adviser in healthcare investment banking and underwriting for over 30 years. Since 2010, Piper has advised on over 260 mergers and acquisition (“M&A”) transactions in healthcare, representing over \$77 billion in transaction value. Piper is also one of the most active bookrunners of healthcare companies on Wall Street. Piper has been a bookrunner on over 275 public

equity financings for healthcare companies since 2010, representing over \$27 billion in capital. In addition to strategic and capital advisory services, Piper serves investors and companies through an award-winning research platform, which publishes macro-economic, industry and company-specific research. The healthcare equity research team consists of eleven senior research analysts who cover over 200 companies across all major healthcare sub-sectors.

Crossover Investing Strategy

Crossover investing describes a strategy in which investors participate in multiple stages of company capitalization, ‘crossing over’ from private stage to public stage investing. In making the private-stage investment, crossover investors take on additional inherent risks associated with the development stage of the company and the liquidity profile. In exchange for those risks, investors receive ownership at a valuation discount to the expected IPO valuation. We believe the risks are partially mitigated by a company’s near-term intention and assessed potential to access the public markets through an IPO. Crossover investors remain invested in the company post-IPO, and typically invest additional capital in the IPO round itself to de-risk the IPO and to help enhance their return. As insiders, they are also subject to customary lock-up periods, typically of 180 days. Unlike traditional public equity investors, most crossover investors are highly focused on optimizing returns through well-timed exits and are not viewed as long-term equity holders.

Companies that seek crossover investments do so for several reasons. By taking in additional capital, the company is building a cash reserve under opportune conditions, which may provide stability in the event of unforeseen circumstances. The crossover round also helps to initiate the IPO process with a base of investors ahead of the IPO or creating what is known as a ‘shadow book’. Because demand may be built ahead of the IPO, crossover rounds can create a perception of quality, which can signal strength to public investors in an IPO process.

PHHC tailors its advisory services to the specific investment objectives and restrictions of each investment vehicle set forth in the offering documents. Investors and prospective investors should refer to the confidential private placement memorandum, limited partnership agreement or operating agreement, subscription agreement, investment management agreement and/or other governing documents (collectively, the “Governing Documents”) of the applicable investment vehicle for complete information on the investment objectives and investment restrictions. There is no assurance that any investment vehicle’s investment objectives will be achieved.

Piper Heartland Healthcare Capital Management LLC (the “**General Partner**”) serves as the general partner for investment vehicles managed by PHHC.

Assets Under Management

PHHC manages all client assets on a discretionary basis in accordance with the terms of each client’s governing documents. As of December 31, 2022, PHHC, had \$202,644,151 in client assets under management.

Item 5 – Fees and Compensation

All investors and prospective investors of PHHC investment vehicles should review the Governing Documents in conjunction with this Brochure for complete information on the fees and compensation payable in connection with any investments. Investors and prospective investors should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

A Management Fee: During the period from any investment vehicles initial closing until the expiration or termination of the Commitment Period, 2% of a Limited Partner's Capital Commitment, and thereafter 2% of such Limited Partner's invested capital less disposed of investments and investments written off as worthless.

A Limited Partner's "Actively Invested Capital" will be equal to the aggregate outstanding amount with respect to such Limited Partner that is invested, valued at cost, in Portfolio Investments, Bridge Financings and Temporary Investments, reduced by the amount of any write-offs.

Subject to tax distributions, distributions will initially be apportioned among the partners in proportion to their respective capital contributions. The amount so apportioned to the General Partner will be distributed to the General Partner, and the amount so apportioned to each Limited Partner will be distributed to each such Limited Partner and the General Partner as follows:

First, 100 percent to such Limited Partner until it has received distributions equal to its capital contribution;

Second, 100 percent to such Limited Partner in an amount equal to a return of 10 percent on its unreturned capital contribution (the "Preferred Return");

Third, 100 percent to the General Partner, until the General Partner has received in respect of such Limited Partner an amount equal to 20 percent of the total amounts distributed pursuant to paragraph *Second* and this paragraph *Third*, respectively; and

Fourth, 80 percent to the Limited Partners in proportion to their capital contributions and 20 percent to the General Partner (distributions to the General Partner pursuant to paragraph *Third* and this paragraph *Fourth*, the "Carried Interest Distributions").

Management Fees payable by investors may, in certain circumstances, be negotiated. Some investors may pay higher or lower management fees with respect to their investment, depending on various considerations, including but not limited to:

- The size of the investor's capital commitment;
- The amount of time the investor has invested in one or more strategies offered by PHHC;
- The total amount of the investor's assets under management with PHHC.

Deduction of Fees; Timing of Payments; Termination

As a general matter, PHHC will charge and deduct advisory fees directly from the investment vehicle pursuant to the terms of the Governing Documents. Such advisory fees will take the form of, and be limited to, the management fee described above.

Payments of advisory fees are generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents for complete information on the timing of advisory fee payments.

Upon termination of an investment management agreement with respect to any investment vehicle, prepaid, unearned fees will be promptly refunded (determined on a pro rata basis based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable by the investment vehicle.

Other Fees and Expenses

In addition to the fees payable to PHHC and its affiliated entities, each investment vehicle (and therefore, indirectly, the investors in each such Investment vehicle) may incur certain charges imposed by third parties and other expenses as set forth in the Governing Documents attributable to such investment vehicle. Such expenses may include (but are not limited to): legal, auditing, accounting and custodian fees and expenses; expenses associated with the applicable investment vehicle's financial statements, tax returns and Schedules K-1; expenses related to annual meetings of the investment vehicle's investors (if any); expenses of the investment vehicle's advisory committee attributable to the Investment vehicle; consulting; insurance; other expenses associated with the sourcing, holding and disposition of Investment vehicle investments, including the costs of unconsummated investments and extraordinary expenses (such as litigation, if any); any taxes, fees or other governmental charges levied against the Investment vehicle and travel (to the extent related to the investigation of identified companies in connection with investment or potential investment transactions or monitoring of portfolio companies (to the extent not reimbursed)) and other similar fees and expenses.

The types of such other fees and expenses incurred may vary by investment vehicle. All investors and prospective investors should review the Governing Documents of the applicable investment vehicle in conjunction with this Brochure for complete information on the charges and expenses payable with respect to a particular investment vehicle.

Item 12 of this Brochure describes the factors PHHC considers in selecting or recommending broker-dealers on behalf of the investment vehicles and determining the reasonableness of their compensation.

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

Investment vehicles are subject to performance-based compensation arrangements. PHHC will typically receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets. Such “carried interest” allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”) to the extent required by the Advisers Act. Any share of profits allocated or distributed to PHHC or an affiliate of the investment vehicle.

The General Partner may provide Limited Partners and/or third parties with opportunities to co-invest alongside the Investment vehicle on a deal-by-deal basis, to the extent available and appropriate, but will be under no obligation to do so. Any capital committed by a Limited Partner to any such co-investment opportunity will be in addition to such Limited Partner’s Capital Commitment.

Item 7 – Types of Clients

PHHC provides Heartland Healthcare Crossover Strategy-related investment advice solely to the investment vehicles, which are pooled investment vehicles generally offered to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act. As a result, the investment vehicles are not required to register as investment companies under the Company Act in reliance upon the exemptions available to the investment vehicles pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act. Investors in an investment vehicle may include high net worth individuals, corporations, investment vehicle of investment vehicles, financial institutions, endowments, foundations, trusts, estates and public and private pension and profit-sharing plans.

PHHC and/or its affiliates may establish certain alternative investment vehicles, parallel investment vehicles and/or special purpose vehicles (collectively, “AIVs”) for the purpose of addressing tax, regulatory and/or structural issues and/or facilitating certain investments by one or more Investment vehicles and/or investors. Prospective investors should refer to the Governing Documents of the applicable investment vehicle for complete details on any AIV that may be established by such investment vehicle and its ability to make investments through AIVs.

In general, the minimum investment commitment required of an investor to participate in the Piper Heartland Healthcare Strategy is \$10 million, subject to reduction at the sole discretion of the General Partner.

Investors are requested to refer to the Governing Documents of each investment vehicle for complete information on minimum investment requirements for participation in a particular investment vehicle.

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

Methods of Analysis

Research is plentiful on early-stage venture capital and later-stage private equity returns, but not readily available on crossover investments. One of the reasons for the lack of independent, third-party research is that crossover investments, as a distinct investment strategy, are relatively novel compared to venture capital and private equity. Crossover investments also tend to be insider-oriented investment rounds that are not readily defined by a publicly known, externally identifiable feature at the time of the crossover investment. A company and its Board's decision to take a crossover round with the intention of a near-term IPO is a confidential matter that generally requires no public disclosure. Investor access to crossover opportunities is difficult and highly controlled by insiders. Information available post-IPO can provide some meaningful insights on crossover investment metrics and performance, but it is still difficult to categorize and requires certain assumptions, parameter definitions and market knowledge. Furthermore, in analyzing the data available from public disclosures of companies that successfully had an IPO, which is the only means by which information is made public, there is an implicit confirmation bias in the data. Omitted from the data are companies that had a crossover investment, but never had an IPO. The directional bias of the omitted data is unclear, however, as crossover investments that are made with the intention of an IPO may never actually reach the public markets for a wide variety of reasons ranging from a negative unforeseen event for the company, to a sale of the company to an acquirer.

The Heartland Healthcare Fund Investing Model

The Manager believes the Strategy has a differentiated investment model that is particularly suited to healthcare crossover investing. The Strategy seeks to participate in the crossover syndicate in a supporting capacity to the lead investor. Crossover investments can be structured in a variety of ways, providing for convertible features, step-up thresholds, preferences and participation rights in subsequent financings, including the IPO. While the lead investor in the crossover round will typically negotiate and set these transaction parameters, the Manager may support and collaborate with the lead investor to enhance the potential transaction structure.

The model leverages the Manager's network of relationships as well as the affiliation with Piper, an active and highly regarded healthcare investment banking firm. Key elements of this model include:

Experienced Investment Team – The principals of the Manager are an experienced group of professionals with extensive healthcare investment banking experience.

Established Origination Network – The Manager has developed significant relationships in the venture capital and private equity communities, and also in the healthcare investment banking industry. The Manager plans to utilize these relationships to identify transaction opportunities for the Strategy.

In addition, the Manager has access to more than 100 Piper healthcare investment bankers that have relationships with healthcare companies. These investment bankers have deep industry knowledge and are continually in contact with companies, key executives, venture capital and private equity firms and key opinion leaders in their respective industries. The Manager intends to draw upon these “feet on the street” to augment its investment opportunities pipeline.

Expansive Diligence Capability – In addition to the resources of the Manager’s team and certain outside resources employed by the Manager from time to time, the Manager is also able to leverage Piper’s healthcare equity research staff to gain valuable, independent insight into companies and market trends when the Manager conducts its diligence on prospective investment opportunities. Piper’s healthcare research staff covers over 200 publicly listed healthcare companies, primarily in the small and mid-cap segments.

The research staff also produces significant industry reports and regularly sponsors and attends specialized industry conferences. The research team at Piper brings independent industry and company knowledge to the diligence process, a potentially valuable resource for the Manager.

Investment Strategies

The Heartland Healthcare Crossover Strategy will seek to generate significant long term capital appreciation primarily through equity and equity related investments in private healthcare companies that the General Partner believes may be poised for an initial public offering of its equity shares on a U.S. registered securities exchange (“**Portfolio Investments**”). In particular, the Strategy intends to invest primarily in healthcare-focused companies across the biotechnology, medical devices, healthcare IT and healthcare services subsectors. It is anticipated that investments generally will range in size from approximately \$5 million to \$10 million, with total investments pre portfolio company ranging from approximately \$10 million to \$20 million.

When identifying prospective Investment vehicle investments, PHHC expects to primarily leverage the various investment bankers that operate on the Piper Sandler platform. The Heartland Healthcare Crossover Strategy, however, is not limited to investing in portfolio companies sourced from Piper Sandler investment banking. PHHC may also utilize sources outside of the Piper Sandler network.

As part of the due diligence and investment process for selecting portfolio company investments for the investment vehicles, PHHC’s heartland healthcare banking team will generally work closely with the relevant Piper Sandler investment bankers and research analysts with respect to investment opportunities. Consistent with the methods of analysis highlighted above, PHHC’s heartland healthcare banking team conducts a due diligence investigation of the prospective portfolio company’s historical and projected performance, management backgrounds and capabilities and other industry and company specific factors in order to assess the prospective portfolio company’s

relative strengths and weaknesses and arrive at a preliminary valuation of the company. Once its analysis and due diligence is completed and PHHC determines preliminarily that it wants to proceed with an investment, PHHC will present the company with a term sheet outlining the terms on which it is willing to invest in the company. Such terms will include not only price and valuation but also the structure of the security in which it proposes to invest. PHHC may then engage in negotiation of its term sheet with the company.

Material Risks Associated with the Heartland Healthcare Crossover Strategy

Risks Inherent in Investing in Companies of the Type Targeted by the Crossover Strategy

The types of investments that the Strategy anticipates making involve a high degree of risk. In general, financial and business risks confronting portfolio companies can be significant. While targeted return should reflect the perceived level of risk in any investment situation, there can be no assurance that the Investment vehicle will be adequately compensated for risks taken. A loss of an investor's entire investment is possible.

The timing of profit realization is highly uncertain. Losses are likely to occur early in the investment vehicle's term, while successes often require a long maturation. The portfolio companies generally will be developing companies in industry sectors that entail significant operating risk. Many of the portfolio companies will be at a stage of development which may involve greater risks than are generally associated with investments in more established companies. Although such investments tend to be less risky than seed and early round capital, the investments will involve significant financial and business risks.

Target portfolio companies will have shorter operating histories on which to judge performance and, in many cases, will operate with limited profits, at breakeven or at a loss, or with substantial variations in operating results from period to period. In addition to having limited operating histories, the portfolio companies may often have products or services with undeveloped markets. Many of the portfolio companies may need substantial additional capital (which may not be available) to support additional research and development activities and expansion, to develop new products, services and distribution capabilities or to achieve or maintain a competitive position. Such companies face intense competition, including from companies with greater financial resources, more extensive development, engineering, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Target portfolio companies may also be more susceptible to the negative effects of downturns in general economic conditions or loss of a single or a small number of employees.

Risks Associated with Investments in Growth-Oriented Companies

Investment vehicles may invest the majority of its assets in the securities of smaller, less established companies. The investments in such companies may involve greater risks than are generally associated with investments in more established companies. Less established companies tend to have a lower capitalization and fewer resources and, therefore, are often more vulnerable to financial failure.

In addition, such companies may not be profitable or even commercial at the time of investment and may experience substantial fluctuations in their operating results. The success of such companies may also depend on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would adversely affect their businesses.

Target portfolio companies may also have shorter operating histories on which the portfolio managers may judge their future performance. In addition, such portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel.

Uncertainty of Financial Projections

Financial and other information concerning the investments may only be available through certain sources, including the portfolio companies themselves and as such, there may be no consistent means of confirming the accuracy of such information. It may also be impractical or undesirable to carry out fulltime due diligence before an investment is acquired.

The portfolio companies and their management teams may have little or no previous credit histories. Financial projections are by definition subject to assumptions about future performance of the company and relevant economic and capital markets conditions that may impact the performance and/or financial condition of the company. The inaccuracy of certain assumptions, general economic conditions and other factors, which are not predictable, can have a material impact on the reliability of projections. Accordingly, there can be no assurance that any portfolio company will achieve financial results and a financial condition that closely align with such company's financial projections and in fact, actual results often vary significantly from projected results.

Non-Controlling Investments

The investment vehicle will primarily make minority equity investments in portfolio companies where it may have limited or no ability to influence management and board decisions and such decisions may not be in the best interest of the investment vehicle. Such a portfolio company may have economic or business interests or goals that are inconsistent with those of the investment vehicle, and the investment vehicle may have a limited ability to protect the value of its investment in the company.

Although the investment vehicle may seek to make investments in preferred securities or other structured securities that provide the investment vehicle with preferences, rights and privileges as to terms such as dividends, liquidation, redemption, and dilution, as well as protective shareholder rights provisions designed to ensure that its preferences, rights and privileges will not be adversely changed without the vote or consent of the investment vehicle, the investment vehicle will not typically be in a position to negotiate preferences, rights and privileges that are as advantageous or as protected as those negotiated by investors that are able to make majority or controlling investments in a portfolio company, nor will the investment vehicle typically be in a position to protect its preferences, rights and privileges. Moreover, the investment vehicle may make common equity investments in portfolio companies, in which case the Investment vehicle will be junior as to all other classes of equity holders.

Nature of the Fund's Investments, Business and Market Risk

A substantial portion of the investment vehicle's investments will be in equity or equity-related investments that by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that the Investment vehicle will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, including the risk of war and the effects of terrorist attacks, may significantly affect the results of the Investment vehicle's activities. In addition, the Investment vehicle's strategy for a portfolio company may involve an acquisition program, restructuring and/or operational improvements, all of which entail a high degree of uncertainty. As a result, the investment vehicle may not achieve its investment objectives and the investment vehicle's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

Portfolio Concentration

The investment vehicle will participate in a limited number of investments and has a narrow investment focus, making equity and equity-related investments primarily in crossover-stage healthcare companies that are focused in the across biotechnology, medical devices, healthcare IT and healthcare services sectors. Furthermore, to the extent that the capital raised for the Investment vehicle is less than the targeted amount, the Investment vehicle may invest in fewer portfolio companies and thus be less diversified. If the Investment vehicle's investments are concentrated in a few issuers or industries, any adverse change in one or more of such issuers or industries could have a material adverse effect on the Investment vehicle's investments.

Disposing of Investments in Companies of the Type Targeted by the Funds

The receptiveness of the public market to initial public offerings by the Investment vehicle's portfolio companies may vary dramatically from period to period. An otherwise successful portfolio

company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a portfolio company effects a successful public offering, the Investment vehicle or the portfolio company's securities typically will be subject to contractual "lock-up," securities law or other restrictions, which may, for a material period of time, prevent the investment vehicle and/or the Limited Partners from disposing of such securities.

There can be no guarantee that any portfolio company investment will result in a liquidity event via a merger, acquisition, initial public offering or otherwise, and there is a significant risk that the investment vehicle's investments will yield little or no return. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. It is possible that the investment vehicle will still hold some illiquid securities at the time of the Investment vehicle's dissolution, with the result that such securities may be distributed in-kind or sold for a price that reflects their illiquid nature.

Similarly, although the investment vehicle is seeking to invest in companies which the General Partner views are positioned for an initial public offering, the Investment vehicle's portfolio companies may also pursue other exit strategies, including M&A.

The M&A market for commercial- and pre-commercial stage private companies (including companies in the healthcare information technology and healthcare services sectors) can be extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the investment vehicle to dispose of investments, and the value of the investment vehicle's investments on the date of sale or distribution by the investment vehicle. In particular, the receptiveness of potential acquirers to the investment vehicle's portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation or similar transaction, the Investment vehicle's stock, security or other interests in the surviving entity may not be marketable.

Competition for Suitable Investments

The activity of identifying, completing and realizing attractive growth equity investments in general is competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. There can be no assurance that the General Partner will be able to locate and consummate investments that satisfy the Investment vehicle's rate of return objectives or that it will be able to invest fully its aggregate Capital Commitments.

The Investment vehicle may encounter competition from other similarly focused investment vehicles formed before or after the establishment of the Investment vehicle, including potentially other investment vehicles formed or sponsored by Piper. Potential competitors include strategic industry acquirors, and other financial investors such as other investment partnerships and investment corporations, business development companies, endowments, pension investment vehicles,

foundations and family offices, investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the Investment vehicle, the General Partner or its affiliates.

It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Investment vehicle and/or reducing the size of potential investment opportunities, thereby adversely affecting the performance of the investment vehicle.

Investments with Third Parties

The investment vehicle is permitted to co-invest with third parties through joint ventures or other entities, including with private equity, growth and venture capital sponsors. The co-investment commitment to a portfolio company may be substantial. Such investments may involve risks not present in investments where third parties are not involved, including the possibility that a co-venturer of the investment vehicle may experience financial, legal or regulatory difficulties, may at any time have economic or business interests or goals which are inconsistent with those of the investment vehicle, may take a different view from the General Partner's as to the appropriate strategy for an investment or disposition of an investment, or may be in a position to take action contrary to the Investment vehicle's investment objectives.

In addition, the investment vehicle may in certain circumstances be liable for the actions of its third party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to the investment, including incentive compensation arrangements. Some of the third parties or joint venture partners with which the investment vehicle may co-invest may have pre-existing investments with target portfolio companies, and the terms of such pre-existing investments may differ from the terms upon which the Investment vehicle invests in such portfolio companies.

Intellectual Property Protection Is Uncertain

In many cases, the value of a portfolio company will be dependent upon protecting proprietary rights with respect to one or more technologies or products (each, a "Portfolio Product"). In many cases, the investment vehicle's ability to realize a positive increase in the value of a Portfolio Investment with respect to a Portfolio Product, or to realize any royalty payments in respect thereof, depends on obtaining and maintaining patent and trade secret protection of Portfolio Products, their use and the methods used to manufacture them, as well as successfully defending those intellectual property rights against third-party challenges. The degree of future protection to be afforded to Portfolio Products is uncertain because legal means afford only limited protection and may not adequately protect portfolio companies' rights or permit them to obtain or maintain their competitive advantages.

It is difficult and costly to protect the proprietary rights associated with Portfolio Products. There can be no assurance that any issued patents underlying Portfolio Products will provide sufficient protection to allow portfolio companies to conduct their businesses in the ordinary course.

Portfolio companies may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights related to Portfolio Products and may be unable to protect their rights to, or commercialize, the applicable Portfolio Products. Moreover, there can be no assurance that portfolio companies will remain free from intellectual property infringement claims by third parties. If a third-party claims that a portfolio company is infringing such third party's intellectual property rights, that third party may obtain a court injunction to prevent the portfolio company from engaging in its business in the ordinary course, which would adversely affect the investment vehicle.

The success of the Investment vehicle's portfolio companies will also depend on the preservation of trade secrets, which are not protected by patents and are instead subject to relevant confidentiality agreements with third parties such as collaborative partners, licensors, employees and consultants. Disclosure of trade secrets or other confidentiality information in violation of any such agreement could adversely affect the relevant portfolio company and the Investment vehicle.

General Portfolio Product Risks

The ability of portfolio companies to maintain the value of Portfolio Products is subject to numerous risks. For example, if generic products that compete with Portfolio Products are approved, sales of the related Portfolio Products and the value of the applicable Portfolio Investments would likely be adversely affected.

In addition, Portfolio Product liability claims and product recalls could potentially harm the value of the Portfolio Investments. The length of any Portfolio Investment's commercial life cannot be predicted. There can be no assurance that any Portfolio Product on which a portfolio company depends will not be rendered obsolete or non-competitive by new products or improvements made to existing products, either by the current marketer of the product or by another marketer, which would decrease the value of, or render worthless, the Portfolio Product and any expected royalty streams.

Furthermore, Portfolio Products are often manufactured in specialized facilities that are subject to U.S. Food and Drug Administration ("FDA") or other regulatory oversight and that rely on third party suppliers, manufacturers and packagers. Any interruptions in the production process in respect of a Portfolio Product could have an adverse effect on the applicable portfolio company and the investment vehicle.

Risks Associated with Unapproved Products

The success of the investment vehicle's Portfolio Investments may be dependent upon obtaining certain government approvals. The research, development, preclinical and clinical trials,

manufacturing, labeling and marketing related to therapeutics, diagnostics, medical devices and other healthcare products are subject to an extensive regulatory approval process by the FDA and other regulatory agencies in the United States and abroad.

The process for obtaining FDA and other required regulatory approvals, including the required preclinical and clinical testing, is very lengthy, costly, and uncertain. There can be no guarantee that, even after such time and expenditures, a portfolio company will be able to obtain the necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products or that the approved labeling will be sufficient for favorable marketing and promotional activities. If a portfolio company is unable to obtain these approvals in a timely fashion, or if after approval for marketing, a product is later determined to be ineffective or to have unacceptable side effects not discovered during testing, the portfolio company may experience significant adverse effects, which in turn, could negatively affect the performance of the investment vehicle.

Dependence on Single Products

Certain portfolio companies may only have one Portfolio Product under development. There can be no assurance that any such Portfolio Product will be approved for marketing by the FDA or any other U.S. or non-U.S. regulatory agency. Further, competition to such Portfolio Product may develop from other new and existing products. In either case, if a portfolio company is dependent on one product, the consequences of such failure could be devastating to the prospects of such portfolio company, which in turn could negatively affect the performance of the investment vehicle.

Uncertainty Related to Healthcare Reimbursement and Reform Measures

In both the U.S. and non-U.S. markets, sales of certain healthcare-related products 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 levels of revenues and profitability of pharmaceutical companies and other healthcare-related companies, including cash flows available to satisfy payment obligations, may be affected by the continuing efforts of governmental and third-party payors to contain or reduce the costs of healthcare.

Significant uncertainty often exists as to the reimbursement status of newly approved healthcare products. There can be no assurance that a company's proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a portfolio company, or a prospective acquirer of a portfolio company or Portfolio Product, to maintain price levels sufficient to realize an appropriate return on its investment.

U.S. Patient Protection and Affordable Care Act; Other Changes to Healthcare Industry

The U.S. Patient Protection and Affordable Care Act ("PPACA"), passed by the U.S. Congress and signed into law by President Obama in March 2010, puts in place comprehensive health insurance reforms that seek to (a) introduce various patient-consumer rights and protections and (b) lower healthcare costs, including by means of taxes on so-called "cadillac" insurance plans. A number of

provisions of the PPACA have not yet been implemented, or have been implemented (or are in the process of being implemented) in certain but not all U.S. states. In addition, certain aspects of the PPACA are subject to ongoing legal challenges, including litigation seeking to invalidate some of or all of the law or the manner in which it has been implemented. President Trump has taken a number of administrative actions to materially weaken the PPACA, including, without limitation, permitting the use of less robust health plans with lower coverage and allowing states more flexibility to limit recipients of Medicaid.

The Tax Cuts and Jobs Act of 2017 effectively repealed the individual mandate imposed by the PPACA, which could lead to a reduction in the number of insured individuals in the U.S. Further, in December 2018, a Texas federal court struck down the entire PPACA, a ruling which is being appealed, and, if upheld, could have a significant impact on the U.S. healthcare industry.

It is difficult to measure the full impact that revisions to, or the repeal of, the PPACA ultimately may have on the healthcare industry. Any changes to the PPACA, including as to the manner and timing of its implementation, or further regulations issued pursuant to the PPACA, could have adverse consequences to the healthcare industry and therefore adversely affect the Investment vehicle and certain portfolio companies.

The healthcare industry is likely to continue to change as the public, government, medical practitioners and the healthcare industry focus on ways to expand medical coverage while controlling the growth in healthcare costs. It is impossible to predict whether the U.S. Congress will adopt future legislation implementing changes in the healthcare system, the nature of such changes or their possible impact on the Investment vehicle, its portfolio companies, and investors thereof. Similarly, there can be no assurance that judicial or agency interpretations of existing laws will not be issued which could have a material adverse effect on the financial condition and operating results of the Investment vehicle or its portfolio companies. In addition, the growth of large managed care organizations and prescription benefit managers as well as the prevalence of generic substitution has hindered price increases for prescription drugs.

For example, in Europe, following approval by European Agency for the Evaluation of Medicinal Products (EMA), the pricing of a new pharmaceutical or biopharmaceutical product is negotiated on a country-by country basis with each national regulatory agency. In addition, each European country has an approved formulary based on which it reimburses the cost of prescription drugs.

The failure of any Portfolio Product to be added to such formulary, or to achieve satisfactory pricing, could have a material adverse effect on the investment vehicle and/or certain portfolio companies. Furthermore, there has periodically been some political sentiment for additional government intervention in the pricing of pharmaceuticals. Any change in the pricing policy of pharmaceuticals

through government intervention could have a material effect on the performance of certain portfolio companies and the Investment vehicle.

Compliance with Healthcare Related Laws

The portfolio companies may be subject to extensive local, state, federal, and foreign governmental laws and regulation applicable to the healthcare industry which could impact financial performance, including securities, antitrust, anti-bribery, anti-kickback, customer interaction transparency, data privacy, data security, and other laws and regulations. Failure to comply with law or regulations, or interpretations of existing laws and regulations, or the imposition of any additional laws and regulations, could expose the portfolio companies to substantial fines, civil and criminal penalties, and other liabilities and expenses, participation in federal and state government health care programs, costs for remediation and harm to reputation.

In particular, federal regulations issued under the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (“HIPAA”) contain provisions that require certain companies to implement additional costly electronic media security systems and to adopt new business practices designed to protect the privacy and security of protected health and related financial information and require entry into contracts extending many privacy and security regulatory requirements to third parties that perform certain duties and services.

If any of the Investment vehicle’s portfolio companies violate or fail to comply with any such laws or regulations, such portfolio companies could be subject to civil and criminal penalties, reputational harm, or it might be necessary for portfolio companies to increase personnel, financial and technology and resources to devote to operations to achieve compliance. Additionally, certain of the investment vehicle’s portfolio companies may provide information subject to HIPAA to the investment vehicle and/or the Manager, which could cause the investment vehicle to develop and comply with applicable policies and procedures and otherwise incur additional expenses to comply with HIPAA.

General Economic and Political Conditions: Changes in Environment

Changes in legal, tax, fiscal and regulatory regimes may occur during the life of the investment vehicle that may have an adverse effect on the Investment vehicle. The investment vehicle may not be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes.

The General Partner will have the exclusive right and authority (within the limitations set forth in the Partnership Agreement) to determine the manner in which the investment vehicle shall respond to such changes, and Limited Partners generally will have no right to withdraw from the investment vehicle or to demand specific modifications to the investment vehicle’s operations in consequence thereof.

Interest rates, inflation, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the investment vehicle. Instability in the securities markets may affect the value of the Investment vehicle's portfolio company investments, as well as the length of time such investments are held.

A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical periods, which would reduce the returns that could be achieved by the investment vehicle.

Political unrest, war and acts of terrorism may also increase the risks inherent in the investment vehicle's investments. Due to the illiquidity of the investment vehicle's investments, the investment vehicle will have limited ability to adapt to any such changes in the economic environment or mitigate any corresponding losses. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by partners of the General Partner in the past may not be successful, or even practicable, during the Investment vehicle's term.

Within the limitations set forth in the Partnership Agreement, the General Partner will have the right and authority to cause the Investment vehicle's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in this Memorandum.

Follow-On Investments

In managing the investment vehicle, the General Partner will establish reserves for follow-on investments in portfolio companies, operating expenses (including management fees payable to the General Partner or an affiliate), investment vehicle liabilities and other matters. Estimating the amount necessary for such reserves will be difficult, particularly because follow-on investment opportunities will be directly tied to the success and capital needs of portfolio companies.

As set forth in the Partnership Agreement, the General Partner's authority to cause the investment vehicle to borrow will be limited; this will further increase the difficulty of estimating the proper size of reserves. Inadequate or excessive reserves could have a material adverse effect upon the investment returns to the Limited Partners. For example, if reserves are inadequate, the investment vehicle may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with a "pay-to-play" or similar investment round.

If reserves are excessive, the investment vehicle may decline attractive investment opportunities, hold unnecessary amounts of capital in money market or similar low-yield accounts or not call certain amounts of capital on which it has been paid a Management Fee.

Bridge Financings

From time to time, the Investment vehicle may lend to portfolio companies on an unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication to co-investors and other third parties. Such bridge financings will typically be convertible into a more permanent, long-term security; however, for reasons not always in the investment vehicle's control, such long-term securities' issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such amounts may not adequately reflect the risk associated with the unsecured position taken by the Investment vehicle.

Investments Longer than Term

The investment vehicle may invest in investments that may not be advantageously disposed of prior to the date that the investment vehicle will be wound-up and dissolved, either by expiration of the investment vehicle's term or otherwise, including by reason of the Investment vehicle running out of cash or otherwise becoming insolvent.

Although the General Partner generally expects that investments will be either sold or distributed in-kind prior to dissolution or at dissolution, the investment vehicle may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution, particularly with respect to an early dissolution of the Investment vehicle in accordance with the Partnership Agreement.

Changing Credit Markets

The tightening of the credit markets, the decrease in the availability of financing and the increase in the interest cost for debt financing may impair the investment vehicle's ability to consummate transactions or to secure cost effective financing for portfolio companies.

Line of Credit

The General Partner intends to utilize a line of credit to borrow (generally up to 365 days) to investment vehicle investments and to pay expenses and other liabilities. Though the General Partner intends to use the investment vehicle's line of credit primarily for administrative convenience to reduce the overall number of capital calls from the Limited Partners and avoid having excess cash on hand, the investment vehicle's net and gross IRR may be higher than it would be in the absence of such line of credit, since the Investment vehicle's net and gross IRR will be based on the time Limited Partner contributions are actually made and use of the line of credit will delay such contributions.

In addition, a reduction in the frequency of capital calls as a result of the use of the line of credit means that the size of individual capital calls will be greater. The investment vehicle (and indirectly its Partners) will bear any interest expense, fees or other costs in connection with such line of credit.

The line of credit may provide the lender with certain rights, which the General Partner expects to include, among others, the right to call capital from the Partners in the event of a default and, in the event of a failure by a Limited Partner to fully invest in the investment vehicle its capital contributions to the investment vehicle when due, the right to exercise certain default remedies directly against such Limited Partner.

The Investment vehicle's line of credit may also include restrictions on Limited Partners' rights to transfer their interests in the Investment vehicle, which may in certain cases require prior approval from the lender. Though the Partnership Agreement generally includes an obligation for the General Partner to use commercially reasonable efforts to structure Investment vehicle investments to avoid the incurrence of "unrelated business taxable income", this undertaking does not apply to any "unrelated business taxable income" that may result from any borrowing that is permitted under the Partnership Agreement, including as a result of the use of the investment vehicle's line of credit.

Service on Boards of Directors, Significant Shareholder, Material Non-Public Information, etc. Individual members of the General Partner may serve as directors of portfolio companies. In their capacity as directors or even simply by virtue of the investment vehicle's status as a significant shareholder of a portfolio company, such individuals may become subject to fiduciary or other duties that adversely affect the Investment vehicle.

For example, the investment vehicle may be unable to sell or otherwise dispose of portfolio securities if a partner of the General Partner is in possession of material, non-public (i.e., "inside") information relating to the issuer thereof. Nevertheless, the Partnership Agreement will not preclude partners of the General Partner from serving as directors of portfolio companies or otherwise acquiring material, non-public information regarding portfolio companies.

Conversely, the Partnership Agreement will not require that members of the General Partner serve as directors of portfolio companies, and there can be no assurance that the General Partner will have a legal right to influence the management of any portfolio company or companies through a directorship on a Board of Directors or otherwise.

In general, if there is a conflict between the fiduciary duties of the General Partner or a partner thereof to a portfolio company and such person's fiduciary duties to the investment vehicle or the Limited Partners, such person's fiduciary duties to the portfolio company will prevail.

Portfolio Company Management

Notwithstanding the foregoing, the investment vehicle generally will not seek to have the Principal serve as a director, officer or executive of any of the portfolio companies. Therefore, notwithstanding any rights the investment vehicle may obtain with respect to participation on any portfolio company's Board of Directors, each portfolio company's management will be responsible for the operations of that company on a day-to-day basis.

Although it is the intent of the investment vehicle to invest in companies with operationally strong management, there can be no assurance that any existing management team, or any new one, will be able to successfully operate any such portfolio company.

Risks from the Provision of Managerial Assistance

The General Partner may designate the Principal or third persons to serve on the Boards of Directors of the investment vehicle's portfolio companies. A board member designated by the Investment vehicle will have fiduciary duties to the common shareholders and perhaps other classes of shareholders of the portfolio company and such fiduciary duties may not always be aligned with the fiduciary duties that its principals owe to the investment vehicle.

The designation of directors and other measures contemplated could expose the assets of the Investment vehicle to claims by a portfolio company, its security holders and its creditors for breaches of fiduciary duties, securities claims and other director-related claims. In addition, the exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability for which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to occur, the Investment vehicle could suffer losses in its investments. While the General Partner and the Manager intend to manage the Investment vehicle in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Investments in Public Companies

The investment vehicle seeks to invest in private portfolio companies that are subsequently taken public through initial public offerings, or become public companies through mergers or acquisitions with or by public companies, or as a result of exceeding maximum shareholder counts set by the SEC for private companies. The investment vehicle may also make private investments in equity or equity-related securities issued by existing public companies.

Investments in public companies may subject the Investment vehicle to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Investment vehicle to dispose of such securities at certain times (including due to the possession by the investment vehicle of material non-public information), increased likelihood of shareholder litigation against such companies' board members, which may include Piper personnel, regulatory action by governmental bodies and increased costs associated with each of the aforementioned risks.

Litigation Risks

The Investment vehicle will be subject to a variety of litigation risks, particularly in consequence of the substantial likelihood that one or more portfolio companies will face financial or other difficulties

during the term of the Investment vehicle's investment. For example, it is anticipated that the Principal and/or Piper and its affiliates may actively assist portfolio companies in differing capacities (including, without limitation, by serving as directors or professional advisors).

The investment vehicle may also participate in portfolio company financings at implicit portfolio company valuations lower than the valuations implicit in preceding rounds of financing, and/or vote portfolio company shares in a manner contrary to the interests of other shareholders. In the event of a dispute arising from any of the foregoing activities (or other activities relating to the operation of the investment vehicle or the General Partner), it is possible that the investment vehicle, the General Partner or the partners of the General Partner may be named as defendants.

Under most circumstances, the investment vehicle will indemnify the General Partner and its partners for any costs they incur in connection with such disputes. Beyond direct costs, such disputes may adversely affect the Investment vehicle in a variety of ways, including by distracting the General Partner and harming relationships between the investment vehicle and its portfolio companies or other investors in such portfolio companies.

To the extent set forth in the Partnership Agreement, Limited Partners may be required to return distributions previously received by them from the investment vehicle, including for purposes of enabling the Investment vehicle to make indemnification payments to the General Partner, its partners or other indemnified persons.

More generally, Limited Partners may be required to return distributions previously received by them from the investment vehicle to the extent required by applicable law. Such a return obligation may occur, for example, if the investment vehicle makes a distribution at a time when it is technically insolvent or otherwise unable to satisfy the claims of creditors.

Non-U.S. Investments

The investment vehicle may invest in securities of non-U.S. portfolio companies. Such investments may present a variety of risks not presented by investments in U.S. portfolio companies, including risks associated with: (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) political instability; and (vii) multiple taxing jurisdictions.

Even those portfolio companies that nominally are U.S. portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant non-U.S. risks due to the increasingly international nature of many companies, which may, for example, (i) rely upon international locations for outsourcing of certain operations; (ii) seek alliances with non-U.S. partners; or (iii) seek non-U.S. customers.

Any adverse change to the political, economic, military or social environments in the host countries of the investment vehicle's portfolio companies could have a significant adverse effect upon the operations or financial performance of the Investment vehicle.

Investment Illustrations / Case Studies

This Memorandum describes the industry in which the investment vehicle seeks to invest and the investment strategies that the Principal intends to pursue on behalf of the investment vehicle.

Descriptions of certain companies are provided herein as examples of companies operating in the sectors that are within the Investment vehicle's investment focus, and have been included solely to illustrate the investment vehicle's investment strategy, themes and approach. While the companies described are indicative of the types of investment opportunities that may be pursued by the investment vehicle, there is no guarantee that the investment vehicle will seek to invest or be able to invest in these specific companies, or in companies similar thereto.

The actual investments made by the Investment vehicle may differ substantially from those described herein and will be made under materially different public market and macro-economic conditions. Any "composite" performance of the Investment vehicle included within an illustration or case study should not be viewed as a projection of performance (as it is not) but rather an illustration of the investment vehicle's intended investment strategy.

Competitive Effect of Digital Currency Offerings

Certain companies have started using "coin-offerings" to raise capital in lieu of traditional equity financings. To the extent that more companies of the type the investment vehicle focuses on adopt this approach, the Investment vehicle may have access to fewer attractive traditional growth equity opportunities.

Risks Associated with an Investment in the Investment vehicle

Lack of Operating History; Investment Performance

The investment vehicle is being organized to make investments in portfolio companies approved by the General Partner. The investment vehicle has not, as of the date of this Memorandum, made any such investments.

Although the Piper team has prior experience relating to the acquisition and financing of public and private companies, the investment vehicle has no operating history upon which prospective investors may evaluate its likely performance.

No Assurance of Investment Return

The General Partner cannot provide assurance that it will be able to choose, make and/or realize investments in any particular company or portfolio of companies. Investors in the investment vehicle are not acquiring an interest in Piper itself or other investment vehicles managed by Piper.

The General Partner cannot assure investors that it will replicate any historical performance of any other investment vehicles, and the investment vehicle's investment returns could be substantially lower than the returns achieved by other investment vehicles.

There is no assurance that the Investment vehicle will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. The marketability and value of any such investment will depend upon many factors beyond the control of the investment vehicle.

The expenses of the investment vehicle may exceed its income. The investment vehicle will bear the expenses of transactions that are not consummated. In addition, the investment vehicle may enter into agreements to consummate transactions which involve payments, such as reverse break-up fees, by the investment vehicle in certain circumstances if the investment vehicle does not consummate the transaction. As a result, the investment vehicle could incur a substantial cost with no opportunity for a return.

A Limited Partner could lose the entire amount of its contributed capital, and therefore an investor should only invest in the investment vehicle if the investor can withstand a total loss of its investment.

Illiquidity of Investments

An investment in the investment vehicle requires a long-term commitment with no certainty of return. It is unlikely there will be near-term cash flow available to the Limited Partners. The investment vehicle's investments will generally be illiquid. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by the investment vehicle.

Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions. There can be no assurance that the investment vehicle will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Partners. There can be no assurance that purchasers can be found for the investment vehicle's investments.

Dependence on Key Personnel

The investment vehicle is highly dependent on the diligence, skill and network of business contacts of the Principal and the information and deal flow generated by such professionals in the course of their investment and portfolio management activities. The investment vehicle's future success will depend on the continued service of these investment professionals.

The departure of the Principal could have a material adverse effect on the Investment vehicle's ability to achieve its investment objectives. There can be no assurance that these professionals will continue to be associated with the General Partner, the Manager or any of their affiliates throughout the life of the investment vehicle.

The Principal may spend a substantial portion of his time on matters other than or only tangentially related to the investment vehicle, including, without limitation, matters related to prior and/or successor investment vehicles and their underlying investments. As a result, the performance by these individuals of their obligations to such other entities could conflict with their responsibilities to the investment vehicle.

Inability to Derive Expected Benefits of Piper Platform

The success of the investment vehicle may be in part dependent upon the effective utilization of the resources, relationships and activities inherent in Piper's global investment banking and asset management platform. There is no guarantee that such synergies will exist, be maximized or continue undiminished throughout the entire life of the investment vehicle.

In addition, there can be no guarantee that Piper professionals will be properly incentivized to generate investment opportunities for, or otherwise assist, the Investment vehicle to the extent anticipated.

Limitations on Limited Liability of Limited Partners

The investment vehicle will be established as a limited partnership. Accordingly, subject to compliance with applicable law in respect of the relevant limited liability protections afforded by such applicable law to limited partners, a Limited Partner will not be personally liable for the debts of the investment vehicle except that the Limited Partners may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them or distributed to them in circumstances which, by operation of applicable law, cause them to be repayable.

In addition, Limited Partners may be obligated, pursuant to the provisions of the Partnership Agreement, to repay certain amounts previously received by them from the investment vehicle.

Capital Calls

Capital calls will be issued by the Investment vehicle from time to time at the discretion of the General Partner, based upon the General Partner's assessment of the needs and opportunities of the investment vehicle.

To satisfy such calls, Limited Partners may need to maintain a substantial portion of their Capital Commitments in assets that can be readily converted to cash. Except as specifically set forth in the Partnership Agreement, each Limited Partner's obligation to satisfy capital calls will be

unconditional. Without limitation on the preceding sentence, a Limited Partner's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the investment vehicle or upon any assessment thereof provided by the General Partner.

Notwithstanding the foregoing, the General Partner will not be obligated to call 100% of the Limited Partners' Capital Commitments during the Investment vehicle's term.

Failure to Fund Commitments; Consequences of Default

The investment vehicle's investments in portfolio companies will require capital calls of Limited Partners over an extended period of time. If Limited Partners fail to investment vehicle their Capital Commitment obligations when due, the investment vehicle's ability to complete its investment program or otherwise to continue operations may be substantially impaired.

A default by a substantial number of Limited Partners or by one or more Limited Partners who have made substantial Capital Commitments would limit opportunities for investment diversification and likely would reduce returns to the investment vehicle. In addition, if the capital contributions made by non-defaulting Limited Partners and borrowings by the investment vehicle are inadequate to cover the defaulted capital contribution, the investment vehicle may be unable to pay its obligations when due. As a result, the Investment vehicle may be subjected to significant penalties.

In the event that a Limited Partner defaults, such Limited Partner may be subject to various penalties, including forfeiture of its limited partner interest, as provided in the Partnership Agreement. Non-defaulting Limited Partners may be required to make additional contributions of capital if a Limited Partner defaults.

Restrictions on Transfer; No Market for Limited Partner Interests

Interests will not be registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction, and, therefore, cannot be sold unless such Interests are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available.

The investment vehicle has no plans, and is under no obligation, to register the limited partner interests in the investment vehicle under the Securities Act or other securities laws. No market exists for such interests, and none is expected to develop.

A Limited Partner may not sell, assign or transfer any of its interests, rights or obligations with respect to its Interest to a third party without the prior written consent of the General Partner, which the General Partner may generally grant or withhold in its sole and absolute discretion. Further, a Limited Partner may not withdraw any amount from the Investment vehicle except under certain limited circumstances in the case of regulated Limited Partners as set forth in the Partnership Agreement. Consequently, a Limited Partner may not be able to liquidate its investment in the

Investment vehicle and must be prepared to bear the risks of owning an Interest for an extended period of time.

No Right to Control the Fund's Operations

Limited Partners will have no opportunity to control the day-to-day operations of the investment vehicle, including investment and disposition decisions. In order to safeguard their limited liability from the liabilities and obligations of the investment vehicle, Limited Partners must rely entirely on the General Partner and the Manager to conduct and manage the affairs of the investment vehicle.

Misconduct of Employees and Third-Party Service Providers

Misconduct or misrepresentations by employees of Piper, the Manager or the General Partner or by third-party service providers could cause significant losses to the investment vehicle. Employee misconduct may include binding the investment vehicle to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) or making misrepresentations regarding any of the foregoing.

Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize transactions and misappropriating assets. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the investment vehicle's business prospects or future marketing activities. Despite the Manager's and the General Partner's due diligence efforts, misconduct and intentional misrepresentations may be undetected or not fully comprehended, thereby potentially undermining such due diligence efforts. As a result, no assurances can be given that the due diligence performed by Piper, the Manager and/or the General Partner will identify or prevent any such misconduct.

Dilution

Following the investment vehicle's Initial Closing, the General Partner will be authorized to admit additional Limited Partners (or accept increased capital commitments from existing Limited Partners) for a certain period of time (the "Open Window Period").

For purposes of allocating Investment vehicle profit and loss, all capital commitments made during the Open Window Period generally will be treated as if made at the Investment vehicle's initial closing. In consequence, additional Limited Partners (or existing Limited Partners that increase their capital commitments) may effectively "buy into" the investment vehicle during the Open Window Period at a price that does not necessarily reflect changes in the value of the Investment vehicle's assets subsequent to the initial closing.

Side Agreements

In accordance with common industry practice, the General Partner may enter into one or more “side letters” or similar agreements with certain Limited Partners pursuant to which the General Partner grants to such Limited Partners specific rights, benefits or privileges that are not made available to Limited Partners generally. Such agreements will be disclosed only to those actual or potential Limited Partners that have separately negotiated with the General Partner for the right to review such agreements.

Distributions in Kind

The investment vehicle may, from time to time, distribute portfolio company securities to the Partners. Except as specifically provided in the Partnership Agreement, such distributions will be made solely at the discretion of the General Partner.

Distributed securities may be subject to a variety of legal or practical limitations on sale. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by the Partners without such sales triggering a price decline which makes it difficult or impossible for all Partners to sell such securities at the distribution price. Nevertheless, the distribution price of such securities for purposes of making allocations and distributions among the Partners will be established under the provisions of the Partnership Agreement and will not be adjusted to reflect actual sale prices obtained by the Partners.

Freedom of Information/Sunshine Laws

Under “freedom of information,” “sunshine,” “public records” and similar laws, certain governmental or other regulated entities, such as state universities and pension investment vehicles, may be required to publicly disclose confidential information regarding the Investment vehicle or its portfolio companies, notwithstanding contractual obligations (such as those contained in the Partnership Agreement) to the contrary. Any such disclosure could have a material adverse effect upon the investment vehicle or its portfolio companies, and could even expose the investment vehicle, the General Partner or the partners of the General Partner to claims for damages brought by portfolio companies or other persons related thereto. Nevertheless, the Partnership Agreement will not prohibit such entities from being admitted to the Investment vehicle.

No Assurance of Confidentiality

As part of the subscription process and otherwise in their capacity as Limited Partners, investors will provide significant amounts of information about themselves to the General Partner and the Investment vehicle. Under the terms of the Partnership Agreement and the related Subscription Agreement as well as applicable laws, such information may be made available to other Limited Partners, third parties that have dealings with the investment vehicle, and governmental authorities (including by means of securities law-required information statements that are open to public inspection).

Functional Currency

The functional currency of the Investment vehicle will be U.S. dollars. Capital Commitments of the Partners, capital contributions and distributions of cash generally will be stated, made or payable in U.S. dollars. An investor whose functional currency is not U.S. dollars will bear risks associated with fluctuating currency exchange rates, particularly with regard to capital contributions that may not become due for several years.

Contingent Liability on Disposition of Investments

Most of the Investment vehicle's investments will involve private securities. While the investment vehicle seeks to make investments in portfolio companies that are positioned for an initial public offering, the Investment vehicle may also dispose of private securities. In connection with the disposition of an investment in private securities, the investment vehicle may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business.

The investment vehicle also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities or other liabilities. The obligations of the Investment vehicle would be payable from the assets of the Investment vehicle, including the unused Capital Commitments of the Partners. If the assets of the investment vehicle are insufficient to pay such obligations, the Limited Partners may be required to return distributions previously made to them in order to satisfy such obligations.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PHHC or the integrity of PHHC's management. PHHC and its principals have not been the subject of any material legal proceeding required to be disclosed in response to Item 9.

Item 10 – Other Financial Industry Activities and Affiliations

As noted in Item 4 above, PHHC is a wholly owned indirect subsidiary of Piper Sandler Companies. Piper Sandler Companies (NYSE: PIPR) is a leading, international investment bank and asset management firm. Securities brokerage and investment banking services are offered in the United States through Piper Sandler & Co., member SIPC and FINRA; in Europe through Piper Sandler Ltd., authorized and regulated by the U.K. Financial Conduct Authority; in Hong Kong through Piper Sandler Hong Kong Limited, authorized and regulated by the Securities and Futures Commission. Asset management products and services are offered through five separate investment advisory affiliates registered with the U.S. Securities and Exchange Commission: Piper Sandler & Co.; Piper Heartland Healthcare Capital, LLC;; Piper Sandler Finance Management, LLC; Piper

Sandler Advisors, LLC; and Guernsey-based Parallel General Partners Limited, authorized and regulated by the Guernsey Financial Services Commission

Relationships with Related Persons

As discussed in Item 11 below, PHHC and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the General Partner of each Investment vehicle. PHHC and its related persons may from time to time manage multiple Investment vehicles.

As referenced above, PHHC related persons engaged in the Heartland Healthcare Crossover Strategy are also employees of Piper Sandler & Co. ("PS&Co."). This can create conflicts in the allocation of time, resources and investment opportunities among the investment vehicles. Please refer to the Governing Documents of the relevant investment vehicle for complete information on the requisite time commitments (if any) of PHHC and its related persons to the investment vehicles and the allocation of investment opportunities among the investment vehicles. Please also refer to the description of PHHC's investment allocation policy described in Item 6 above.

Related persons of PHHC and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the Investment vehicles invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. In connection with such activities, PHHC related persons may be given access to confidential information relating to companies in which the investment vehicles invest or may otherwise become subject to legal or contractual restrictions on their ability to effect transactions for the investment vehicles. As a result, the investment vehicles may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the Investment vehicles. The above individuals may spend a substantial portion of their time with these related management activities.

From time to time in the future, certain investment vehicles may hold or may acquire positions in portfolio companies in which other Investment vehicles invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which an investment vehicle and one or more other Investment vehicles have invested may not necessarily be pro rata based on existing ownership in such companies. The Investment vehicles may have divergent interests with respect to exit strategies from such investments, restructuring the capital structures or businesses of such companies or other matters affecting the investment in such companies. To the extent that multiple investment vehicles hold an interest in the same company, disposition opportunities with respect to that investment shall, to the extent practicable, be allocated among such Investment vehicles on a basis that is fair and equitable to each Investment vehicle as determined by PHHC taking into account all relevant facts and circumstances.

Piper Sandler may provide financing, investment banking services or other services to third parties and receive fees or commissions in connection with transactions in which those third parties have interests that conflict with those of a portfolio company of an investment vehicle. Piper Sandler may give advice to such third parties that may cause them to take actions adverse to an investment vehicle or its investments. Without limiting the generality of the foregoing and for example, Piper Sandler may represent a client seeking to acquire or invest in a portfolio company of an investment vehicle. In addition, Piper Sandler may represent, or may be providing acquisition financing to, a client looking to acquire a portfolio company of an investment vehicle or a company competing with a portfolio company of an investment vehicle for the acquisition of another company.

There may be instances in which securities of one or more portfolio companies are or become publicly traded and Piper Sandler makes a market in such securities for its investing clients and/or engages in proprietary trading of such securities. In such instances, Piper Sandler's market making and/or proprietary trading activities will be carried out generally without reference to positions held by an investment vehicle directly or indirectly in such portfolio companies, and may have an adverse impact on the value of the positions so held, or may result in Piper Sandler having an interest in a portfolio company adverse to that of an investment vehicle.

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

Code of Ethics

PHHC has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing PHHC's commitment to ethical conduct. PHHC's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, PHHC's practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under PHHC's Code of Ethics, all supervised persons have a duty to act only in the best interests of the Investment vehicles and potential conflicts and violations of the Code of Ethics must be promptly reported to PHHC's Chief Compliance Officer ("CCO"). All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of PHHC that no person employed by PHHC shall prefer his or her own interest to that of an investment vehicle or make personal investment decisions based on the investment decisions of the Investment vehicles.

To supervise compliance with its Code of Ethics, PHHC requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the CCO. PHHC requires such "access persons" to also receive Compliance approval prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by PHHC's personnel, Piper Sandler Compliance maintains and makes available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining prior written approval.

PHHC requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. PHHC also has a policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

PHHC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO at PHHC, 800 Nicollet Mall, Suite 1000 Minneapolis, MN 55402.

Participation or Interest in Client Transactions; Proprietary and Personal Trading

As general partners, limited partners and/or managing members of the General Partners of each of the Investment vehicles, PHHC and its related persons have indirect beneficial interests in the securities owned by the Investment vehicles and will share in any profits and losses generated by the investment vehicles' investments. Moreover, investors should anticipate that, from time to time, PHHC and/or its related persons will, for its or their own personal accounts, buy or sell interests in the same portfolio companies recommended to, or held by, the Investment vehicles. In particular, portfolio managers of PHHC will also manage proprietary accounts of PS&Co. that follow investment strategies substantially similar that of the Heartland Healthcare Crossover Strategy and, in connection therewith may buy or sell interests in portfolio companies held by the Investment vehicles or otherwise within the Heartland Healthcare Crossover Strategy.

PS&Co., in its capacity as a securities broker-dealer affiliated with PHHC, is routinely engaged in various securities transactions and trading activities for various clients which could create conflicts of interest.

As a full-service broker-dealer, on an ongoing basis and as permitted by applicable law, PS&Co. may when appropriate:

- Act as an investment banker to both corporate and financial sponsor clients;
- Act as a principal, buy securities from, or sell securities to other clients;
- Act as broker or agent, effect securities transactions for compensation for other clients;
- Act as a broker or agent for any person other than a client or effect transactions in which client securities are sold to or bought from a client;
- Recommend to clients that they buy or sell securities or investment products in which PS&Co. or a related person has some financial interest; or
- Buy or sell for itself securities that it also recommends to clients.

PHHC may conduct internal cross transactions if the transactions are consistent with the investment objectives of, and in the best interest of, the clients involved. Please refer to the investment vehicle private placement memoranda for additional information on conflicts.

In addition, in connection with selling investments by way of a public offering, Piper Sandler may act as the managing underwriter or a member of the underwriting syndicate and purchase securities from the investment vehicles or one of their portfolio companies. Such “principal transactions” will be fully disclosed and the written consent of the appropriate Investment vehicle (which, in certain circumstances, may be provided by the Investment vehicle’s advisory committee) will be obtained prior to the consummation of each such transaction in accordance with Section 206(3) of the Advisers Act.

In the normal course of its investment banking business, Piper Sandler maintains client relationships with both corporate clients and financial sponsor clients, as well as certain individuals who may currently serve, or have in the past served, as officers and directors of corporate clients and financial sponsor clients. As a result and in furtherance of these relationships, Piper Sandler’s investment bankers may be incented to present and advocate investment opportunities to the Investment vehicles that are in the best interests of their relationships and their investment banking business, and not in the best interest of the investment vehicles.

While PHHC endeavors at all times to act in the best interests of the Investment vehicles, investors should be aware that the transactions described in this sub-section create a potential conflict of interest. All such transactions are subject to compliance with Piper Sandler’s internal policies and procedures as well as PHHC’s Code of Ethics as described above and the governing documents of the applicable Investment vehicles.

Item 12 – Brokerage Practices

Each investment vehicle invests primarily in private equity securities, although an investment vehicle may acquire, sell or distribute debt instruments and/or publicly-traded securities on occasion (for example, where an investment vehicle receives publicly-traded shares of a company as part of a general distribution or initial public offering or including private investments in public equity (“PIPEs”)). Subject to the investment objectives, policies and restrictions of each Investment vehicle, as set forth in such Investment vehicle’s Governing Documents, PHHC will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the investment vehicles and negotiate the commission to be paid.

In the limited instances where PHHC selects a broker-dealer to execute a trade, PHHC’s primary consideration will be to obtain the most favorable net result for the Investment vehicles under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-

dealers to effect securities transactions, PHHC seeks to obtain best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the nature and quality of research provided by each broker, the broker's execution abilities, commission rates, clearance procedures and financial responsibility and responsiveness. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers. PHHC may, but is not required to, place trades on behalf of an investment vehicle through PS&Co. or other affiliated broker-dealers, subject to the best execution principles described above. In such selecting of affiliated broker-dealers, PHHC will not consider factors that benefit PHHC such as the referral of prospective investors and clients to PHHC.

Research and Soft Dollar Benefits

PHHC does not engage in soft dollar arrangements with respect to securities transactions for the Investment vehicles.

Brokerage and Client Referrals

PHHC does not consider referrals of investors to the investment vehicles in determining its selection of broker dealers or other third parties.

Trade Aggregation

Although the Heartland Healthcare Crossover Strategy does not contemplate frequent trading in public securities, in such circumstances where more than one Investment vehicle is either selling (or buying) the same security, PHHC will combine the orders into one order and place one order with the executing broker-dealer if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating Investment vehicles' Governing Documents, and otherwise in the best interest of the Investment vehicles.

Item 13 – Review of Accounts

PHHC will continuously monitor portfolio investments on behalf of the investment vehicles. Investments are reviewed in the context of each investment vehicle's stated investment objectives and guidelines as set forth in the Governing Documents of each Investment vehicle.

Client Reports and Communications

Each investment vehicle distributes quarterly and/or annual written reports to its investors, as well as annual tax information necessary for investors to complete their respective U.S. federal income tax returns. Annual reports generally contain an individual capital account statement as of the end of such fiscal year and the audited financial statements of such Investment vehicle. To the extent that quarterly reports are distributed to investors, such interim reports generally contain unaudited financial statements for the relevant fiscal quarter.

Investors are requested to refer to the Governing Documents of each Investment vehicle for further information on the reports provided by the Investment vehicle to its investors.

Item 14 – Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

From time to time, in connection with investments made by the Investment vehicles, PHHC or its affiliates or supervised persons may receive closing fees, commitment fees, monitoring fees, director's fees, break-up fees, consulting fees, managing fees and/or similar fees or other remuneration from portfolio companies in which one or more of the investment vehicles may invest or propose to invest. To mitigate potential conflicts of interest, except as noted below, PHHC will generally offset some or all of such fees or other remuneration against management fees payable by the investment vehicle or otherwise remit such fees or other remuneration to the limited partners of the investment vehicle in accordance with the Governing Documents.

Notwithstanding the foregoing, as part of Piper Sandler's investment banking business, Piper Sandler may receive advisory, underwriting or other fees from or in connection with transactions for or by clients that are also portfolio investments of the investment vehicles. The investment vehicles would not share in these fees. Investment banking services for which advisory fees may be received by Piper Sandler include, but are not limited to, general corporate financial advice, restructuring advice and merger and acquisition representation.

Investors are requested to refer to the Governing Documents of each Investment vehicle for complete information on the additional compensation received by PHHC or its affiliates or supervised persons in connection with a particular Investment vehicle's investment and the amount of the applicable management fee offset.

Third Party Compensation for Client Referrals

PHHC and related persons of PHHC may enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to investment vehicles. In accordance with the terms of the investment vehicle Governing Documents, any sales charge associated therewith will ultimately be payable by PHHC and/or its related entities, either directly or through an offset of the management fee payable by the relevant investment vehicle to PHHC. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

PHHC endeavors at all times to put the interests of the investment vehicles first as part of PHHC's fiduciary duty. Nevertheless, the receipt of compensation by placement agents creates a potential conflict of interest and may affect the judgment of placement agents when referring investors to PHHC and the investment vehicles.

Item 15 – Custody

PHHC will not have physical possession of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, PHHC will generally be deemed to have constructive custody of the assets of the investment vehicles as a result of its discretionary authority over the assets.

It is PHHC's policy to have any investment vehicle audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of the Investment vehicles' fiscal year. In addition, upon the final liquidation of any such investment vehicle, PHHC will obtain a final audit and distribute audited investment vehicle financial statements prepared in accordance with GAAP to all investors in such investment vehicle promptly after completion of the audit.

Item 16 – Investment Discretion

Subject to the investment objectives, policies and restrictions of each Investment vehicle as set forth in the Governing Documents of such Investment vehicle, PHHC has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each investment vehicle. PHHC is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents.

Item 17 – Voting Client Securities

Because PHHC has, or will accept, authority to vote securities held by an investment vehicle, it has adopted policies and procedures (the "Proxy Voting Policies and Procedures") that have been designed to ensure that PHHC complies with the requirements of the Advisers Act and reflect PHHC's commitment to vote all securities held in a portfolio for which it exercises voting authority in a manner consistent with the best interest of the applicable investment vehicle.

When exercising its voting authority over securities held in an investment portfolio, PHHC considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. PHHC votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with the Proxy Voting Policies and Procedures and PHHC's fiduciary duties to the applicable investment vehicle.

PHHC reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Investment vehicle. As a result, depending on an investment vehicle's particular circumstances, PHHC may vote one investment vehicle's securities differently

than it votes those of another investment vehicle, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, PHHC may determine that it is in an investment vehicle's best interest for PHHC to "abstain" from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, PHHC, in consultation with the CCO and internal and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of PHHC, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, PHHC takes steps to ensure that its voting decision is based on the best interests of the applicable investment vehicle and is not a product of the conflict. PHHC may, at its discretion, (A) seek the advice of the applicable advisory committee (if any) in voting such security; (B) disclose the conflict of interest to the limited partners of the Investment vehicle prior to voting such security; (C) defer to the voting recommendation of an independent third party provider of proxy voting services and/or (D) take such other action in good faith (in consultation with PHHC's internal and outside counsel as necessary) which would serve the best interest of the investment vehicle.

Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical). PHHC will deliver to each investor, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for such Investment vehicle.

Item 18 – Financial Information

PHHC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.