

(Item 1: Cover Page)

Form ADV: Part 2A  
Investment Adviser Brochure  
CRD Number 314372

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October 10, 2023

This brochure provides information about the qualifications and business practices of 4BIO Partners, LLP. If you have any questions about the contents of this brochure, please contact us at +44 203 4275 500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about 4BIO Partners, LLP is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with 4BIO Partners, LLP who are registered, or are required to be registered, as investment adviser representatives of 4BIO Partners, LLP. Please refer to the full name of the company, 4BIO Partners, LLP when reviewing the databases. 4BIO Partners, LLP is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

(Item 2)

### **Material Changes**

The last update to this Brochure was filed in April of 2022. There have been no material changes to the brochure since that filing.

In the future, Item 2 will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

Our Brochure may be requested by contacting us at +44 203 4275 500 or [kieran.mudryy@4biocapital.com](mailto:kieran.mudryy@4biocapital.com). Clients may receive a copy of our brochure at any time without charge.

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(Item 4)

### **Advisory Business**

4BIO Partners, LLP (the “firm” or the “Adviser”) is an SEC Registered Investment Adviser with its principal place of business in the United Kingdom. The firm is owned by its three members, Kieran Mudryy, Partner, Chief Compliance Officer, and Andrey Kozlov, Managing Partner and Chief Financial Officer and Dmitry Kuzmin, Managing Partner and Chief Scientific Officer, and is also registered with the Financial Conduct Authority FCA in the United Kingdom (Reference Number 842764).

The Adviser provides investment advisory and management services to 4BIO Ventures II LP, 4BIO Ventures III LP and 4BIO Advanced Therapies Long Equity (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”), or under state securities laws, in reliance upon exemptions for transactions not involving a public offering. Accordingly, to invest in the Funds, investors must be “accredited investors” as defined in Regulation D of the Securities Act and some cases “qualified purchasers” under Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “Investment Company Act”).

In accordance with the Funds’ respective investment objectives, as the Investment Manager and the Investment Adviser of the Funds, the Adviser’s services to the Funds include the identification, evaluation and selection of investment opportunities for the Funds; performance of due diligence in connection with such potential investments; negotiation of investment terms; and monitoring the performance of the Funds’ portfolio.

The Adviser advises 4BIO Ventures II LP and 4BIO Ventures III LP on a discretionary basis in accordance with the terms of the Management Deeds, funds’ Limited Partnership Agreement and other funds governing documents.

The Adviser advises 4BIO Advanced Therapies Long Equity Fund on a non-discretionary basis in accordance with the terms of the Investment Advisory Agreement, the Prospectus, the Supplement and other fund’s governing documents.

The Adviser may serve as the investment adviser or general partner or establish a separate general partner to the Funds in order to provide such services, which is responsible for the operations of the Fund other than its investment decisions.

As of March 31, 2022, the Adviser manages and advises a total of \$163,390,000 of Fund’s assets, which includes uncalled commitments, co-investment amounts and undistributed capital that has been redeployed, all of which is managed on a discretionary basis.

The Adviser does not participate in wrap fee programs.

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### **Fees and Compensation**

Funds for which the Adviser provides investment advisory services typically pay management fees and allocate carried interest based on the amount of capital managed by the Adviser and the performance of the Funds.

The fee structure for the Funds varies depending on the purpose and scope of the respective Fund's strategy. In general fees consist of (1) management fees; and (2) carried interest or success fee, which is a performance-based fee. Additionally, certain expenses such as organizational, closing and ongoing fees are charged to the fund and payable from investors' capital accounts (as more fully described in a fund's partnership agreement). Such expenses also include the management fees of entities in which the fund invests (i.e., the underlying funds) as well as such underlying funds' expenses, management fees and carried interest.

The Funds pay a quarterly investment management fee equal to a percentage of the Fund's aggregate investor capital commitments in advance. The general partner of the Funds and the Adviser may agree to reduce the management fee with respect to investors committing to the Fund as set forth in the Fund's partnership agreement. In addition, the Adviser may perform advisory, transaction-related, financial advisory and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, private placements, public offerings, sales and similar transactions. Although these fees are distinct from and in addition to a Management Fee, they are not borne by the limited partners. Moreover, if the Adviser receives an additional fee from a portfolio company, the Adviser will reduce its management fee received from that Fund, by the same amount. However, various travel expenses incurred by the Adviser in connection with its performance of services for such portfolio company are typically reimbursed by the portfolio company directly.

Additionally, please see Item 6 below regarding "Carried Interest" that Funds may pay.

In the case that a Fund invests in third-party managers each "underlying fund" in which a Fund acquires an interest charges management fees, carried interest and other expenses to a management company and/or general partner that is not affiliated with the Adviser. Fees paid to the Adviser for investment advisory services are separate and distinct from the fees and expenses charged by an underlying fund's independent investment adviser and/or general partner for such underlying fund's advisory or management services.

The Funds invest on a long-term basis. Accordingly, fees are paid during the term of the fund. In the Venture Fund, at the end of the Investment period, typically after 5 years, the management fee eventually reduces and is no longer charged on the total committed capital but becomes charged only as a percentage of the drawn and invested capital.

To the extent that the Adviser advises additional private investment funds, the fees paid to the Adviser may be similar in structure but vary in amounts. Any description of the fees paid to the Adviser is, and remains subject to, the applicable fund governing documents and related agreements.

(Item 6)

### **Performance-Based Fees and Side-By-Side Management**

For the Venture Fund subject to performance based fees as set forth in their organizational documents, once the Venture Fund has distributed to its limited partners their funded commitments, exclusive of Management Fees, plus a return on their funded commitments as set forth in their organizational documents, a portion of the profits of the Fund is distributed to its general partner, if any, as “carried interest” (the “Carried Interest”) in accordance with the Fund’s organizational and offering documents. Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund, where applicable, is indirectly borne by investors in such Fund who are not affiliated with the Adviser as outlined in the Fund’s organizational documents.

The possibility of receiving carried interest may create an incentive for the Adviser to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such performance-based compensation. Notwithstanding the foregoing, the Adviser’s disciplined investment selection process is intended to mitigate this risk and to prevent this arrangement from influencing investment decisions.

For the Long Equity Fund the performance fees are calculated once per year based on the performance and appreciation, if any, in the Net Asset Value of the underlying portfolio companies in that given year.

The Adviser may manage accounts and provide services to clients that are not charged a performance-based fee. This practice could present a conflict of interest if the clients are competing for investments because the Adviser has an incentive to favor accounts for which it receives performance-based fees. The Adviser also may manage accounts and provide services to clients that make direct investments in funds that are underlying funds in the Funds or a future fund. These clients may pay fees that differ from those that are paid by investors in certain Funds or a future fund.

In addition, a client may make an investment in an underlying fund in which another client has already invested or intends to invest. The Adviser may have a conflict of interest as to the investment allocation between the two clients in this situation. Notwithstanding the foregoing, there may be limitations on the Adviser’s ability to make investments on behalf of a newly established fund if this fund has investment objectives substantially similar to those of an existing fund. These limitations would avoid the conflicts with respect to the allocation of investment opportunities between an existing fund and a newly established fund, but would also

prevent the newly established fund from participating in the investment opportunity. Such limitations, if any, would not prevent a conflict between a fund client and an individual client of the Adviser. The Adviser's allocation policies address these potential conflicts. Determinations as to how investments are to be allocated among eligible funds or accounts are made by the Adviser's Investment Committee.

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### **Types of Clients**

The Adviser provides investment management and investment advisory services to the Funds, Endowments, Institutional Investors and individual accounts of ultra-high net worth investors or family offices.

Private investment funds are investment partnerships or other investment entities operated as investment pools exempt from registration under the Investment Company Act. The investors participating in the private investment funds are typically Funds, Endowments, Institutional Investors, family offices and their related ultra-high net worth individuals. The investors may include pension and profit-sharing plans, governmental entities, charitable organization and other corporations or business entities. Investors must be "accredited investors" as defined in Regulation D of the Securities Act and may also meet the "qualified purchasers" definition under Section 3(c)(7) of the Investment Company Act.

Non-fund clients for which the Adviser provides investment advisory services also must be "accredited investors" as defined in Regulation D of the Securities Act and may be "qualified purchasers" under Section 3(c)(7) of the Investment Company Act. Individual clients, whether family offices or ultra high net worth individuals typically will have a minimum net worth of \$250 million, though the Adviser, in its discretion, may accept clients whose net worth is less. Clients seeking the Adviser's private equity related investment services must have significant investment and operating experience, and they may have an internal investment team or other investment resources that they utilize in tandem with the Adviser's services.

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### **Methods of Analysis, Investment Strategies and Risk of Loss**

The Adviser focuses on situations where the Adviser believes it can provide attractive capital solutions to family, founder and entrepreneur-controlled companies. Investments may be made directly in privately held or publicly traded companies and are likely to include minority investments and control stakes. The Funds seek to invest in, support, and grow early-stage companies developing treatments in areas of high unmet medical need, with the ultimate goal of ensuring access to these potentially curative therapies for all patients. Specifically, the Adviser looks for viable, high-quality opportunities in biotechnology including advanced therapies development.

The investment strategy of the Adviser is to invest in securities of companies focused on developing, or supporting the development of, therapeutics within the life science sector.

The Adviser currently has three separate funds under Management and advice 1) 4BIO Advanced Therapies Long Equity Fund (the “Long Equity Fund”); 2) 4BIO Ventures II LP (the “Venture Fund 2”); and 3) 4BIO Ventures III LP (the “Venture Fund 3”)

The investment strategy of the Long Equity is on companies that are publicly traded with the primary emphasis on companies engaged in the key sectors of the life sciences industry: biotechnology and pharmaceuticals. To a lesser degree medical devices and instruments, healthcare services and healthcare information technology may be eligible for investment where a clear value proposition, in the view of the Adviser, is present.

The Long Equity Fund invests its assets in securities of US and non-US life science companies, regardless of their stock market value (or “market capitalisation”). The life sciences industry includes biotechnology and pharmaceuticals, medical devices and instruments, healthcare services and healthcare information technology. The major investment focus of the Long Equity Fund will be companies described as Pharmaceutical or Biotechnology Companies under the North American Industry Classification system. Additionally, companies classified as Health Care Equipment and Supplies, Health Care Provider Services are considered eligible for investment by the Long Equity Fund but are not the main focus.

The companies in which the Long Equity Fund invests are principally engaged in the design, development, manufacturing or sale of therapeutics. Additional products or services used that can, where a clear value proposition exists, be invested in are those in connection with health, medical, or personal care such as medical, dental and optical supplies or equipment; research and development of pharmaceutical products and services; the operation of healthcare facilities such as hospitals and clinical test laboratories; the design, manufacture, or sale of healthcare-related products and services, research, development, manufacture or distribution of products and services relating to human health care, pharmaceuticals, agricultural and veterinary applications, and the environment; and manufacturing and/or distributing biotechnological and biomedical products, devices or instruments or providing materials, products or services to the foregoing companies.

In addition, the Long Equity Fund is permitted to make investments in other private equity funds focused on the private equity market. These fund investments provide pooled investment opportunities in underlying private equity funds that are typically formed as limited partnerships (“underlying funds”).

The investment Strategy of the Venture Fund 2 and Ventures Fund 3 (together the “Venture Funds”) is to invest in unlisted life sciences companies with a focus on development stage clinical life sciences, pre-clinical life sciences, early clinical life sciences, and advanced therapeutics.



The target jurisdictions of such life sciences companies include developed countries in Europe, the UK, the US, Japan, Israel, Australia, Singapore and China. No more than 70 per cent of the Venture Fund is to be invested in Europe and the UK.

The Venture Funds are prohibited from investing in the Fund of Funds.

The investment process for all Funds involves careful investment review and due diligence. Due diligence for Funds which invest directly into a company include analysis of the competitive industry landscape, assessment of the management team and ownership structure, financial, accounting and tax review, legal and insurance due diligence and financial analysis. Prior to final approval of entering into any definitive agreement, transactions are reviewed by the Adviser's principals and Investment Committee.

For Funds making investments in other third-party managed funds, the Adviser selects the underlying funds in which the Funds invest based on their investment process, key components of which include strong consistent track records, robust deal sourcing, disciplined investment process and high-quality management teams. Prior to final approval of entering into any partnership agreement, commitments are reviewed by the Adviser's principals and Investment Committee.

### **Risks associated with the Long Equity Fund**

#### ***Performance Fee***

The Performance Fee is variable and cannot be determined in advance. Depending upon the Fund's rate of return, the amount of the Performance Fee payable to the Investment Manager may be materially greater than would a more customary fixed fee paid to an investment manager for managing a comparable amount of assets, and may provide an incentive to the Investment Manager to invest the assets of the Fund in a more speculative manner in an effort to maximise the Fund's rate of return. In addition, the Performance Fee is calculated separately with respect to each series of Participating Shares. Therefore, particularly in periods of negative return followed by periods of positive performance, Shareholders who have subscribed for Shares at different times may be charged a Performance Fee on certain but not all of their Shares, notwithstanding the fact that their Shares, in the aggregate, are in a loss position.

#### ***Lack of Operating History***

The Fund is a newly-organised entity that has no prior operating history or track record as an independent fund. Accordingly, the Fund does not have an independent performance history for a prospective investor to consider. In considering the prior performance information of the investment team, prospective investors should bear in mind that past performance is not indicative, nor a guarantee, of future results. There can be no assurance that the Fund will be able to implement its investment strategy or investment approach to achieve comparable results or that any target results will be met or that it will be able to avoid losses. Further prior performance, while a useful tool in evaluating the Fund's investment activities, is not necessarily indicative of future results.

***The Master Fund has the following additional investment risks as disclosed in its supplement:***

### ***General Economic and Market Conditions***

The success of the Master Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Master Fund's investments. Volatility or illiquidity could impair the Master Fund's profitability or result in losses. The Master Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

### ***Concentration in Life Sciences and Healthcare Technology***

The focus of the Master Fund on companies in the life sciences sector means that the Fund's performance will be closely tied to and affected by events occurring in the life science sector. Companies in the same sector often face similar obstacles, issues and regulatory burdens. As a result, the Master Fund will be affected to a greater extent by factors affecting such companies than would be the case if the Master Fund held a more diversified portfolio. Such factors affecting companies in the life sciences sector may include, but are not limited to: certain companies that manufacture and/or market life science products may have limited operating histories, making it difficult to assess the likelihood of such products' commercial success; certain companies in the life sciences sector may not have sufficient management or marketing personnel with appropriate scientific or medical training in order to adequately product or market their products, which may slow or impede the revenue stream generated by such products; and the prices at which securities in a life sciences company are acquired by the Master Fund will often be based, in part, on sales projections with respect to the underlying products, which projections may prove to be inaccurate.

Certain life sciences companies in which the Master Fund has invested may also experience adverse impacts from: unanticipated delays in research and development efforts; previous preclinical testing or clinical trial results that ultimately are not indicative of future clinical trial results; errors in the conduct of clinical trials; adverse safety findings regarding drugs; clinical trial results that do not support submission of a marketing approval application for drug product candidates; intellectual property considerations (as discussed below); reliance on third-party manufacturers, collaborators, and clinical research organizations who may fail to perform according to agreed specifications; inability to control the development of out-licensed drug compounds or drug candidates; inability of collaborators to develop and commercialize product candidates; inability to maintain or obtain adequate product liability and other insurance coverage; adverse impact of technological advances and competition; inability to compete against third parties with greater resources; changes in pricing and reimbursements in the markets in which they compete; excessive leverage; limitations on their ability to incur additional indebtedness and incur liens on their assets restricting their ability to obtain additional capital when needed; cost of goods sold remaining high enough that it is difficult to achieve profitability; third-party payors for drugs or diagnostics rescinding or modifying their contracts or reimbursement policies or delaying payments; inability to expand as expected outside the United States; failure to receive reimbursement for a drug or diagnostic under changing

Medicare rules; failure of physicians to prescribe a drug or diagnostic to the extent anticipated; inability to obtain inputs necessary to the manufacture of a drug or diagnostic at the anticipated cost; failure of information technology and telecommunications systems that are critical to their business; failure to appropriately handle or dispose of biological and hazardous materials; misplaced reliance on third-party distributors; difficulties in integrating legacy companies from a merger or acquisition; inability to recruit talented personnel, including scientists; and changes in government policies or regulatory requirements of various federal and state agencies.

***Early stage life science investments have limited product ranges in development and are more speculative than other life science investments***

The Master Fund intends to invest in early-stage life science investments.

The Master Fund will make investments in and provide funding to early-stage life science investment businesses. Such early-stage businesses may have limited product ranges in development and, consequently, any problems encountered on one product may have a particularly damaging effect on the prospects of that life science investment business. Early-stage life science investment businesses will spend a considerable proportion of their resources on research and development which may prove to be commercially unproductive and may require the injection of further capital by the Master Fund in order to fully exploit the results of that research. It may take time and significant resources for the Master Fund to realise its investment in an early-stage life science investment business and such business or opportunity may not grow rapidly.

***Regulatory Approvals***

Some assets relating to future life science investments may relate to products that are in clinical development or are not otherwise approved by the relevant regulatory agencies. All clinical trials involve a significant risk of failure and the Master Fund cannot guarantee that such assets will achieve success in clinical trials or receive the appropriate regulatory approvals. There is a risk that regulatory approvals may be obtained with narrower indications than originally sought or unexpected restrictions on use. Failure to gain, or delays in gaining, appropriate regulatory approvals will materially adversely affect the value of such assets, including preventing or delaying the commercialisation of the product which would prevent the generation of, or reduce the amount of, royalty payments.

Furthermore, some assets, which are already approved for particular uses and markets, may be acquired with the expectation that certain products will receive further regulatory approvals in relation to additional uses or approvals to market and sell in additional markets. Such expectations may be reflected in the price at which the relevant assets to which these products relate may be acquired by the Fund. Failure to gain such additional regulatory approvals may adversely affect the projected income the Master Fund is expected to receive from the asset and therefore adversely affect the returns to Shareholders. Even if regulatory approvals are obtained, they may subsequently be suspended or removed, for example as a result of concerns about

quality, safety or efficacy. This may also adversely affect the income the Master Fund expects to receive from the asset.

Any failure by any of the life science investment businesses to obtain or maintain, or any delay by any life science investment business in obtaining or maintaining, regulatory approvals could adversely affect the business of that life science investment business and thereby adversely affect the performance of the Fund. No life science investment business can be sure that it can obtain necessary regulatory approvals on a timely basis, if at all, for any of the products it is developing or manufacturing or that it can maintain necessary regulatory approvals for its existing products. Factors that could have a material adverse effect on the businesses of life science investments and, as a result on the Master Fund, include delays in obtaining or failing to obtain required approvals, the loss of, or changes to, previously obtained approvals, failure to comply with existing or future regulatory requirements, and changes to manufacturing processes or manufacturing process standards following approval or changing interpretations of these factors.

The level of revenues and profitability of life science and medical technology companies may be affected by the efforts of governments and regulators to contain or reduce the cost to the public of healthcare through various means. Governments may directly control the cost of drugs and healthcare products or may establish watchdogs to oversee pricing. The adoption of such legislative and regulatory approaches could have an adverse effect on the business and profitability of life science investment businesses and therefore on the performance of the Master Fund.

#### ***Equity realisations and payments under licences may vary***

As equity realisations from life science investment are expected to be achieved through liquidity events, including trade sales and initial public offerings, the total income receivable by the Master Fund from these sources may vary substantially from year to year. In addition, payments under licences are often subject to milestones which may not be achieved, meaning the total income receivable by the Master Fund from these sources may also vary substantially from year to year. These variations may have a material adverse effect on the business, financial condition and prospects of the Fund as a whole.

#### ***Unprofitable levels of third-party reimbursement for products***

The ability of the Master Fund's underlying life science investment companies to successfully commercialise their products or technologies or to attract potential strategic partners to assist in the translation of promising scientific theory to commercially viable business opportunities may depend, in part, on the price levels and the extent to which reimbursement for the costs of treatment relating to diagnostic and other products will be available from government health administration authorities, private health insurers and other third party payers. Governments and other third-party payers are increasingly attempting to contain health care costs, in part by challenging the price of medical products and services and restricting eligibility for reimbursement. Health care cost pressure could lead to pricing pressure, which would adversely affect pricing of the products of the Fund's life science investment businesses. Seeking and ensuring adequate third-party reimbursement can be both time-consuming and costly. It may

require the Fund's life science investment businesses to provide scientific and clinical support for the use of each of their products to each third-party payer separately.

The unavailability or inadequacy of third-party reimbursement may have an adverse effect on the price level and, consequently, the market acceptance of the diagnostic products of the Master Fund's life science investment businesses. In addition, the Master Fund is unable to forecast what additional legislation or regulation relating to the healthcare industry or third-party reimbursement may be enacted in the future, or what effect such legislation or regulation would have on its business. Any such event may have a material adverse effect on the Master Fund's business, financial condition and prospects.

### ***Intellectual Property Considerations***

The success of the Master Fund's life science investment will depend on the ability of the Master Fund's life science investment businesses to stay ahead of scientific and technological advances. There is no assurance that competitors will not seek to develop products and/or create intellectual property that are more efficient or effective, or bring products to the market earlier, rendering the products and/or intellectual property of the Master Fund or its life science investment businesses economically unviable or unattractive. There is therefore no guarantee that the Master Fund will, in the future, be able to compete successfully in such a marketplace. Such competition and any failure to compete successfully may have a material adverse effect upon the Fund's business and prospects.

Intellectual property rights may be challenged invalidated, rendered unenforceable, circumvented, infringed or misappropriated. For example, technology subject to patent applications, and even issued patents, can be invalidated if it is determined that the patents or patent application are based on claims that are excessively broad and they may therefore not be effective to prevent others from utilising inventions or technology which is substantially similar to the intellectual property to which these rights relate (and which becomes publicly disclosed by applying for patent protection). This could have a material adverse effect on the business, financial condition and/or prospects of the Master Fund and its life science investment.

In addition, third parties may already independently own, or may in future develop, similar or superior technologies which may or may not infringe any intellectual property owned, licensed to or used by the Master Fund or any of its life science investment businesses. It is also possible that a patent owned by or licensed to the Master Fund or one of its life science investment businesses may expire or remain in force for only a short period following commercialisation, thereby reducing the benefit of the protection. The limitations on the rights and arrangements relating to intellectual property rights relating to technologies used by the Master Fund or one of its life science investment businesses, the absence of such rights and arrangements in relation to certain technologies and/or the early expiration of patents or patent applications owned by or licensed to the Master Fund or one of its life science investment businesses could have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Master Fund and its life science investments.

The success of the Master Fund's life science investments will be dependent upon innovative scientific theory and its effective translation into new medical technologies and the Master Fund

will seek to benefit from the intellectual property protection of such theory and technology. The Master Fund will wish to see life science investment businesses create value from developing and commercialising technologies and (where appropriate) protected by appropriate intellectual property rights. However, the theories and technologies are, in many cases, at an early stage and there can be no guarantee that they will be capable of successful further technical development or commercialisation. Any failure of such development or commercialisation could have a material adverse effect on the business, financial condition and/or prospects of the Master Fund and its life science investments.

As the intellectual property rights licensed to the Master Fund or a life science investment business might be licensed on an “as-is” basis without warranties, the Master Fund or life science investment business may bear the risk of defects in the ownership, validity, scope or enforceability of the licensed patents or other intellectual property.

There can also be no guarantee that any originator of technology (for example, inventors) or other persons, who may have developed the intellectual property, will provide ongoing assistance required for its successful commercialisation by the Master Fund or a life science investment business. This may be essential in the markets in which the Master Fund or life science investment business intends to operate. Any such lack of assistance required for successful commercialisation could have a material adverse effect on the business, financial condition and/or prospects of the Fund and its life science investments.

The value of the intellectual property owned by or licensed to the Master Fund or a life science investment business depends, in part, on how successfully it can be used to defend against claims that the Master Fund or a life science investment business is infringing the intellectual property rights of third parties. The Master Fund or any of its life science investment businesses may, over time, receive notice that it is infringing intellectual property of a third party, or that the intellectual property protection sought by the Fund or a life science investment business should not be granted. In addition, the validity of intellectual property rights (such as patents) relating to technology utilised by the Master Fund or a life science investment business may become subject to claims and/or challenges by third parties.

Litigation proceedings in relation to intellectual property rights is a risk in most life science and medical technology businesses and, from time to time, competitors and other third parties may seek to assert the right to restrict the use of patent, copyright, trademark or other intellectual property rights relating to technologies. Intellectual property litigation can be expensive, complex and lengthy and its outcome is frequently difficult to predict. If the Master Fund or a life science investment business were to receive an infringement claim, the claim could consume significant time, financial and other resources of the Master Fund or the life science investment business, irrespective of its merits, and this might result in key technical and management personnel diverting attention and focus away from their normal duties and responsibilities.

If the Master Fund or a life science investment business were unsuccessful in defending an intellectual property infringement claim, it may have to pay substantial damages and/or legal costs to the successful third party and the life science investment business may have to cease the development, manufacture, use or sale of infringing technologies, products or process, and/or

expend significant resources to develop or acquire the right to use non-infringing technology (including by way of a licence). This may materially affect the ability of the Master Fund or a life science investment business to exploit its intellectual property and may result in a loss of value of the Master Fund or the relevant life science investment business. Accordingly, any such event could have a material adverse effect on the business, financial condition and/or prospects of the Master Fund and its life science investments.

### ***Product Liability***

Liability of life science companies for products that are later alleged to be harmful or unsafe may be substantial and may have a significant impact on a life science company's market value and/or share price. Certain of these companies may become involved in lawsuits with respect to these products, or with respect to intellectual property rights or other rights relating to them, which lawsuits may result in an inability to market these products or may otherwise impair the related revenue stream derived from such product.

### ***Small and Medium Capitalization Companies***

The Master Fund may invest in U.S. and non – U.S small and medium capitalization securities. Investing in lesser known, small and medium capitalization companies may involve greater risk of volatility of the Fund's investment results than is customarily associated with investing in larger, more established companies. There is typically less publicly available information concerning small and medium sized companies than for larger, more established companies. Some small and medium capitalization companies have limited product lines, distribution channels and financial and managerial resources and tend to concentrate on fewer geographical markets than do larger companies. The Master Fund may invest in life science companies which may not yet offer products or offer a single product and may have persistent losses during a new product's transition from development to production or erratic revenue patterns. There can be no assurance that the product will be approved for marketing by the FDA or any foreign regulatory agency. Further, competition to the product may develop from other new and existing products and the product may quickly become obsolete. In either case, if a company is dependent on that one product, the consequences of such failure could be devastating to the prospects of such company, which in turn could negatively affect the performance of the Master Fund. Also, because smaller and medium capitalization companies normally have fewer shares outstanding than larger companies and trade less frequently, it may be more difficult for the Master Fund to buy and sell significant amounts of shares without an unfavourable impact on prevailing market prices.

### ***Early-Stage Capitalization Companies***

One or more life science investment businesses may have significant funding requirements in the future. The Master Fund may seek to meet these funding requirements through arrangements with external third-party investors. The success of the relevant life science investment, and the availability of third-party funding, may be influenced by the market's appetite for investment in, or lending to early-stage life science companies. As a result, it may take longer than anticipated for a life science investment company to develop its business or it may not be able to develop the business at all.

Consequently, it may take longer for the Master Fund to realise value from equity holdings in the relevant life science investments which have significant funding requirements and the consideration received by the Master Fund may include shares and/or deferred cash consideration, the value of which may depend upon the future performance of the relevant Life Science Investment. Alternatively, the Master Fund may not realise value from such holdings at all. Any such occurrence may have a material adverse effect on the Master Fund's business, financial condition and prospects.

### ***Therapeutics Development Risk***

The Master Fund has significant exposure to development stage companies. Investing in such companies involves greater risk than is customarily associated with investing in established companies with commercialized product lines, as the value of the security is often significantly attributed to the prospects of the development program, and clinical setbacks, unanticipated safety risks or lack of therapeutic efficacy, for example, can result in significant negative price performance of the security. The Master Fund may have exposure in these securities during periods when critical data is released by the company and attempts to manage exposure to levels consistent with the risk parameters of the Master Fund. There can, however, be no assurance that this will be successfully accomplished in all instances, or that negative news flow at unanticipated points in time will not negatively impact Master Fund performance beyond the targeted risk parameters.

### ***Non-Diversification***

A large proportion of the overall value of the Master Fund may ultimately reside in a small number of life science investment businesses and could be caused by a single life science investment growing very rapidly into a significant standalone life science company. Accordingly, there is a risk that if one or more of the intellectual property rights relevant to a substantial life science investment business was impaired this would have a material adverse impact on the overall value of the Master Fund. Furthermore, a large proportion of the overall revenue generated by the Master Fund may ultimately be the subject of one, or a small number of, licensed technologies to a life science investment business. Should the relevant licences be terminated or expire this would be likely to have a material adverse effect on the revenue received by the Master Fund. Any material adverse impact on the value of the business of a life science investment could, in the situations described above, have a material adverse effect on the business, financial condition and/or prospects of the Fund.

### ***Lack of Control***

The Master Fund invests in securities of companies that it does not control, which the Master Fund may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Master Fund does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in



a manner that does not serve the Fund's interests. The occurrence of any of the foregoing could have a material adverse effect on the Fund and the shareholders' investments therein.

### ***Short Selling***

Short selling can result in profits when the prices of the securities sold short decline. In a generally rising market, the Master Fund's short positions may be more likely to result in losses because the environment would be more conducive for the securities sold short to increase in value. It is possible that the Master Fund may hold long and short positions in the same security for hedging, operational or fundamental purposes. A short sale involves the theoretically unlimited risk of an increase in the market price of the securities sold short.

### ***Leverage***

The Master Fund may borrow funds in order to increase the amount of capital available for investment. Borrowing will tend to magnify the profits or losses of the Master Fund. The level of interest rates at which the Fund can borrow will affect the operating results of the Master Fund. If securities pledged to brokers to secure the Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call," pursuant to which the Master Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Master Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

### ***Hedging Transactions***

The Master Fund may utilize financial instruments such as forward contracts, options, swaps and tracking securities such as ETFs for hedging purposes or as part of its trading strategies. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. The success of the Master Fund's hedging transactions is subject to the movements in the direction of securities prices and currency and interest rates. The degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. The Master Fund may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss.

### **Risks associated with Venture Funds**

Inherent in the Adviser's business are a number of risk factors, including risks associated with the Adviser's strategy of investing in private equity, particularly investing in private equity funds sponsored by unrelated managers who in turn invest in private companies. These risks result in a

risk of investment loss for individual clients and private investment funds and their investors. The risks involved in the Adviser's business include, but are not limited to:

### *High Risk Investments*

The private equity class of investments, that the Adviser makes on behalf of the Funds, are illiquid, high-risk and subject to loss of a part or all of an investor's entire investment. Non-U.S. private equity fund investments may be subject to additional country, currency and illiquidity risks. The portfolio companies of Funds or underlying private equity funds may involve significant business and financial risk. Underlying private equity funds make venture capital and growth equity investments in companies that are in an early stage of development, have little or no operating history, are operating at a loss, and/or need significant additional capital to support their operations. Other underlying private equity funds may invest in buyouts, which involve significant financial leverage and are therefore sensitive to declines in revenues and to increases in interest rates and expenses.

### *Valuation of Assets*

There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to detailed review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices as which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser may give rise to conflicts of interest as the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect performance calculations.

### *Risk of Equity Investments in Private Companies; Non-Controlling Interests*

Certain Funds' will invest primarily in securities issued by privately held companies. Generally, there will be no readily available market for trading such securities, which will limit the ability to monetize and value such investments. In addition, equity securities, even structured equity securities, are among the most junior in a company's capital structure and are subject to the greatest risk of loss. In general, a Fund will not seek collateral to protect an investment. Accordingly, a Funds' investments will involve a high degree of business and financial risk that can result in substantial losses, including loss of principal. While a Fund will seek investments that have projected returns commensurate with the risks involved, there can be no assurances that any targeted rate of return will be achieved. In addition, it is expected that a Fund may hold minority stakes in privately held companies. Such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

### *Limited Operating History*

Certain of the Funds have limited operating history and will be entirely dependent on the Adviser. There can be no assurance that the Funds' investments will achieve results similar to those achieved by any previous investments. In addition, a Funds' investments may differ from previous investments in a number of respects. The performance of previous investments is not necessarily indicative of future results.

### *Dependence on Key Personnel*

The success of the relationship-based investment strategy utilized by the Funds depends in substantial part upon the individual Adviser principals and their skill and expertise. However, there can be no assurance that all of the Adviser principals will continue to be associated with the Adviser throughout the life of a Fund or that replacements will perform well.

### *Reliance on Underlying Managers*

The returns of private equity fund investments are primarily dependent upon the performance of unrelated investment managers and management teams. The Funds do, and future funds are likely to, depend on managers of the private equity funds in which they invest. The Funds are and future funds generally will be limited partners in underlying private equity funds and therefore do and will not have the ability to participate in the management and control of these private equity funds or the ability to control the timing of capital calls or distributions received from these funds or over investment decisions made by them. Similarly, individual clients making direct private equity investments depend on the management teams of the portfolio companies in which they invest. Both funds and individual clients that are investors may be minority equity investors in portfolio companies and, notwithstanding certain board or contractual management rights, will generally not control such companies.

### *Reinvestment*

Proceeds from realized investments of the Funds may be retained and reinvested by the Funds as determined by the Adviser or used by the Funds as determined by the Adviser for any other proper purpose. Accordingly, to the extent such retained amounts are reinvested, a limited partner will remain subject to investment and other risks associated with such investments.

### *Availability of High-Quality Investment Opportunities*

There is no assurance that access to high-quality private equity investment opportunities will be available during the investment period of the Funds (or any future funds) or when an individual client is evaluating private equity investments, or that high-quality secondary purchase opportunities will be available at attractive prices. In addition, top-quality private equity partnerships may be oversubscribed and there is significant competition for investment allocations. Similarly, individual clients compete for investments in portfolio companies with other individuals, financial institutions, private equity, venture capital and investment funds or corporations. There can be no assurance that the Adviser will be able to locate and complete

attractive investments or that the investments the clients ultimately make will satisfy their investment objectives.

#### *Limited Number of Investments; Lack of Diversity*

Except as set forth in a Fund's organizational documents, a Fund is under no obligation to diversify its investments, whether by reference to the amount invested or the industries or geographical areas in which the investments are made. Accordingly, a Fund may have a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single investment. On any given investment, loss of all or a portion of the original amount of the investment is possible. Investors in a Fund have no assurance as to the degree of diversification in the Fund's investments, whether by geographic region, industry, asset or transaction type. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, a Fund may make an investment for which third party financing will be desirable but not necessarily available at the time of investment. There is significant risk that such financing may never become available, or that a refinancing will not be able to be completed on desirable terms. This could result in a Fund having a variety of unintended long-term investments and/or reduced diversification.

#### *Leverage; Borrowing by a Fund or its Subsidiaries*

A Fund may utilize leverage for short-term borrowing or otherwise for the purpose of paying Fund expenses and/or providing interim financing for a portfolio investment prior to the making or payment of capital contributions, to the extent such leverage is available on appropriate terms and in accordance with the Fund's organizational documents. To the extent leverage can be obtained and is utilized, such leverage will increase the exposure of an asset to adverse economic factors such as rising interest rates, further downturns in the economy or deterioration in the condition of the investment. A Fund will also be permitted to guarantee or provide credit support or similar assurances in respect of the obligations of its investment and, accordingly, the Fund may be materially and adversely affected by an event of default by an investment in respect of any such obligations.

#### *Contingent Liabilities on Disposition of Assets*

In connection with the disposition of assets, an investment in a Fund or any other investment, may be required to make representations and warranties about the business and financial affairs and other aspects (such as environmental, property, tax, insurance and litigation) of itself and its assets, such portfolio company and/or its assets typical of those made in connection with the sale of a business or a portfolio of assets. A Fund also may be required to indemnify the purchasers of such assets or investments to the extent that any such representations and warranties are inaccurate or with respect to certain potential liabilities. These arrangements may result in the occurrence of actual and/or contingent Fund liabilities for which the Adviser may need to establish reserves or escrows. In that regard, investors in a Fund may be required to return

amounts distributed to them to fund obligations of a Fund, including indemnity obligations, subject to certain limitations set forth in a Fund's organizational documents.

### *Regulatory Risk*

A Fund may invest in regulated portfolio companies that are subject to any number of governmental licenses, permits or other approvals. A Fund may need the consent or approval of applicable regulatory authorities in order to acquire particular portfolio companies. Such regulatory authorities may also be required to approve or consent to certain aspects of a Fund's sale of such investments. In addition, the adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have a material adverse effect on a Fund's portfolio investments. Such changes could necessitate the creation of new business models and the restructuring of investments to satisfy regulatory requirements, which may be costly and/or time-consuming. In connection with the regulatory approval, licensing or review process for any portfolio company, disclosures and other undertakings may be required from or in respect of the existing or prospective owners of such portfolio company, potentially including a Fund or in turn the investors in such Fund. Additionally, failure to obtain, or a delay in obtaining, certain required permits or approvals could hinder operation of a portfolio company and result in fines or additional costs for such entity, which could have a material adverse effect on a Fund. Finally, investment in regulated portfolio companies may result in: (i) certain investors in a Fund being excused or excluded from participating in such investments in consultation with the Adviser as a result of the effects of such participation on such investors and/or the Fund, and/or (ii) limiting a Fund's ability to make other investments and/or take certain actions in connection with its investment activities.

### *Investments Longer than Term*

A Fund may make investments which may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the Adviser expects that investments will generally be disposed of prior to dissolution (or, failing that, be capable of in-kind distribution during dissolution), and due to the fact that, in certain situations, the Adviser has a limited ability to extend the term of a Fund, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

### *Non-U.S. Market Risks*

Investments in non-U.S. markets involve risks different from those in the United States, including economic, social, political, currency, and taxation risks, as well as potential exchange control regulations and restriction on foreign investment and repatriation of capital. If underlying investments, private equity funds or individual clients invest in countries that are in emerging markets, these investments involve a broader range of economic, foreign currency, exchange rate, political, legal and financial risks. Many governments in emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. Other risks include nationalization, expropriation, confiscatory taxation, negative diplomatic developments and political or social instability. In addition, the laws of some emerging markets

governing business organizations, bankruptcy and insolvency may make legal action difficult and unpredictable and provide little, if any legal protection for investors.

### *Operational Risks*

The Adviser's ability to conduct its business effectively is subject to a variety of operational risks. If any of the Adviser's financial controls, investment accounting or investment operations systems, or data processing systems fail to operate properly, or if there are other failures in its internal processes, the Adviser could suffer business disruption, financial loss, liability to clients, or regulatory or reputational issues. Systems failures may result from factors that are beyond the Adviser's control, notwithstanding the fact that the Adviser takes precautionary measures. In addition, changes in legal, fiscal and regulatory regimes may occur that may have an adverse effect on the Adviser. The Adviser may not be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes. Changes in economic conditions may occur that may have an adverse effect on investments, such as rising interest rates. Due to the illiquidity of the investments made by the Adviser, the Adviser will have limited ability to adapt to any such changes in economic environment or mitigate any resulting losses.

### *Illiquidity; Cash Flow Risks*

Investments in private equity are highly illiquid, as are the Funds' investments in the underlying private equity funds and portfolio companies. Interests in private equity funds and private companies are not registered under the Securities Act and may not be transferred unless registered under applicable federal or state securities laws or unless exemptions from such laws are available. The Funds and future funds' ability to undertake new investments and pay distributions to their investors is contingent upon generating cash flows, the sufficiency of which is contingent upon, among other things, the performance of the fund's existing investments, current economic conditions and conditions in the securities markets, and timely payment by fund investors of their called capital commitments.

### *No Market for Limited Partnership Interests; Restrictions on Transfers*

There is no market for the interests in the Funds and none is expected to develop. A limited partner will not be permitted to assign, sell, exchange or transfer any interest in a Fund except with the prior written consent of the Adviser, which consent may be given or withheld in the sole and absolute discretion of the Adviser. Further, interests are not registered under the Securities Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction; and, therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. Accordingly, limited partners must be prepared to bear the risks of owning the interests for an extended period of time.

### *Uncertainty of Financial Projections*

A Fund may rely upon projections developed by the Adviser or a portfolio company concerning the portfolio company's future performance, cash flow and operating results as well as projections prepared by third parties. Projections are inherently subject to uncertainty and factors beyond the control of the Adviser and the portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements, and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values and cash flow.

### *Additional Capital*

Portfolio companies may require additional financing (including leverage) from sources outside a Fund to satisfy their capital requirements. The amount of additional financing required will depend upon the business objectives and strategy of the particular company. The availability of capital may be a function of capital market conditions that are beyond the control of a Fund or any portfolio company. There can be no assurance that a portfolio company will be able to predict accurately its capital requirements or that additional funds will be available from the desired sources or from any sources or on terms favorable to the portfolio companies.

### *Market Conditions*

United States and international market and economic conditions have been, and continue to be, disrupted and volatile. These conditions have had broad regional, national and global economic ramifications, and the impacts of these conditions are continuing to unfold. Such conditions could materially and adversely impact a Fund in a variety of ways and may include impacts that cannot be anticipated at this time. Among other things, these conditions may materially and adversely affect (i) the ability of a Fund or its investments to access credit markets on favorable terms or at all in connection with the financing or refinancing of investments; (ii) the ability or willingness of certain counterparties to do business with a Fund or its investments; (iii) a Fund's exposure to the credit risk of others in its dealings with various counterparties; (iv) consumer spending and demand for the products and services offered by portfolio companies; (v) growth opportunity for a Fund's investments; (vi) a Fund's ability to exit its investments at desired times on favorable terms or at all; (vii) availability of reliable insurance on favorable terms or at all; and (viii) the ability of a Fund's investors to meet their obligations to the Fund. There can be no assurance that national and global market and economic conditions will improve during the term of a Fund, and such conditions could continue to deteriorate materially and for an extended period of time. National concerns about future economic growth, rising unemployment, high oil prices, lower consumer sentiment, inflationary pressures, the adverse developments in the credit markets and mixed corporate earnings present significant challenges to the national and global economies and equity markets presently and in the future. Any of the foregoing could have a material adverse impact on a Fund.

### *Conflicts of Interest*

The Adviser provides investment management services to the Funds and anticipates providing services to additional funds and individual client accounts. The Adviser will continue to form relationships in the private equity investment arena. As the Adviser invests and manages assets

for its clients, it is possible for conflicts of interest to arise between clients. Known potential conflicts are described elsewhere in this Brochure, including Items 6, 10 and 14.

*Past Performance Not Necessarily Indicative of Future Performance*

There is no assurance that the performance of the Adviser or any investment will equal or exceed the past investment performance.

Additional risks relevant to investments in direct operating companies or private equity funds, including the Funds, are described in the applicable private offering memoranda.

(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 a client or prospective client's evaluation of their advisory business or the integrity of their management. The Adviser has no such information to disclose.

(Item 10)

**Other Financial Industry Activities and Affiliations**

4BIO Partners, LLP is authorized and regulated by the Financial Conduct Authority (Reference Number 842764).

(Item 11)

**Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Adviser has implemented a Code of Ethics as required by Rule 204A-1 under the Investment Advisers Act of 1940. This Code of Ethics sets forth certain standards of business conduct that govern the personal investment activities of employees and officers of the Adviser, including the requirement that the interests of advisory clients must be placed first at all times.

The Code of Ethics requires "access persons" (officers and supervised persons with access to client information) of the Adviser to report their personal securities transactions to the Adviser on a quarterly basis and their securities holdings upon commencement of employment (or upon becoming an access person) and annually thereafter. Access persons also must obtain approval from the Adviser's chief compliance officer before they acquire any ownership interest in any security in an initial public offering or limited offering. The Code of Ethics requires all



employees and officers of the Adviser to comply with applicable federal securities laws and to promptly report any violation of the Code of Ethics to the Adviser's chief compliance officer.

A copy of the Adviser's Code of Ethics will be provided upon request to any investor or prospective investor in the Funds or any future fund for which The Adviser provides investment management services and to any individual client of the Adviser.

The Adviser and its Investment Committee seek to ensure that the Adviser, and their respective employees, do not personally benefit from underlying fund investment recommendations. Pursuant to the partnership agreement of each of the Funds, access persons must obtain approval from the Fund's general partner before they acquire any ownership interest in any underlying fund or other securities that meet the Fund's investment criteria.

Certain related persons of the Adviser will indirectly receive a portion of the carried interest paid to the general partners of the Funds. The possibility of receiving carried interest may create an incentive to recommend more speculative investments on behalf of the Fund. The Adviser's disciplined investment selection process is intended to mitigate this risk.

(Item 12)

### **Brokerage Practices**

The Adviser, as manager of the Funds, has discretion to determine the companies or underlying funds in which a Fund invests. Investments in companies or underlying funds are negotiated on a private placement basis by the Adviser. Historically, the Adviser has not utilized broker-dealers in connection with such investments.

Individual clients that engage the Adviser with respect to private equity investments may use the services of investment bankers or broker-dealers that they select. The Adviser does not select clients' brokerage firms. In addition, any affiliated or related brokers do not maintain individual client accounts.

(Item 13)

### **Review of Accounts**

The Adviser's Investment Committee continuously monitors the Adviser's clients' portfolios. Members of the Adviser's Investment Committee are:

- Kieran Mudryy, Partner, Chief Compliance Officer
- Andrey Kozlov, Managing Partner, Chief Financial Officer
- Dmitry Kuzmin, Managing Partner, Chief Scientific Officer

The investment portfolio of the Venture Funds are private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team composed of Adviser principals and other investment professionals on an on-going basis. The team provides reports to the Adviser's Investment Committee on a quarterly basis and will provide interim reports if a material change in a particular investment occurs.

Investors in the Funds typically receive a copy of audited financial statements of the relevant Fund or underlying investment within 120 days after the fiscal year end of such Fund, as well as quarterly financial reports within 90 days after each fiscal quarter end. Alternatively, in lieu of providing information each quarter, financial reports are available upon request. The Adviser and the applicable general partner may from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Individual clients may receive customized reports designed based on their particular requirements and objectives.

(Item 14)

### **Client Referrals and Other Compensation**

The Adviser has engaged a US based Broker any persons to solicit advisory clients on its behalf.

The Adviser, particularly for any future funds for which it seeks to provide investment management services, could enter into a placement agent agreement with respect to the fund. Pursuant to such an agreement, the Adviser could pay a placement agent a percentage of the capital invested in the fund by investors referred by such placement agent. Such agreements would typically require that the Adviser agree to indemnify the placement agent for certain losses, claims or damages to which the placement agent may be subject in connection with its engagement by the Adviser.

The Adviser also could enter into an agreement with an entity to act as a solicitor to refer clients to the Adviser. Pursuant to such an agreement, the Adviser could pay a solicitor based on the fees received by the Adviser from its referred client.

Any such agreements require the placement agent or solicitor to meet the disclosure and other requirements of Rule 206(4)-3 under the Investment Advisers Act. Furthermore, these agreements require the placement agent or solicitor to obtain a fee disclosure statement executed by the prospective investor in the fund or client disclosing the existence of the relationship as well as the amount of fees earned by the placement agent or solicitor the terms of the agreements may vary depending upon the circumstances.

The Adviser endeavors at all times to put the interests of its clients first as part of the Adviser's duty to its clients. Nevertheless, the receipt of compensation by placement agents and solicitors as described above creates a conflict of interest and may affect the judgment of the placement agents and solicitors when referring eligible clients to the Adviser.

(Item 15)

### **Custody**

The Adviser is deemed to have constructive custody of the assets of the Funds pursuant to Rule 206(4)-2 Act (the "Custody Rule") of the Investment Advisers Act. The Adviser has implemented the following controls:

- Most Funds are subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by the Public Accounting Oversight Board.
- The audited financial statements are distributed to investors in the Funds within 120 days of the end of the Funds' fiscal year end.
- The Adviser periodically reviews the effectiveness of its custody controls. Including following internal review policies on cash disbursements, month end close for each Fund and monthly bank account review and reconciliation.

(Item 16)

### **Investment Discretion**

The Adviser has investment discretion for the Funds. Subject to the investment objectives and other limitations of the Fund, as set forth in its confidential private placement memorandum and partnership agreement, the Adviser has discretion to determine the underlying investments in which the Fund invests and the amounts of such investments. The Adviser's investment decisions take into account the investment objectives and strategy of the Fund; the Fund's size and amount of capital available for investment; the Fund's diversification requirements; available investment opportunities appropriate for the Fund; and current and anticipated market conditions.

By subscribing for an investment in the Funds and executing a partnership agreement, each investor agrees that the Fund was formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Fund is, operating generally in the manner described in the Fund's confidential private placement memorandum.

The Adviser anticipates that it will have and exercise similar investment discretion for any future funds for which it acts as the investment manager.

With respect to individual non-fund clients that seek the Adviser's services, the Adviser does not accept or exercise investment discretion.

(Item 17)

### **Voting Client Securities**

The Adviser recognizes that voting rights have economic value and that the exercise of such rights is an important part of an advisor's duties. Proxy voting, however, is not generally applicable to the Adviser's business.

With respect to the Funds and any future funds for which the Adviser may serve as the investment manager that are entitled to vote on issues, the general partner of the Fund will exercise voting authority on behalf of the fund. Neither the Adviser nor a Fund typically receives distributions of public securities or otherwise holds public securities. (In the event a Fund was to receive a distribution of public securities, it would expect to immediately sell such securities for cash pursuant to the terms of the Fund's partnership agreement.)

With respect to individual non-fund clients that the Adviser advises, services may involve investments in private companies and the clients will retain all voting and other rights. The Adviser does not accept or exercise proxy-voting authority.

(Item 18)

### **Financial Information**

The Adviser has no financial condition that is reasonably likely to impair the Adviser's ability to meet contractual commitments to its clients. The Adviser has never been the subject of a bankruptcy proceeding.

(Item 19)

### **Requirements for State-Registered Advisers**

The Adviser is not registered with any state securities authorities.