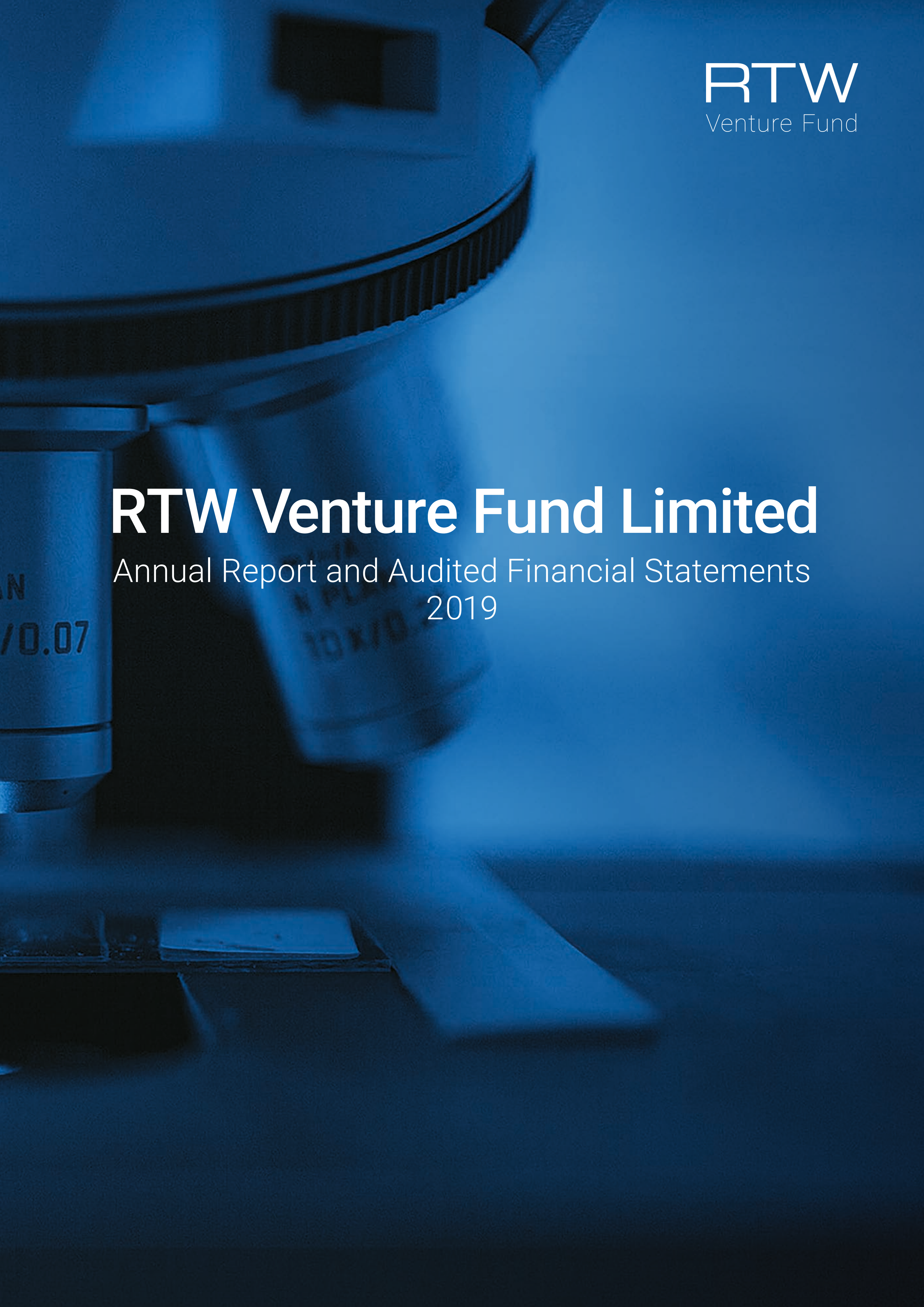

RTW
Venture Fund

RTW Venture Fund Limited

Annual Report and Audited Financial Statements 2019

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Defined terms used in the Annual Report and Audited Financial Statements are defined in the Glossary.

WELCOME

RTW Venture Fund Limited (the "Company") is a close-ended fund listed on the Specialist Fund Segment of the London Stock Exchange since 30 October 2019. We invest and partner with innovative healthcare companies looking to bring novel and transformational therapies to patients. We aim to deliver superior long-term capital appreciation through forming, building, and supporting world-class life sciences, biopharmaceutical and medical technology companies. Our investment objective is to build a concentrated portfolio of world class companies, and we are focused on some of the most exciting emerging modalities such as gene therapies and RNA medicines, two areas we believe will disrupt prevailing therapies.

WHO WE ARE

Our portfolio is managed by RTW Investments, LP, a New York-based healthcare investment firm and leading partner of industry and academia. We have the backing and support of RTW, a full lifecycle investor with $2.7 billion in AUM and a team of thirty one people with discovery, drug development, operational, business, legal, and capital markets expertise. Our competitive advantage is anchored in its internal idea generation process. As an investor, we aspire to achieve a level of research depth consistent with those making permanent capital decisions, comparable to the work done within large cap biotech and pharmaceutical companies.

> Because we have always made exciting assets the driver of what we work on, over the years we developed the skills and brought in the talent needed to support companies regardless of stage. This has made its way into our own DNA. In addition to having the ability to create companies de novo around assets in any geography, we also have experience with less common deal types such as reverse mergers, asset spinouts, SPACs, and recaptalizations.

> Great science is global. We see opportunities in assets outside of the US. Currently, most biotech ecosystems are relatively immature, with underdeveloped venture communities, capital markets, and entrepreneurs who often need help in various ways. As a result it is one of our priorities to continue to look for opportunities in the UK and broader EU, and we hope to be able to do our part to help foster science in markets where biotech has been lacking. We also see significant opportunity in China, where recent reforms have really created the foundation for biotech innovation there.

> Taking a long term full lifecycle approach and having a true evergreen structure enables us to avoid pitfalls of structural constraints of venture-only or public-only vehicles. Our focus is on becoming the best investors and company builders we can be, delivering exceptional results to shareholders and making an impact on patients' lives.

A UNIQUE INTEGRATED STRUCTURE

We leverage our proprietary "data-first" research process to source the highest quality assets across the US, UK, and Europe, and complement the scientific rigour with years of financial investment, company building, and transactional expertise.

01 / > **RESEARCH**

- Collaborative team-based approach
- Industry and academic backgrounds set the tone for exceptional research
- Patient longterm approach endures volatile markets

02 / > **NEW VENTURES**

- Data science technology to enhance data management
- Building in-house genetics capabilities and database
- High probability target identification

03 / > **BUSINESS**

- Building targeted academic relationships in areas of high yield science
- Managing the capital markets process and syndicate building
- Becoming a thought leader in the broader healthcare ecosystem

04 / > **OPERATIONS**

- Strong compliance culture
- Accounting, tax, legal and regulatory expertise
- Cross-border expertise opens up opportunities globally

OUR YEAR IN NUMBERS

>22%
ORDINARY NAV GROWTH IN THE PERIOD

$1.27
NAV PER ORDINARY SHARE

>$205.7M
ORDINARY NAV

32%
TOTAL SHAREHOLDER RETURN*

$1.37
PRICE PER ORDINARY SHARE

$43.8M
CAPITAL POOL

FINANCIAL SUMMARY

	Ordinary Shares US$'000
Net Asset Value, beginning of year	–
Transfer of shares	147,144
Issuance of shares	14,972
Total from investment operations	43,580
Net Asset Value, end of year	**205,696**

* Total shareholder return is an alternative performance measure.

30/10/2019 -31/12/2019 - The reporting period used for OUR YEAR IN NUMBERS

49%

OF NAV INVESTED IN PORTFOLIO COMPANIES, LIFESCI COMPANIES DESIGNATED IN THE PROSPECTUS

7

PORTFOLIO COMPANIES: 2 PUBLICLY-LISTED AND 5 PRIVATELY-HELD

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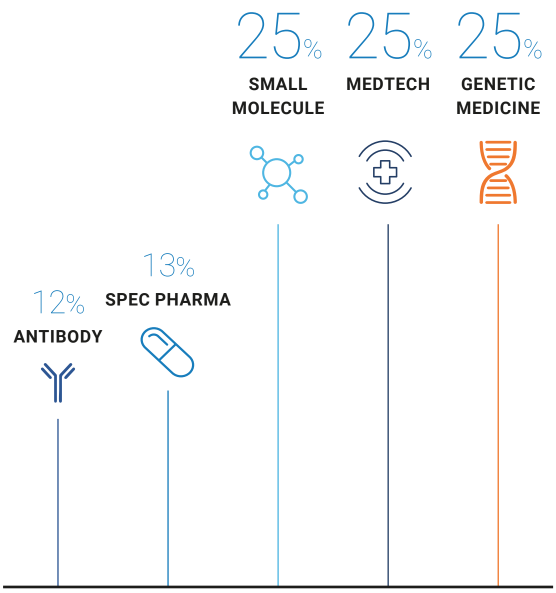
> THERAPEUTIC FOCUS



> CLINICAL PIPELINE

14/18

OF PORTFOLIO COMPANIES' PIPELINE PRODUCTS ARE IN CLINICAL STAGE PROGRAMS

CHAIRMAN'S STATEMENT

>> We believe solving unmet needs is the best way to create value <<

William Simpson
Chairman

It is with a great pleasure that I present the very first Annual Report for RTW Venture Fund Limited (the "Company"). The Company was admitted to the Specialist Fund Segment of the London Stock Exchange on 30 October 2019, and I am pleased to report significant performance milestones following its debut.

2019 Overview

In general, 2019 proved to be an excellent year for the Company and its New York-based Investment Manager, RTW Investments, LP, a global leader in full-lifecycle healthcare investing with a special focus on *transformative* scientific and medical technology assets, with the operative word being transformative. The RTW team maintained conviction and deployed capital during a time when many investors felt constrained by a combination of factors. These included the difficulties of funds managed by Woodford Investment Management and Brexit in the UK, and, more broadly, the uncertainty of looming geopolitical factors such as US-China trade wars and the upcoming US presidential election, where healthcare was expected to be a topic of heated debate. The Investment Manager and the Company stayed the course, focusing on underlying company fundamentals and valuation, allowing the Company to build a portfolio of companies developing breakthrough science and to provide accretive financing strategies at various points in these companies' individual life cycles.

The Company had a slightly different route to market than many of its peers as it was formed by combining the assets of an established Delaware fund, which was re-domiciled to Guernsey with additional capital that was subsequently raised in a public offering. The Company listed with an initial price/net asset value of c. $1.04 per share, which reflected the strong performance of the Delaware fund portfolio in the period between re-domiciling and listing. Our first financial year has been unusually short as the Company needs to provide tax reporting for its US shareholders based upon audited calendar year-end performance.

The Company's performance in its brief first period since re-domiciliation was remarkable. In the period from the IPO to the year end, the NAV grew from US$168.0 million or US$1.04 per Ordinary Share to US$205.7 million or US$1.27 per Ordinary Share, representing an increase of 22 per cent. in less than three months. At admission, the Company launched with a seed portfolio of six investments, all of which initiated as private investments, but two of which were already publicly listed as at 30 October 2019, following the IPO of Frequency on 3 October 2019. Post-admission, the Company has made one subsequent private investment. Further, to avoid the performance drag associated with uninvested cash awaiting deployment in private investments, the Company has invested in a portfolio of listed companies selected by the Investment Manager that are also held in their other investment funds. The remaining c. 20 per cent. of NAV is held in cash. Significant contributors to performance include strong share price returns from the core position of Rocket Pharmaceuticals, Inc. (ticker: "RCKT"), the IPO of Frequency (ticker: "FREQ"), and performance of other temporary public investments in the cash management strategy.

Board composition and evolution

It has been an honour to serve as Chairman with fellow Guernsey-based independent Directors, William Scott and Paul Le Page, who collectively have several decades of experience in the listed Investment Company sector. I am particularly pleased that our fourth director, Stephanie Sirota, who is a principal and Chief Business Officer of the Investment Manager, is able to provide our board with specialist technical insight and demonstrates the personal commitment to the Company by key members of the leadership team at our Investment Manager. As the Company grows we may also add future directors with backgrounds in the biotech and pharmaceutical fields.

Liquidity and Share Issuance

Prior to admission, the Company was capitalized with US$153 million from the Investment Manager principals and Limited Partners referred to as the 'cornerstone shareholders'. An additional US$15 million was raised in the IPO. Initially, the pre-IPO shareholders agreed not to dispose of their shares until 29 October 2020; however, to provide additional liquidity, on 25 October 2019 the Board and the Company's Brokers approved unlocking 22.5 per cent. of each cornerstone shareholder's holding, other than the principals and employees of the Investment Manager.

Corporate brokers J.P. Morgan Cazenove and Barclays have reported demand from prospective shareholders post-admission and this has been reflected in the fact that the Company has consistently traded at a premium to NAV during the first five months following listing.

> THE FUTURE LOOKS BRIGHT

4,000+

GENETIC DISEASES

Gene sequencing has identified causes for over 4,000 diseases, and is growing at a rate of 200 per year.

15,000+

DRUGS IN THE PIPELINE

The number of new patents has inflected upward. This is translating into both more and higher quality drugs in the pipeline.

500,000+

LIVES SAVED EACH YEAR

In the coming decade, in the US we expect more than half a million lives a year to be saved across diseases including cancer, neurologic, and rare diseases.

Under UK Listing rules, the Company has the authority to issue new shares of up to 20 per cent. of the outstanding share capital without filing an updated prospectus, provided the shares are issued on a non-dilutive basis and at a premium to NAV. In response to market demand since the IPO to the date of this Annual Report, the Company has issued a further 12,424,733 shares (representing c. 7 per cent. of opening share capital), raising an additional US$16.8 million, net of expenses.

Outlook

At the time of writing, the World Health Organization has declared a global pandemic related to COVID-19, commonly referred to as Coronavirus, and global financial markets are struggling to understand the medium and longer-term implications. The Company is looking ahead to continue its work as there have been no material changes to the fundamentals of the underlying assets, nor any expected supply chain disruptions given the nature of the early stage of the science. There is anecdotal evidence of delays in clinical trials but the portfolio companies are sufficiently capitalised and we do not anticipate a negative long term impact. It has been reported that businesses are beginning to resume normal activity in China, but what remains unknown is the extent of the economic impact of the unprecedented measures that have been adopted globally to restrict the possibility of transmission of the COVID-19 virus by limiting personal contact and international travel. In the United States, reported cases of infection have accelerated and there have been several outbreak hotspots, with New York City bearing the brunt of the impact. The United States have taken a decentralised approach to physical distancing and mitigation strategies, and at the time of writing, it appears that New York may have reached its peak. Case counts in Europe vary from country to country and we are seeing different strategies from aggressive mitigation in the UK, Italy, Spain, and France, to a more laissez-faire approach as taken in Sweden.

In other recent developments, the Company has formed and provided seed capital to Ji Xing Pharmaceuticals, a Shanghai-based company focused on acquiring licensing rights to innovative therapies developed in the West for distribution to the Chinese market. The Company intends to participate in a Series A financing together with the Investment Manager's other funds in the near to medium term.

Despite the health and financial concerns that are dominating financial markets, the Company believes it is more critical than ever to be a source of reliable capital to support the discovery and development of scientific innovation. The Investment Manager intends to grow the Company's assets, by cultivating new shareholder demand to finance an exciting pipeline of new ideas and its strategy of founding, investing and supporting companies developing next-generation therapies and technologies, which can significantly improve patients' lives. Accordingly, I expect the Company to continue delivering strong performance over the long term and creating value for shareholders.

AGM

The Company will hold its Annual General Meeting (AGM) at 1.00 p.m. GMT on 25 June 2020 to review annual results and provide portfolio updates. The meeting will be hosted at Trafalgar Court, Les Banques, St Peter Port, Guernsey. We would like to dedicate a part of the meeting to address questions from our shareholders. Understandably, it might not be possible for many to attend the meeting in person, therefore please share your questions here and we will endeavour to answer as many as we can: RTWVentureFund@rtwfunds.com. We are looking forward to holding our inaugural AGM and answering your questions.

On behalf of the Board, I would like to express my gratitude for your continued support and I look forward to updating you further at the time of our interim results later this year.

William Simpson
Chairman of the Board of Directors

RTW Venture Fund Limited

21 April 2020

THE INVESTMENT MANAGER'S REPORT

Executive summary

It is with distinct pleasure that we share the inaugural annual results of the Company as of 31 December 2019.

The Company has been publicly listed on the Specialist Fund Segment of the London Stock Exchange since 30 October 2019 and has grown by 22 per cent. from US$168.0 million NAV, or US$1.04 per Ordinary Share, to US$205.7 million, or US$1.27 per Ordinary Share, as of 31 December 2019. Since admission, the share price has been consistently trading at a premium to NAV.

Table 1. Financial Highlights

RTW Venture Fund Limited	Admission (30/10/2019)	End of reporting period (31/12/2019)
Ordinary NAV	US$168.0 million	US$205.7 million
NAV per Ordinary share	US$1.04	US$1.27
NAV Growth (%)	**–**	**22%**
Price per share	US$1.04	US$1.37
Share price growth* (%)	**–**	**32%**
Share price premium (%)	**–**	**8%**
Benchmark returns (30/10/2019 – 31/12/2019)		
NASDAQ Biotech	–	12%
Russell 2000 Biotech	–	24%

* Total shareholder return is an alternative performance measure

RTW Investments, LP (the "Investment Manager", "us", "we"), a leading US healthcare investment firm with a strong track record of supporting companies developing life-changing therapies, created the Company as an investment fund focused on identifying transformative assets with high growth potential across the biopharmaceutical and medical technology sectors. Driven by our deep scientific understanding and a long-term approach to supporting innovative businesses, we and the Company invest in companies developing next-generation therapies and technologies that can significantly improve patients' lives.

As of 31 December 2019, 49% of the Ordinary NAV was attributable to portfolio assets, which had been designated in the Company's Prospectus and comprised both privately-held and publicly-listed companies such as Rocket Pharmaceuticals, Inc. ("Rocket") and Frequency Therapeutics, Inc. ("Frequency"). Both Rocket and Frequency were private at the time of the Company's initial investment.

The Company also invested approximately 35 per cent. of its Ordinary NAV in temporary public investments in order to mitigate cash drag during the intervening period of 18-24 months until we expect that the portfolio will be fully deployed in core opportunities. The temporary public investments have been selected by the Investment Manager and are also held in its private funds. The investments represented in that portfolio are similarly categorized as innovative biotechnology and medical technology companies developing and commercializing potentially disruptive and transformational products.

>> Innovation is the best medicine <<

Key contributors to performance were strong share price returns from publicly-listed Rocket and the IPO of Frequency, as well as strong performance from the cash management portfolio of temporary public investments.

Table 2. Performance of private and public portfolio investments as of 31 December 2019

Private company	Initial Investment Date	Gross MOC	Gross XIRR	Holding Period (Years)
Avidity	8/11/2019	1.0x	0.0%	0.1
Beta Bionics	28/6/2019	1.0x	6.4%	0.5
Immunocore	13/8/2019	1.1x	24.0%	0.4
Orchestra BioMed	28/6/2019	1.0x	(8.2)%	0.5
Landos	9/8/2019	1.0x	4.2%	0.4
Frequency*	17/7/2019	1.6x	160.6%	0.5
Average Private Positions Held		1.1x	31.2%	0.4

Public company	Price per share as of 29/10/2019 market close	Price per share at the end of the period (31/12/2019)	% return
Rocket	US$14.00	US$ 22.76	63%

* Under 180-day lock-up provision

At admission, the Company's portfolio included six companies, four of which are developing clinical-stage therapeutics and two med tech companies developing transformative devices.

Since admission we have added one more asset to the Company's portfolio: Avidity Biosciences, a biotechnology company pioneering Antibody-Oligonucleotide Conjugates (AOCs™) for the treatment of rare muscle disorders and other serious diseases.

Following the period end, the Company invested in Ji Xing Pharmaceuticals, a newly created company formed by the Investment Manager. Ji Xing is a China-based specialty pharmaceutical company focused on the distribution of innovative US and European drugs in the Chinese market. The Company participated alongside other RTW managed vehicles in the initial seed fund raise. The intent to seed the company was noted in the prospectus as a near-to-medium term pipeline investment.

The portfolio now includes eight assets that are diversified across treatment modalities, therapeutic focus and clinical stage of the programs (Figure 1A-C).

While the portfolio remains dominated by US-based companies (Figure 1D), we are committed to adding UK and EU-based companies in an effort to support the best assets globally and support local biotech ecosystems.

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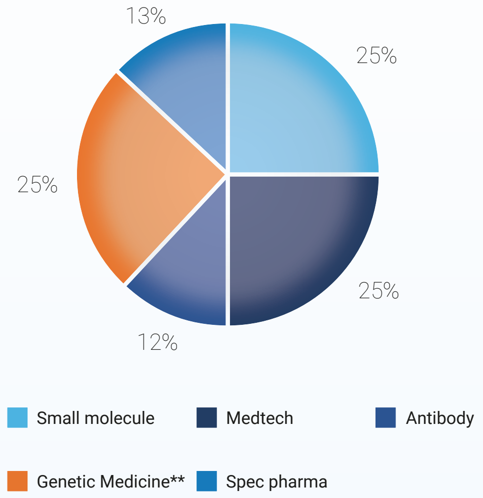
THE INVESTMENT MANAGER'S REPORT

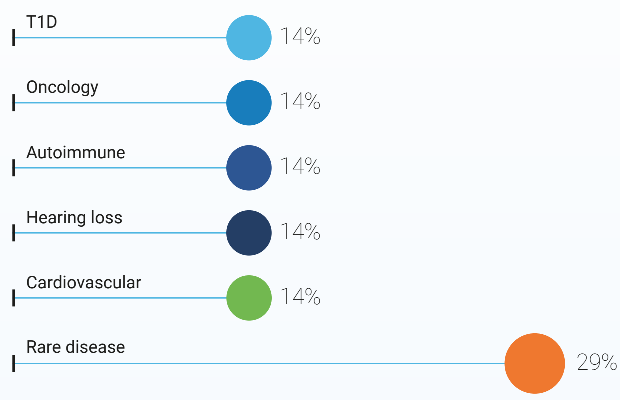
Executive summary

Figure 01. Portfolio* breakdown, by (A) modality, (B) therapeutic focus, (C) clinical stage and (D) geography as at 31 December 2019

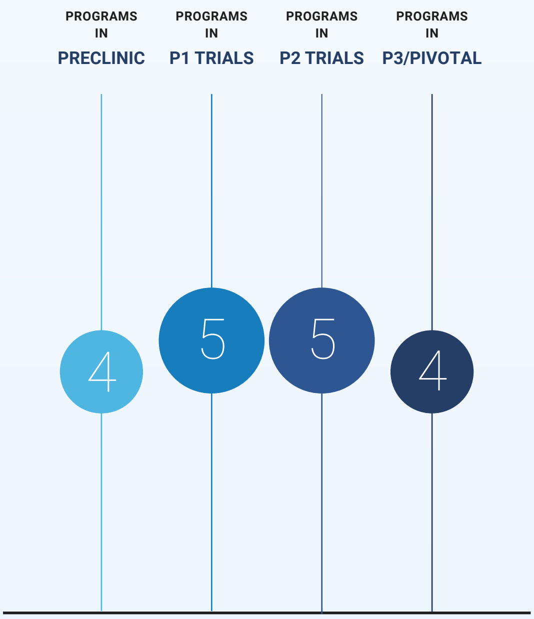
A / Portfolio assets by modality



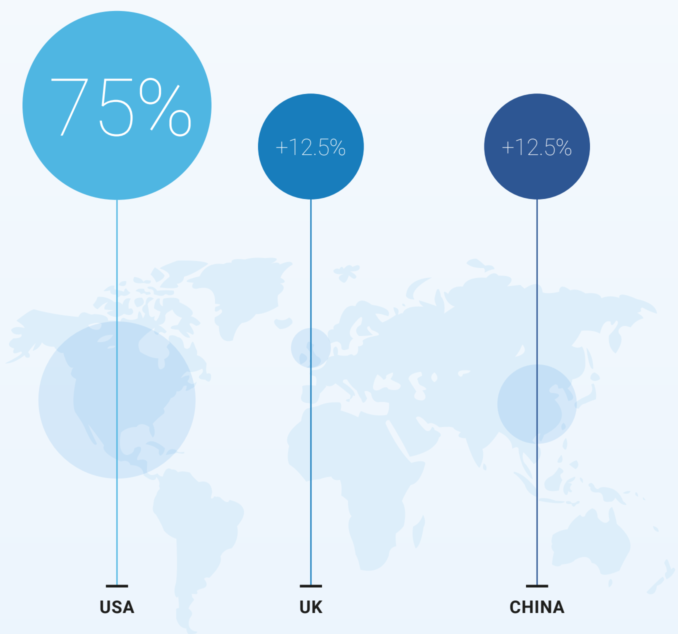
B / Portfolio companies by therapeutic focus



C / Portfolio programs by clinical stage



D / Portfolio companies by geography



* Including Ji Xing, where applicable

** Genetic medicine includes gene therapy and RNA medicines

OUR PORTFOLIO HIGHLIGHTS

Key clinical updates for portfolio companies in the period since IPO:

> ROCKET

Rocket's preliminary data demonstrated early evidence of efficacy from its Phase 1/2 clinical trial of RP-L201, a lentiviral vector (LVV)-based gene therapy for the treatment of Leukocyte Adhesion Deficiency-I. Additionally, Rocket reported encouraging preliminary results from its Phase 1 trial of commercial-grade RP-L102 "Process B" for Fanconi Anemia, for which it was granted PRIority MEdicines (PRIME) eligibility from EMA. To be accepted for PRIME, a medicine must show its potential to benefit patients with unmet medical needs based on early clinical data.

> FREQUENCY THERAPEUTICS

Frequency reported that its disease modifying therapy for hearing loss is in Phase 2a development. Phase 1/2 results provided evidence of hearing restoration with a favourable safety profile and was granted FDA Fast Track designation, a process designed to facilitate the development, expedite the review of drugs to treat serious conditions and fill an unmet medical need.

> BETA BIONICS

Beta Bionics received FDA Breakthrough Device Designation for the iLet™ Bionic Pancreas System and announced encouraging results from a pilot study testing the bionic pancreas in cystic fibrosis-related diabetes. Breakthrough Device Designation is a process designed to facilitate the development and expedite the review of devices that provide a more effective treatment or diagnosis of life-threatening or irreversibly debilitating human diseases or conditions.

> IMMUNOCORE

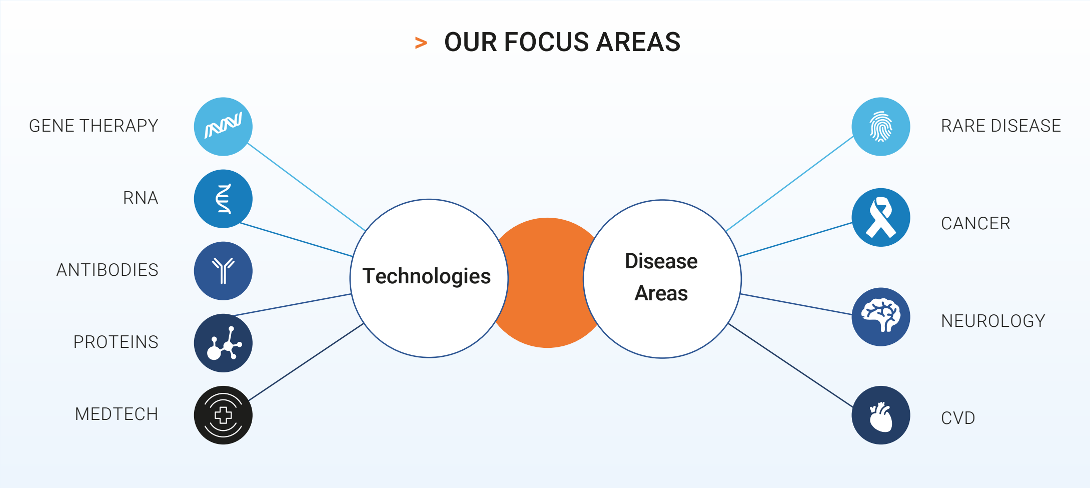
Immunocore dosed its first patient with third ImmTAC® bispecific, the first in-human clinical trial of IMC-C103 targeting tumours that express the protein MAGE-A4 (Melanoma-Associated Antigen A4) and is being developed in partnership with Genentech, a member of the Roche Group.

> ORCHESTRA BIOMED

Orchestra BioMed presented at the Innovation in Cardiovascular Interventions (ICI) meeting in Tel Aviv, Israel, on the Virtue® Sirolimus-Eluting Balloon, which has Breakthrough Device Designation from the FDA for the treatment of below-the-knee disease and coronary in-stent restenosis, and on BackBeat™ Cardiac Neuromodulation Therapy, for which it recently presented double-blind, randomized clinical results that demonstrated a statistically significant reduction of 24-hour ambulatory systolic blood pressure.

THE INVESTMENT MANAGER'S REPORT

Executive summary



Outlook on 2020

We are ardent believers that true value from transformative products takes time, and in order to capture that value, it is critical to be involved and invested in such companies throughout the various seasons of their development and ultimately distribution to patients. Scientific development does not follow a linear path and nor do we, which is why we are always thinking about the optimal way to support a company, whether that may be through providing growth capital, capital markets expertise, or guidance through investing our time and sharing our collective experience as directors and stewards of tomorrow's most exciting and disruptive companies.

As we look ahead to the rest of 2020, based on the breadth of opportunities we have been seeing and continue to see, we expect our efforts will translate into new capital commitments. Primary areas of focus remain in the genetic medicines space (including gene therapy and RNA medicines), small molecule, antibody and next generation antibody therapies, rare diseases, oncology, and medical technologies.

We are excited by advancements we are witnessing in eye diseases, brain disorders, liver diseases, muscular dystrophies, and cardiovascular and pulmonary diseases.

We have always emphasized the important point that exciting innovation is taking place globally. We are as keen on exploring scientific programs coming out of the UK and Europe as we are for those discovered and developed in US labs. We intend to continue to build inroads and have been actively cultivating deeper relationships in the UK. We also see emerging opportunities in China and anticipate spending more time exploring the region.

We expect to deploy the remaining capital on our balance sheet within 18-24 months, in line with guidance we have provided since the IPO. We expect the split to remain close to eighty per cent. biopharmaceutical assets and twenty per cent. across medical technology assets. Also, in line with prior guidance, we anticipate two-thirds of the investments will be made in mid to later stage venture companies and one-third of the investments focused on active company building around the discovery and development or licensing and distribution of promising assets.

>> We are full life cycle investors supporting scientists and entrepreneurs at any stage where we identify opportunity, from academic programs in need of industry sponsorship all the way to mature publicly traded companies <<

Our competitive advantage is anchored in our rigorous and repeatable idea generation process

THE INVESTMENT MANAGER'S REPORT

Sector review

There are opportunities for value creation as the global life sciences market experiences rapid growth as a result of technological and scientific advances.

The life sciences sector is currently experiencing a period of rapid growth, which is expected to continue. The global biotech market is expected to grow with a compound annual growth rate, or CAGR, of between 8.1 per cent. and 10.5 per cent. from 2017 to 2025 (Global Information, Inc. and Research and Markets).

At the beginning of 2013, there were five publicly traded gene therapy companies with a total market capitalization of approximately US$1.1 billion, while at the end of 2019 there were 30 publicly traded gene therapy companies with a total market capitalization of approximately US$52 billion, which includes the amount paid by Novartis to acquire AveXis (Capital IQ). During the same six-year period, the number of publicly-traded RNA medicine companies grew from eight companies with a total capitalization of approximately US$3.8 billion to 21 companies with a total market capitalization of approximately US$65 billion, which includes the amount paid by Novartis to acquire The Medicines Company (Capital IQ).

This growth is fuelled by technological and scientific advances, which are generating disruptive therapeutic alternatives and creating new efficiencies. Validated new therapeutic modalities, such as those derived from DNA (deoxyribonucleic acid) and RNA (ribonucleic acid) science can now effectively generate therapies for patients with a broad range of disease types, creating companies with highly efficient development engines. Although genetically-validated targets can sometimes be addressed by traditional approaches (such as small molecules and antibodies), in specific tissues the speed and ease in which DNA and RNA based medicines can be developed has increased the pace of drug discovery. Gene therapies also carry the potential for a one-time curative treatment, especially impactful across hundreds, if not thousands of paediatric diseases. RNA medicines are also potentially disruptive using infrequent injections resulting in superior disease management and significant, if not total, reduction in disease progression.

The environment for innovation is supported by several factors, including:

- The development of inexpensive human genome sequencing (from US$3 billion in 2001 to below US$1,000 in 2019) is revolutionizing the discovery process and producing validated drug targets at an unprecedented rate (National Human Genome Research Institute).
- By January 2019, the FDA reported a surge in investigational new drug ("IND") applications for cell and gene therapy products. They reported there were currently more than 800 such applications on file, and that they anticipate that they will be receiving more than 200 IND applications annually. Further, the FDA predicted that based on these stated numbers, it could potentially approve ten to twenty cell and gene therapy products per year by 2025, representing fifteen to thirty per cent. of all new drug approvals. We expect this trend to continue, and for genetically targeted therapies to become a substantial if not majority of new therapies over the next decade.
- A supportive regulatory environment allows pipelines to advance faster. In 2019, the FDA approved 48 new drugs, while down from its 2018 record of 59, it ranked third in the last 25 years, with nineteen per cent. (n=9) of the approved drugs being genetically targeted. The FDA has been working to improve and streamline the way products are reviewed and introduce flexibility in the way they look at datasets.
- While the United States leads the way in healthcare innovation, regulatory bodies across the UK, Europe, Japan, and recently China are also enabling accelerated review programs resulting in faster approvals for therapies for conditions with unmet needs. Companies that own technology early are expected to dominate in the long term, creating the opportunity to offer sizeable risk-adjusted returns to shareholders by building and investing with a long term lens. We believe gene therapy and RNA medicines companies will benefit from capitalization, proactive skilled management, and supportive and sustainable governance practices. Recent M&A activity supports this thesis as large pharmaceutical companies have turned their attention to acquiring early-stage biotech companies at significant deal premiums (>60 per cent. 1-day premium in the majority of transactions). Novartis' acquisition of AveXis, Eli Lilly's acquisition of Loxo Oncology, Roche's acquisition of Spark Therapeutics, and Astellas' acquisition of Audentes are a few recent examples. The trend is expected to continue as technologies become optimized and regulatory/ commercial models take shape.

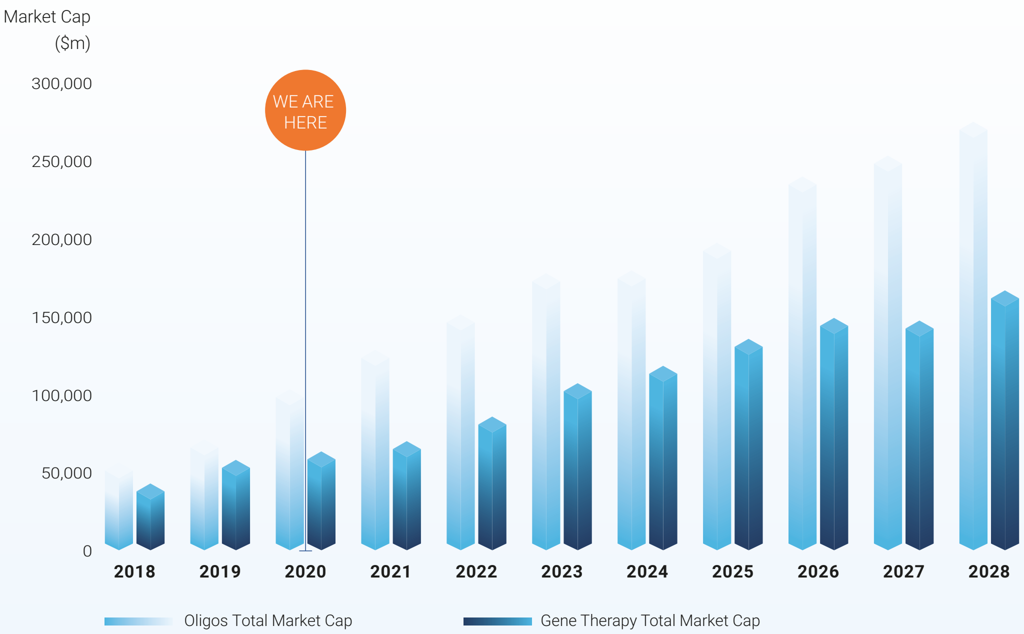
We continue to expect genetically targeted therapies to become a significant proportion if not the majority of new therapies over the next decade and are excited to see trends in the data starting to reflect the promise of this new era of medicine.

Market and political environment

In the post-reporting period, the COVID-19 outbreak dominated the news as it was declared a pandemic by the World Health Organization and created turmoil in the global markets. The full extent of impact on Gross Domestic Product is yet to be seen but we continue to expect volatility in the markets until a path to successful suppression of the virus and economic stimulus packages take effect. However, we remain confident in the portfolio fundamentals; our portfolio companies are well capitalized and have enough cash reserves to fund their efforts well past 2020. We expect some minor delays in clinical trials and modest sales impacts from disruptions in sales forces and physician visits. Once the acute phase of the outbreak passes, we are hopeful the vast majority of medical care should resume normal operations. That said, we expect to grow the Company and will remain a reliable partner to innovative LifeSci companies by executing on our investment strategy in 2020 and beyond.

The healthcare debate during the US democratic primaries focused on re-testing Americans' interest in a single payer system and did not succeed in developing the concept into a mainstay of the democratic platform. With Joe Biden as the nominee, it remains likely the American system will retain its blend of public and private insurance even under an administration change. We are also interested to see how the pandemic may shift the discourse, specifically public perception of drug development, and whether drug pricing will remain a central issue. The COVID-19 crisis has exposed coordination weaknesses and the overall preparedness of the United States at a federal level, while at the same time highlighted some of the strengths of the private sector and regional local governments. The silver lining should be support for innovation across therapeutic areas, preventative vaccines, testing and tracing (healthcare IT), allowing innovative companies to attract capital through both private and public financings. Therefore, the Company expects to be able to execute its investment strategy in 2020 without disruption.

> FOCUS ON OPPORTUNITY



800
CURRENT CELL & GENE THERAPY INDS ON FILE WITH THE FDA

200
NUMBER OF CELL & GENE THERAPY INDS FDA EXPECTS TO RECEIVE ANNUALLY BY 2020

10-20
NUMBER OF CELL & GENE THERAPY PRODUCTS FDA EXPECTS TO APPROVE PER YEAR BY 2025

THE INVESTMENT MANAGER'S REPORT

Our Investment management team

>> We are scientists, with medical, drug development, and legal expertise supported by an experienced operations team <<

Roderick Wong, MD
Managing Partner, CIO, Portfolio Manager

Roderick Wong, MD, serves as Managing Partner and Chief Investment Officer of RTW. Rod is responsible for managing the firm's investments focused on innovative drug development. Prior to forming RTW, he was a Managing Director and sole Portfolio Manager for the Davidson Kempner Healthcare Funds. Before joining Davidson Kempner, Rod held various healthcare investment and research roles at Sigma Capital Partners and Cowen & Company.

Rod simultaneously received an MD from the University of Pennsylvania Medical School and an MBA from Harvard Business School, and graduated Phi Beta Kappa with a BS in Economics from Duke University.

Rod has a keen interest in educating the next generation of life science entrepreneurs. He regularly sits on a variety of corporate boards. In addition, he serves as an Adjunct Associate Professor of Finance at NYU Stern and as an Advisor to the University of Pennsylvania Medical School's PennHealthX Program. Rod also serves as Chairman of the RTW Charitable Foundation.

Rod serves as a Chairman of the Board at Rocket, and as a Board Member at Avidity, and Landos.

Stephanie Sirota
Partner, CBO

Stephanie A. Sirota, serves as a Partner and Chief Business Officer at RTW, where she is responsible for strategy and oversight of the firm's business and corporate development as well as strategic partnerships with counterparties including banks, academic institutions, corporations, investors, and NGOs. She leads the business team on various types of domestic and cross-border transactions and is also responsible for shaping the firm's governance policies underscoring impact and sustainability.

Stephanie has fifteen years of deal experience in financial services. Prior to joining RTW, she served as Director at Valhalla Capital Advisors, a macro and commodity investment manager. Stephanie also worked in the New York and London offices of Lehman Brothers, where she advised on various Merger & Acquisitions, IPOs, and capital market financing transactions with a focus on cross-border transactions for the firm's global corporate clients.

She serves as a director of RTW Venture Fund Limited; President of the RTW Charitable Foundation; and Co-Chairman of Council of the New York Philharmonic.

Stephanie graduated with honors from Columbia University and also received a Master's Degree from the Columbia Graduate School of Journalism. She has contributed to Fortune Magazine and ABCNews.com.

Naveen Yalamanchi, MD
Partner, Portfolio Manager

Naveen Yalamanchi, MD, serves as a Partner and Portfolio Manager at RTW. Naveen is responsible for the firm's medical technology investments. He has more than 15 years of healthcare investment and research experience. Prior to RTW, Naveen was Vice-President and Co-Portfolio Manager at Calamos Arista Partners, a position he held from 2012 to 2015. Before joining Calamos, he held various healthcare investment roles at Millennium Management and Davidson Kempner Capital Management, where he worked with Rod.

Naveen serves on the board of directors of Rocket, and also as a board observer for Dermtech, Ancora Heart, and Magnolia Medical Technologies.

Naveen graduated Phi Beta Kappa with a BS in Biology from MIT, and received his MD from Stanford University. He completed his surgical internship at UCLA Medical Center.

Sabera Loughran
Partner, CFO & COO

Sabera Loughran, serves as Partner, Chief Operations and Chief Financial Officer at RTW. Sabera is responsible for oversight of the firm's financial and operational activities.

Sabera has more than twenty years of operational, financial, and compliance experience. She has extensive experience working at both buy and sell side firms. Before joining RTW, Sabera served as Director of Finance and Chief Compliance officer at Prime Logic Capital. Prior to joining Prime Logic, Sabera spent several years at Buckingham Capital Management as an operations and client service executive. She began her sell-side career in the Asset Management Division of Goldman Sachs, serving as a team leader of the Client Reporting Team of Private Wealth Management, and as a fixed income portfolio administrator and performance analyst. Sabera started her career as an auditor at the Unit Investment Trust internship program of Deloitte and Touche.

Sabera received a BBA in Accounting, Summa Cum Laude, from Baruch College.

Our Team

31 professionals and growing: 4 MDs, 7 PhDs, 2 JDs, 6 Masters, 6 MBAs Led by drug developers and business professionals

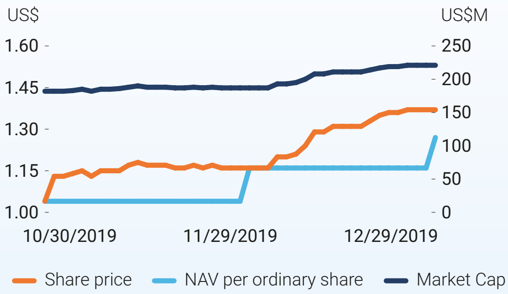
THE INVESTMENT MANAGER'S REPORT

Portfolio performance and updates

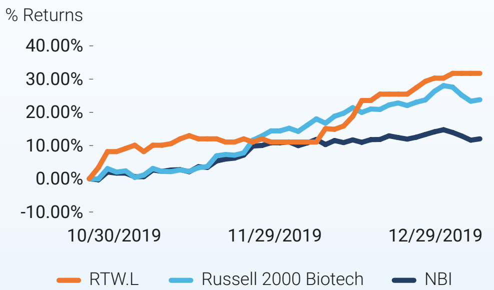
The Company's share price consistently traded at a premium to NAV through the period (Figure 02A) and its market capitalization of US$221 million on 31 December 2019, represented an eight per cent. premium to NAV. The Company's overall returns outperformed biotech benchmarks, generating an overall return of 32 per cent. vs 12 per cent. by the NASDAQ Biotechnology Index and 24 per cent. by the Russell 2000 Biotechnology Index (Figure 2B note: the reporting period is 30 October 2019 to 31 December 2019). Source Capital IQ.

Figure 02. RTW.L share price performance (A) and returns (B)

A / RTW.L share pricing vs NAV per ordinary share



B / RTW.L share pricing vs Biotech benchmarks



Performance drivers stemmed from share price returns in Rocket and the IPO of Frequency, as well as an active cash management program for undeployed capital.

In December 2019, Rocket presented positive clinical data for Fanconi Anemia and Leukocyte Adhesion Deficiency (LAD), two of its four clinical stage programs. The Fanconi data suggest patients could potentially delay bone marrow failure by over a decade. The first treated LAD patient's dramatic increase in expression of the missing CD18 protein is suggestive of a cure. We are extraordinarily proud that Rocket's CEO Gaurav Shah, MD, has grown Rocket into the sixth largest gene therapy company in the world, and has done so in less than five years after the company's inception.

Frequency concluded a successful IPO in October 2019, raising US$244.5 million in cash inclusive of net IPO proceeds. Following Frequency's IPO, the preferred shares were converted to common shares under the ticker "FREQ", and are restricted under Rule 144 for a period of six months from the IPO date. In line with our valuation protocol, a discount is applied to companies under restriction reflecting trading illiquidity. Factors considered when determining the illiquidity discount rate include, but are not limited to, the length of the remaining lock-up period, stock trading volume, stock price volatility, historical transactions, as well as the Independent Valuer's valuation report.

Table 3. Performance of private and public portfolio investments as of 31 December 2019

Private company	Initial Investment Date	Gross MOC	Gross XIRR	Holding Period (Years)
Avidity	8/11/2019	1.0x	0.0%	0.1
Beta Bionics	28/6/2019	1.0x	6.4%	0.5
Immunocore	13/8/2019	1.1x	24.0%	0.4
Orchestra BioMed	28/6/2019	1.0x	(8.2)%	0.5
Landos	9/8/2019	1.0x	4.2%	0.4
Frequency*	17/7/2019	1.6x	160.6%	0.5
Average Private Positions Held		1.1x	31.2%	0.4
Public company		**Price per share as of 29/10/2019 market close**	**Price per share at the end of the period (31/12/2019)**	**% return**
Rocket		US$14.00	US$ 22.76	63%

* Under 180-day lock-up provision

Table 4. NAV capital breakdown as of 31 December 2019

Type	% of Ordinary NAV
Portfolio assets (private and public)	48.7%
Temporary public investments (cash management)	34.8%
Cash, due to/from brokers, other*	16.5%
Total	**100%**

* Other includes liabilities such as other payables and accrued expenses.

At the end of the reporting period, the Company had allocated roughly half of its Ordinary NAV toward 7 portfolio assets, as well as investing roughly one-third into temporary public investments that are also held by our hedge fund vehicles, as a part of a cash management strategy. We expect to fully deploy the capital invested into temporary public names into private companies over the next 18 to 24 months.

Table 5. Overview of portfolio assets' valuations[1] as of 31 December 2019

Portfolio Company	Public/ Private	Valuation of Company's investment at Admission	% of Company's net assets at Admission	Valuation of Company's investment as of December 31, 2019	% of Company's net assets as of December 31, 2019	Company's % interest Portfolio Company's capital	Valuation hierarchy
Avidity	Private	N/A	N/A	US$5.0 million	2.4%	<5%	Level 3
Beta Bionics	Private	US$5.0 million	3.4%	US$5.2 million	2.5%	<5%	Level 3
Frequency	Public (NASDAQ)	US$2.9 million	2.0%	US$3.9 million	1.9%	<1%	Level 2
Immunocore	Private	US$5.0 million	3.4%	US$5.4 million	2.6%	<1%	Level 3
Landos	Private	US$5.0 million	3.4%	US$5.1 million	2.5%	<5%	Level 3
Orchestra	Private	US$2.5 million	1.7%	US$2.4 million	1.2%	<1%	Level 3
Rocket	Public (NASDAQ)	US$34.2 million	23.5%	US$70.3 million	34.2%	<10%	Level 1

1 Valuations for Private Portfolio Companies on a fair market value basis as at 31 December 2019. The valuations of Rocket and Frequency have been calculated using their market capitalization as at the Latest Practicable Date. In accordance with the Company's valuation policy, the Company applies a discount to its investments in Private Portfolio Companies which become Public Portfolio Companies that are subject to customary post-IPO lock-up provisions.

The Company's pipeline assets include a specialty pharmaceutical company, referred to as Ji Xing, which was also disclosed in the Company's prospectus dated 14 October 2019, formerly referred to as "China NewCo".

Table 6. Overview of pipeline investments as of 31 December 2019

Pipeline Asset	Public/Private	Description	Company's planned investment
Ji Xing	Private Portfolio Company	Will focus on the distribution of innovative US and European drugs in the Chinese market	US$5-10 million

THE INVESTMENT MANAGER'S REPORT

Summary of portfolio assets

>> RTW has world-class infrastructure for incubating newcos and winning venture mandates as well as the optimal structure to maximize value capture <<

The Company has made investments in seven portfolio assets. Portfolio assets range from biotechnology companies developing clinical-stage therapeutic programs, to companies developing traditional small molecule pharmaceuticals, and two med-tech companies developing transformative devices.

The Company's pipeline of assets, funded post the year end, includes a specialty pharmaceutical company, Ji Xing, formerly referred to as "China NewCo", which will focus on the distribution of innovative US and European drugs in the Chinese market (the "**Pipeline Assets**"). We selected the Company's portfolio assets and the pipeline based upon our rigorous assessment of scientific and commercial potential, opportunities to positively impact value, and with regard to the valuation of the assets at the time of investment.

Table 7. Portfolio companies as of 31 December 2019

	Clinical trial stage*				
MODALITY	PRECLINICAL	P1 TRIALS	P2 TRIALS	P3 TRIALS	THERAPEUTIC FOCUS
Medtech				Beta Bionics	Type 1 Diabetes
Antibody				IMMUNOCORE	Oncology
Medtech				Orchestra BioMed	Cardiovascular
Small molecule			FREQUENCY		Hearing loss
Small molecule			LANDOS		Autoimmune disease
Gene therapy			rocket		Rare disease
RNA	AVIDITY				Rare disease

Preclinical Ph1 Ph2 Ph3

* Based on clinical stage of the leading program

Table 8. Overview of Portfolio Company assets' clinical development status as of 31 December 2019

Company	Indication	Phase	Status
Avidity	Myotonic Dystrophy	Discovery	Ongoing
Beta Bionics	T1D	Pivotal	Study start Q2 2020, expected completion late Q4 2020
	Cystic fibrosis – related diabetes	Pilot	Study completed
Frequency	Sensorineural hearing loss	Phase 2	Ongoing, top-line data YE 2020 to 2021
	Multiple sclerosis	Discovery	IND submission H2 2021
Immunocore	Uveal melanoma	Pivotal	Ongoing, data 2021
	Solid tumours, expressing MAGE -A4	Phase 1/2	Ongoing
	Infectious and Autoimmune disease programs	Discovery	Partnerships with Astra Zeneca, Genentech, Eli Lily, GSK, and Bill and Melinda Gates Foundation
Landos	Ulcerative Colitis	Phase 2	Ongoing, data readout Q4 2020
	Crohn's Disease	Phase 2	Planned
Orchestra	In-stent coronary restenosis	Pivotal	Ongoing
	Persistent hypertension	Pivotal	Ongoing
Rocket	Fanconi Anaemia	Phase 2	Ongoing, shared an update in Q4 2019
	Danon Disease	Phase 1	Ongoing, update H2 2020
	Leukocyte adhesion deficiency (LAD-I)	Phase 1	Ongoing, shared an update in Q4 2019
	Pyruvate Kinase Deficiency (PKU)	Phase 1	Starting P1
	Infantile Malignant Osteoporosis (IMO)	Pre-clinical	

THE INVESTMENT MANAGER'S REPORT

The Portfolio Assets

as of 31 December 2019

> AVIDITY

Avidity is developing antibody oligonucleotide conjugate (AOC™) therapeutics, which combines the tissue selectivity of monoclonal antibodies and the precision of oligonucleotide-based therapeutics to overcome barriers to the delivery of oligonucleotides and target genetic drivers of disease. Avidity's lead program is for myotonic dystrophy (MD) and has discovery efforts underway to address additional diseases of the muscle. Avidity has generated compelling target gene knockdown of DMPK in animal models. It is estimated that about 40,000 Americans suffer from myotonic dystrophy.

In November 2019, we led a Series C financing round in Avidity. The Company participated in the fundraising alongside our other investment vehicles. Roderick Wong, M.D., Managing Partner and Chief Investment Officer at RTW Investments, joined Avidity's board of directors.

2.4% of Nav

<5% COMPANY OWNERSHIP

> BETA BIONICS

Beta Bionics was formed in 2015 out of the work of Dr. Edward Damiano of Boston University. Beta Bionics' primary product is a closed-loop pancreatic system for automated and autonomous delivery of insulin. Beta Bionics' early clinical trial data suggests the system may be a major advance in the treatment of Type 1 Diabetes with its patented artificial pancreas that has a combined glucose monitor and insulin pump in one, requiring minimal human intervention. The ease of use has been noted during and after studies, which have been conducted on adult and paediatric patients. The company is expected to start pivotal trials in 2020.

Clinical updates:

- Beta Bionics was granted a Breakthrough Device Designation by the FDA for the Bionic Pancreas System iLet™, the world's first bionic pancreas system. iLet™ is a pocket-sized, wearable investigational medical device that autonomously controls blood sugar in people with diabetes and other conditions.
- Beta Bionics also shared encouraging results from a pilot study testing the bionic pancreas in cystic fibrosis-related diabetes published in the Journal of Cystic Fibrosis in December 2019. The pilot study subjects experienced improved glycaemic control and decreased diabetes-management burden.

2.5% of Nav

<5% COMPANY OWNERSHIP

> FREQUENCY

Frequency was formed in 2014 out of the work of the discoveries in progenitors cell biology from the labs of Robert Langer at MIT and Jeffrey Karp at Harvard. Frequency is developing a small molecule pharmaceutical to stimulate progenitor cells to multiply and create new hair cells in the ear, which has the potential to be the first therapeutic that can improve noise-induced hearing loss. Frequency's clinical phase 1 data is compelling, showing improvements in hearing function, including audiometry and word scores. It is estimated that more than 30 million Americans suffer from noise-induced hearing loss. Frequency has completed a Phase 1 study in circa 20 patients and has shown good efficacy.

Capital and clinical updates:

- Frequency completed its IPO in October 2019, generating US$244.5 million in cash (as of 30 September 2019), including net IPO proceeds. The company estimates these capital reserves will secure an operating runway well into 2022.
- FX-322, the lead candidate, is potentially a disease modifying therapy for hearing loss in Phase 2a development now and the study readout is expected in H2 2020. The FDA has granted Fast Track designation.

As stated above in the **portfolio performance and updates** section, the Company has applied an illiquidity discount to its holding in Frequency to reflect the 180-day lock-up following the IPO in October 2019.

FREQUENCY THERAPEUTICS

1.9% of Nav

<1% COMPANY OWNERSHIP

> IMMUNOCORE

Immunocore was formed in 2008 as a spin-out of the Avidex acquisition by Medigene AG in 2006. Avidex was founded in 1999 out of the work of Dr. Bent Jakobsen's research into T cell receptors at Oxford University. Immunocore is a leading London-based T-cell receptor (TCR) biotechnology company focused on oncology and infectious disease. On the heels of compelling Phase 2 data, the company's lead program, tebentafusp (IMCgp100), has entered pivotal clinical studies as a treatment for patients with metastatic uveal melanoma. Collaboration partners include Genentech, GlaxoSmithKline, AstraZeneca, Eli Lilly, and the Bill and Melinda Gates Foundation. Under the stewardship of a new management team, the company has added an early stage Hepatitis B program to its pipeline.

Clinical updates:

- Immunocore shared new findings from its Phase 1/2 tebentafusp (IMCgp100) clinical trial program demonstrating a correlation between treatment-induced immune response and improvement in overall survival and tumour shrinkage, in patients with advanced uveal and cutaneous melanoma. The new analyses from two clinical trials (IMCgp100-101, IMCgp100-102) were presented at the Society for Immunotherapy of Cancer (SITC) Annual Meeting in National Harbor, Maryland.
- The company also announced the start of the first-in-human clinical trial of IMC-C103C, the third bispecific developed using the company's innovative ImmTAC® technology platform. IMC-C103C is focused on targeting tumours that express the protein MAGE-A4 (Melanoma-Associated Antigen A4) and is being developed in partnership with Genentech.

IMMUNOCORE targeting T cell receptors

2.6% of Nav

<1% COMPANY OWNERSHIP

THE INVESTMENT MANAGER'S REPORT

The Portfolio Assets

as of 31 December 2019

> LANDOS

Landos was formed in 2017 out of the work of Dr. Josep Bassaganya-Riera. Landos is focused on the discovery and development of first-in-class oral therapeutics for autoimmune diseases and its lead clinical asset, BT-11, acts locally in the gastrointestinal tract for treatment of inflammatory bowel disease (IBD). Landos is currently evaluating BT-11 in a Phase 2 study in ulcerative colitis and is planning to initiate a Phase 2 study in Crohn's disease in 2020. Roderick Wong, M.D., managing partner at RTW Investments is a board member.

2.5% of Nav

<5% COMPANY OWNERSHIP

> ORCHESTRA BIOMED

Orchestra BioMed was formed in 2017 by David Hochman and Darren Sherman. Orchestra BioMed is focused on the development of Virtue® Sirolimus-Eluting Balloon for the treatment of coronary and peripheral arterial disease, which we believe would disrupt the current standard of treatment, namely stents and lasers. We believe Orchestra's patented balloon to be superior to existing balloons. Other features of the pipeline include BackBeat Cardiac Neuromodulation (CNT) for the treatment of hypertension and Pure-Vu for improved colonoscopy outcomes.

Clinical and capital updates:

- The company presented at the Innovation in Cardiovascular Interventions (ICI) Meeting in Tel-Aviv, Israel on the Virtue® Sirolimus-Eluting Balloon, which has Breakthrough Device Designation from the FDA for the treatment of below-the-knee disease and coronary in-stent restenosis, and on BackBeat™ Cardiac Neuromodulation Therapy, for which it recently presented double-blind, randomized clinical results that demonstrated a statistically significant reduction of 24-hour ambulatory systolic blood pressure.
- The company also generated a US$20 million credit facility agreement with Silicon Valley Bank (SVB), which provides it with new capital for development and general corporate purposes.

1.2% of Nav

<1% COMPANY OWNERSHIP

Pipeline Assets
as of 31 December 2019

> ROCKET

Rocket was formed in 2015 out of the work of academic institutions in the US and Europe and was listed on the Nasdaq Global Market in January 2018. Rocket is focused on developing first-in-class gene therapy treatment options for rare, devastating diseases. Two of Rocket's clinical programs are a lentiviral vector-based gene therapy for the treatment of Fanconi Anemia (FA), a difficult to treat genetic disease that leads to bone marrow failure and potentially cancer, and an adeno-associated virus-based gene therapy for Danon disease, a devastating, paediatric heart failure condition. We believe opportunity exists to license additional gene therapy academic assets in the future into the Rocket pipeline. Rocket has a broad pipeline of four disclosed programs, and we anticipate additional programs will be added to the pipeline. In addition to our control position in the company working alongside the Investment Manager, Rocket's generous pipeline diversification of four clinical and one preclinical programs creates an attractive risk reward opportunity, giving us comfort in owning an outsized position in the company.

Drs. Roderick Wong, Naveen Yalamanchi, and Gotham Makker all serve on the company's board, with Dr. Wong serving as Chairman and Piratip Pratumsuwan serving in a board observer role.

Clinical and capital updates:

- Rocket's preliminary data demonstrated early evidence of efficacy from its Phase 1/2 clinical trial of RP-L201, a lentiviral vector (LVV)-based gene therapy for the treatment of Leukocyte Adhesion Deficiency-I. Additionally, the gene therapy Company reported encouraging preliminary results from its Phase 1 trial of commercial-grade RP-L102 "Process B" for Fanconi Anemia.
- The Company was granted PRIority MEdicines (PRIME) eligibility by European Medicines Agency (EMA) for RP-L102, a lentiviral vector (LVV)-based gene therapy for the treatment of Fanconi Anemia (FA).
- Rocket concluded the closing of its previously announced underwritten public offering of 3,820,000 shares of its common stock at a public offering price of US$22.25 per share on 13th of December. The gross proceeds to Rocket from the offering were expected to be approximately US$85 million, before deducting underwriting discounts and commissions and other offering expenses. The company intends to use the net proceeds from this offering to further fund the development of the pipeline of gene therapies for rare diseases, to support the buildout of in-house manufacturing capabilities, and for general corporate purposes.

rocket pharma

34.2% of Nav

<10% COMPANY OWNERSHIP

> JI XING
FORMERLY "CHINA NEWCO"

We formed Ji Xing in early 2020, born out of a two-year study of innovation, biotechnology, and access to healthcare in China. The Company currently anticipates investing up to US$10 million of capital in a Series A financing alongside the Investment Manager's other investment vehicles. As an incorporated specialty pharmaceutical company domiciled in China, Ji Xing will leverage clinical development and commercial expertise in the United States and Europe to bring global innovative medicines to Chinese patients. The aim would be for Ji Xing to launch its initial public offering on The Stock Exchange of Hong Kong (HKEX) in three to four years.

JI XING 箕星 PHARMACEUTICALS

RTW Investments, LP
21 April 2020

STRATEGIC REPORT

Company Objectives & Strategy

>> World class expertise, focusing on the right investments <<

The Company seeks to achieve positive absolute performance and superior long-term capital appreciation, with a focus on forming, building, and supporting world-class life sciences, biopharmaceutical and medical technology companies.

It intends to create a diversified portfolio of investments across a range of businesses, each pursuing the development of superior pharmacological or medical therapeutic assets to enhance the quality of life and/or extend patient life.

We believe the Company is positioned to capture long term value for investors, for the following reasons:

- Access to permanent capital reduces pressure on the Company to make investments during a finite deployment period, which can be especially beneficial to investors during periods of overstated valuations or when there are limited and compromised investment opportunities.
- A permanent capital structure enables the Company to be patient and selective across the venture landscape, investing in only the most compelling ideas. As a true evergreen structure, the Company can avoid harvesting gains far too early in a portfolio company's life cycle allowing for greater value capture.
- Though not immune to acquisitions, the Company is generally not interested in seeking trade sales for its Portfolio Companies. Long term value is maximized when products become commercially viable and accessible to patients who need them.
- The Company has an eye toward building scalable NewCos, thanks to platform enabling technologies. When creating NewCos, we will support a management team by helping them diversify within their own pipeline and benefiting by economies of scale and modular technologies. This also protects against diluting management talent and competitive dynamics within the Company's portfolio.
- Whilst the Company can invest in a venture capital capacity by providing early-stage funding, we do not necessarily consider monetization events such as IPOs and reverse mergers as exit opportunities, which means that the Company can in certain circumstances capture significant potential upside following such an event.

Background on the Company/Investment Manager

The Company was listed by the Board of Directors and supported by the Investment Manager, a global leader in full-lifecycle healthcare investing with a special focus on transformative scientific and technological assets. The Investment Manager seeks to identify biopharmaceutical and medical technology assets, ascertained through rigorous scientific analysis that have a high probability of becoming commercially viable products and can dramatically change the course of treatment and in some cases bring effective and/or full curative outcomes to patients.

Investment Strategy

The Investment Manager has operated its private funds business since 2009 and has built an organization with deep expertise across medical and scientific areas, as well as an elite strategic and financial execution team. The ability to identify untapped value through an unparalleled comprehensive target identification process is a powerful driver of the team's long-term success.

A key part of the Company's competitive advantage is the Investment Manager's ability to determine at what point in a company's life cycle it should support the target asset or pipeline. The Investment Manager has achieved multiple successful transaction milestones, including successfully creating new companies around academic licenses, taking those companies public through reverse mergers, recapitalizations, and SPACs.

Various members of the Investment Manager's leadership team have also garnered significant operational experience, serving in interim executive roles at biopharma companies, holding myriad strategic directorships, and influencing companies to prioritize and advance their assets through development and commercialization. The Investment Manager has earned a constructive reputation of being deeply knowledgeable in science, supportive to entrepreneurs and aligned with the companies for the long term, until the maximum value of those underlying assets can be achieved. This has become an earned privilege for the Investment Manager and the Company.

Company Structure

The Company was originally a Delaware limited liability corporation, which was funded by US based seed investors and re-domiciled to Guernsey prior to listing on the London Stock Exchange. The company is managed and controlled from Guernsey by a majority independent board whose details are provided in the Report of the Directors on page 36. The Company is designated as a foreign private issuer under the US Securities and Exchange Act and is exempt from SEC registration. The Company is managed as a non-resident company for UK tax purposes and a foreign limited partnership for US tax purposes and provides full tax reporting for its US shareholders.

Management

Board and Committees

The independent Board is responsible to shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board, which sets out the particular duties of the Board. Such reserved powers include decisions relating to the determination of investment policy, oversight of the Investment Manager, approval of changes in strategy, risk assessment, Board composition, capital structure, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

Through the Committees and the use of external independent advisers, the Board manages risk and governance of the Company. The Board consists of four non-executive Directors, three of whom are independent Guernsey residents and one non-independent, US based director who is a principal of the Investment Manager. Further details of the Board can be found in the Report of the Directors on page 36.

Investment Manager

The Investment Manager's key responsibilities include identifying and recommending suitable investments for the Company and negotiating the terms on which such investments will be made.

The Investment Manager focuses on identifying transformational innovations across the life sciences space, specifically backing scientific programs that have the potential to disrupt the prevailing standard of care in their respective disease areas. The Investment Manager's screening process has been honed by Roderick Wong, M.D., throughout his 15-year tenure as an investment management professional. Importantly, the Investment Manager's screening process has the benefit of a robust business and the Investment Manager's 30-person team, including a research team of ten individuals with advanced scientific and medical degrees along with academic and industry research and drug development expertise.

The Investment Manager invests across the public/private spectrum, supporting investments through multiple stages of their respective life cycles. To date, the Investment Manager has successfully supported companies through the FDA approval process and the commercialization of the approved drugs. The Investment Manager also engages in new company creation around promising academic licenses.

Following the IPO, the Investment Manager is paid a monthly management fee, in advance, as of the beginning of each month in an amount equal to 0.104% (1.25% per annum) of NAV.

Furthermore, as a member of the Performance Allocation Share Class Fund, the Investment Manager will receive a proportion of a further variable amount equivalent to 20% of the NAV appreciation adjusted for distributions and share issuance for the period from IPO to 31 December 2019 triggered by outperformance of the Company's hurdle rate of 8% pro-rated for the period. Following the year end, the Performance Allocation Share Class Fund entered into a letter agreement pursuant to which the Performance Allocation Share Class Fund agreed to defer distributions of the Company's Ordinary Shares (see Note 13).

A summary of the fees paid to the Investment Manager is provided in Note 10 of the financial statements.

STRATEGIC REPORT

Company Objectives & Strategy

Administrator

The Board has delegated administration and company secretarial services to the Administrator.

Further details on the responsibilities assigned to the Investment Manager and the Administrator can be found in the Report of the Directors.

Employees and Officers of the Company

The Company does not have any employees and therefore policies for employees are not required. The Directors of the Company are detailed in the Report of the Directors.

Investment Process

The Company achieves its investment objective by leveraging the Investment Manager's data-driven proprietary pipeline of innovative assets to invest in life science companies across various geographies (primarily the US, Europe, and China); across various therapeutic categories and product types (including but not limited to genetic medicines, biologics, traditional modalities such as small molecule pharmaceuticals and antibodies, and medical devices); and in both a passive and active capacity and intends, from time to time, to take a controlling or majority position with active involvement in a Portfolio Company to assist and influence its management. In those situations, it is expected that the Investment Manager's senior executives may serve in temporary executive capacities.

Deal sourcing is both internally and externally generated. The Investment Manager has developed repeatable internal processes combining technology and manpower to comprehensively cover critical drivers of innovation. The Investment Manager has and continues to cultivate relationships with entrepreneurs, principal investigators, and other peer investors to allow for a wide range of intelligence gathering of investment opportunities. Their team generates ideas from their wide network of doctors, academics, management teams and syndicate partners throughout the world, and can rely on their proprietary in-house research developed over fifteen years of operating in the life sciences sector. Potential investments are then subject to a diligence process: a new ventures team uses data science technology to enhance data management and is building an in-house genetic analysis capability for high-probability target identification. Their research team uses a collaborative team-based approach that leverages the industry and academic backgrounds of its team members for exceptional research.

Once invested, the Investment Manager is well-placed to offer support to early-stage LifeSci companies and NewCos. The Investment Manager's business and operations teams consist of members with financial, capital markets, legal, regulatory, tax, and accounting expertise and enforce a strong compliance culture.

The Investment Manager's capabilities include expertise in intellectual property licensing, hiring experienced management, scientific program management, clinical trial design, commercialization and distribution across geographies, board governance, investor syndicate-building and capital markets.

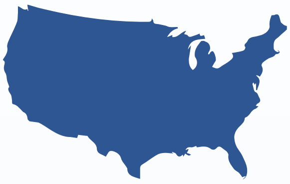
For example, as illustrated by the largest portfolio holding, Rocket, the Investment Manager was involved in every aspect of forming the company. Rocket was born out of a year-long study in gene therapy. In late 2015, Rocket was formed around a single academic license from a European academic institution. The Investment Manager continued to identify additional targets and licensed four additional academic programs while hiring a strong management team. The Investment Manager completed two private financings, syndicating both the Series A and Series B rounds, and took the company public through a reverse merger in January 2018. While it is publicly listed, Rocket represents a unique value proposition in its scalable platform equipped to advance two types of gene replacement therapies. The Investment Manager has a control position through share ownership and strong board representation and believes it will continue to add value to the company by adding new development targets to Rocket's existing pipeline.

While the United States has been the leader in developing and commercializing disruptive innovations, the Investment Manager believes that access to capital plays a large role in establishing leadership. It believes that important scientific developments are happening worldwide and not only from the most recognized and renowned institutions. The Investment Manager has access to sourcing assets globally and has developed cross-border capabilities. The Investment Manager is committed to building a footprint in the United Kingdom and intends to prioritize advancing early-stage scientific development regardless of origination.

The majority of the Investment Manager's private investments since 2015 have been as lead investor or a strong participant in financing rounds involving other active, highly respected, and well-connected investors in the biopharma and medical technology sectors.

The Investment Manager's team is comprised of individuals with medical and advanced scientific training as well as legal and banking experience, enabling a deeply differentiated approach to research, idea generation, and deal execution. Complementing its outstanding scientific perspicacity and industry relationships are the Investment Manager's business and New Venture teams, whose members include a life sciences attorney, former investment bankers, former corporate executives and a venture capitalist, who together actively engage with banks, academic institutions, and corporate management teams, cultivating strong relationships and expanding their network of key contacts and syndicate partners.

> WE ARE COMMITTED TO BUILDING A FOOTPRINT



USA
The Investment Manager has a core focus on the US, with deep coverage of opportunities from academia to mid-size public companies. The US Portfolio Companies reflect a larger pool of opportunities created by the most robust venture and capital markets ecosystem.

UK & EUROPE
The Investment Manager has identified and invested in exceptional British and European scientific assets. It wishes to contribute to these biotech ecosystems by injecting capital where needed and community building. It intends to engage in NewCo creation around promising early stage assets by partnering with universities and in-licensing academic programs as well as through its proprietary in-house efforts; and providing financial and human capital to entrepreneurs to advance scientific programs in development.

CHINA
It is early days in the East. The Investment Manager plans to capture commercialization opportunities in China through participation in the building of NewCos to bring successful Western drugs to Chinese patients.

The Investment Manager believes the well-roundedness of the team, strengthened by strong ties across industry, academia, banking platforms, and unaffiliated investor relationships, will enhance its management team's ability to source viable prospective target businesses, capitalise them, and ensure public-market readiness. The Company believes that the Investment Manager's management team is equipped with the knowledge, experience, capital and human resources, strong operations and forward-thinking sustainable corporate governance practices to pursue unique opportunities that will offer attractive risk-adjusted returns. The Investment Manager's attractive long-term return profile is the result of differentiated deal sourcing and what it refers to as its data-first process, focusing on the comprehensive collection and diligence of primary scientific data.

Investment restrictions

The Company will be subject to the following restrictions when making investments in accordance with its investment policy:

- the Company may not make an investment or a series of investments in a Portfolio Company that result in the Company's aggregate investment in such Portfolio Company exceeding 15 per cent. of the Company's gross assets at the time of each such investment, save for Rocket for which the limit will be 30 per cent;
- the Company may not make an investment in a Portfolio Company that would cause the Company's holding to exceed 150 per cent. of the total issued share capital of that Portfolio Company;
- the Company may not make any direct investment in any tobacco company and not knowingly make or continue to hold any Public Portfolio Company investments that would result in exposure to tobacco companies exceeding one per cent. of the aggregate value of the Public Portfolio Companies from time to time.

Each of these investment restrictions will be calculated as at the time of investment, other than for the original portfolio assets which were calculated as at the time of the re-domiciliation, as prior stated in the prospectus. In the event that any of the above limits are breached at any point after the relevant investment has been made (for instance, upon successful realisation of economic and/or scientific milestones or as a result of any movements in the value of the Company's gross assets), there will be no requirement to sell any investment (in whole or in part).

STRATEGIC REPORT

Company Objectives & Strategy

Listing Rule Investment Restrictions

In addition to the above restrictions which were set by the Investment Manager, the Company currently complies with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA:

- the Company will not conduct any trading activity which is significant in the context of the Company as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with the published investment policy; and
- not more than 10% of the gross asset value at the time of investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the prior approval of the FCA and Shareholders.

Operational & Financial Review for the period

Key Performance Indicators

The Board has identified the following indicators for assessing the Company's annual performance in meeting its objectives:

	Description	Progress	Key factors
Financial KPIs			
NAV Growth	Includes performance of the portfolio companies and cash management strategy Net of all fees and costs	22% Ordinary NAV growth during the reporting period driven by Rocket and successful cash management	Portfolio performance and progression through clinical trials Cash management Capital pool and deployment Scientific and financial risks
Total Shareholder Return	Indicates performance of delivering value to the shareholders	32% return during the reporting period (US$1.04 to US$1.37 price per share)	Portfolio performance Liquidity of RTW.L shares General market sentiment
Capital Pool	Provides a reliable source of funding for portfolio companies	Roughly half of the NAV capital deployed into the portfolio companies; ~$43.8 million available as capital pool	Funds availability to be deployed into new portfolio companies or for follow-on investments into existing
Non-Financial KPIs			
Diversified portfolio across geographies and therapeutic modalities	Measures Company's commitment to invest in the best-in-class science and innovative assets worldwide	Portfolio companies' focus spans across multiple therapeutic areas, treatment modalities and geographies	Continue to diversify within life sciences sector, looking for opportunities globally and also support local biotech ecosystems
Active and robust pipeline	Delivers transformational new treatments and medical devices to patients in need	14/18 programs are in clinical stage capturing a spectrum of early stage Phase 1 to late stage Pivotal	Balance and breadth of the pipeline across all clinical stages Data readouts and progress through multiple clinical stages Commercial opportunity and competitive landscape

Market Capitalisation

The market capitalisation grew from US$168 million to US$221 million during the period since IPO. This was driven by appreciation in the Company's share price as there was no equity issuance.

Share Price

The Company's share price rose from US$1.04 to US$1.37 in the three months since IPO, reflecting high demand for the Company's shares.

Ordinary NAV

The Ordinary NAV of the Company grew from US$168.0 million to US$205.7 million since IPO. This growth was driven solely by growth in the value of the Company's portfolio as there was no share issuance during this period. The main drivers of the valuation growth were portfolio assets unrealised gains of 59.0% and public portfolio realised gains of 10.7%.

NAV Per Ordinary Share

The growth in NAV per Ordinary share was driven solely by the strong performance of the Company's investment portfolio as the company did not issue or re-purchase shares during the period.

Total Return to Shareholders Based on Ordinary NAV

The return of 22% in less than a three-month period since IPO was the result of strong portfolio performance and exceeded the pro-rated (approximate) 2% annual hurdle of 8% p.a. for the portfolio and triggered the payment of a Performance Allocation Amount to the Performance Allocation Share Class Fund.

Total Return to Shareholders Based on Share Price

The return of 32% in less than a three-month period since IPO was the result of strong portfolio performance coupled with high demand for the Company's shares which traded at a premium to net asset value throughout the period.

Ongoing Charges

The Company's ongoing charges ratio is 2%, calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and uses the average NAV in its calculation.

STRATEGIC REPORT

Principal Risks and Uncertainties

Under the FCA's Disclosure Guidance and Transparency Rules the Directors are required to identify the material risks to which the Company is exposed and the steps taken to mitigate those risks.

The Company has five categories of risks in its risk register namely:

- Investment risks
- Operational risks
- Governance/reputational risks
- External risks
- Emerging risks

Risk type	Risk description	Risk control measure
Investment		
Failure to achieve investment objective	The Company's target return on net assets is not guaranteed and may not be achieved.	The Board will monitor and supervise the Company's performance, compared to the target return, similar investment funds and broader market conditions. Where performance is unsatisfactory, the Board will discuss the appropriate response with the Investment Manager.
Operational		
Counterparty Risk	The Company has the potential to be exposed to the creditworthiness of trading counterparties in OTC derivatives contracts, its prime broker in the event of re-hypothecation of its investments and any counterparty where collateral or cash margin is provided or where cash is deposited in the normal course of business.	The Company uses Goldman Sachs as a prime broker and Cowen as an ISDA counterparty. To monitor counterparty risk, the Investment Manager monitors fluctuations in share prices, per cent. change day/month/year and 5-year CDS spreads, and S&P credit ratings. If a share price moves up or down in excess of 20 per cent, the trader at the Investment Manager is alerted immediately. In case of an alert, the trader notifies Chief Compliance Officer. There has been no disruption in operations with the prime broker. The Company's bankers are an offshore subsidiary of Barclays Bank PLC and the Board has asked the Investment Manager to include Barclays in its CDS monitoring program.
Governance/reputational		
The Investment Manager relies on key personnel	The Investment Manager relies on the founder of RTW, Roderick Wong M.D. and has a small team. Roderick Wong is a key figure at the Investment Manager, and will be extensively involved in investment decisions.	In the event that Roderick Wong was to no longer work for the Investment Manager or is incapacitated, the Board is able to terminate the Investment Management Agreement within 180 days if a suitable replacement has not been found and will consider whether it is appropriate to wind up the Company and return capital to shareholders, or to appoint a new Investment Manager.

Risk type	Risk description	Risk control measure
External risks		
Exposure to global political and economic risks	It is anticipated approximately 75% of investments will be in US companies or licensing agreement with US institutions and 25% of investments will be made in other geographies. The Company's investments will be exposed to foreign exchange, and global political, economic, and regulatory risks.	The Investment Manager has extensive experience transacting across the global healthcare marketplace, and will be responsible for identifying relevant events and updating the investment plans appropriately.
Clinical Development & Regulatory Risks	New drugs, medical devices and procedures are subject to extensive regulatory scrutiny before approval, and approvals can be revoked.	The Investment Manager's due diligence process includes the likely attitude of regulators towards a potential new therapy. The due diligence will also consider the unmet need of the disease and whether the therapy offers advantages over the current standard of care. In the current Covid-19 crisis it is possible that the FDA and other clinical regulators globally will prioritise therapies, diagnostics and devices related to this disease which might slow clinical trials.
Imposition of pricing controls for clinical products and services.	Portfolio Company products may be subject to price controls, price gouging claims and other pricing regulation in the US and other major markets; or government healthcare systems may be the major purchasers of the products.	While future political developments cannot be reliably forecast, the Investment Manager's due diligence process includes an assessment of political risk, and the likely acceptability of the investee's pricing intentions.

Emerging risks		
Covid-19	The UK government in common with the US and many other countries has implemented unprecedented measures to restrict the possibility of transmission of the Covid-19 virus by limiting personal contact and international travel. Whilst the ultimate scope and duration of these measures is currently unclear, they are likely to have a severe impact on the Global Economy, which Governments and the Central Banks are attempting to offset with both traditional and unconventional fiscal and monetary policy measures. The Company's portfolio will be impacted by any risks emerging from changes in the macroeconomic environment.	The Investment Manager has extensive experience transacting across the global healthcare marketplace, and will be responsible for identifying relevant events and updating the investment plans appropriately.

STRATEGIC REPORT

Principal Risks and Uncertainties

Longer Term Viability Statement

Assessing the prospects of the Company

The corporate planning process is underpinned by scenarios that encompass a wide spectrum of potential outcomes. These scenarios are designed to explore the resilience of the Company to the potential impact of significant risks set out below.

The scenarios are designed to be severe but plausible and take full account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks and which would realistically be open to management in the circumstances. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and the Investment Manager's internal control systems, as discussed on page 32, is taken into account.

The Board reviewed the impact of stress testing the quantifiable risks to the Company's cash flows as detailed in risk factors 1-5 in the previous pages and concluded that the Company, would have sufficient working capital to fund its operations in the following extreme scenario:

(1) The Company incurred NAV losses of 41% of NAV over a three-year period.

(2) No new capital was raised.

(3) $42m of private investments were funded from cash and by selling public portfolio investments.

The Board considers that this stress testing-based assessment of the Company's prospects is reasonable in the circumstances of the inherent uncertainty involved.

The period over which we confirm longer term viability

Within the context of the corporate planning framework discussed above, the Board has assessed the prospects of the Company over a three-year period ending 31 December 2022. Whilst the Board has no reason to believe the Company will not be viable over a longer period, given the inherent uncertainty involved, the period over which the Board considers it possible to form a reasonable expectation as to the Company's longer term viability, based on the stress testing scenario planning discussed above, is the three year period to December 2022. This period is used for the Investment Manager's business plans and has been selected because it presents the Board and therefore readers of the annual report with a reasonable degree of confidence whilst still providing an appropriate longer term outlook.

Confirmation of longer term viability

The Board confirms that its assessment of the principal risks facing the Company was robust.

Based upon the robust assessment of the principal risks facing the Company and its stress testing based assessment of the Company's prospects, the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2022.

Directors' Responsibilities Pursuant to Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 applies directly to UK domiciled companies. Nonetheless the AIC Code requires that the matters set out in section 172 are reported on by all companies, irrespective of domicile, provided this does not conflict with local company law.

Section 172 recognises that directors are responsible for acting in a way that they consider, in good faith, is the most likely to promote the success of the Company for the benefit of its shareholders as a whole. In doing so, they are also required to consider the broader implications of their decisions and operations on other key stakeholders and their impact on the wider community and the environment. Key decisions are those that are either material to the Company or are significant to any of the Company's key stakeholders. The Company's engagement with key stakeholders and the key decisions that were made or approved by the Directors during the year are described below.

Stakeholder group	Methods of engagement	Benefits of engagements
Shareholders		
The major investors in the Company's shares are set out on page 43. Continued access to capital is vital to the Company's longer term growth objectives, and therefore, in line with its objectives, the Company seeks to maintain shareholder satisfaction through: – Positive risk-adjusted returns	The Company engages with its shareholders through the issue of regular portfolio updates in the form of RNS announcements and quarterly factsheets. The Company provides in-depth commentary on the investment portfolio, corporate governance and corporate outlook in its semi-annual financial statements. In addition, the Company, through its brokers and Investment Manager undertake regular roadshows to meet with existing and prospective investors to solicit their feedback, understand any areas of concern, and share forward looking investment commentary. The Board receives quarterly feedback from its brokers in respect of their investor engagement and investor sentiment.	In the financial year the Company issued: – 4 Portfolio updates by way of RNS – Fact sheets will be released on a quarterly basis starting in 2020 Through its roadshows and broker outreach, the Company has met with 40+ investors / prospective investors.
Service providers		
The Company does not have any direct employees; however, it works closely with a number of service providers (the Investment Manager, Administrators, secretaries, auditor, third party valuation agent, brokers and other professional advisers). The independence, quality and timeliness of their service provision is critical to the success of the Company.	The Company has identified its key service providers and on an annual basis undertakes a review of performance based on a questionnaire through which it also seeks feedback. Furthermore, the Board and its sub-committees engage regularly with its service providers on a formal and informal basis. The Company will also regularly review all material contracts for service quality and value.	The Feedback given by the service providers is used to review the Company's policies and procedures to ensure open lines of communication, and operational efficiency.
Portfolio Companies		
The Company has currently invested in 7 Portfolio Companies which are listed on pages 22 to 25.	The Investment Manager engages on a regular basis with its portfolio companies in order to conduct regular on-going due diligence and to meet obligations if the Investment Manager holds a board seat.	Honesty, fairness and integrity of the management teams of the portfolio companies are vital to the long-term success of the Company's investments.
Community & Environment		
The Company does not have any direct employees	The Company aims to minimize its environmental footprint.	The Company and the Directors minimise air travel by making maximum use of video conferencing for Company related matters.

BOARD OF DIRECTORS

>> It is a privilege to serve on the Board of RTW Venture, ensuring the best governance for a Company striving to make the world a better, healthier place one investment at a time <<

William Simpson
Chairman – Guernsey resident

William Simpson is the Chairman and an independent director based in Guernsey providing services to investment and other financial services companies. William has over 30 years' experience within the financial services industry. He previously practiced law in the course of which he advised on the establishment of a wide range of investment funds and related matters. William graduated in law from Leeds University and first qualified as an English barrister. William is a member of the Guernsey Bar. William also holds directorships at Investec Premier Funds PCC Limited, Heartwood Alternatives Fund Limited, Absolute Alpha Fund PCC Limited, AHL Strategies PCC Limited, Man AHL Diversified PCC Limited and Alpha Real Trust Limited.

Paul Le Page
Chairman of the Audit Committee – Guernsey resident

Paul Le Page is a former executive Director and Senior Portfolio Manager of FRM Investment Management Limited, a subsidiary of Man Group, and holds non-executive directorships at a number of London Stock Exchange listed investment funds. Mr. Le Page is Audit Committee Chair of UK Mortgages Limited and Bluefield Solar Income Fund Limited and was previously Audit Committee Chair of Thames River Multi Hedge PCC Limited and Cazenove Absolute Equity Limited. Mr. Le Page has 16 years' Audit Committee experience within the closed end investment fund sector and has a broad-based knowledge of the global investment industry and product structures. Mr Le Page graduated from University College London and later received an MBA from Heriot Watt University.

Stephanie Sirota

Non-executive Director – non-UK resident

Stephanie A. Sirota, serves as a Partner and Chief Business Officer at RTW. Ms. Sirota is responsible for strategy and oversight of the firm’s business development and strategic partnerships with counterparties including limited partners, banks and academic institutions. She is also responsible for shaping the firm’s governance policies underscoring impact and sustainability. Ms. Sirota has a decade of deal experience in financial services. Prior to joining the Investment Manager, from 2006 to 2010, she served as a director at Valhalla Capital Advisors, a macro and commodity investment manager. From 2000 to 2003, Ms. Sirota worked in the New York and London offices of Lehman Brothers, where she advised on various mergers & acquisitions, IPOs, and capital market financing transactions with a focus on cross-border transactions for the firm’s global corporate clients. She began her career on the Fixed Income trading desk at Lehman Brothers, structuring derivatives for municipal issuers from 1997 to 1999. Ms. Sirota graduated with honours from Columbia University and also received a Master’s Degree from the Columbia Graduate School of Journalism. She has contributed to Fortune Magazine and ABCNews.com and is a supporter of the arts, science, and children’s initiatives. She serves as Co-Chairman of the Council of the Phil at the New York Philharmonic and as President of RTW Charitable Foundation. Ms. Sirota served as Vice President of Corporate Strategy and Corporate Communications of Health Sciences Acquisitions Corporation until December 2019.

William Scott

Chairman of the Nomination and Remuneration Committee – Guernsey resident

William Scott serves as an independent non-executive director of a number of investment companies and funds. From 2003 to 2004, Mr. Scott worked as Senior Vice President with FRM Investment Management Limited, now part of Man Group. Previously (from 1989¬2002), Mr. Scott was a portfolio manager and latterly a director at Rea Brothers (which became part of the Close Brothers group in 1999 and where he was a director of Close Bank Guernsey Limited) and before that Assistant Investment Manager with the London Residuary Body Superannuation Scheme (1987-1989). Mr. Scott graduated from the University of Edinburgh in 1982 and is a Chartered Accountant having qualified with Arthur Young (now EY) in 1987. Mr. Scott also holds the Securities Institute Diploma and is a Chartered Fellow of the Chartered Institute for Securities & Investment. He is also a Chartered Wealth Manager. His other directorships include Axiom European Financial Debt Fund Limited, Pershing Square Holdings Limited and Worsley Investors Limited, all of which are listed on the Premium Segment of the London Stock Exchange.

The performance and effectiveness of the Directors will be assessed annually having regard to the specific responsibilities of each Director as described in their service agreements.

REPORT OF THE DIRECTORS

The Directors hereby submit the annual report and audited financial statements for the Company for the year ended 31 December 2019.

Principal activities

Further information on the principal activities of the Company can be found on pages 6 to 7.

Business review

A review of the Company's business and its likely future development is provided in the Chairman's Statement on pages 6 to 7. The underlying investments of the Company are reviewed in the Investment Manager's Report on pages 8 to 25.

Results and distributions

The Company

The results of the Company for the year are shown in the audited statement of operations on page 53.

The Net Asset Value of the Company as at 31 December 2019 was US$214.4 million (2018: US$65.7 million).

No dividends or distributions respectively were paid during the years ended 31 December 2019 and 31 December 2018.

Capital Structure

The Company was incorporated as a limited liability corporation in Delaware on 16 February 2017. The Company was subsequently re-domiciled as a non-cellular company limited by shares under the Companies Law on 2 October 2019 with registered number 66847.

On re-domiciliation, the Company's fully paid issued share capital consisted of 147,144,094 Ordinary Shares, 1 Performance Allocation Share and 1 Management Share.

On 30 October 2019, the Company also issued 14,400,601 Ordinary Shares in connection with the IPO.

On 30 October 2019, all of the issued Ordinary Shares of the Company were listed and admitted to trading on the Specialist Fund Segment of the LSE ("SFS") under ticker symbol: RTW. The Company's issued Ordinary Share capital on initial admission to the SFS was 161,544,695 shares. The Management Share was redeemed upon initial admission. Cornerstone shareholders of the Company who held Ordinary Shares prior to initial admission are subject to certain lock-up restrictions for 12 months in respect of all but 22.5% of those Ordinary Shares.

As at 31 December 2019, the Company's issued share capital was 161,544,695 Ordinary Shares and 1 Performance Allocation Share. There are no shares held in treasury. Following year end, there have been further share issuances with the issued share capital as at 2 March 2020 now 173,969,428 Ordinary Shares.

Further issues of shares will only be made if the Directors determine such issues to be in the best interests of shareholders and the Company as a whole. Relevant factors in making such determination include net asset performance, share price rating, perceived investor demand and any regulatory restrictions. In the case of further issues of Ordinary Shares (or sales of Ordinary Shares from treasury), such Ordinary Shares will only be issued at prices which are not less than the NAV per Ordinary Share announced as of the end of the immediately preceding month in which such Ordinary Shares are being issued.

Annual General Meetings

The Annual General Meeting of the Company will be held on 25 June 2020 at Trafalgar Court, Les Banques, St Peter Port, Guernsey. Details of the resolutions to be proposed at the AGMs, together with explanations, appear in the Notices of Meetings which are being sent to Shareholders in due course.

Members of the Board, including the Chairman and the Audit Committee Chairman, will be in attendance at the AGMs and will be available to answer shareholder questions.

Listing requirements

The Company was a private unlisted investment vehicle throughout 2018 and until admission on 30 October 2019, and was not subject to compliance with any corporate governance codes, laws, rules or regulations ordinarily applicable to public companies listed on an EU regulated market.

Following Initial admission to the SFS on 30 October 2019, the Company has become subject to the Prospectus Rules, the Disclosure Guidance and Transparency Rules (as implemented in the UK through the Financial Services and Markets Act 2000 of the United Kingdom, as amended), the Market Abuse Regulation and the admission and disclosure standards of the London Stock Exchange.

Since admission to the SFS, the Company has complied with the applicable Listing Rules.

Common Reporting Standard and Tax Reporting Requirements

The Common Reporting Standard ("CRS"), formerly the Standard for Automatic Exchange of Financial Account Information, became effective on 1 January 2016. CRS is an information standard for the automatic exchange of information developed by the Organisation for Economic Co-operation and Development. CRS is a measure to counter tax evasion and it builds upon other information sharing legislation, such as FATCA, the UK-Guernsey Intergovernmental Agreement ("UK-Guernsey IGA") for the Automatic Exchange of Information, and the European Union Savings Directive. Under the UK-Guernsey IGA, certain disclosure requirements may be imposed in respect of certain shareholders in the Company who are, or are entities that are controlled by one or more, residents of the United Kingdom. In addition, under FATCA, the Company is required to make certain disclosures and reports to further compliance with the legislation's requirements. It is the Company's policy to comply with applicable requirements under CRS, the UK-Guernsey IGA and FATCA.

AIFMD

The Directors have considered the impact of AIFMD on the Company and its operations. The Company is a non-EU domiciled Alternative Investment Fund and the Investment Manager has been appointed as the Company's non-EU AIFM. As the Company is managed by a non-EU AIFM, only a limited number of provisions of AIFMD apply. The Investment Manager has made the notifications or applications and received, where relevant, approvals for the marketing of the Ordinary Shares to "professional investors" (as defined in AIFMD) in the following EEA States: the United Kingdom and the Netherlands.

Corporate governance statement

The Board recognises the value of sound corporate governance and, in particular, has regard to the requirements of the UK Code (available from the FRC's website, www.frc.org.uk).

The Company is a registered closed-ended investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Schemes Rules 2015 issued by the GFSC. The GFSC has issued a Finance Sector Code of Corporate Governance ("GFSC Code") that applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as Collective Investment Schemes, which includes the Company. The GFSC has stated in the GFSC Code that companies which report against the UK Code or the AIC Code are deemed to meet their code, and need take no further action.

The Company's prospectus dated 14 October 2019 stated that the Company will be in compliance with the UK Code. The Company became a member of the AIC on listing and the Board of the Company has accordingly considered, and resolved to follow, the principles and recommendations of the AIC Code (available from the AIC's website, www.theaic.co.uk).

The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code (which incorporates the UK Code) provides better information to shareholders whilst meeting the requirements of the GFSC Code.

In respect of the period from re-domiciliation until 30 October 2019, the date of admission to the SFS, the Company substantially complied in all material respects with the relevant provisions of the GFSC Code. As from the date of initial admission, the Company has voluntarily committed to comply with the AIC Code.

The Company currently complies with the relevant provisions of Section 1 of the UK Code as well as the new AIC code effective 1 January 2019.

For the reasons set out in the preamble to the UK Code, the Board considers certain of these provisions are not relevant to the position of the Company as an externally managed investment company. In particular all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no chief executive or any executive directors, employees or internal operations and has therefore not reported further in respect of these provisions.

Provision 14 of the AIC Code states a Board should consider appointing one independent non-executive Director to be the Senior Independent Director. The Board, having taken into account its small size and that the Chairman and two of the other three Directors are each similarly independent and non-executive, considers it unnecessary to appoint such a Senior Independent Director. All members of the Board are available to shareholders if they have unresolved concerns.

The need for an internal audit function is discussed in the Report of the Audit Committee.

The Board

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practices especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender, for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have a well-diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skill sets, capabilities and experience gained from different geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company. No specific diversity parameters have been set as the Board believes that all appointments should be made on merit and taken in the context of skills, knowledge and experience required for an effective Board.

REPORT OF THE DIRECTORS

The Board believes the current board members have the appropriate qualifications, experience and expertise to manage the Company. The Director's biographies can be found on pages 36 to 37.

The Directors of the Company at the date of this report are William Simpson (Chairman), Paul Le Page (Chair of Audit Committee), William Scott and Stephanie Sirota.

The Board meets on at least a quarterly basis. The dates for each scheduled meeting are planned at the beginning of the year and confirmed in writing in accordance with the Company's articles of incorporation. Meetings for urgent issues may be and are convened at short notice if all Directors are informed. In addition to formal Board and/or committee meetings and, to the extent practicable and appropriate, the Directors maintain close contact with each other and the Administrator, by email and conference calls, for the purpose of keeping themselves informed about the Company's activities. The Board requires information to be supplied in a timely manner by the Administrator and other advisors in a form and of a quality appropriate to enable it to discharge its duties.

The Company has adopted a share dealing code for the Board and will seek to ensure compliance by the Board with the terms of the share dealing code. The share dealing code is compliant with the EU Market Abuse Regulation.

Board tenure and re-election

Each Director will retire at each Annual General Meeting subsequent to his or her election and be eligible for re-election by the Company at such Annual General Meeting.

A Director who retires at an Annual General Meeting may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed.

The Chairman, Mr Le Page and Ms Sirota have been members of the Board since their appointment on 2 October 2019. Mr Scott was appointed on 3 October 2019.

Directors do not have service contracts. Directors are appointed under letters of appointment, copies of which are available at the registered office of the Company. The Board considers its composition and succession planning on an on-going basis.

Directors' remuneration

The Directors shall be remunerated at such a rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed US$300,000 per annum.

During the year to 31 December 2019 the Directors' remuneration was paid as follows (of which US$33,140 (2018: US$nil) was outstanding at the year end):

31 December 2019	Annual	Directors' fees for the period (US$)
William Simpson	£50,000	10,357
Paul Le Page	£40,000	8,285
William Scott	£35,000	7,249
Stephanie Sirota	US$42,000	7,249
Total		33,140

Directors' conflicts of interest

All of the Directors are non-executive. William Simpson and William Scott are directors of Absolute Fund PCC Limited, AHL Strategies PCC Limited and Man AHL Diversified PCC Limited, three Guernsey protected cell companies managed by members of the Man group of companies. Paul Le Page was employed by Man Group until 31 December 2019 and was a director of the investment managers of those three protected cell companies. None of the Directors were responsible for the appointment of the others, the decision in respect of which was made by an independent party. Having considered the information disclosed above, the Board have concluded that William Simpson, Paul Le Page, and William Scott remain independent under provision 10 of the AIC Code. The Board considers Messrs Simpson, Le Page and Scott as independent of each other and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The Board when taken as a whole is independent of the Investment Manager. Ms Sirota is a Board representative of the Investment Manager and is therefore not considered independent.

The Chairman of the Board must be independent and is appointed in accordance with the Company's articles of incorporation. Mr Simpson's independence is evaluated annually and he is considered to be independent because he:

- has no direct or indirect current or historical employment with the Investment Manager; and
- has no current directorships in any other entities for which the Investment Manager provide services.

Duties and responsibilities

The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board is responsible to shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the particular duties of the Board, which demonstrates the seriousness with which it takes its fiduciary responsibilities. Such reserved powers include decisions relating to the determination of investment policy and approval of changes in strategy, capital structure, statutory obligations and public disclosure, and entering into any material contracts by the Company.

The Directors have access to the advice and services of the Administrator, which is responsible to the Board for ensuring that Board procedures are followed and that it complies with Companies Law and applicable rules and regulations of the GFSC and the LSE. Where necessary, in carrying out their duties, the Directors may seek independent legal or other professional advice and services at the expense of the Company. As a result of the use of professional service providers and the nature of the Company's operations, the Company does not have any employees.

The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibilities Statement on page 46. The Board is also responsible for issuing appropriate half-yearly financial reports and other price-sensitive public reports.

The primary focus at Board meetings is to review investment performance and associated matters such as share price discount/premium management, investor relations, peer group information, gearing and industry issues.

The attendance record of the Directors for the period since re-domiciliation is set out below:

Director	Scheduled Board Meetings (max 4)	Audit Committee Meetings (max 1)	Management Engagement Committee Meetings (max 0)	Nomination and Remuneration Committee Meetings (max 0)
William Simpson	4	1	–	–
Paul Le Page	4	1	–	–
William Scott	4	1	–	–
Stephanie Sirota*	4	n/a	n/a	n/a

The Board will meet at least four times a year with further ad hoc Board and Board Committee meetings as required. Between meetings, there is regular contact with the Secretary and the Company's Broker, as necessary.

The Management Engagement and Nomination and Remuneration Committees did not meet during the period since re-domiciliation but will meet at least once a year going forwards.

* Ms Sirota is not a member of the Audit Committee, however from time to time she is invited to attend and did so during the year.

Shareholdings of the Directors

Directors of the Company and their beneficial interests in the Company as at 31 December 2019 are detailed below:

Director	Number of Shares 31 December 2019	Number of Shares 31 December 2018	Per cent. Holding 31 December 2019	Per cent. Holding 31 December 2018
William Simpson	**–**	n/a	**–**	n/a
Paul Le Page	**–**	n/a	**–**	n/a
William Scott	**50,000**	n/a	**0.03**	n/a
Stephanie Sirota	**494,004**	n/a	**0.31**	n/a

REPORT OF THE DIRECTORS

Committees of the Board

Audit Committee

The Company has an Audit Committee with formally delegated duties and responsibilities within written terms of reference. Further information on the Audit Committee is included in the Report of the Audit Committee on pages 47 to 49.

Management Engagement Committee

The Management Engagement Committee is chaired by William Simpson. The committee currently consists of William Simpson, William Scott and Paul Le Page. The Management Engagement Committee meets at least once a year pursuant to its terms of reference which will be made available on the Company's website www.rtwfunds.com/venture-fund.

The Management Engagement Committee provides a formal mechanism for the review of the performance of the Company's advisors, including the Investment Manager. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's shareholders.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by William Scott. The committee currently consists of William Scott, William Simpson and Paul Le Page. The Nomination and Remuneration Committee meets at least once a year pursuant to its terms of reference which will be made available on the Company's website www.rtwfunds.com/venture-fund.

Regarding nomination, the Nomination and Remuneration Committee's remit is to review regularly the structure, size and composition of the Board, to give full consideration to succession planning for Directors, to keep under review the leadership needs of the Company and be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Board believes that, as a whole, it comprises an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

Regarding remuneration, the Nomination and Remuneration Committee determines and agrees with the Board the remuneration of the Company's Chairman and non-executive Directors and in determining such remuneration, takes into account all factors which it deems necessary including any relevant legal requirements, the provisions and recommendations in the AIC Code, the Listing Rules and associated guidance.

Board performance and evaluation

In accordance with Provision 26 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. Such an evaluation of the performance of the Board as a whole and the Chairman will be carried out under the mandate of the Board and in the form of self-appraisal questionnaires and a detailed discussion to determine effectiveness and performance in various areas as well as the Directors' continued independence. The Directors believe that the current mix of skills, experience, ages and length of service of the Directors is appropriate to the requirements of the Company. With any new director appointment to the Board, induction training will be provided.

Internal control and financial reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. The Directors review all controls including operations, compliance and risk management. The key procedures which have been established to provide internal control are:

- The Board monitors the actions of the Company and undertakings of any external consultant as appointed by the Company at regular Board meetings and is given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies. The Board has also delegated administration and company secretarial services to the Administrator; however, it retains accountability for all functions it delegates.
- The Board clearly defines the duties and responsibilities of the Company's agents and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisors and will continue to do so.
- The Administrator maintains a system of internal control on which they report to the Board. The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator provide sufficient assurance that a sound system of risk management and internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control.

Relations with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Company's Annual General Meeting provides a forum for shareholders to meet and discuss issues with the Directors of the Company. The Chairman and other Directors are also available to meet with shareholders at other times, if required. In addition, the Company maintains a website which contains comprehensive information (www.rtwfunds.com/venture-fund), including company notifications, share information, financial reports, monthly NAVs, investment objectives and policy, investor contacts and information on the Board and corporate governance.

Major Shareholders

As at 23 March 2020, insofar as is known to the Company, the following persons were interested, directly or indirectly, in 5 per cent. or more of the Ordinary Shares in issue:

Shareholder	Shareholding (Ordinary Shares)	% Holding	Nature of Holding
Bluestem Partners, LP	28,315,423	16.28	Direct
Roderick Wong	24,814,619	14.26	Direct
Chase Nominees Limited	22,245,386	13.77	Direct

Details of the voting rights can be found on page 70.

Dividends

The Company does not anticipate paying any dividends on its Ordinary Shares, as it intends to re-invest proceeds received from Portfolio Company sales or distributions. There have been no material changes in the Company's dividend policy from that disclosed in the prospectus published by the Company on 14 October 2019.

Total Return for the year ended 31 December 2019

Following initial admission, from 30 October 2019 through 31 December 2019, the Company recorded a net total return based on NAV per share of 22 per cent.

Directors' authority to issue shares

Subject to the Company's Articles of Association the Directors have the power to issue an unlimited number of shares.

Directors' authority to buy back shares

The current authority of the Company to make market purchases of up to 50 million Ordinary Shares (or, if lower, a maximum of 14.99% of the issued Share Capital) as authorised in the Company Prospectus dated 14 October 2019, with such authority lasting until the conclusion of the Annual General Meeting. At the AGM to take place on 25 June 2020 the Board will seek to renew such authority. Any buy back of Ordinary Shares will be made subject to Companies Law and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board and not at the option of the Shareholders. Ordinary Shares will only be repurchased at a price which, after repurchase costs, represents a discount to the Net Asset Value per Ordinary Share and where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the Listing Rules of the UK Listing Authority which provide that the price to be paid must not be more than 5 per cent. above the average of the middle market quotations for the Ordinary Shares for the five business days before the shares are purchased unless previously advised to shareholders.

In accordance with the Company's Articles and Companies Law up to 10 per cent. of the Company's shares may be held as treasury shares. The Company has not held any shares in treasury at any time.

Articles of Incorporation

The Company's Articles may only be amended by special resolution of the shareholders and if the amendment affects the rights of the holders of shares, by a separate resolution of such holders only.

REPORT OF THE DIRECTORS

Change of control

There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid.

Anti-Bribery and Corruption Policy

The Board has a zero tolerance approach to instances of bribery and corruption and has reiterated its commitment to carry out business fairly, honestly and openly. Accordingly, it expressly prohibits any Director or associated persons, when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company. The Investment Manager has also adopted a zero tolerance approach to instances of bribery and corruption. The Board insists on strict observance with these same standards by its service providers in their activities for the Company and continues to refine its process in this regard.

Criminal Finances Act

The Board has a zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion. The Board expects the same of its service providers and will not work with service providers that it knows do not demonstrate the same zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion.

Environment, Employees, Human Rights and Social Matters

The Company has an investment management contract with the Investment Manager. It has no employees and all of its Directors are non-executive, with day-to-day activities being carried out by third party service providers. There are therefore no disclosures to be made in respect of its employees. Further, because the Company is a closed-ended investment company with no employees, its environmental impact is minimal. The Board notes that the companies in which the Company invests directly or indirectly may have an environmental, employee, human rights or social impact of which the Board has no visibility or control.

The UK Modern Slavery Act

The Board conducts the business of the Company ethically and with integrity, and has a zero tolerance policy towards modern slavery in all its forms. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no further disclosures to be made in respect of employees and human rights. The Board notes that the companies in which the Company invests directly or indirectly may have an employee, community, human rights or social impact of which the Board has no visibility or control.

Certain Service Providers

Independent Auditor

KPMG Channel Islands Limited ("KPMG"), who are Chartered Accountants and are registered auditors qualified to practice in England & Wales, have been appointed to serve as the Company's auditor (the "Independent Auditor"). In such capacity, the Independent Auditor is responsible for auditing and expressing an opinion on the financial statements of the Company in accordance with applicable law and auditing standards.

Investment Manager

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's business activities. The Company and the Investment Manager have entered into the Investment Management Agreement (as amended, supplemented or modified from time to time), pursuant to which the Investment Manager has been appointed as the Company's investment manager and has been delegated the authority and responsibility to manage the Company's investment portfolio.

Principal risks and uncertainties

The Company's assets consist of investments in promising therapies and technologies in the pharmaceutical industry. There is inherent uncertainty in the long term viability of developing biopharmaceutical technologies and whether these technologies can translate scientific theory into commercially viable business opportunities. Its principal risks are therefore related to the particular circumstances of the businesses in which it is invested. The Company seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential targets before entering into any investments.

Each Director is aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls that enable it to manage these risks within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis and these risks are reported and discussed at Board Meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld. Particular attention has been given to the effectiveness of controls to monitor liquidity risk, asset values and counterparty exposure.

For each material risk, the likelihood and consequence are identified, management controls and frequency of monitoring are confirmed and results reported and discussed at the quarterly Board meetings and through updating of the Company's risk matrix. An extraction of the highest rated risks post mitigation forms the basis of the Principal Risks and Uncertainties disclosure in the Strategic Report.

Further details on the Company's principle risks and uncertainties can be found on pages 32 to 35.

The financial risks of the Company are discussed in Note 8 to the financial statements.

The Company's other risk factors are fully discussed in the Company's prospectuses, available on the Company's website (www.rtwfunds.com/venture-fund) and should be reviewed by Shareholders.

Going concern

After making enquiries and given the nature of the Company and its investments, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements, and, after due consideration, the Directors consider that the Company is able to continue for the foreseeable future.

By order of the Board

William Simpson
Chairman

21 April 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable laws and regulations. Company law requires the directors to prepare financial statements for each financial year in accordance with US GAAP and applicable law. Under the Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of its profit or loss for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless liquidation is imminent.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors confirm that, so far as they are aware, there is no information relevant to the audit of which the Company's auditor is unaware. The Directors also confirm that they have taken all steps they ought to have taken as Directors to make themselves aware of any information relevant to the audit and to establish that the Company's auditor is aware of that information.

Each of the Directors, whose names are set out on pages 36 to 37 in the Report of the Directors section of the Annual Report, confirms that, to the best of their knowledge and belief:

- the financial statements, prepared in accordance with US GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties faced.

We consider the Annual Report and Audited Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.rtwfunds.com/venture-fund).

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

William Simpson
Chairman

21 April 2020

Paul Le Page
Director

21 April 2020

REPORT OF THE AUDIT COMMITTEE

The Audit Committee, chaired by Paul Le Page, operates within clearly defined terms of reference which include all matters indicated by DTR 7.1 and the AIC Code. Its other members are William Simpson and William Scott. Only independent directors can serve on the Audit Committee and members of the Audit Committee must have no links with the Company's external auditor and must be independent of the Investment Manager. The Committee can request the attendance of the Investment Manager, the auditors or any service provider at its meetings. The performance of the chairman of the Audit Committee is reviewed on an annual basis and the membership of the Audit Committee and its terms of reference are kept under review. The Audit Committee meets no less than twice a year in Guernsey, and meets the external auditor at least once a year in Guernsey. The Audit Committee met once in the year to 31 December 2019.

The Board has taken note of the requirement that at least one member of the Committee should have recent and relevant financial experience and is satisfied that the Committee is properly constituted in that respect, with all members being highly experienced and, in particular two members having backgrounds as chartered accountants.

The Board has also considered the inclusion of the Chairman within the Committee and having taken into account that the Chairman is independent and non-executive, believes it appropriate for the Chairman to be a member.

The duties of the Audit Committee in discharging its responsibilities include reviewing the Interim Report, Annual Report and Audited Financial Statements, the valuation of the Company's investment portfolio, the system of internal controls, and the terms of appointment of the external auditor together with their remuneration. It is also the formal forum through which the external auditor reports to the Board of Directors and shall meet not less than twice a year and at such other times as the Audit Committee chairman shall require. The objectivity of the external auditor is reviewed by the Audit Committee, which also reviews the terms under which the external auditor is appointed to perform non-audit services and the fees paid to the external auditor or their affiliated firms overseas.

The Audit Committee also reviews, considers and, if thought appropriate, recommends for the purposes of the Company's financial statements, valuations prepared by the Investment Manager.

The main duties of the Audit Committee are:

- giving full consideration and recommending to the Board for approval of the contents of the Interim Report and Annual Report and reviewing the external auditor's report thereon;
- reviewing the scope, results, cost effectiveness, independence and objectivity of the external auditor;
- reviewing the draft valuation of the Company's investments prepared by the Investment Manager, and making a recommendation to the Board on the valuation of the Company's investments;
- reviewing and recommending to the Board for approval of the audit, audit related and non-audit fees payable to the external auditor and the terms of their engagement;
- reviewing and approving the external auditor's plan for the following financial year;
- reviewing the appropriateness of the Company's accounting policies;
- ensuring the standards and adequacy of the service provider's control systems;
- reviewing and considering the UK Code, the AIC Code and the FRC Guidance on Audit Committees; and
- reviewing the risks facing the Company and monitoring the risk matrix.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The external auditor is invited to attend the Audit Committee meetings at which the Interim Reports and Annual Reports are considered and at which they have the opportunity to meet with the Committee without representatives of any external consultant as appointed by the Investment Manager being present at least once a year.

Financial reporting

The primary role of the Audit Committee in relation to the financial reporting is to review with the Administrator, any external consultant as appointed by the Investment Manager and the external auditor the appropriateness of the Interim Reports and Annual Reports, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with both any external consultant as appointed by the Investment Manager and the external auditor;

REPORT OF THE AUDIT COMMITTEE

- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to the Company's financial reporting.

To aid its review, the Audit Committee considers reports from the Investment Manager and any external consultant as appointed by the Investment Manager and also reports from the external auditor on the outcomes of their interim review and annual audit.

Meetings

The Committee has met on one occasion during the year. The matters discussed at this meeting were:

- review of the terms of reference of the Audit Committee to confirm that they are appropriate to the business of the committee and the current regulatory environment in which the Company operates;
- review of the accounting policies and format of the financial statements;
- oversee the relationship with the external auditor;
- discussion and approval of the fee for the external audit;
- consideration of the requirement for an internal audit function;
- consider and make recommendations to the Board regarding the appointment of third party service providers and the adequacy of their arrangements; and
- review of the Company's key risks and internal controls.

Primary area of judgement

The Audit Committee determined that the key risk of misstatement of the Company's financial statements related to the valuation of investment in securities, at fair value, in the context of the judgements necessary to evaluate current fair values.

As outlined in Note 2 to the financial statements of the Company, the total carrying value of the Company's investments in securities and derivatives at fair value as at 31 December 2019 was US$172.0 million (2018: US$65.7 million). Market quotations will be available for those financial assets that are listed and traded and have an active market quote. For private company investments, the value of the Company's investments is based on the value of the relevant underlying investee companies as determined by the Investment Manager.

The valuation models of the private company investments that were transferred in as part of the Company's initial portfolio were reviewed by the Audit Committee with the Independent Valuer prior to listing. The Committee was satisfied that these positions had been valued fairly. Given the short period of time that elapsed between the Company listing and reporting its financial results, the valuation of the private company portfolio was not materially different at 31 December 2019. The valuation of the Company's private and restricted investments and the methodology used for the year end valuation and constitution of the Investment Manager's Valuation Committee was discussed with the Investment Manager and with the external auditor at a Board meeting held on 5 February 2020. The Independent Valuer, as appointed by the Investment Manager, carries out a valuation semi-annually on the private company investments.

The Audit Committee has reviewed the work of the Investment Manager. The Investment Manager confirmed to the Audit Committee that the valuation methodology had been applied consistently during the year. After reviewing the scope and results of the work of the external auditor the Audit Committee concluded that they had not identified any material errors or inconsistencies.

The external auditor explained the results of their review of the valuations, including their challenge of management's underlying projections, the economic assumptions, illiquidity discounts and prices used. On the basis of their audit work, there were no material adjustments proposed to those valuations as approved by the Audit Committee.

Internal audit

The Audit Committee shall consider at least once a year whether there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

The Audit Committee worked with the Administrator and the Investment Manager to structure a risk matrix for the Company, which considered the controls applied by the Board, the Investment Manager and key service providers. The matrix was reviewed with the Investment Manager in light of the emerging Covid-19 crisis and was used to form the basis of the Company's principal risk disclosures in the Strategic report on pages 32 to 35.

The Committee subsequently reviewed a Covid-19 impact assessment prepared by the Investment Manager as part of the final review process for these financial statements.

Appointment of the external auditor

Prior to re-domiciliation to Guernsey on 2 October 2019, the Company's statutory external auditor was KPMG LLP, New York.

KPMG has been appointed as the statutory external auditor of the Company since the Company re-domiciled to Guernsey on 2 October 2019. The committee held meetings with KPMG before the start of the audit to discuss formal planning and to discuss any possible issues along with the scope of the audit and appropriate timetable. Informal meetings have also been held with the Chairman of the Audit Committee in order that the Chairman is kept up to date with the progress of the audit and formal reporting requirement by the Committee.

The objectivity of the external auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor may be appointed to perform non-audit services. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to any non-audit work that the external auditor may undertake and the level of fees associated to this non-audit work. In order to safeguard external auditor independence and objectivity, the Audit Committee ensures that audit related, non-audit, or advisory services provided by the external auditor do not conflict with its statutory audit responsibilities. Audit related services will generally only cover reviews of interim financial statements and capital raising work. Any non-audit services conducted by the external auditor outside of these areas require the consent of the Audit Committee before being initiated.

KPMG's audit fee for the year ended 2019 was £117,500. KPMG was paid a reporting accountant fee of £120,000 by the Investment Manager as part of the Company's listing expenses.

The external auditor may not undertake any work for the Company in respect of the following matters – preparation of the financial statements, preparation of valuations used in financial statements, provision of investment advice, taking management decisions or advocacy work in adversarial situations.

The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to the level of non-audit fees. During the year, KPMG was also engaged as reporting accountant in connection with the Company's listing which is a permissible service under the FRC Ethical Standards 2016 for a company's auditor to undertake. The Audit Committee considers KPMG to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit as appropriate safeguards are in place.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee considered:

- audit personnel in the audit plan for the current year;
- a report from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- reports highlighting the findings that arose during the course of the audit; and
- feedback from the Investment Manager and any external consultant as appointed by the Investment Manager in evaluating the performance of the audit team.

The Audit Committee is satisfied with KPMG's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the external auditor remains independent and effective, the Audit Committee has recommended to the Board that KPMG be reappointed as external auditor for the year ending 31 December 2020.

Annual Report

The Audit Committee members have each reviewed this annual report and earlier drafts of it in detail, comparing its content with their own knowledge of the Company, reporting requirements and shareholder expectations. Formal meetings of the Audit Committee have also reviewed the report and its content and have received reports and explanations from the Company's service providers about the content and the financial results. The Audit Committee has concluded that the annual report, taken as a whole, is fair, balanced and understandable, and that the Board can reasonably and with justification make the statement of Directors' responsibilities on page 46.

On behalf of the Audit Committee,

P.H. le Page

Paul Le Page
Chairman of the Audit Committee

21 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RTW VENTURE FUND LIMITED

Our opinion is unmodified

We have audited the financial statements of RTW Venture Fund Limited (the "Company"), which comprise the Statement of Assets and Liabilities including the condensed schedule of investments as at 31 December 2019, the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2019, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in conformity with U.S. generally accepted accounting principles; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards, as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows:

Valuation of investment in securities, at fair value	The risk	Our response
$170,653,009; (2018: $65,721,557) Refer to pages 47-49 – Audit Committee Report, pages 57-58 condensed schedule of investments, Note 1 significant accounting policies and Note 2 Fair Value measurement disclosures	**Basis:** The Company's investment portfolio represents the most significant balance on the statement of assets and liabilities and is the principal driver of the Company's net asset value (2019: 80%; 2018: 100%). The investment portfolio is composed of publicly quoted and private unquoted life science investments (together the "Investments"). Publicly quoted life science investments, representing 85% of the fair value of Investments, are valued using third party data sources. Private unquoted life science investments, representing 15% of the fair value of Investments, are valued by using recognised valuation methodologies including an option price model. The Investment manager utilises an Independent Valuer to assist them in their determination of the fair value of private unquoted life science investments. **Risk:** The valuation of the Company's investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Company and in view of the significance of estimates and judgments that are involved in the determination of fair value of the unquoted investments.	**Controls evaluation:** We assessed the design and implementation of the Investment Manager's review control in relation to the valuation of investments. **Challenging managements' Investments valuation including the use of our KPMG valuation specialists:** For all Investments we assessed the appropriateness of the valuation methodology used to estimate fair value. For publicly quoted life science investments we used our KPMG valuation specialist to independently price 100% by fair value to third party data sources. For a value driven selection of private unquoted life science investments we: • Obtained and read the valuation memorandums produced by the Investment Manager • Agreed the price of these investments to supporting documentation such as purchase agreements, funding drawdown requests and bank statements. We further considered the participation of external investors in any funding round either at, or subsequent to, the transaction date • Assessed the objectivity, capabilities and competency of the Independent Valuer. We considered the scope of work and methodology applied by the Independent Valuer in performing their work. We obtained and assessed their findings and considered the impact, if any, on our audit work • Utilised our own KPMG valuation specialists to assist us in assessing and challenging the appropriateness of the valuation methodology. This included assessing the information used in the valuation model, in the context of our own industry knowledge and external data • Challenged the Investment Manager on key judgements affecting investee companies valuations, such as events since the last funding round, probability of achieving milestone achievements and discount rate used where applicable. We performed public searches for contradictory or dis-confirming evidence • Considered market transactions in close proximity to the year end and assessed their appropriateness as being representative of fair value **Assessing transparency:** We also considered the Company's disclosures (see Note 2) in relation to the use of estimates and judgements regarding the fair value of investments in securities and the Company's investment valuation policies adopted and the fair value disclosures in Note 1 and Note 2 for conformity with US GAAP.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at $4.2 million, determined with reference to a benchmark of net assets of $214.4 million, of which it represents approximately 2%.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.2 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and audited financial statements but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 46, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless liquidation is imminent.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Dermot Dempsey.

Dermot Dempsey
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

21 April 2020

STATEMENT OF ASSETS AND LIABILITIES

as at 31 December 2019 and 31 December 2018
(Expressed in United States Dollars)

		2019		2018
ASSETS:				
Investment in securities, at fair value (cost at 31 December 2019: US$92,446,333; cost at 31 December 2018: US$11,670,904)	**US$**	**170,653,009**	US$	65,721,557
Derivative contracts, at fair value (cost at 31 December 2019:US$10,930; cost at 31 December 2018 US$–)		**1,326,441**		–
Cash and cash equivalents		**10,731,354**		31,324
Due from brokers		**33,083,714**		–
Other assets		**5,808**		2,859
TOTAL ASSETS	**US$**	**215,800,326**	**US$**	**65,755,740**
LIABILITIES:				
Current liabilities				
Securities sold short, at fair value (proceeds at 31 December 2019: US$193,650; proceeds at 31 December 2018 US$–)		**202,933**		–
Due to brokers		**550,186**		–
Accrued expenses		**660,232**		32,237
TOTAL LIABILITIES		**1,413,351**		**32,237**
TOTAL NET ASSETS/MEMBER'S EQUITY		**214,386,975**		**65,723,503**
NET ASSETS attributable to Ordinary Shares/MEMBER'S EQUITY (shares at 31 December 2019: 161,544,695; shares at 31 December 2018: N/A)	**US$**	**205,695,869**	**US$**	**65,723,503**
NET ASSETS attributable to Performance Allocation Shares (shares at 31 December 2019: 1; shares at 31 December 2018: N/A)	**US$**	**8,691,106**	**US$**	**–**
NAV per Ordinary Share		**1.2733**		**N/A**

The audited financial statements of the Company were approved and authorised for issue by the Board of Directors on 21 April 2020 and signed on its behalf by:

William Simpson
Chairman

Paul Le Page
Director

See accompanying notes to the financial statements.

STATEMENT OF OPERATIONS

For the year ended 31 December 2019 and 31 December 2018
(Expressed in United States Dollars)

		2019		2018
Income				
Interest (net of withholding taxes of US$-)	**US$**	**76,507**	US$	–
Dividends (net of withholding taxes of US$–)		**4,435**		–
Total Investment Income		**80,942**		**–**
Expenses				
Interest		**17,484**		–
Research fees		**97,972**		6,418
Administrative fee		**70,389**		12,000
Audit fees		**205,274**		–
Directors fees		**33,140**		–
Management fee		**368,611**		–
Professional fees		**549,478**		52,200
Other expenses		**36,456**		–
Total expenses		**1,378,804**		**70,618**
Net Investment loss	**US$**	**(1,297,862)**	**US$**	**(70,618)**
Realised and change in unrealised appreciation on investments, derivatives and foreign currency transactions				
Net realised gain on securities and foreign currency transactions		**14,561,226**		–
Net change in unrealised appreciation on securities and foreign currency translations		**24,138,987**		27,992,812
Net change in unrealised appreciation on derivative contracts		**1,315,511**		–
Net realised and change in unrealised appreciation on investments, derivatives and foreign currency transactions		**40,015,724**		**27,992,812**
Net change in net assets resulting from operations	**US$**	**38,717,862**	**US$**	**27,922,194**

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2019
(Expressed in United States Dollars)

	1 January 2019 to 1 October 2019			2 October 2019 to 31 December 2019				
	Managing Member	**Other Members**	**Total Members' Equity**	**Ordinary Share Class Fund**	**Performance Allocation Share Class Fund**	**Management Share Capital**	**Total Shareholders' Funds**	**Total for the year ended 31 December 2019**
Operations								
Net investment loss	US$(154)	US$(366,091)	US$(366,245)	US$(931,617)	US$-	US$-	US$(931,617)	US$(1,297,862)
Net realised gain on securities and foreign currency transactions	10,475	12,831,203	12,841,678	1,719,548	–	–	1,719,548	14,561,226
Net change in unrealised appreciation on derivative contracts	–	–	–	1,315,511	–	–	1,315,511	1,315,511
Net change in unrealised appreciation on securities and foreign currency translations	(36,897)	(25,991,244)	(26,028,141)	50,167,128	–	–	50,167,128	24,138,987
Performance Allocation	–	–	–	(8,691,105)	8,691,105	–	–	–
Net change in net assets resulting from operations	**(26,576)**	**(13,526,132)**	**(13,552,708)**	**43,579,465**	**8,691,105**	**–**	**52,270,570**	**38,717,862**
Capital share transactions								
Capital subscriptions	–	111,345,000	111,345,000	–	–	–	–	111,345,000
Capital withdrawals	–	(16,371,705)	(16,371,705)	–	–	–	–	(16,371,705)
Issuance of Shares	–	–	–	14,972,314	1	1	14,972,316	14,972,316
Redemption of shares	–	–	–	–	–	(1)	(1)	(1)
Transfer of shares (see Note 9)	(114,405)	(147,029,685)	(147,144,090)	147,144,090	–	–	147,144,090	–
Net change in net assets resulting from capital share transactions	**(114,405)**	**(52,056,390)**	**(52,170,795)**	**162,116,404**	**1**	**–**	**162,116,405**	**109,945,610**
Net change in net assets	**(140,981)**	**(65,582,522)**	**(65,723,503)**	**205,695,869**	**8,691,106**	**–**	**214,386,975**	**148,663,472**
Net Assets, beginning of year	**140,981**	**65,582,522**	**65,723,503**	**n/a**	**n/a**	**n/a**	**n/a**	**65,723,503**
Net Assets, end of year	**US$–**	**US$–**	**US$-**	**US$205,695,869**	**US$8,691,106**	**US$-**	**US$214,386,975**	**US$214,386,975**

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS
(2018 comparative: Statement of Changes in Member's Equity)

For the year ended 31 December 2018
(Expressed in United States Dollars)

	Managing Member US$	Other Members US$	Total Member's Equity US$
Operations			
Net investment loss	–	–	(70,618)
Net change in unrealised appreciation on securities	–	–	27,992,812
Net change in net assets resulting from operations	**59,895**	**27,862,299**	**27,922,194**
Net change in members equity	**59,895**	**27,862,299**	**27,922,194**
Member's Equity, beginning of year	**81,086**	**37,720,223**	**37,801,309**
Member's Equity, end of year	**US$140,981**	**US$65,582,522**	**US$65,723,503**

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019 and 31 December 2018
(Expressed in United States Dollars)

		2019		2018
Cash flows from operating activities				
Net change in net assets resulting from operations	US$	**38,717,862**	US$	27,922,194
Adjustments to reconcile net change in net assets resulting from operations to net cash used in operating activities:				
Net realised gain on securities and foreign currency transactions		**(14,561,226)**		–
Net change in unrealised appreciation on securities and foreign currency translation		**(24,138,987)**		(27,992,812)
Net change in unrealised appreciation on derivative contracts		**(1,315,511)**		–
Purchases of investments in securities		**(98,735,105)**		–
Proceeds from sales of investments in securities		**32,513,149**		–
Proceeds from securities sold short		**193,650**		
Payments for derivative contracts		**(10,930)**		
Changes in operating assets and liabilities:				
Other Assets		**(2,949)**		17,151
Payable from unsettled trades		**532,702**		–
Change in due to brokers		**17,484**		–
Other liabilities		**627,995**		9,184
Net cash used in operating activities (including restricted cash)		**(66,161,866)**		**(44,283)**
Cash flow from financing activities				
Proceeds from issuance of shares		**14,972,316**		–
Payments for redemption of shares		**(1)**		–
Capital subscriptions		**111,345,000**		–
Capital redemptions		**(16,371,705)**		–
Net cash provided by financing activities		**109,945,610**		**–**
Net change in cash and cash equivalents (including restricted cash)		**43,783,744**		(44,283)
Cash and cash equivalents (including restricted cash), beginning of the year		**31,324**		75,607
Cash and cash equivalents (including restricted cash), end of the year	**US$**	**43,815,068**	**US$**	**31,324**
At 31 December 2019 the amounts included in cash and cash equivalents (including restricted cash) include the following:				
Cash and cash equivalents	US$	**10,731,354**	US$	31,324
Due from brokers		**33,083,714**		–
Total Cash and cash equivalents (including restricted cash)	**US$**	**43,815,068**	**US$**	**31,324**
Supplemental disclosure of cash flow information				
Cash paid during the year for interest	US$	**48**	US$	–

See accompanying notes to the financial statements.

CONDENSED SCHEDULE OF INVESTMENTS

as at 31 December 2019
(Expressed in United States Dollars)

Descriptions	Percentage of Net Assets	Number of Shares		Cost		Fair Value
Investments, at fair value						
Common stocks						
United States						
Healthcare						
Rocket Pharmaceuticals, Inc.	34.19%	3,089,728	US$	8,131,396	US$	70,322,209
Others*	31.88	2,657,907		51,241,547		65,572,787
Total United States	66.07		US$	59,372,943	US$	135,894,996
Canada						
Healthcare	1.80	365,498		3,479,856		3,696,538
Netherlands						
Healthcare	1.60	200,040		2,529,607		3,299,137
France						
Healthcare	0.03	33,973		66,650		57,715
Singapore						
Healthcare	0.22	56,485		453,993		452,727
Total common stocks	**69.72**		**US$**	**65,903,049**	**US$**	**143,401,113**
Convertible preferred stocks						
United States						
Healthcare	10.03	2,615,173		20,500,001		20,634,308
United Kingdom						
Healthcare	2.64	43,015		4,999,999		5,430,243
Total convertible preferred stocks	**12.67**		**US$**	**25,500,000**	**US$**	**26,064,551**
American depository receipts						
Ireland						
Healthcare	0.42	115,706		736,375		873,580
Israel						
Healthcare	0.15	32,181		306,909		313,765
Total American depository receipts	**0.57**		**US$**	**1,043,284**	**US$**	**1,187,345**
Total investment in securities	**82.96%**		**US$**	**92,446,333**	**US$**	**170,653,009**

* No individual investment security or contract constitutes greater than 5 per cent. of net assets.

See accompanying notes to the financial statements.

CONDENSED SCHEDULE OF INVESTMENTS

as at 31 December 2019
(Expressed in United States Dollars)

Descriptions	Percentage of Net Assets			Cost		Fair Value
Derivative contracts, at fair value						
Equity swaps						
United States						
Healthcare	0.33	%		7,210		680,085
British Virgin Islands						
Healthcare	0.17			2,579		355,878
Canada						
Healthcare	0.00			(934)		4,430
Netherlands						
Healthcare	0.14			2,075		286,048
Total derivative contracts, at fair value	**0.64**	**%**	**US$**	**10,930**	**US$**	**1,326,441**

Descriptions	Percentage of Net Assets		Number of shares		Proceeds		Fair Value
Securities sold short, at fair value							
Common Stocks							
United States							
Healthcare	0.10	%	27,190		193,650		202,933
Total securities sold short, at fair value	**0.10**	**%**	**27,190**	**US$**	**193,650**	**US$**	**202,933**

See accompanying notes to the financial statements.

CONDENSED SCHEDULE OF INVESTMENTS

as at 31 December 2018
(Expressed in United States Dollars)

Descriptions	Percentage of Net Assets	Number of Shares		Cost		Fair Value
Investments, at fair value						
Common stock						
United States						
Therapeutics						
Rocket Pharmaceuticals, Inc.	100.00%	4,434,653	US$	11,670,904	US$	65,721,557
Total Investments, at fair value	**100.00%**	**4,434,653**	**US$**	**11,670,904**	**US$**	**65,721,557**

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RTW Venture Fund Limited (formerly known as RTW Special Purpose Fund I, LLC) (the "Company"), is a publicly listed Guernsey non-cellular company limited by shares. It was originally incorporated in the State of Delaware, United States of America, but re-domiciled into Guernsey under the Companies Law on 2 October 2019, and was allocated registration number 66847 on the Guernsey Register of Companies. On 30 October 2019, all of the issued Ordinary Shares of the Company were listed and admitted to trading on the Specialist Fund Segment of the LSE ("SFS") under ticker symbol: RTW.

The Company will seek to use equity capital (from the net proceeds of any share issuance or, where appropriate, from the net proceeds of investment divestments or other related profits) to provide seed and additional growth capital to the private investments. To mitigate cash-drag, the uninvested portion will be invested across public stocks largely replicating the public stock portfolios of the Investment Manager's existing US-based funds. The Company will focus on creating, building, and supporting world-class life sciences, biopharmaceutical and medical technology companies.

Prior to re-domiciliation, RTW Special Purpose Fund I, LLC had been created for the purpose of acquiring securities issued by Rocket Pharmaceuticals, Inc. ("Rocket") which was its sole designated investment. The overall investment objective of RTW Special Purpose Fund I, LLC was to generate attractive returns through its investment in Rocket, a biotechnology company with a pipeline of early stage gene therapy programs that address rare paediatric diseases that cause debilitating conditions, cancer and death. Rocket is attempting to achieve proof of concept and deliver commercially available, first-in-class, curative therapies to devastating, rare diseases.

On 4 January 2018, Rocket completed the reverse merger with Inotek Pharmaceutical, Inc. and became a publicly traded company with ticker RCKT on the NASDAQ national market.

Pursuant to an investment management agreement, the Company is managed by RTW Investments, LP, a Delaware limited partnership (the "Investment Manager"). The Investment Manager is an investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. The Company's investment objective is to generate attractive risk-adjusted returns through investments in securities, both equity and debt, long and short, of companies with a focus on the pharmaceutical sector.

Basis of presentation

The financial statements are expressed in United States dollars. The financial statements present a true and fair view of the financial position, profit or loss and cash flows and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and are in compliance with the Companies (Guernsey) Law, 2008. The Company is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board's ("FASB") Accounting Standards Codification Topic 946, Financial Services – Investment Companies.

The Directors considered that it is appropriate to adopt a going concern basis of accounting in preparing the financial statements. In reaching this assessment, the Directors have considered a wide range of information relating to present and future conditions including the balance sheets, future projections, cash flows and the longer-term strategy of the business.

Cash and cash equivalents (including restricted cash)

Cash represents cash deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost plus accrued interest, which approximates fair value. Cash equivalents are held for the purpose of meeting short-term liquidity requirements, rather than for investments purposes. As at 31 December 2019 and 31 December 2018, the Company had no cash equivalents.

Restricted cash is subject to a legal or contractual restriction by third parties as well as a restriction as to withdrawal or use, including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used. The Company considers cash pledged as collateral for securities sold short, cash collateral posted with counterparties for derivative contracts and further amounts due from brokers to be restricted cash, as outlined in note 3.

Fair Value – Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the 'exit price') in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation techniques. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Fair Value – Definition and Hierarchy continued

Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

Level 2 – Valuations based on inputs, other than quoted prices included in Level 1, that are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Those estimated values do not necessarily represent the amounts that may be ultimately realised due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgement exercised by the Company in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified to a lower level within the fair value hierarchy.

Fair Value – Valuation Techniques and Inputs

Investments in Securities and Securities Sold Short

The Company values investments in securities including exchange traded funds and securities sold short that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their closing sales price as of the valuation date. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Securities traded on inactive markets or valued by reference to similar instruments or where a discount may be applied are categorized in Level 2 or 3 of the fair value hierarchy.

For investments in securities categorized in Level 2 or 3 of the fair value hierarchy, inputs considered in these valuations include; estimated future cash flows, risk-adjusted discount rates, fundamental valuation models, recent comparable transactions, all relevant and known operating and competitive environment information as well as the Independent Valuer's valuation report. Initially these investments are marked at cost, as the most appropriate fair value for newly acquired securities. Following this, valuations for these investments are calculated using an option pricing model that considers both the market approach and income approach to valuing investments in securities.

The market approach utilizes guideline public companies relying on projected revenues to derive an indicated enterprise value. Due to the nature of the investments, being in the early stages of development, the projected revenues in the terminal year of each investment was used as the proxy for stable state revenue. A selected multiple is then applied based on the observed market multiples of the guideline public companies. To reflect the risk associated with the achievement of the projected revenues, the early development stage of each of the investments and the time to reach maturity, the indicated enterprise value in the terminal year was discounted at a venture capital rate.

The income approach utilizes the discounted cash flow method. Projected cash flows for each investment were used to determine the internal rate of return based on an assumed enterprise value. The indicated enterprise value was determined using a back-solve model based on the pricing of the most recent round of financing. The internal rate of return for each investment was compared to the selected venture capital rate applied in the market approach to assess the reasonableness of the indicated value implied by each financing round.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Investments in Securities and Securities Sold Short continued

The derived enterprise value was allocated to the equity class of the most recent round of financing on a fully diluted basis and using an option pricing model. The resulting per share values formed a range of indicated value on a per share basis, which were then multiplied by the number of shares to derive the fair market value of each investment.

American Depository Receipts

The Company values investments in American depositary receipts that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last reported sales price as of the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Equity swaps

Equity swaps may be centrally cleared or traded on the over-the-counter market. The fair value of equity swaps is calculated based on the terms of the contract and current market data, such as changes in fair value of the reference asset. The fair value of equity swaps is generally categorized in Level 2 of the fair value hierarchy.

Fair Value – Valuation Processes

In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-13, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements for fair value measurements. The Company adopted ASU 2018-13 on a retrospective basis as of 1 January 2018. The effect of adopting this accounting guidance resulted in the removal or modification of certain fair value measurement disclosures presented in the Company's financial statements.

The Company establishes valuation processes and procedures to ensure that the valuation techniques are fair and consistent, and valuation inputs are supportable. The Company designates the Investment Manager's Valuation Committee to oversee the entire valuation process of the Company's investments. The Valuation Committee comprises various members of the Investment Manager, including those separate from the Company's portfolio management and trading functions, and reports to the Board. The Valuation Committee is responsible for developing the Company's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

The Investment Manager's Valuation Committee meets on a monthly basis or more frequently, as needed, to determine the valuations of the Company's Level 3 investments. Valuations determined by the Valuation Committee are required to be supported by market data, third-party pricing sources, industry-accepted pricing models, counterparty prices or other methods they deem to be appropriate, including the use of internal proprietary pricing models.

The Company periodically tests its valuations of Level 3 investments by performing back-testing. Back-testing involves the comparison of sales proceeds of those investments to the most recent fair values reported and, if necessary, uses the findings to recalibrate its valuation procedures.

On a regular basis, the Company engages the services of a third-party valuation firm to perform an independent review of the valuation of the Company's Level 3 investments and may adjust its valuations based on the recommendations from the Investment Manager's Valuation Committee.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the year-end exchange rates. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into United States dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

The Company does not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Such fluctuations are included in net realised and change in unrealised gain on securities investments, derivatives and foreign currency transactions in the statement of operations.

Reported net realised gain (loss) from foreign currency transactions arise from sales of foreign currencies; currency gains or losses realised between the trade and settlement dates on securities transactions; and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Company's books and the U.S. dollar equivalent of the amounts actually received or paid.

Net change in unrealised appreciation on translation of assets and liabilities in foreign currencies arises from changes in the fair values of assets and liabilities, other than investments in securities at the end of the period, resulting from changes in exchanges rates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Investment Transactions and Related Investment Income

Investment transactions are accounted for on a trade date basis. Realised gains and losses on investment transactions are determined using cost calculated on first in, first out basis. Dividends are recorded on the ex-dividend date and interest is recognized on the accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Company's understanding of the applicable country's rules and rates.

Offsetting of Amounts Related to Certain Contracts

Amounts due from and to brokers are presented on a net basis, by counterparty, to the extent the Company has the legal right to offset the recognized amounts and intends to settle on a net basis.

The Company has elected not to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At 31 December 2019, the Company had cash collateral receivables of US$1.9 million with derivative counterparties under the same master netting arrangement.

Income Taxes

The Company is exempt from taxation in Guernsey and is charged an annual exemption fee of £1,200. The Company will only be liable to tax in Guernsey in respect of income arising or accruing from a Guernsey source, other than from a relevant bank deposit. It is not anticipated that such Guernsey source taxable income will arise.

The Company is managed so as not to be resident in the UK for UK tax purposes and as a foreign limited partnership for US tax purposes and provides full tax reporting for its US shareholders.

The Company recognises tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by a tax authority based on the technical merits of the position. In evaluating whether a tax position has met the recognition threshold, the Company must presume the position will be examined by the appropriate taxing authority and that taxing authority has full knowledge of all relevant information. A tax position meeting the more likely than not recognition threshold is measured to determine the amount of benefit to recognise in the Company's financial statements. Income tax and related interest and penalties would be recognised as tax expense in the statement of operations if the tax position was deemed to meet the more likely than not threshold.

The Investment Manager has analysed the Company's tax positions and has concluded no liability for unrecognised tax benefits should be recorded related to uncertain tax positions. Further, management is not aware of any tax positions for which it is reasonably possible the total amounts of unrecognised tax benefits will significantly change in the next twelve months.

Prior to re-domiciliation the Company did not record a provision for US federal, state, or local income taxes because the participating members reported their share of the Company's income or loss on their income tax returns. The Company filed an income tax return in the US federal jurisdiction, and may have filed income tax returns in various US states and foreign jurisdictions. Generally, the Company was subject to income tax examinations by major taxing authorities for the tax period since inception. Based on its analysis, the Company determined that it had not incurred any liability for unrecognized tax benefits as of 31 December 2018 or 31 December 2019.

Use of Estimates

Preparing financial statements in accordance with US GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, including the fair value of investments, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) -- Restricted Cash, which requires the statement of cash flows to explain the change during the period in the total of cash and amounts generally described as restricted cash. Therefore, amounts generally described as restricted cash should be included with cash when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted ASU 2016-18 on a retrospective basis as of 1 January 2019. The effects of adopting this accounting guidance resulted in the reclassification of restricted cash on the statement of cash flows and the addition of disclosures regarding the nature of the restrictions on restricted cash.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

2. FAIR VALUE MEASUREMENTS

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in Note 1.

The following table presents information about the Company's assets and liabilities measured at fair value as of 31 December 2019:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Assets (at fair value)				
Investments in securities				
Common stocks	139,525,895	3,875,218	–	143,401,113
Convertible preferred stocks	–	–	26,064,551	26,064,551
American depository receipts	1,187,345	–	–	1,187,345
Total Investments in securities	140,713,240	3,875,218	26,064,551	170,653,009
Derivative contracts				
Equity Swaps	–	1,326,441	–	1,326,441
Total Derivative contracts	–	1,326,441	–	1,326,441
	140,713,240	5,201,659	26,064,551	171,979,450
Liabilities (at fair value)				
Securities sold short				
Common stocks	202,933	–	–	202,933
Total securities sold short	202,933	–	–	202,933
	202,933	–	–	202,933

The following table presents information about the Company's assets and liabilities measured at fair value as of 31 December 2018:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Assets (at fair value)				
Investments in securities				
Common stocks	65,721,557	–	–	65,721,557
Total Investments in securities	65,721,557	–	–	65,721,557

Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurements in their entirety. See Note 1 for additional information related to the fair value hierarchy and valuation techniques and inputs. For the year ended 31 December 2019, the Company had transfers into Level 2 of US$3.9 million from Level 3 due to conversion into publicly traded common stocks subject to an unexpired 6 month lock-up as at 31 December. There were no transfers between Levels 1 and 2.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

2. FAIR VALUE MEASUREMENTS continued

The following table summarises the valuation techniques and significant unobservable inputs used for the Company's investments that are categorised within Level 3 of the fair value hierarchy as of 31 December 2019:

	Fair value at 31 December 2019 Expressed in United States Dollars US$	Valuation Techniques	Unobservable Inputs	Range of Inputs
Assets (at fair value)				
Investments in securities				
Convertible preferred stocks	26,064,551	Recent transactions, income approach – discounted cash flows	Purchase price	1x
			WACC	24%-32%
			Exit revenue multiple	4x

The following table presents additional information about Level 3 assets and liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 category. As a result, the unrealised gains and losses for assets and liabilities within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets and liabilities measured at fair value for the year ended 31 December 2019 were as follows:

	Balance Beginning 1 January 2019 US$	Realised Gains (Losses) US$	Unrealised Gains (Losses) US$	Purchases US$	Sales US$	Transfers into (from) Level 3 US$	Ending Balance 31 December 2019 US$
Assets (at fair value)							
Investment in securities							
Convertible preferred stocks	–	–	564,551	27,999,999	–	(2,499,999)	26,064,551
Total Investment in securities	**–**	**–**	**564,551**	**27,999,999**	**–**	**(2,499,999)**	**26,064,551**

Changes in Level 3 assets and liabilities measured at fair value for the year ended 31 December 2018 were as follows:

	Beginning Balance 1 January 2018 US$	Realised Gains (Losses) US$	Unrealised Gains (Losses) US$	Purchases US$	Sales US$	Transfers into (from) Level 3* US$	Ending Balance 31 December 2018 US$
Assets (at fair value)							
Investment in securities							
Convertible preferred stocks	37,728,745	–	–	–	–	(37,728,745)	–
Total Investment in securities	**37,728,745**	**–**	**–**	**–**	**–**	**(37,728,745)**	**–**

* Conversions of preferred stock into common stock.

(a) Realised and unrealised gains and losses are included in net realised and change in unrealised gain (loss) on investments, derivatives and foreign currency transactions in the statement of operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

2. FAIR VALUE MEASUREMENTS continued

Total realised gains and losses and unrealised gains and losses in the Company's investment in securities, derivative contracts and securities sold short are made up of the following gain and loss elements:

	2019 US$	2018 US$
Realised gains	**14,973,801**	–
Realised losses	**(412,575)**	–
Net realised gain on securities	**14,561,226**	–

	2019 US$	2018 US$
Unrealised gains	**26,313,452**	27,992,812
Unrealised losses	**(858,954)**	–
Net unrealised gain on securities, derivative contracts and securities sold short	**25,454,498**	27,992,812

3. DUE TO/FROM BROKERS

Due to/from brokers includes cash balances held with brokers, receivables and payables from unsettled trades and collateral on derivative transactions. Amounts due from brokers may be restricted to the extent that they serve as deposits for securities sold short or cash posted as collateral for derivative contracts.

At 31 December 2019, amounts included within due from brokers of US$31,190,294 can be used for investment, net of unsettled trades. The Company pledged collateral to counterparties to over-the-counter derivative contracts of US$1,893,420 which is included in due from brokers. At 31 December 2019, due to brokers includes payables of US$532,702 related to unsettled trades.

In the normal course of business, substantially all of the Company's securities transactions, money balances, and security positions are transacted with the Company's prime brokers, Goldman, Sachs & Co. and Cowen Financial Products, LLC. The Company is subject to credit risk to the extent any broker with which it conducts business is unable to fulfil contractual obligations on its behalf. The Company's management monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

4. DERIVATIVE CONTRACTS

In the normal course of business, the Company utilizes derivative contracts in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The Company's derivative activities and exposure to derivative contracts are classified by the primary underlying risk, equity price risk and foreign currency exchange rate risk. In addition to its primary underlying risk, the Company is also subject to additional counterparty risk due to the inability of its counterparties to meet the terms of their contracts.

Equity swap contracts

The Company is subject to equity price risk in the normal course of pursuing its investment objectives. The Company may enter into equity swap contracts either to manage its exposure to the market or certain sectors of the market, or to create exposure to certain equities to which it is otherwise not exposed.

Equity swap contracts involve the exchange by the Company and a counterparty of their respective commitments to pay or receive a net amount based on the change in the fair value of a particular security or index and a specified notional amount.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

4. DERIVATIVE CONTRACTS continued

Volume of Derivative Activities

The Company considers the average month-end notional amounts during the year, categorized by primary underlying risk, to be representative of the volume of its derivative activities during the year ended 31 December 2019:

(notional amounts in thousands)

Primary underlying risk	Long exposure Notional amounts
Equity price	
Equity swaps	3,449
	3,449

Impact of Derivatives on the Statement of Assets and Liabilities and Statement of Operations

The following table identifies the fair value amounts of derivative instruments included in the statement of assets and liabilities as derivative contracts, categorized by primary underlying risk, at 31 December 2019. The following table also identifies the gain and loss amounts included in the statement of operations as net realised gain on derivative contracts and net change in unrealised appreciation or depreciation on derivative contracts, categorized by primary underlying risk, for the year ended 31 December 2019.

(in thousands)

Primary underlying risk	Derivative assets	Derivative liabilities	Realised gain (loss)	Change in unrealised gain (loss)
Equity price				
Equity swaps	1,326	–	–	1,316
	1,326	–	–	1,316

5. SECURITIES LENDING AGREEMENTS

The Company has entered into securities lending agreements with its prime brokers. From time to time, the prime brokers lend securities on the Company's behalf. As of 31 December 2019, no securities were loaned and no collateral was received.

6. OFFSETTING ASSETS AND LIABILITIES

The Company is required to disclose the impact of offsetting assets and liabilities represented in the statement of assets and liabilities to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the Company to another party are determinable, the Company has the right to offset the amounts owed with the amounts owed by the other party, the Company intends to offset and the Company's right of setoff are enforceable at law.

As of 31 December 2019, the Company held financial instruments and derivative instruments that were eligible for offset in the statement of assets and liabilities and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net applicable collateral held on behalf of the Company against applicable liabilities or payment obligations of the Company to the counterparty. These arrangements also allow the counterparty to net any of its applicable liabilities or payment obligations they have to the Company against any collateral sent to the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

6. OFFSETTING ASSETS AND LIABILITIES continued

As discussed in Note 1, the Company has elected not to offset assets and liabilities in the statement of assets and liabilities. The following table provides disclosure regarding the potential effect of offsetting of recognized assets presented in the statement of assets and liabilities had the Company elected to offset:

(in thousands)		Gross amounts not offset in the statement of assets and liabilities		
Description	**Gross amounts of recognised assets presented in the statement of assets and liabilities**	**Financial instruments**	**Cash Collateral received**	**Net amount**
Equity swaps				
Cowen Financial Products, LLC	1,326	–	–	1,326
	1,326	–	–	1,326

The following table provides disclosure regarding the potential effect of offsetting of recognized liabilities presented in the statement of assets and liabilities had the Company elected to offset:

(in thousands)		Gross amounts not offset in the statement of assets and liabilities		
Description	**Gross amounts of recognised liabilities presented in the statement of assets and liabilities**	**Financial instruments**	**Cash Collateral pledged**	**Net amount**
Equity swaps				
Cowen Financial Products, LLC	–	–	–	–
	–	–	–	–

7. SECURITIES SOLD SHORT

The Company is subject to certain inherent risks arising from its investing activities of selling securities short. The ultimate cost to the Company to acquire these securities may exceed the liability reflected in these financial statements.

8. RISK FACTORS

Some underlying investments may be deemed to be a highly speculative investment and are not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment in the Company and who have a limited need for liquidity in their investment. The following risks should be carefully evaluated before making an investment in the Company:

Market risk

Certain events particular to each market in which Portfolio Companies conduct operations, as well as general economic and political conditions, may have a significant negative impact on the operations and profitability of the Company's investments and/or on the fair value of the Company's investments. Such events are beyond the Company's control, and the likelihood they may occur and the effect on the Company cannot be predicted. The Company intends to mitigate market risk generally by investing in LifeSci Companies in various geographies.

Portfolio Company products are subject to regulatory approvals and actions with new drugs, medical devices and procedures being subject to extensive regulatory scrutiny before approval, and approvals can be revoked.

The market value of the Company's holdings in public Portfolio Companies could be affected by a number of factors, including, but not limited to; a change in sentiment in the market regarding the public Portfolio Companies, the market's appetite for specific asset classes, and the financial or operational performance of the public Portfolio Companies.

The size of investments in public Portfolio Companies or involvement in management may trigger restrictions on buying or selling securities. Laws and regulations relating to takeovers and inside information may restrict the ability of the Company to carry out transactions, or there may be delays or disclosure requirements before transactions can be completed.

Equity prices and returns from investing in equity markets are sensitive to various factors, including but not limited to; expectations of future dividends and profits, economic growth, exchange rates, interest rates, and inflation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
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8. RISK FACTORS continued

Biotech/healthcare companies

A number of the Portfolio Companies are biotechnology companies. Biotech companies are generally subject to greater governmental regulation than other industries at both the state and federal levels. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services.

Any failure by a Portfolio Company to develop new technologies or to accurately evaluate the technical or commercial prospects of new technologies could result in it failing to achieve a growth in value and this could have a material adverse effect on the Company's financial condition.

Portfolio Companies may not successfully translate promising scientific theory into a commercially viable business opportunity. Further, the Portfolio Companies therapy in development may fail clinical trials and therefore no longer be viable.

Portfolio Company products are subject to intense competition and there are many factors that will affect whether the new therapies released by the Portfolio Companies gain market share against competitors and existing therapies.

Portfolio Companies may be newer small and mid-size LifeSci Companies. These companies may be more volatile and have less experience and fewer resources than more established companies.

Concentration risk

The Company may not make an investment or a series of investments in a Portfolio Company that result in the Company's aggregate investment in such Portfolio Company exceeding 15 per cent. of the Company's gross assets, save for Rocket for which the limit will be 30 per cent. as stated in the Company's prospectus. Each of these investment restrictions will be calculated as at the time of investment. As such, it is possible that the Company's portfolio may be concentrated at any given point in time, potentially with more than 15 per cent. of gross assets held in one Portfolio Company as Portfolio Companies increase or decrease in value following such initial investment. The Company's portfolio of investments may also lack diversification among LifeSci Companies and related investments.

Concentration of credit risk

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed US federal or UK insured limits, as applicable. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfil contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

Counterparty risk

The Company invests in equity swaps and takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty, the risk of settlement default, and generally, the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

In an effort to mitigate such risks, the Company will attempt to limit its transactions to counterparties which are established, well capitalised and creditworthy.

Liquidity risk

Derivative transactions may not be liquid in all circumstances, such that in volatile markets it may not be possible to close out a position without incurring a loss. The illiquidity of the derivatives markets may be due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures.

Investments in private Portfolio Companies will not be liquid and the exit strategy for investments in private Portfolio Companies will not necessarily be clear at the time of investment.

Foreign exchange risk

The Company will make investments in various jurisdictions in a number of currencies and will be exposed to the risk of currency fluctuations that may materially adversely affect, amongst other things, the value of the Portfolio Company or the Company's investment in such Portfolio Company, or any distributions received from the Portfolio Company. Under its investment policy, the Company does not intend to enter into any securities or financially engineered products designed to hedge portfolio exposure or mitigate portfolio risk as a core part of its investment strategy.

NOTES TO THE FINANCIAL STATEMENTS

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9. SHARE CAPITAL

Prior to re-domiciliation into Guernsey on 2 October 2019, while still a limited liability company, the minimum capital contribution by an investor in the Company was $100,000, although RTW Fund Group GP, LLC as Managing Member could have, in its sole discretion, accepted smaller capital contributions with respect to any non-managing member. Prior to July 2019, the minimum capital contribution by an investor was $1 million. Voluntary withdrawals from Non-Managing Members were not permitted until the end of the Term, unless the Managing Member was able to facilitate a transfer to a third party investor, another existing Non-Managing Member, or the Managing Member itself or any of its affiliates.

The initial closing for the sale of membership interests in the Company occurred on or about 17 February 2017. RTW Fund Group GP, LLC as Managing Member extended the offering period and held one or more subsequent closings until the final closing on 1 September 2019.

Upon re-domiciliation, the Company had 147,144,094 Ordinary Shares in issue. On 30 October 2019, the Company also issued 14,400,601 Ordinary Shares in connection with the IPO.

Ordinary Shares carry the right to receive all income of the Company attributable to the Ordinary Shares and to participate in any distribution of such income made by the Company. Such income shall be divided pari passu among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

Ordinary Shares shall carry the right to receive notice of and attend and vote at any general meeting of the Company, and at any such meeting on a show of hands, every holder of Ordinary Shares present in person (includes present by attorney or by proxy or, in the case of a corporate member, by duly authorised corporate representative) and entitled to vote shall have one vote, and on a poll, subject to any special voting powers or restrictions, every holder of Ordinary Shares present in person or by proxy shall be entitled to one vote for each Ordinary Share, or fraction of an Ordinary Share, held.

The Performance Allocation Share Class Fund was created to which the Performance Allocation Amount will be allocated. All Performance Allocation Shares are held by RTW Venture Performance, LLC.

Performance Allocation Shares shall carry the right to receive, and participate in, any dividends or other distributions of the Company available for dividend or distribution. Performance Allocation Shares shall not be entitled to receive notice of, to attend or to vote at general meetings of the Company.

Management Shares shall not be entitled to receive, and participate in, any dividends or other distributions of the Company available for dividend or distribution. Management Shares shall be entitled to receive notice of, to attend or to vote at general meetings of the Company. Upon admission the Management shares of the Company were compulsorily redeemed by the Directors for nil consideration.

10. RELATED PARTY TRANSACTIONS

The Company considers the Investment Manager, its principal owners, members of management, and members of their immediate families, as well as entities under common control, to be related parties. Amounts due from and due to related parties are generally settled in the normal course of business without formal payment terms.

Management Fee

Prior to 1 August 2019, the Investment Manager was entitled to receive from the Company a quarterly management fee, in advance, as of the beginning of each quarter in an amount equal to 0.5% (i.e. 2.0% per annum) of each non-managing member's capital account. None of the investors for the period from 1 January 2019 through 1 October 2019 was subject to Management Fees under side letter agreements.

In preparation for the IPO, effective from 1 August 2019, no management or performance fees were charged until after the IPO.

Following the IPO, the Investment Manager receives a monthly management fee, in advance, as of the beginning of each month in an amount equal to 0.104% (1.25% per annum) of the net assets of the Company (the "Management Fee"). For purposes of determining the Management Fee, private investments will be valued at the fair value. The Management Fee will be prorated for any period that is less than a full month. The Investment Management Fees charged for the year amounted to US$368,611 (2018: US$nil) of which US$198,794 (2018: US$nil) was outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in United States Dollars)

10. RELATED PARTY TRANSACTIONS continued

Performance Allocation

Following the IPO, the Articles provide that in respect of each Performance Allocation Period, the Performance Allocation Amount shall be allocated to the Performance Allocation Share Class Fund, subject to the satisfaction of a hurdle condition.

The Performance Allocation Amount relating to the Performance Allocation Period shall be an amount equal to:

((A-B) x C) x 20 per cent.

where:

A is the Adjusted Net Asset Value per Ordinary Share on the Calculation Date, adjusted by:

adding back (i) the total net Distributions (if any) per Ordinary Share (whether paid, or declared but not yet paid) during the Performance Allocation Period; and (ii) any accrual for the Performance Allocation for the current Performance Allocation Period reflected in the Net Asset Value per Ordinary Share; and deducting any accretion in the Net Asset Value per Ordinary Share resulting from either the issuance of Ordinary Shares at a premium or the repurchase or redemption of Ordinary Shares at a discount during the Performance Allocation Period;

B is the Adjusted Net Asset Value per Ordinary Share at the start of the Performance Allocation Period; and

C is the time weighted average number of Ordinary Shares in issue during the Performance Allocation Period.

The Hurdle Amount shall represent an 8 per cent. annualised compounded rate of return in respect of the Adjusted Net Asset Value per Ordinary Share from the start of the initial Performance Allocation Period through the then current Performance Allocation Period.

The Performance Allocation Share Class Fund can elect to receive the Performance Allocation Amount in Ordinary Shares; cash; or a mixture of the two, subject to a minimum 50% as Ordinary Shares. Following the year end, the Performance Allocation Share Class Fund entered into a letter agreement pursuant to which the Performance Allocation Share Class Fund agreed to defer distributions of the Company's Ordinary Shares (see Note 13).

The Investment Manager is a member of the Performance Allocation Share Class Fund, and will therefore receive a proportion of the Performance Allocation Amount. At the year end the Performance Allocation was US$8.7 million (31 December 2018: US$nil).

Non-managing members that made a capital contribution prior to 1 September 2019 are deemed founding members and are entitled to a one-time rebate of 50% of any Performance Allocation paid to the Performance Allocation Share Class Fund until they achieve a 25% net return on their initial investment.

The Investment Manager is also refunded any research costs incurred on behalf of the Company.

One of the directors of the Company is a member of the Investment Manager, Stephanie Sirota, who is a principal and Chief Business Officer. During the year ended 31 December 2019, two members of the Investment Manager served on the board of directors of Rocket and one member served on the board of directors of Avidity and Landos, investments of the Company. As of 31 December 2019, the fair value of such investments held by the Company was US$70.3 million, US$5.0 million and US$5.1 million in Rocket, Avidity and Landos, respectively.

While still a limited liability company, the Company had a series of private funding rounds and made investments in six portfolio companies ("Seed Assets"). Prior to re-domiciliation the NAV of the Company was US$147.1 million of which US$56.2 million represented the Seed Assets. The valuations of the Seed Assets were performed in line with the Company's valuation policies. Upon re-domiciliation the members' interests were converted into 147,144,094 Ordinary Shares, one Management Share and one Performance Allocation Share. The Management Share was redeemed upon initial admission to trading on the SFS. The Directors engaged the Independent Valuer to produce a valuation report on the Seed Assets and this report was approved following discussions in the Board Meeting of 27 September 2019.

On 1 August 2019, investors from RTW Special Purpose Fund I, LLC ("RTW Special Purpose Fund I") who did not consent to the re-domiciliation of RTW Special Purpose Fund I from Delaware to Guernsey withdrew (in whole or in part) from RTW Special Purpose Fund I and accepted relevant distributions in consideration thereof, through the issuance of membership interests in RTW Special Purpose Fund II, LLC ("RTW Special Purpose Fund II") to such investors equal to their respective pro rata, indirect, in-kind ownership stake in the assets, rights and liabilities in RTW Special Purpose Fund I. Such investors provided non-managing members' representations and warranties in connection with their investment in RTW Special Purpose Fund I. As a result of such issuance, US$16,381,186 of securities in Rocket Pharmaceuticals, Inc. were transferred in-kind to RTW Special Purpose Fund II on 12 August 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

10. RELATED PARTY TRANSACTIONS continued

As at 31 December 2019, the number of Ordinary Shares held by each Director is as follows:

	2019 Number of Ordinary Shares	2018 Number of Ordinary Shares
William Simpson	**–**	n/a
Paul Le page	**–**	n/a
William Scott	**50,000**	n/a
Stephanie Sirota	**494,004**	n/a

Roderick Wong is a major shareholder and also a member of the Investment Manager, at year end he held 24,814,619 Ordinary Shares in the Company.

The total Directors' fees expense for the period amounted to US$33,140 (2018: US$nil) of which US$33,140 was outstanding at 31 December 2019 (2018: US$nil).

11. ADMINISTRATIVE SERVICES

NAV Consulting, Inc. served as the Company's administrator until the company re-domiciled to Guernsey on 2 October 2019. Effective from this date, Ocorian Administration (Guernsey) Limited (formerly Estera International Fund Managers (Guernsey) Limited) ("OAG") was appointed as Administrator to the Company taking over the administration, corporate secretarial, corporate governance and compliance services from NAV Consulting, Inc.

During the period from 2 October 2019 to 31 December 2019, OAG charged administration fees of US$58,381 of which US$29,439 was outstanding at year end, and NAV consulting, Inc. charged administration fees of US$12,008 for the period from 1 January 2019 to 1 October 2019 (31 December 2018: US$12,000) none of which was outstanding at the year end (31 December 2018: US$3,000).

12. FINANCIAL HIGHLIGHTS

Financial highlights for the year ended 31 December 2019 and for the period following re-domiciliation into Guernsey on 2 October 2019 are as follows:

Per Ordinary Share operating performance	
Net Asset Value, beginning of year	US$ –
Transfer of shares	0.91
Issuance of shares	0.09
Income from investments	
Net investment loss	(0.01)
Net realised and change in unrealised appreciation on investments, derivatives and foreign currency transactions	0.28
Total from investment operations	0.27
Net Asset Value, end of year	US$ 1.27
Total return	
Total return before Performance Allocation	45.84%
Performance Allocation	(5.91)%
Total return after Performance Allocation	39.92%
Ratios to average net assets	
Expenses	0.56 %
Performance Allocation	4.78 %
Net investment loss	(0.51)%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in United States Dollars)

12. FINANCIAL HIGHLIGHTS continued

Financial highlights are calculated for Ordinary Shares. An individual shareholder's financial highlights may vary based on participation in new issues, different Performance Allocation arrangements, and the timing of capital share transactions. Total return has not been annualised. Net investment loss does not reflect the effects of the Performance Allocation.

IRR from inception through 1 October 2019 was 67.93%.

Financial highlights for the year ended 31 December 2018 are as follows:

Internal rate of return, since inception:	
Beginning of year	328.39%
End of year	159.76%

Ratio to average non managing members equity:	
Expenses	0.09%
Net investment loss	(0.09)%

The IRR is calculated for the non-managing members class taken as a whole computed based on the members' cash inflows (capital contributions), cash outflows (withdrawals) and the ending members' capital at the end of the reporting period (residual value) of the members' capital account as of 31 December 2018.

Financial highlights are calculated for non-managing members' class taken as a whole. An individual member's return and ratios may vary based on the timing of capital transactions.

13. SUBSEQUENT EVENTS

Following year end, the Company through several share issuances, issued additional Ordinary Shares raising US$16.8 million net of expenses, with the issued share capital as at 2 March 2020 now 173,969,428 Ordinary Shares.

Post year end William Simpson acquired 43,000 Ordinary Shares and Paul Le Page acquired 3,000 Ordinary Shares.

The Company has formed and provided seed capital to Ji Xing, a Shanghai-based company focused on acquiring licensing rights to innovative therapies developed in the West for distribution to the Chinese market. As stated in the prospectus, the Company will participate in a Series A financing together with the Investment Manager's other funds in near to medium term. Roderick Wong, M.D, is a Board Director at Ji Xing Pharmaceuticals.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in US and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the US and international economies and, as such, the Company finds it difficult to determine whether it will have a material impact to its operations. Thus far, there have been no changes to the fundamentals of the underlying portfolio assets, nor any expected supply chain disruptions given the nature of the early stage of the science. The Company will continue its work and now more than ever is determined to be a reliable source of capital to LifeSci, biopharmaceutical and medical technology companies.

In April 2020, the Company and RTW Venture Performance, LLC, the holder of the Performance Allocation Shares, entered into a letter agreement pursuant to which the Performance Allocation Share Class Fund agreed to defer distributions of the Company's Ordinary Shares that would otherwise be distributable to the Performance Allocation Share Class Fund. Under the letter agreement, such Ordinary Shares shall be distributable to the Performance Allocation Share Class Fund at such time or times as determined by the Board of Directors of the Company.

Until the Company makes a distribution of Ordinary Shares to the Performance Allocation Share Class Fund, the Company will have an unsecured discretionary obligation to make such distribution at such time or times as the Board of Directors of the Company determines. RTW Venture Performance, LLC has agreed to the deferral of the distributions of the Company's Ordinary Shares in connection with its own tax planning. The Company does not believe that the deferral of such distributions to the Performance Allocation Share Class Fund will have any negative effects on holders of the Company's Ordinary Shares.

These financial statements were approved by management and available for issuance on 21 April 2020. Subsequent events have been evaluated through this date.

GLOSSARY (UNAUDITED)

Defined Terms

A

"Administrator" or **"Ocorian"** or **"OAG"** / means Ocorian Administration (Guernsey) Limited (formerly known as Estera International Fund Managers (Guernsey) Limited);

"AIC" / the Association of Investment Companies;

"AIC Code" / the AIC Code of Corporate Governance dated February 2019;

"AIFM" / means Alternative Investment Fund Manager;

"AIFMD" / the Alternative Investment Fund Managers Directive;

"Annual General Meeting" or **"AGM"** / the annual general meeting of the shareholders of the Company;

"Annual Report" / the Annual Report and Audited Financial Statements;

"Antibody" / a large Y-shaped blood protein that can stick to the surface of a virus, bacteria or receptor on a cell;

"Antibody-Oligonucleotide Conjugates" or **"AOC"** / molecules that combine structures of an antibody and an oligo;

"Autoimmune diseases" / conditions, where the immune system mistakenly attacks a body tissue;

"Avidity" / Avidity Biosciences, Inc.;

B

"Beta Bionics" / Beta Bionics, Inc.;

C

"Cardiovascular disease" / conditions affecting heart and vascular system;

"CD18 protein" / a protein that helps white blood cells adhere;

"Clinical stage" or **"clinical trial"** / a therapy in development goes through a number of clinical trials to ensure its safety and efficacy. The trials in human subjects range from Phase 1 to Phase 3. All studies done prior to clinical testing in human subjects are considered preclinical;

"Companies Law" / the Companies (Guernsey) Law, 2008 (as amended);

"Company" or **"RTW Venture Fund Limited"** / RTW Venture Fund Limited is a company incorporated in and controlled from Guernsey as a close-ended Investment Company. The Company has an unlimited life and is registered with the GFSC as a Registered Closed-ended Collective Investment Scheme. The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY;

"Company's Articles" / means the Company's Articles of Incorporation;

"Corporate Brokers" / being Barclays and J.P. Morgan Cazenove;

"Crohn's Disease" / a condition, in which a part(s) of digestive tract is inflamed;

"Cutaneous melanoma" / a type of skin cancer;

D

"Danon Disease" / a rare genetic heart condition in children, predominantly boys;

"Directors" or **"Board"** / the directors of the Company as at the date of this document and "Director" means any one of them;

"DTR" / Disclosure Guidance and Transparency Rules of the UK's FCA;

E

"EU" or **"European Union"** / the European Union first established by the treaty made at Maastricht on 7 February 1992;

F

"Fanconi Anemia" / a rare genetic blood condition in young children;

"FATCA" / the Foreign Account Tax Compliance Act;

"FCA" / the Financial Conduct Authority;

"FCA Rules" / the rules or regulations issued or promulgated by the FCA from time to time and for the time being in force (as varied by any waiver or modification granted, or guidance given, by the FCA);

"FDA" / the US Food and Drug Administration;

"FDA Breakthrough Device Designation" / a process designed to facilitate the development and expedite the review of the device that provides a more effective treatment or diagnosis of life-threatening or irreversibly debilitating human disease or conditions;

"FDA Breakthrough Drug Designation" / a process designed to expedite the development and review of drugs which may demonstrate substantial improvement over available therapy;

"FDA Fast Track designation" / a process designed to facilitate the development and expedite the review of drugs to treat serious conditions and fill an unmet medical need;

"FRC" / the Financial Reporting Council;

"Frequency" / Frequency Therapeutics, Inc.;

G

"Gene therapy" / a biotechnology that uses gene delivery systems to treat or prevent a disease;

"Genetic Medicine" / an approach to treat or prevent a disease using gene therapy or RNA medicines;

"GFSC" / the Guernsey Financial Services Commission;

"GFSC Code" / the GFSC Finance Sector Code of Corporate Governance as amended February 2016;

I

"ImmTAC®" / bi-specific biologic molecules designed to fight cancer or viral infections;

"Immunocore" / Immunocore Limited;

"Independent Valuer" / Alvarez & Marsal Valuation Services, LLC;

"Infantile Malignant Osteoporosis" or **"IMO"** / a rare genetic bone disease in young children, manifesting in an increased bone density;

"Interim Report" / the Interim Financial Report;

"IPO" / an initial public offering;

"IRR" / internal rate of return;

L

"Landos" / Landos Biopharma, Inc.;

"Latest Practicable Date" / 31 December 2019, being the latest practicable date for valuing an asset for inclusion in this report;

"Lentiviral vector" or **"LVV"** / based gene therapy – a type of viral vector used to deliver a gene;

"Leukocyte adhesion deficiency" or **"LAD-I"** / a rare genetic disorder of immunodeficiency in young children;

"LifeSci Companies" / companies operating in the life sciences, biopharmaceutical, or medical technology industries;

"Listing Rules" / the listing rules made under section 73A of the Financial Services and Markets Act 2000 (as set out in the FCA Handbook), as amended;

"London Stock Exchange" / London Stock Exchange plc;

"LSE" / London Stock Exchange's main market for listed securities;

M

"MAGE-A4" / a protein expressed on certain types of tumours;

"Medtech" / medical technology sector within healthcare;

"MOC" / Multiple on capital is the ratio of realised and unrealised gains divided by the acquisition cost of an investment;

"Multiple sclerosis" / a condition, in which the immune system attacks the protective sheath (myelin) that covers nerve fibres and causes miscommunication between the brain and the body;

"Myotonic Dystrophy" / a genetic condition that affect muscle function;

N

"NASDAQ Biotech" / a stock market index made up of securities of NASDAQ-listed companies classified according to the Industry Classification Benchmark as either the Biotechnology or the Pharmaceutical industry;

"Net Asset Value" or **"NAV"** / the value of the assets of the Company less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board;

"NewCo" / a new company;

O

"Official List" / the official list of the UK Listing Authority;

"Oligonucleotides" or **"Oligos"** / a short DNA or RNA molecules that have a wide range of applications in genetic testing and research;

"Oncology" / a therapeutic area focused on diagnosis, prevention and treatment of cancer;

"Orchestra BioMed" / Orchestra BioMed, Inc.:

"Ordinary Shares" / the Ordinary Shares of the Company;

GLOSSARY (UNAUDITED)

P

"Performance Allocation Amount" / an allocation connected with the performance of the Company to be allocated to the Performance Allocation Share Class Fund in such amounts and as such times as shall be determined by the Board;

"Performance Allocation Period" / the First Performance Allocation Period and/or a subsequent Performance Allocation Period, as the context so requires;

"Performance Allocation Share Class Fund" / a class fund for the Performance Allocation Shares to which the Performance Allocation will be allocated;

"Performance Allocation Shares" / performance allocation shares of no par value in the capital of the Company;

"Pilot study" / a small scale study;

"POI Law" / The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended;

"Portfolio Companies" / private and public companies included into the portfolio;

"PRIority MEdicines" or **"PRIME"** / to be accepted for PRIME, a medicine has to show its potential to benefit patients with unmet medical needs based on early clinical data;

"Prospectus" / the prospectus of the Company, most recently updated on 14 October 2019 and available on the Company's website (www.rtwfunds.com/venture-fund);

"Pulmonary conditions" / conditions that affect lungs;

"Pyruvate Kinase Deficiency" or **"PKU"** / a rare genetic disorder affecting red blood cells;

R

"Rare disease" / a disease that affects a small percentage of the population;

"Registrar" / Link Market Services (Guernsey) Limited;

"RNA medicines" / a type of biotechnology that uses RNA to treat a disease;

"Rocket Pharmaceuticals" or **"Rocket"** / Rocket Pharmaceuticals, Inc.;

"Russell 2000 Biotech" / a stock index of small cap biotechnology and pharmaceutical companies;

S

"Seed Assets" / the initial portfolio of the Company, consisting of: Beta Bionics, Frequency, Immunocore, Landos, Orchestra BioMed and Rocket;

"SFS" / Specialist Fund Segment of the London Stock Exchange;

"Small molecule" / a compound that can regulate a biologic activity;

"Sensorineural hearing loss" / a type of hearing loss caused by damage to the inner ear;

"SPAC" / Special Purpose Acquisition Company;

"Spec pharma" / a pharmaceutical company focused on specialty therapies;

T

"Temporary Public Investments" / Investments made in public companies as a part of cash management strategy;

"Type 1 Diabetes" or **"TD1"** / a type of insulin resistance;

"Total shareholder return" / a measure of shareholders' investment in a company with reference to movements in share price and dividends paid over time;

U

"UK" / United Kingdom;

"UK Code" / the UK Corporate Governance Code 2018 published by the Financial Reporting Council in July 2018;

"Ulcerative Colitis" / an inflammatory bowel disease that causes sores in the digestive tract;

"US" / the United States of America;

"US GAAP" / US Generally Accepted Accounting Principles;

"Uveal melanoma" / a type of cancer in the eye;

X

"XIRR" / An internal rate of return calculated using irregular time intervals.

ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)

APM	Definition	Purpose	Calculation
Capital pool	Cash held by the Company's Bankers, Prime Broker and an ISDA counterparty.	A measure of the Company's liquidity, working capital and investment level.	Cash and cash equivalents ($10.7m) + Due from brokers ($33.1m) on the Statement of Assets & Liabilities.
NAV per Ordinary share	The Company's NAV divided by the number of ordinary shares.	A measure of the value of one ordinary share.	The net assets attributable to ordinary shares on the statement of financial position ($205.7m) divided by the number of ordinary shares in issue (161,544,695) as at the calculation date.
Price per share	The Company's closing share price on the London Stock Exchange for a specified date.	A measure of the supply and demand for the Company's shares.	Extracted from the official list of the London Stock Exchange
NAV Growth	The percentage increase/(decrease) in the NAV per Ordinary share during the reporting period.	A key measure of the success of the Investment Manager's investment strategy.	The quotient of the NAV per share at the end of the period ($1.27) and the NAV per share at the beginning of the period ($1.04) minus one expressed as a percentage.
Share price growth/ Total Shareholder Return	The percentage increase/(decrease) in the price per share during the reporting period.	A measure of the return that could have been obtained by holding a share over the reporting period.	The quotient of the price per share at the end of the period ($1.37) and the price per share at the beginning of the period ($1.04) minus one expressed as a percentage. The measure excludes transaction costs.
Share Price Premium (Discount)	The amount by which the ordinary share price is higher/lower than the NAV per ordinary share, expressed as a percentage of the NAV per ordinary share.	A key measure of supply and demand for the Company's shares. A premium implies excess demand versus supply and vice versa.	The quotient of the price per share at the end of the period ($1.37) and the NAV per share at the end of the period ($1.27) minus one expressed as a percentage.
Ongoing charges ratio	The recurring costs that the Company has incurred during the period excluding performance fees and one off legal and professional fees expressed as a percentage of the Company's average NAV for the period.	A measure of the minimum gross profit that the Company needs to produce to make a positive return for shareholders.	Calculated in accordance with the AIC methodology detailed on the web link below. https://www.theaic.co.uk/sites/default/files/hidden-files/AICOngoingChargesCalculationMay12.pdf

AIFMD DISCLOSURES (UNAUDITED)

Report on remuneration and quantitative remuneration disclosure

Under the Alternative Investment Fund Managers Directive ('AIFMD'), we are required to make disclosures relating to remuneration of staff working for the Investment Manager for the year to 31 December 2019.

Amount of remuneration paid

The Investment Manager paid the following remuneration to staff in respect of the financial year ending on 31 December 2019 in relation to work on the Company.

	US$'000
Fixed remuneration	156
Variable remuneration	362
Total remuneration	518
Number of beneficiaries	23

The amount of the aggregate remuneration paid (or to be paid) by the Investment Manager to its partners which has been attributed to the Company in respect of the financial year ending on 31 December 2019 was US$10.6 million. The amount of the total remuneration paid by the Investment Manager to members of its staff whose actions have a material impact on the risk profile of the Company which has been attributed to the Company in respect of financial year ending on 31 December 2019 was $9.6 million.

Leverage

The Company may employ leverage and borrow cash, up to a maximum of 50 per cent. of the NAV at the time of incurrence, in accordance with its stated investment policy. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject. For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means. AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its net asset value, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure. Using the methodologies prescribed under AIFMD, the leverage of the Company is detailed in the table below:

	Commitment leverage as at 31 December 2019	Gross leverage as at 31 December 2019
Leverage ratio	4%	4%

Other risk disclosures

The risk disclosures relating to risk framework and risk profile of the Company are set out in note 8 to the Financial Statements on pages 68 to 69 and the principal risks and uncertainties on pages 32 to 35.

Pre-investment disclosures

AIFMD requires certain information to be made available to investors in an Alternative Investment Fund ('AIF') before they invest and requires that material changes to this information be disclosed in the Annual Report of the AIF. There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure.

SCHEDULE OF KEY SERVICE PROVIDERS

For the year ended 31 December 2019

General Information

Board of Directors

William Simpson (Chairman)
Paul Le Page (Chairman of Audit Committee)
William Scott (appointed 3 October 2019)
Stephanie Sirota

All of the above are non-executive, including the Chairman, and were appointed on 2 October 2019 unless otherwise stated.

Investment Manager and AIFM

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United States of America

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Prime Broker

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ISIN: GG00BKTRRM22
SEDOL: BKTRRM2
Ticker: RTW
LEI: 549300Q7EXQQH6KF7Z84

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GY1 1WR

Principal Bankers Guernsey

Barclays Bank PLC, Guernsey Branch*
Le Marchant House,
Le Truchot,
St Peter Port
Guernsey
GY1 3BE

Principal Bankers USA

First Republic Bank**
101 Pine Street
San Francisco
CA 94111
United States of America

* appointed 3 October 2019

** resigned 2 October 2019

*** on 2 October 2019 the registered office address of the Company changed from 2711 Centreville Road, Suite 400, Wilmington, Delaware 19808, United States of America

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