RTW
Venture Fund

RTW VENTURE FUND LIMITED
June 2020 Half-Yearly Report and Financial Statements

Innovation is the best medicine

RTW Venture Fund Limited (LSE: RTW) is an investment fund focused on identifying transformative assets with high growth potential across the biopharmaceutical and medical technology sectors. Driven by a long-term approach to support innovative businesses, RTW Venture Fund invests in companies developing next-generation therapies and technologies that can significantly improve patients' lives.

28.5%
ORDINARY NAV GROWTH SINCE INCEPTION
2019: 22%

US$1.34
NAV PER ORDINARY SHARE
2019: $1.27

US$238.3m
ORDINARY NAV
2019: $205.7M

38.5%
TOTAL SHAREHOLDER RETURN SINCE INCEPTION
2019: 32%

US$1.44
PRICE PER ORDINARY SHARE
2019: $1.37

US$49m
IN CASH / CASH EQUIVALENTS
2019: $43.8M

Defined terms used in the Half-Yearly Report are defined in the Glossary.

OUR FOCUS ON INNOVATIVE MEDICINE

We have developed expertise through our comprehensive study of industry and academic efforts in targeted areas of significant innovation.

By focusing our energies, we believe we can add more value to entrepreneurs and scientists. Our current focus areas include both technology platforms and disease areas.

TECHNOLOGIES


GENE THERAPY


RNA


ANTIBODIES


PROTEINS

DISEASES


CANCER


RARE DISEASES


NEUROLOGY


CVD

Built on a foundation of deep research, RTW invests with innovative companies looking to bring important new products to patients.

We believe solving unmet needs is the best way to create value. We support companies through the ups and downs of the often challenging journey to bring therapies to patients.

INVEST IN RELATIONSHIPS
We believe in developing longterm relationships with great entrepreneurs and scientists who are as passionate about medicine as we are.

IDENTIFY UNMET NEEDS
We try to ignore the crowd and prioritize where we think unmet needs can be solved by mature science.

TAKE THE LONG VIEW
We support teams trying to solve the inevitable setbacks that occur when introducing a first in class or disruptive therapy.

> I expect the Company to continue delivering strong performance over the long term and creating value for shareholders.

WILLIAM SIMPSON
Chairman of the Board of Directors

Dear Shareholder

It is with great pleasure that I present the 2020 interim results for RTW Venture Fund Limited (the "Company"). The Company was admitted to the Specialist Fund Segment of the London Stock Exchange (LSE) just under a year ago on 30 October 2019, and I am pleased to report significant performance milestones following its admission and through the first half of 2020.

2020 Overview

As expected, the Company was ably managed in the first half of the year by its New York-based Investment Manager, RTW Investments, LP, a global leader in full-lifecycle healthcare investing with a special focus on transformative biopharmaceutical and medical technology assets. Building upon strong performance in 2019, they continued executing our agreed strategy in 2020. Even though the COVID-19 pandemic caused significant turmoil in the global markets, the Company and the Investment Manager remained focussed on the fundamentals and valuation of underlying companies. This allowed the Company to continue building its portfolio of innovative biotechnology and medical technology companies developing breakthrough therapies and providing financing strategies at various points in the individual life cycles of these companies.

Despite the market correction in March 2020 the Company's performance was strong. In the period from the 2019-year end to 30 June 2020, the NAV grew from US$205.7 million or US$1.27 per Ordinary Share to US$238.3 million or US$1.34 per Ordinary Share, representing an increase of c. 5 per cent. The Company's NAV followed a similar path to equity markets with a significant reduction of 20 per cent. in the first quarter, followed by a strong rebound of 31.7 per cent. in the second quarter.

At the beginning of the reporting period, the Company had seven portfolio companies, all of which initiated as private investments, but two of which had already been listed publicly by then. During the reporting period the Company made six additional private investments. In addition to avoid the performance drag associated with cash awaiting deployment into new private assets, the Company invested in a portfolio of listed companies or non-core portfolio assets selected by the Investment Manager, which are also held in their other investment funds. The c. 20 per cent. of the remaining NAV is held in cash.

Significant performance drivers of the NAV growth for the reporting period include the IPO of Avidity (ticker: "RNA"), contributing c. 5 per cent.; strong share price returns (+33%) from Frequency (ticker: "FREQ"), contributing c. 1 per cent.; and the performance of non-core portfolio assets, contributing c. 3 per cent. Rocket (ticker: "RCKT") share price returns (-8%) overall detracted c. 3 per cent. from the Company's NAV return, despite the strong price action (+50%) in the second quarter of 2020.

Share Issuance

During the reporting period, corporate brokers J.P. Morgan Cazenove and Barclays reported demand from prospective shareholders, which was reflected in the fact that the Company has traded at an average premium to NAV of c. 12.6 per cent. since October 2019. Under UK Listing rules, the Company has the authority to issue new shares of up to 20 per cent. of the outstanding share capital annually without filing an updated prospectus, provided the shares are issued on a non-dilutive basis at a premium to NAV. In response to market demand, the Company has issued a further 18,259,853 shares (representing c. 11 per cent.

BEING THE SOURCE OF RELIABLE CAPITAL
To support the discovery and development of scientific innovation.

of the share capital at the start of the period), raising an additional US$24 million net of expenses from the beginning of the year to the time of the date of issuance of this Half-yearly Report. The share issuance was accretive to NAV, contributing c. US$1.8 million in premium.

Outlook

Even with the global pandemic of COVID-19 still being a pressing issue worldwide, the Company is looking ahead with confidence. There have been no material changes to the fundamentals of the underlying assets, nor any supply chain disruptions given the nature of the early stage of the science. There was anecdotal evidence of delays in clinical trials, but the portfolio companies remain sufficiently capitalised and we do not anticipate a negative long-term impact.

The Company believes there remains a significant demand for reliable capital to support the discovery and development of scientific innovation, as well as an opportunity to grow its footprint in the UK and EU as an active local player in the biotech ecosystem. The Investment Manager therefore intends to grow the Company's portfolio, by attracting demand from new shareholders to assist in the financing of an exciting pipeline of new ideas, based upon its strategy of founding, investing and supporting companies developing next-generation therapies and technologies that can significantly improve patients' lives. Accordingly, the Board expects the Company to continue delivering strong performance over the long term and creating value for shareholders.

AGM Results and Board composition

The Company held its inaugural Annual General Meeting on 25 June 2020 to consider the audited financial statements, amongst other things. The meeting was hosted in part virtually due to COVID-19 travel restrictions and we encouraged shareholder participation via the ability to table questions on our website. The results and the answers to the questions received from the shareholders have been announced to the market and published on the Investment Manager's website https://www.rtwfunds.com/venture-fund/.

I am happy to report that all of our AGM resolutions were approved. It is a privilege to continue 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, will continue to provide our Board with specialist technical insight and demonstrate her personal commitment to the Company by key members of the leadership team at our Investment Manager.

On behalf of the Board, I would like to express my gratitude for your continued support and wish you and your families a healthy, safe and prosperous remainder of 2020.

William Simpson
Chairman of the Board of Directors
RTW Venture Fund Limited
23 September 2020

The future looks bright

Thanks to the genome, there is more clarity around the causes of disease. Coupled with new exciting modalities that can address genetic diseases in a targeted way, drug innovation is accelerating.

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.

FOCUS ON TRANSFORMATIONAL ASSETS
We support companies developing life changing therapies.

It is with distinct pleasure that we share the interim results of the Company as of 30 June 2020. The Company has been publicly listed on the Specialist Fund Segment of the London Stock Exchange since 30 October 2019 and has grown by 28.5 per cent. from a NAV of US$168.0 million, or US$1.04 per Ordinary Share, to a NAV of US$238.3 million, or US$1.34 per Ordinary Share as of 30 June 2020. For the interim results period the NAV attributable to Ordinary Shares has grown by 5 per cent. from US$205.7 million NAV or US$1.27 per Ordinary Share as of 31 December 2019. During the reporting period, the Company's NAV per share fell 20 per cent. in the first quarter of 2020 due to the COVID-19 market correction, while rebounding with 31.7 per cent. NAV growth in the second quarter of 2020. Since admission, the share price has been trading at an average premium to NAV of c. 12.6 per cent.

13

PORTFOLIO COMPANY INVESTMENTS: 3 PUBLICALY-LISTED AND 10 PRIVATELY-HELD

21/26

OF PORTFOLIO COMPANIES' PIPELINE PRODUCTS ARE IN CLINICAL STAGE PROGRAMS

6

NEW PORTFOLIO INVESTMENTS IN THE PERIOD

47%

OF NAV INVESTED IN PORTFOLIO COMPANIES

Table 1. Financial highlights

RTW Venture Fund Limited	Admission (30/10/2019)	Year-end reporting period (30/10/2019-31/12/2019)	Interim reporting period (01/01/2020 -30/06/2020)
Ordinary NAV	US$168.0 million	US$205.7 million	US$238.3 million
NAV per Ordinary Share	US$1.04	US$1.27	US$1.34
NAV Growth per Ordinary Share (%)	**–**	**22%**	**5%**
Price per Ordinary Share	US$1.04	US$1.37	US$1.44
Share price growth* (%)	–	**32%**	**5%**
Share price premium (%)	–	**8%**	**8%**
Benchmark returns			
Nasdaq Biotech	–	12%	14%
Russell 2000 Biotech	–	24%	12%

* Total shareholder return is an alternative performance measure.

RTW Investments, LP (the "Investment Manager", "us", "we"), a leading US-headquartered 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 30 June 2020, 47 per cent. of NAV was attributable to core portfolio companies, which had been designated in the Company's Prospectus and comprised both privately-held and publicly-listed companies such as Rocket Pharmaceuticals, Inc. ("Rocket"), Frequency Therapeutics, Inc. ("Frequency"), and most recently Avidity Biosciences, Inc. ("Avidity"). All three companies, Rocket, Frequency and Avidity, were private at the time of the initial investment.

The Company also invested approximately 34 per cent. of its NAV in non-core portfolio assets in order to mitigate cash drag during the intervening period of 18-24 months from admission in October 2019, until we expect that the portfolio will be fully deployed in core opportunities. The non-core portfolio assets 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.

Key contributors to performance for the reporting period were the successful Avidity IPO that contributed c. 5 per cent. to the NAV growth, as well as the share price returns from publicly-listed Frequency that contributed c. 1 per cent. Due to the COVID-19 related market volatility, Rocket's share price and the performance of the non-core portfolio assets have been impacted by the market correction but have rebounded since the period end. Overall, Rocket's share price returns detracted c. 3 per cent. from the NAV growth, whilst non-core portfolio returns contributed c. 3 per cent. for the first half of 2020.

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

Since admission, the Company added seven companies to its portfolio, with one investment in November 2019 and six investments in the first half of 2020.

Our 2020 investments include:

- Ji Xing, a newly formed Shanghai-based biotechnology company, which we identified in our prospectus as part of our business plan. The company is focused on the development and distribution of innovative US and European drugs in the Chinese market.
- iTeos Therapeutics, a biotechnology company developing a TIGIT antibody for solid tumours.
- Pulmonx, a medical technology company commercializing Zephyr Valve for severe emphysema.
- C4 Therapeutics, a biotechnology company pioneering targeted protein degradation technology for blood cancers.
- Athira Pharma, a biotechnology company working to restore cognitive function in Alzheimer's disease.
- Encoded Therapeutics, a biotechnology company developing first-in-class gene therapies for rare paediatric CNS disorders.

The portfolio now includes thirteen companies that are diversified across treatment modalities, therapeutic focus and the clinical stage of their 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 foster local biotech ecosystems.

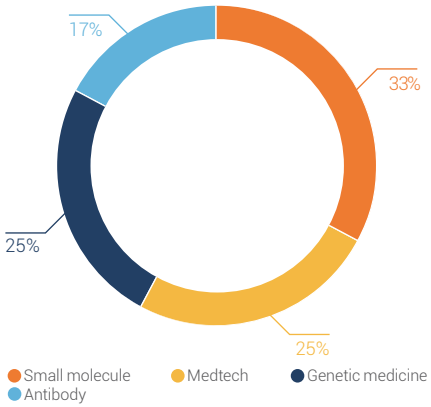
The current investment pace remains on track and in accordance with the Investment Manager's track record of investing in 10-12 private biotech and medtech companies per annum. We look forward to continue deploying capital in the second half of 2020 and updating our shareholders in due course.

Key clinical updates for Portfolio Companies during H1 2020:

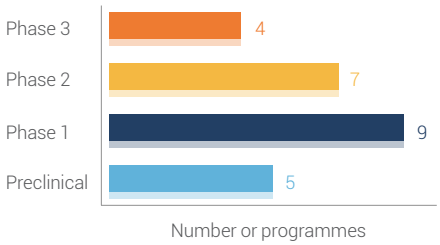
- **Frequency** shared top-line data from an exploratory clinical study showing drug levels of its lead molecule FX-322 can be directly measured in the cochlea. In addition to confirming the viability of the approach, the study results showed measurable concentrations of FX-322 in every patient and that anatomical factors did not prevent the active agents of FX-322 from reaching the cochlea.
- **Beta Bionics** began its pivotal trial of the insulin-only configuration of the iLet Bionic Pancreas.
- **Immunocore** announced the start of its first-in-human clinical trial of IMC-F106C, the fourth bispecific developed using the company's innovative ImmTAC® technology platform. IMC-F106C is focused on targeting tumours that express PRAME, a Cancer-Testis Antigen (CTA) that is highly expressed in a broad range of solid and hematologic malignancies.
- **Orchestra BioMed** presented results from a double-blind randomized clinical trial of BackBeat™ Cardiac Neuromodulation Therapy in patients with hypertension, which demonstrated a significant reduction in systolic blood pressure compared to the control group after six months of therapy.
- **Rocket** presented a clinical data update supporting longer-term efficacy and durability of its gene therapy for Fanconi Anemia (FA) and Leukocyte Adhesion Deficiency-I (LAD-I). The data from both LAD-I and FA programs demonstrated a sustained engraftment and durable clinical impact, further supporting the viability of gene therapy in LAD-I and FA, disorders in which bone marrow transplant is the primary curative option and is associated with high rates of toxicity.
- Additionally, **Rocket** received clearance from FDA for an Investigational New Drug (IND) application for its lentiviral vector (LVV)-based gene therapy RP-L401 for the treatment of Infantile Malignant Osteopetrosis (IMO), Rocket's fifth clinical program. IMO is a rare, severe monogenic bone resorption disorder characterized by skeletal deformities, neurologic abnormalities and bone marrow failure.
- **iTeos** announced initial data from the dose escalation portion of the Phase 1/2a trial in advanced solid tumours that showed EOS-850 was well tolerated with no dose-limiting toxicities observed. EOS-850 showed preliminary single-agent clinical benefit in seven patients who continued to present with at least stable disease and two partial responses in heavily pre-treated patients.
- Additionally, **iTeos** presented preclinical data for its investigational anti-TIGIT antibody, EOS-448 that demonstrated strong functional activity and a clean safety profile in its preclinical studies. iTeos enrolled the first patient in the dose escalation portion of its Phase 1/2a study with EOS-448 in February 2020.

Figure 1. Portfolio breakdown, by A. modality, B. therapeutic focus, C. clinical stage and D. geography as at 30 June 2020

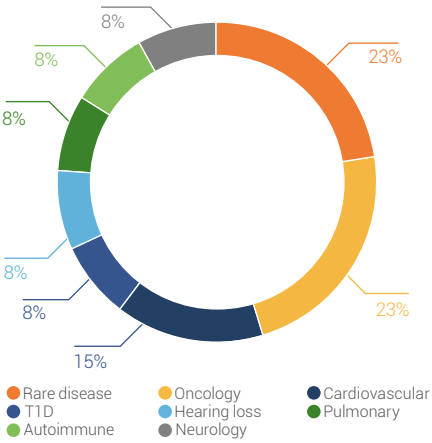
A. Portfolio companies by modality



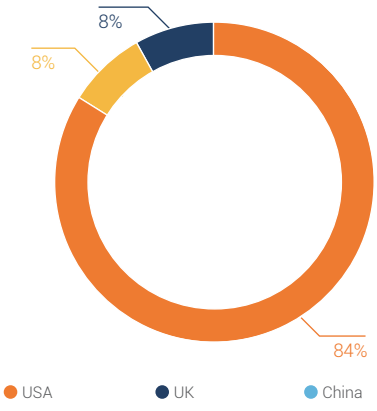
C. Portfolio programmes by clincial stage



B. Portfolio companies by therapeutic focus



D. Portfolio companies by Geography



ACCELERATING INNOVATION
Cheap genetic information has revolutionized the discovery process.

Sector review and 2020 outlook

The innovation boom. We are living in an era where we are witnessing innovation accelerating at breakneck speed with unparalleled opportunities for value creation. Globally, biotech markets are growing. According to Global Market Insights, the global biotech market is expected to grow with a compound annual growth rate, or CAGR, of 9.9 per cent. from 2019 to 2025. We are seeing validated technologies, such as those derived from DNA and RNA science that can effectively deliver solutions across large swaths of diseases resulting in companies with highly efficient development engines. We believe there is an opportunity to offer outstanding risk-adjusted returns to shareholders by building companies that possess unique and heretofore unrecognized growth opportunities that will benefit by capitalization, proactive skilled management, and supportive and sustainable governance practices.

Genetic therapies are on the rise. Cheap genetic information has revolutionized the discovery process, which is yielding validated drug targets at an unprecedented rate. The first human genome sequence was completed in 2001, and the cost per genome exceeded US$95 million, with an overall cost to the U.S. government in excess of US$3.0 billion. According to the National Human Genome Research Institute, the cost to sequence a human genome fell to approximately US$1,000 in 2019. This reduction in cost has fuelled tremendous productivity. According to data from the United States Patent and Trademark Office, the number of patents has inflected upward since 2010, which is translating into more new drugs in companies' pipelines. Technological applications are also creating platforms of addressable diseases, increasing bandwidth and enabling companies to target more diseases with superior scientific accuracy and cleaner safety profiles than in previous generations of drug development.

The FDA reported a surge in IND applications for cell and gene therapy products. As of January 2020, there were more than 900 such applications on file with the FDA, and the agency anticipates it will receive more than 200 IND additional applications annually. The FDA predicts that it will be approving 10 to 20 cell and gene therapy products per year by 2025. We expect this trend to not only continue, but for genetically targeted therapies to become a substantial proportion of new therapies over the next decade. Further supportive dynamics come from the FDA and peer country regulatory bodies. While the United States leads the way in healthcare innovation, regulatory bodies across Europe, Japan, and recently China are enabling accelerated review programs resulting in faster approvals for therapies for conditions with unmet needs.

Although genetically validated targets can sometimes be addressed by existing traditional approaches, such as small molecules and antibodies, in specific tissues it is hard to beat the speed and ease in which DNA and RNA based medicines can be developed. Gene therapies also carry the potential for a one-time cure and RNA medicines for infrequent injections, making such therapies more convenient versus traditional therapies requiring a higher frequency of administration. The market for gene therapy companies has been growing. According to Capital IQ, 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 31 publicly traded gene therapy companies with a total market capitalization of approximately US$52 billion. During the same six-year period, according to Capital IQ, the number of publicly traded RNA medicine companies grew from eight companies with a total capitalization of approximately US$3.8 billion to 23 companies with a total market capitalization of approximately US$65 billion.

A lag in the market's value recognition and COVID-19 impact. While strong scientific developments have been accelerating over the last several years and we believe are likely to continue for the next decade or longer, the market has been somewhat slow to recognize and reward these developments. While the rest of the broader equity markets have steadily marched upward, more or less, since the 2008 financial crises, publicly traded healthcare companies often found themselves under pressure due to a negative narrative stemming from the drug pricing debate as well as highly publicized frauds such as Theranos and the fall of Valeant Pharmaceuticals, once considered the darling of generalist investors.

During the 2019 and 2020 U.S. Democratic Party presidential primaries, the healthcare debate focused on re-testing Americans' interest in a single payer system but failed in developing the concept into a mainstay of the Democratic platform. The threat of a dramatic change to the current system of public and private insurance has somewhat dissipated and it remains to be seen whether the COVID-19 pandemic may shift the discourse from drug pricing to public health matters.

Going forward, we believe the healthcare sector is in a strong position relative to other industries, as attention to COVID-19 related therapies and vaccines has reignited investor interest across therapeutic areas, preventative vaccines, and healthcare IT (testing and tracing), allowing innovative companies to attract capital through both private and public financings.

As for the Company, 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 saw some minor delays in clinical trials and modest sales impacts from disruptions in sales forces and physician visits; however, that manifested in one-two quarters shift with minimal impact on the execution on the portfolio companies' set-out milestones. That said, we expect to grow the Company and intend to remain a reliable partner to innovative biotech and medtech companies in 2020 and beyond.

Executing on our strategy. 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 stages

of their development and ultimately distribution to patients. As a full life-cycle investor and, as such, we recognize the importance of providing growth capital along with the support of an experienced team, if and when it is needed, at any critical inflection point in an asset's life cycle. Scientific development rarely follows a linear path and nor do we, which is why we are always thinking about the optimal way to support a company. This can be achieved through providing growth capital, creative financing solutions, 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 further capital commitments. The first half of 2020 has been very active, as we have added six new companies to the Company's portfolio, and we foresee continuing with a similar investing pace for the rest of the year. Primary areas of focus remain in 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, muscular dystrophies, oncology, 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 believe there is a significant demand for reliable capital providers, such as ourselves, to continue to support scientific innovation and development of transformative therapies for patients. With that in mind, we intend to grow the Company's portfolio, by attracting new shareholders to assist in the financing of an exciting pipeline of new ideas. We expect the split to remain close to eighty per cent. biopharmaceutical assets and twenty per cent across medical technology assets. In line with prior prospectus 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.

Portfolio performance and updates

The Company's share price traded at a premium to NAV for most of the period (Figure 2A) and its market capitalization of US$257 million on 30 June 2020, represented a c. 8 per cent. premium to NAV. The Company's overall returns since inception are in line with biotech benchmarks, generating an overall return of 34 per cent. vs 27 per cent. by the Nasdaq Biotechnology Index and 39 per cent. by the Russell 2000 Biotechnology Index (Figure 2B note: the reporting period for this chart is 30 October 2019 to 30 June 2020). During the six-month reporting period, the Company's share price grew by c. 5 per cent., whilst the Nasdaq Biotechnology Index returned c. 14 per cent. and the Russell 2000 Biotechnology index returned c. 12 per cent. for the same period, respectively. The Company's share price saw an earlier rebound than its industry benchmarks after the COVID-19 pandemic market correction in March. *Source Capital IQ.*

Performance drivers in the first half of 2020 stemmed from the IPO of Avidity, contributing c. 5 per cent. to the NAV growth, Frequency share price returns (+33%), contributing c. 1 per cent., as well as performance of the non-core portfolio assets, contributing c. 3 per cent. Rocket share price performance (-8%) detracted c. 3 per cent. from the NAV return and the Company had c. 1 per cent. operating profit loss for the reporting period. Overall, the Company's NAV returned c. 5 per cent. for the first half of 2020.

In June 2020, Avidity completed a highly oversubscribed and upsized IPO. Avidity is a biopharmaceutical company pioneering Antibody Oligonucleotide Conjugates (AOCs™) to treat a wide range of serious rare diseases. A US$100 million Series C round in November 2019 was led by the Company and funds managed by the Investment Manager, following which the Investment Manager's Chief Investment Officer and Managing Partner, Roderick Wong joined Avidity's board of directors. Prior to the IPO, the Company and the Investment Manager's other funds owned 14.5 per cent. of Avidity in aggregate, which was reduced to 9.2 per cent. post IPO. Avidity's IPO was significantly oversubscribed, and the deal was upsized ultimately raising US$259.2 million, offering 14.4 million shares at US$18.00 per share. The valuation of Avidity at IPO represented a c.1.8x increase on its valuation at the time of the Company's initial investment in 2019. On the first day of trading, Avidity's share price increased by a further 58 per cent. to close at US$28.50 per share.

Rocket's strong price action (+50%) helped the second quarter rebound from a volatile first quarter, however ultimately remaining a P&L detractor for the reporting period with a loss of c. 3 per cent. of our NAV. Rocket has continued to progress its strong clinical pipeline despite minor COVID-19-related delays. The company presented positive clinical data updates supporting longer-term efficacy and durability of its gene therapy for Fanconi Anemia and Leukocyte Adhesion Deficiency, and brought gene therapy program for Infantile Malignant Osteopetrosis into clinic, marking its fifth clinical program.

Figure 2A. RTW.L share price performance
as of 30 June 2020

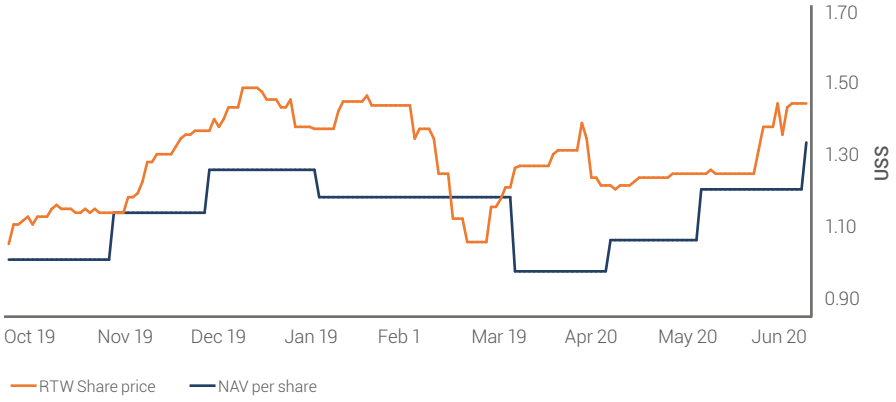


Figure 2B. RTW.L share price returns
as of 30 June 2020

FULL LIFE CYCLE INVESTORS
We support 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.

Table 2. Performance of private and public portfolio investments as of 30 June 2020

Private company	Initial Investment Date	Gross MOC	Gross XIRR	Holding Period (Years)
Beta Bionics	28/6/2019	1.0x	3.2%	1.0
Orchestra BioMed	28/6/2019	1.0x	(4.2%)	1.0
Frequency*	17/7/2019	2.2x	128.0%	1.0
Immunocore	13/8/2019	1.1x	11.1%	0.9
Landos	9/8/2019	1.0x	1.8%	0.9
Avidity*	8/11/2019	2.8x	395.1%	0.6
Ji Xing	10/2/2020	1.0x	0.0%	0.4
iTeos	24/3/2020	1.0x	0.0%	0.3
Pulmonx	17/4/2020	1.0x	0.0%	0.2
Athira	29/5/2020	1.1x	310.2%	0.1
C4 Therapeutics	2/6/2020	1.0x	0.0%	0.1
Encoded	12/6/2020	1.0x	0.0%	0.0
Average Private Positions Held		1.3x	70.4%	0.5

Private company	Price per share as of 29/10/2019 market close	Price per share at the end of the period (30/06/2020)	% return
Rocket	US$14.00	US$20.93	50%

* These positions originated in the portfolio as private companies. Since the Company's IPO, Frequency and Avidity have gone public; Avidity remains under 180-day lock-up provision until 9 December 2020.

Table 3. NAV capital breakdown as of 30 June 2020

Type	% of NAV
Core portfolio assets (private and public)	46.6%
Non-core portfolio assets	33.7%
Cash, due to/from brokers, other*	19.7%
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 NAV toward thirteen portfolio companies, as well as investing roughly one-third into non-core portfolio assets that are also held by our hedge fund vehicles, to mitigate cash drag while we deploy capital. As of 30 June 2020, top five holdings of non-core portfolio assets include: Dicerna (ticker: "DRNA"), Alnylam (ticker: "ALNY"), both are leading RNA medicine companies, PTC Therapeutics (ticker: "PTCT"), a genetic medicine company working on rare diseases, Adverum (ticker: "ADVM"), a gene therapy company working on wet macular degeneration, and Immunovant (ticker: "IMVT"), a biotech developing treatments for autoimmune diseases based on FcRn technology. We expect to deploy the capital invested into non-core portfolio assets into private companies as the new opportunities arise.

During the period ended 30 June 2020, three members of the Investment Manager served on the board of directors of Rocket and one member served on the board of directors of Avidity, Landos and Ji Xing, which in aggregate represented 35.5 per cent. of NAV of the Company.

Summary of portfolio assets:
As of 30 June 2020, the Company's portfolio included thirteen companies, ranging from biotechnology companies developing clinical-stage therapeutic programs, companies developing traditional small molecule pharmaceuticals, and three medtech companies developing or commercializing transformative devices. We selected the Company's portfolio companies 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.

Key Events Post Period End

In the post reporting period, Ji Xing, our latest de novo company creation based in Shanghai, formerly disclosed in the prospectus as a pipeline asset "China NewCo", announced an exclusive licencing agreement with Cytokinetics (ticker: "CYTK") to develop and commercialize CK-274, a novel cardiac myosin inhibitor, in China. Following this announcement, the Company participated alongside our other investment vehicles in a Series A funding round, investing US$5 million in July 2020.

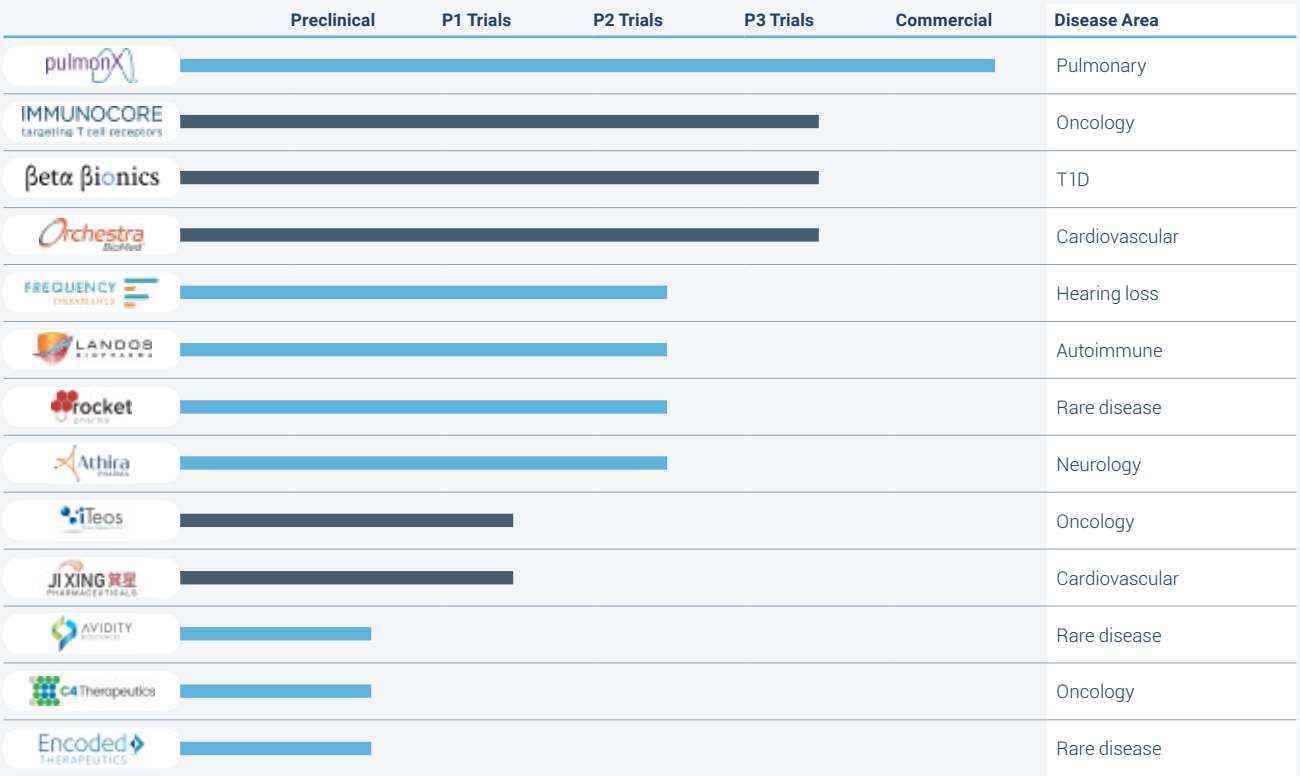
Additionally, iTeos announced pricing of its US$201.1 million IPO, by offering 10,586,316 shares of common stock at US$19.00 per share. The shares began trading on Nasdaq Global Market on 24 July 2020 under the ticker symbol "ITOS". The investment from March 2020 to pre-IPO valuation generated a 1.8X uplift. An illiquidity discount will be applied for the first six months of trading per SEC Rule 144.

Table 4. Overview of portfolio companies' valuations[1] as of 30 June 2020

Portfolio Company	Public/ Private	Company's % interest in Portfolio Company's capital	Valuation of Company's investment as of 31 December 2019	% of Company's gross assets	Valuation of Company's investment as of 30 June 2020	% of Company's gross assets	YTD P&L as of 30 June 2020	YTD P&L as a % of NAV as of 30 June 2020	Valuation hierarchy
Rocket	Public (Nasdaq)	<10%	US$70.3M	32.8%	US$64.7M	26.6%	-US$5.7M	-2.3%	Level 1
Avidity	Public* (Nasdaq)	<5%	US$5.0M	2.3%	US$16.3M	6.7%	US$9.8M	4.0%	Level 2
Frequency	Public (Nasdaq)	<1%	US$3.9M	1.8%	US$5.5M	2.3%	US$1.6M	0.7%	Level 1
Immunocore	Private	<1%	US$5.4M	2.5%	US$5.5M	2.3%	US$0.1M	0.0%	Level 3
Beta Bionics	Private	<5%	US$5.2M	2.4%	US$5.2M	2.1%	US$0.0M	0.0%	Level 3
Landos	Private	<5%	US$5.1M	2.4%	US$5.1M	2.1%	US$0.0M	0.0%	Level 3
C4 Therapeutics	Private	<1%	NA	NA	US$2.5M	1.0%	US$0.0M	0.0%	Level 3
Orchestra	Private	<1%	US$2.4M	1.1%	US$2.4M	1.0%	US$0.0M	0.0%	Level 3
Athira	Private	<5%	NA	NA	US$2.3M	0.9%	US$0.3M	0.1%	Level 3
Encoded	Private	<1%	NA	NA	US$2.0M	0.8%	US$0.0M	0.0%	Level 3
iTeos	Private	<1%	NA	NA	US$1.0M	0.4%	US$0.0M	0.0%	Level 3
Pulmonx	Private	<1%	NA	NA	US$0.8M	0.3%	US$0.0M	0.0%	Level 3
Ji Xing	Private	<20%	NA	NA	US$0.2M	0.1%	US$0.0M	0.0%	Level 3

1 Valuations for Private Portfolio Companies on a fair market value basis as at 30 June 2020. The valuations of Rocket, Frequency and Avidity 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. *Avidity IPOed in June 2020 and is subject to a post-IPO lock up provision.

Table 5. RTW Venture Fund portfolio summary



The Portfolio Assets as of 30 June 2020

Avidity
(6.7% of NAV, <5% Portfolio company ownership)

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, LP, joined Avidity's board of directors.

In June 2020, Avidity announced pricing of its US$259 million IPO, by offering 14,400,000 shares of common stock at US$18.00 per share. The shares began trading on Nasdaq Global Market on 12 June 2020 under the ticker symbol "RNA". Avidity gained 58.3 per cent. in the first day of trading, which might earn it the title of hottest US Biotech IPO of the year. The investment from November 2019 to pre-IPO valuation generated a 1.8X uplift. An illiquidity discount will be applied for the first six months of trading per SEC Rule 144.

Beta Bionics
(2.1% of NAV, <5% Portfolio company ownership)

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.

Clinical updates:

– In March 2020, the company began pivotal trial of the insulin-only configuration of the iLet Bionic Pancreas.

Frequency
(2.3% of NAV, <1% Portfolio company ownership)

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 c. 20 patients and has shown good efficacy.

Clinical updates:

– In May 2020, Frequency shared top-line data from an exploratory clinical study designed to show whether drug levels of its lead molecule FX-322 can be directly measured in the cochlea. In addition to confirming the viability of the approach, the study results showed measurable concentrations of FX-322 in every patient and that anatomical factors did not prevent the active agents of FX-322 from reaching the cochlea. Further, the levels of FX-322 in the cochlea were predicted to reach the therapeutically active range of the treatment.

Table 6. Overview of Portfolio Companies' assets clinical development status as of 30 June 2020

Company	Indication	Phase	Status
Avidity	Myotonic Dystrophy	Discovery	Entering the clinical trial in 2021
Beta Bionics	T1D	Pivotal	Ongoing
	Cystic fibrosis – related diabetes	Feasibility/ Phase 2	Ongoing
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 readout YE 2020 to 2021
	Solid tumours, expressing MAGE-A4	Phase 1/2	Ongoing, partnership with Genentech
	Advanced solid tumours, expressing PRAME	Phase 1/2	Ongoing
	Hepatitis B Virus (HBV)	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 YE 2020 to 2021
	Crohn's Disease	Phase 2	Ongoing
Orchestra	In-stent Coronary Restenosis	Pivotal	Ongoing
	Hypertension	Pivotal	Ongoing
Rocket	Fanconi Anaemia	Phase 2	Ongoing, shared an update in Q2 2020
	Danon Disease	Phase 1	Ongoing, data update in Q4 2020
	Leukocyte Adhesion Deficiency (LAD-I)	Phase 1	Ongoing, shared an update in Q2 2020
	Pyruvate Kinase Deficiency (PKU)	Phase 1	Ongoing
	Infantile Malignant Osteopetrosis (IMO)	Phase 1	Ongoing
iTeos	Solid tumours; a2a antagonist	Phase 1/2	Ongoing, data update H1 2021
	Solid tumours; TIGIT	Phase 1/2	Ongoing, data update H1 2021
Athira	Alzheimer's Disease	Phase 2/3	Planned, Q4 2020
C4T	Oncology	Preclinical	Ongoing, 1st IND submission YE 2020
Encoded	Dravet Syndrome	Preclinical	Entering the clinical trial in 2021

Immunocore
(2.3% of NAV, <1% Portfolio company ownership)

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:

– In May 2020, Immunocore announced the start of the first-in-human clinical trial of IMC-F106C, the fourth bispecific developed using the company's innovative ImmTAC® technology platform. IMC-F106C is focused on targeting tumours that express PRAME, a Cancer-Testis Antigen (CTA) that is highly expressed in a broad range of solid and hematologic malignancies. The trial is designed to study the safety and preliminary activity of IMC-F106C as a monotherapy and in combination with a checkpoint inhibitor in patients with PRAME-expressing cancers.

Landos
(2.1% of NAV, <5% Portfolio company ownership)

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 initiated a Phase 2 study in Crohn's disease in 2020. Roderick Wong, M.D., managing partner at RTW Investments, LP is a board member.

Orchestra BioMed
(1.0% of NAV, <1% Portfolio company ownership)

Orchestra BioMed was formed in 2017 by David Hochman and Darren Sherman. Orchestra BioMed is focused on the development of the 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 updates:

– In May 2020, the company presented results from a double-blind randomized clinical trial of BackBeat™ Cardiac Neuromodulation Therapy in patients with hypertension, which demonstrated a significant reduction in systolic blood pressure compared to control group after six months of therapy.

Rocket
(26.6% of NAV, <10% Portfolio company ownership)

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 opportunities exist to license additional gene therapy academic assets into the Rocket pipeline in the future. Rocket has a broad pipeline of five 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 now five clinical 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.

Clinical updates:

– In May 2020, Rocket presented a clinical data update supporting longer-term efficacy and durability of its gene therapy for Fanconi Anemia (FA) and Leukocyte Adhesion Deficiency-I (LAD-I) at the Annual Meeting of the American Society of Gene and Cell Therapy (ASGCT), highlighting updates from the company's Phase 1/2 study of RP-L201 for the treatment of severe LAD-I and the Phase 1/2 study of RP-L102 "Process A" for the treatment of FA. The data from both LAD-I and FA programs demonstrated a sustained engraftment and durable clinical impact, further supporting the viability of gene therapy in LAD-I and FA, disorders in which bone marrow transplant is the primary curative option and is associated with high rates of toxicity.

– In June 2020, Rocket announced that it had received clearance from FDA for the company's IND application for RP-L401, its fifth clinical program. RP-L401 is a lentiviral vector (LVV)-based gene therapy for the treatment of Infantile Malignant Osteopetrosis (IMO), a rare, severe monogenic bone resorption disorder characterized by skeletal deformities, neurologic abnormalities and bone marrow failure.

Ji Xing Pharmaceuticals, formerly "China NewCo"
(0.1% of NAV, <20% Portfolio company ownership)

We formed Ji Xing in early 2020, borne out of a two-year study of innovation, biotechnology, and access to healthcare in China. Ji Xing is a Shanghai-based biotechnology company focused on the development and distribution of innovative US and European drugs in the Chinese market. 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.

In the post reporting period, Ji Xing announced an exclusive licencing agreement with Cytokinetics to develop and commercialize CK-274, a novel cardiac myosin inhibitor, in China. Following this announcement, the Company participated alongside our other investment vehicles in a Series A funding round, investing US$5 million in July 2020.

iTeos Therapeutics
(0.4% of NAV, <1% Portfolio company ownership)

iTeos is a clinical stage biotechnology company, developing innovative immunotherapies for cancer treatment, targeting two key resistance pathways to checkpoint therapy: the adenosine pathway and regulatory T cells (Tregs). The company's lead program, EOS-850, is an adenosine A2A receptor antagonist currently in a Phase 1/2 study. Its second program, a fully human ADCC-enabling anti-TIGIT antibody (EOS-448), entered the clinic in February 2020.
The Investment Manager believes EOS-448 has a potential to become a leading therapy in the new class of next generation checkpoint inhibitors that target TIGIT.

Clinical updates:

– In April 2020, iTeos announced initial data from the dose escalation portion of the Phase 1/2a trial in 21 cancer patients with advanced solid tumours that showed EOS-850 was well tolerated with no dose-limiting toxicities observed. EOS-850 showed preliminary single-agent clinical benefit in seven patients who continued to present with at least stable disease and two partial responses in heavily-pretreated patients were ongoing.

– In June 2020, iTeos presented preclinical data for its investigational FcγR-engaging anti-TIGIT antibody, EOS-448 at the American Association of Cancer Research II (AACR II) Virtual Annual Meeting 2020. EOS-448 has demonstrated strong functional activity and a clean safety profile in its preclinical studies. iTeos enrolled the first patient in the dose escalation portion of its Phase 1/2a study with EOS-448 in February 2020.

OPTIMAL STRUCTURE
To build sustainable businesses and maximize value capture

In the post reporting period, iTeos announced pricing of its US$ 201.1 million IPO, by offering 10,586,316 shares of common stock at US$19.00 per share. The shares began trading on Nasdaq Global Market on 24 July 2020 under the ticker symbol "ITOS". The investment from March 2020 to pre-IPO valuation generated a 1.8X uplift. An illiquidity discount will be applied for the first six months of trading as the Company is restricted from selling its holding under SEC Rule 144.

Pulmonx
(0.3% of NAV, <1% Portfolio company ownership)
Pulmonx commercializes Zephyr Valve, a first FDA-approved minimally invasive bronchoscopic procedure for the treatment of severe emphysema, a high unmet need condition. Emphysema, a form of COPD, is a debilitating and life-threatening disease that progressively destroys lung tissue, resulting in a diminishing ability to breathe and engage in the most basic daily activities, leading to a high mortality rate and presents in about 3.8 million people in the U.S with 1.5 million of severe cases. Zephyr Valve was approved by the FDA in 2018 and was granted Breakthrough Medical status. It is an implantable device used to help trapped air in the lung escape until lung lobe volume is reduced and the pressure on the diaphragm is alleviated. The Investment Manager believes that the Zephyr Valve is poised to take a significant market share in the emphysema market initially targeting severe patients with appropriate lung anatomy and potentially further expanding into other indications.

Athira
(0.9% of NAV, <5% Portfolio company ownership)
Athira is a clinical stage biotech company that is developing novel treatments for neurodegenerative diseases. Lead molecule NDX-1017 demonstrated promising data in Alzheimer's disease (AD) in early clinical trials by improving P300 latency, a biomarker of cognitive function with a favourable safety and pharmacological profile. The company is gearing up to initiate Phase 2/3 clinical trial later this year. AD is a historically hard to treat patient population with high unmet need and represents a substantial market opportunity. Also, Athira is at pre-clinical stages to expand its pipeline into other neurodegenerative disease, such as Parkinson's disease.

C4 Therapeutics
(1.0% of NAV, <1% Portfolio company ownership)
C4T is a preclinical-stage targeted protein degradation biotech company focused on oncology. It is pioneering a new class of small-molecule drugs that selectively destroy disease-causing proteins via degradation using the innate machinery of the cell. C4T leverages this novel targeted protein degradation technology for high unmet need and hard to treat blood cancers. The Investment Manager believes that its lead molecule has a best-in-class potential and is differentiated from other degraders in the space. The company has a strong pipeline with multiple assets on track to enter the clinic in 2021 and 2022.

Encoded Therapeutics
(0.8% of NAV, <1% Portfolio company ownership)
Encoded Therapeutics is a gene therapy company developing therapies for rare paediatric Central Nervous System (CNS) disorders. Its lead program ETX101 is a gene therapy for patients with SCN1A+ Dravet syndrome, a rare genetic paediatric epilepsy. The majority of Dravet syndrome cases are caused by loss-of-function mutations in the SCN1A gene, which reduce the function of sodium v1.1 channel and leads to uncontrolled seizures, ataxia, and significant developmental delays, as well as a 15-20 per cent. mortality rate before adulthood. ETX101 is an AAV vector capable of restoring SCN1A to normal expression levels specifically within the affected cell type, GABAergic inhibitory neurons. In preclinical studies, ETX101 showed compelling efficacy in multiple animal models. The platform technology could be applied to many more genetic diseases and the company intends to expand its pipeline in CNS.

RTW Investments, LP
23 September 2020

Statement of Principal Risks and Uncertainties for the Remaining Six Months of the year to 31 December 2020

As described in the Company's annual financial statements as at 31 December 2019, the Company's principal risks and uncertainties include the following:

– Failure to achieve investment objective;

– Counterparty risk;

– The Investment Manager relies on key personnel;

– Exposure to global political and economic risks;

– Clinical development and regulatory risks;

– Imposition of pricing controls for clinical products and services; and

– Covid-19.

The Board believes that these risks are unchanged in respect of the remaining six months of the year to 31 December 2020.

Further information in relation to these principal risks and uncertainties may be found on pages 32 to 33 of the Company's annual financial statements as at 31 December 2019.

These inherent risks associated with investments in the biotech and pharmaceutical sector could result in a material adverse effect on the Company's performance and value of Ordinary Shares.

Risks are mitigated and managed by the Board through continual review, policy setting and regular reviews of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board carried out a formal review of the risk matrix at the Audit Committee meeting held on 25 June 2020. The Board relies on periodic reports provided by the Investment Manager and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including tax advisers, legal advisers, and environmental advisers.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that:

– the unaudited interim financial statements have been prepared in conformity with US generally accepted accounting principles;

– the interim management report (which includes the Chairman's Statement, Investment Manager's Report and Statement of Principal Risks and Uncertainties) together with the unaudited interim financial statements includes a fair review of the information required by:

  a. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the unaudited interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

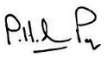
  b. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

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) and the preparation and dissemination of financial statements.

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
23 September 2020



Paul Le Page
Director
23 September 2020

Independent Review Report to RTW Venture Fund Limited

Conclusion
We have been engaged by RTW Venture Fund Limited (the "Company") to review the financial statements in the half-yearly financial report for the six months ended 30 June 2020 of the Company which comprises the unaudited interim condensed statement of assets and liabilities and unaudited interim condensed schedule of investments as at 30 June 2020, unaudited interim statements of operations, changes in net assets, cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements for the six months ended 30 June 2020 do not give a true and fair view of the financial position of the Company as at 30 June 2020 and of its financial performance and its cash flows for the six month period then ended in conformity with U.S generally accepted accounting principles and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

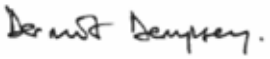
A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities
The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the DTR of the UK FCA.

The financial statements included in this half-yearly financial report have been prepared in conformity with U.S generally accepted accounting principles.

Our responsibility
Our responsibility is to express to the Company a conclusion on the financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities
This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.



Dermot Dempsey
For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants, Guernsey
23 September 2020

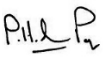
Unaudited Interim Statement of Assets and Liabilities as at 30 June 2020 and 31 December 2019

(Expressed in United States Dollars)

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS:		
Investment in securities, at fair value (cost at 30 June 2020: US$109,945,341; cost at 31 December 2019: US$92,446,333)	**US$195,347,996**	US$170,653,009
Derivative contracts, at fair value (cost at 30 June 2020: US$23,421; cost at 31 December 2019: US$10,930)	**2,143,910**	1,326,441
Cash and cash equivalents	**13,372,436**	10,731,354
Due from brokers	**35,484,281**	33,083,714
Other assets	**282,801**	5,808
TOTAL ASSETS	**US$246,631,424**	US$215,800,326
LIABILITIES:		
Current liabilities		
Securities sold short, at fair value (proceeds at 30 June 2020: US$1,456,520; proceeds at 31 December 2019: US$193,650)	**1,450,330**	202,933
Derivative contracts, at fair value (proceeds at 30 June 2020: US$13,798; proceeds at 31 December 2019: US$-)	**967,847**	–
Due to brokers	**550,236**	17,484
Accrued expenses	**516,940**	660,232
Payable for unsettled trades	**258,094**	532,702
TOTAL LIABILITIES	**3,743,447**	1,413,351
NET ASSETS	**242,887,977**	214,386,975
NET ASSETS attributable to Ordinary Shares (shares at 30 June 2020: 178,380,998; shares at 31 December 2019: 161,544,695)	**US$238,337,938**	US$205,695,869
NET ASSETS attributable to Performance Allocation Shares (shares at 30 June 2020: 1; shares at 31 December 2019: 1)	**US$4,550,039**	US$8,691,106
NAV per Ordinary Share	**US$1.3361**	US$1.2733

The unaudited interim financial statements of the Company were approved and authorised for issue by the Board of Directors on 23 September 2020 and signed on its behalf by:

William Simpson
Chairman



Paul Le Page
Director

See accompanying notes to the unaudited interim financial statements.

Unaudited Interim Statement of Operations For the six month periods ended 30 June 2020 and 30 June 2019

(Expressed in United States Dollars)

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
Income		
Dividends (net of withholding taxes of US$nil)	**US$86,102**	US$–
Interest (net of withholding taxes of US$nil)	**78,364**	–
Total investment income	**164,466**	–
Expenses		
Interest	**39,881**	–
Research fees	**69,509**	–
Administrative fee	**100,443**	6,100
Audit fees	**71,327**	14,040
Directors fees	**115,975**	–
Management fee	**1,247,855**	–
Professional fees	**537,993**	5,041
Listing fees	**143,239**	–
Other expenses	**43,278**	4,544
Total expenses	**2,369,500**	29,725
Net investment loss	**US$(2,205,034)**	US$(29,725)
Realised and change in unrealised appreciation on investments, derivatives and foreign currency transactions		
Net realised gain on securities and foreign currency transactions	**5,668,603**	–
Net change in unrealised appreciation on securities and foreign currency translations	**7,218,828**	798,237
Net realised gain on derivative contracts	**192,842**	–
Net change in unrealised depreciation on derivative contracts	**(172,085)**	–
Net realised and change in unrealised appreciation on investments, derivatives and foreign currency transactions	**12,908,188**	798,237
Net increase in net assets resulting from operations	**US$10,703,154**	US$768,512

See accompanying notes to the unaudited interim financial statements.

Unaudited Interim Statement of Changes in Net Assets For the six month period ended 30 June 2020

(Expressed in United States Dollars)

	Ordinary Share Class Fund	Performance Allocation Share Class Fund	Total Shareholders' Funds
Operations			
Net investment loss	US$(2,205,034)	US$–	US$(2,205,034)
Net realised gain on securities and foreign currency transactions	5,668,603	–	5,668,603
Net change in unrealised appreciation on securities and foreign currency translations	7,218,828	–	7,218,828
Net realised gain on derivative contracts	192,842	–	192,842
Net change in unrealised depreciation on derivative contracts	(172,085)	–	(172,085)
Performance Allocation	(6,913)	6,913	–
Net change in net assets resulting from operations	**10,696,241**	**6,913**	**10,703,154**
Finance transactions			
Issuance of Shares (net of issuance costs of US$110,306)	21,945,828	–	21,945,828
Performance Allocation payment	–	(4,147,980)	(4,147,980)
Net change in net assets resulting from financing transactions	**21,945,828**	**(4,147,980)**	**17,797,848**
Net change in net assets	**32,642,069**	**(4,141,067)**	**28,501,002**
Net Assets, beginning of period	**205,695,869**	**8,691,106**	**214,386,975**
Net Assets, end of period	**US$238,337,938**	**US$4,550,039**	**US$242,887,977**

See accompanying notes to the unaudited interim financial statements.

Unaudited Interim Statement of Changes in Net Assets For the six month period ended 30 June 2019

(Expressed in United States Dollars)

	Managing Member	Other Members	Total Members' Equity
Operations			
Net investment loss	US$(64)	US$(29,661)	US$(29,725)
Net change in unrealised appreciation on securities	1,712	796,525	798,237
Net change in net assets resulting from operations	**1,648**	**766,864**	**768,512**
Net change in members' equity	**1,648**	**766,864**	**768,512**
Members' Equity, beginning of period	**140,981**	**65,582,522**	**65,723,503**
Members' Equity, end of period	**US$142,629**	**US$66,349,386**	**US$66,492,015**

See accompanying notes to the unaudited interim financial statements.

Unaudited Interim Statement of Cash Flows For the six month periods ended 30 June 2020 and 30 June 2019

(Expressed in United States Dollars)

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
Cash flows from operating activities		
Net increase in net assets resulting from operations	**US$10,703,154**	US$768,512
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	**(5,668,603)**	–
Net change in unrealised appreciation on securities and foreign currency translations	**(7,218,828)**	(798,237)
Net realised gain on derivative contracts	**(192,842)**	–
Net change in unrealised depreciation on derivative contracts	**172,085**	–
Purchases of securities	**(45,278,571)**	–
Proceeds from sales of securities	**33,455,767**	–
Proceeds from securities sold short	**1,321,243**	–
Payments for securities sold short	**(57,367)**	–
Proceeds from derivative contracts	**401,328**	–
Payments for derivative contracts	**(231,425)**	–
Changes in operating assets and liabilities:		
Other assets	**(276,993)**	2,859
Payable from unsettled trades	**(258,094)**	–
Change in due to brokers	**516,239**	–
Other liabilities	**(143,292)**	7,782
Net cash used in operating activities (including restricted cash)	**(12,756,199)**	(19,084)
Cash flow from financing activities		
Proceeds from issuance of shares	**21,945,828**	–
Performance Allocation payment	**(4,147,980)**	–
Net cash provided by financing activities	**17,797,848**	–
Net change in cash and cash equivalents (including restricted cash)	**5,041,649**	(19,084)
Cash and cash equivalents (including restricted cash), beginning of the period	**43,815,068**	31,324
Cash and cash equivalents (including restricted cash), end of the period	**US$48,856,717**	US$12,240
At 30 June 2020 the amounts included in cash and cash equivalents (including restricted cash) include the following:		
Cash and cash equivalents	**US$13,372,436**	US$12,240
Due from brokers	**35,484,281**	–
Total Cash and cash equivalents (including restricted cash)	**US$48,856,717**	US$12,240
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	**US$1,562**	US$–

See accompanying notes to the unaudited interim financial statements.

Unaudited Interim Condensed Schedule of Investments as at 30 June 2020

(Expressed in United States Dollars)

Descriptions	Number of Shares	Cost	Fair Value	Percentage of Net Assets
Investments in securities, at fair value				
Common stocks				
United States				
Healthcare				
Rocket Pharmaceuticals, Inc.	US$3,089,728	US$8,131,396	US$64,668,007	26.62%
Avidity Biosciences, Inc.	633,572	6,438,844	16,261,940	6.70
Others*	3,532,396	59,832,136	78,988,474	32.52
Total United States		74,402,376	159,918,421	65.84
Canada				
Healthcare	415,609	3,851,125	2,729,224	1.12
Netherlands				
Healthcare	194,664	1,951,711	1,851,881	0.76
Singapore				
Healthcare	61,149	495,288	636,561	0.26
British Virgin Islands				
Healthcare	10,195	226,450	190,443	0.08
Cayman Islands				
Healthcare	554,055	344,982	365,542	0.15
France				
Healthcare	27,159	53,561	43,912	0.02
Total common stocks		**US$81,325,493**	**US$165,735,984**	**68.23**
Convertible preferred stocks				
United States				
Healthcare	5,577,873	19,905,512	20,313,432	8.36
United Kingdom				
Healthcare	46,324	4,999,999	5,484,602	2.26
Ireland				
Healthcare	16,438	116,545	132,819	0.05
Total convertible preferred stocks		**US$25,022,056**	**US$25,930,853**	**10.67**

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

See accompanying notes to the unaudited interim financial statements.

Unaudited Interim Condensed Schedule of Investments (continued) as at 30 June 2020

(Expressed in United States Dollars)

Descriptions	Number of Shares	Cost	Fair Value	Percentage of Net Assets
Investments in securities, at fair value (continued)				
American depository receipts				
Ireland				
Healthcare	181,329	1,276,889	1,465,139	0.60
United Kingdom				
Healthcare	67,520	744,957	675,875	0.28
Israel				
Healthcare	51,561	567,787	493,210	0.20
Cayman Islands				
Healthcare	772	12,738	20,852	0.01
Total American depository receipts		**US$2,602,371**	**US$2,655,076**	**1.09**
Warrants				
United States				
Healthcare	434,782	232,781	263,443	0.11
Total warrants		**US$232,781**	**US$263,443**	**0.11**
Convertible notes				
United States				
Healthcare	762,640	762,640	762,640	0.31
Total warrants		**US$762,640**	**US$762,640**	**0.31**
Total investment in securities, at fair value		**US$109,945,341**	**US$195,347,996**	**80.41%**

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

See accompanying notes to the unaudited interim financial statements.

Unaudited Interim Condensed Schedule of Investments (continued) as at 30 June 2020

(Expressed in United States Dollars)

Descriptions	Cost	Fair Value	Percentage of Net Assets
Derivative contracts – assets, at fair value			
Equity swaps			
United States			
Healthcare	24,736	2,140,698	0.88%
Ireland			
Healthcare	2,475	2,097	0.00
Canada			
Healthcare	(3,790)	1,115	0.00
Total derivative contracts – assets, at fair value	**US$23,421**	**US$2,143,910**	**0.88%**

Descriptions	Number of Shares	Proceeds	Fair Value	Percentage of Net Assets
Securities sold short, at fair value				
Common Stocks				
United States				
Healthcare	73,745	1,245,610	1,154,665	0.48%
Canada				
Healthcare	5,648	75,021	95,677	0.04%
Total common stocks		**US$1,320,631**	**US$1,250,342**	**0.52%**
American depository receipts				
Israel				
Healthcare	9,631	112,421	179,136	0.07%
Cayman Islands				
Healthcare	772	23,468	20,852	0.01%
Total American depository receipts		**US$135,889**	**US$199,988**	**0.08%**
Total securities sold short, at fair value		**US$1,456,520**	**US$1,450,330**	**0.60%**

See accompanying notes to the unaudited interim financial statements.

Unaudited Interim Condensed Schedule of Investments (continued) as at 30 June 2020

(Expressed in United States Dollars)

Descriptions	Cost	Fair Value	Percentage of Net Assets
Derivative contracts – liabilities, at fair value			
Equity swaps			
Canada			
Healthcare	2,694	344,684	0.14%
British Virgin Islands			
Healthcare	3,536	323,057	0.13
United States			
Healthcare	3,500	233,671	0.10
Netherlands			
Healthcare	3,846	44,412	0.02
Israel			
Healthcare	222	22,023	0.01
Total derivative contracts – liabilities, at fair value	**US$13,798**	**US$967,847**	**0.40%**

See accompanying notes to the unaudited interim financial statements.

Audited Condensed Schedule of Investments as at 31 December 2019

(Expressed in United States Dollars)

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

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

See accompanying notes to the unaudited interim financial statements.

Audited Condensed Schedule of Investments (continued) as at 31 December 2019

(Expressed in United States Dollars)

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

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

See accompanying notes to the unaudited interim financial statements.

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, and 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 seeks 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 is invested across public stocks largely replicating the public stock portfolios of the Investment Manager's existing US-based funds. The Company focuses 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 unaudited interim 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 US generally accepted accounting principles ("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.

The Board continues to monitor the ongoing impacts of the COVID-19 pandemic and has concluded that the biggest threat to the Company with regards to this pandemic is the failure for a key service provider to maintain business continuity and resiliency while maintaining work from home and social distancing practices. The Board has assessed the measures in place by key service providers to produce business continuity and so far has not identified any significant issues that affect the Company. The financial impact of the Company has not been negatively impacted by the pandemic either. For these reasons, the Board is confident that the outbreak of COVID-19 has not impacted the going concern assessment of the Company.

Reclassifications

Certain amounts in the 31 December 2019 financial statements have been reclassified to conform to the 30 June 2020 presentation.

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 investment purposes.

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.

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

Listed Investments

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. A discount for lack of marketability based on 180 days restriction period under SEC Rule 144 is applied for investments that begin trading on the NASDAQ national market.

Unlisted investments

Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Investment Manager. As part of their valuation process, the Investment Manager engages an Independent Valuer to challenge their assessed fair value on certain unlisted investments.

The valuation techniques applied are predominately market based including multiplies, industry valuation benchmarks and available market prices. The valuation techniques recognise that the price of a recent transaction, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. Consideration is given to the facts and circumstances as at the subsequent measurement date including changes in the market and/or performance of the investee company. Milestone analysis is used where appropriate to incorporate operational progress at the investee company level. In addition, a trigger event such as a subsequent round of financing by the investee company would influence the market technique used to calibrate fair value at the measurement date.

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.

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.

Convertible preferred stock

Investments in convertible preferred stock are valued on an as-if converted or fully dilutive liquidation basis and might in some cases contain a discount. As of 30 June 2020, these investments are categorized in Level 1, Level 2 and Level 3 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.

Warrants

Warrants that are listed on major securities exchanges are valued at their last reported sales price as of the valuation date. The fair value of OTC warrants is determined using the Black-Scholes option pricing model, a valuation technique that follows the income approach. This pricing model takes into account the contract terms (including maturity) as well as multiple inputs, including time value, implied volatility, equity prices, interest rates and currency rates. Warrants are generally categorized in Level 2 or 3 of the fair value hierarchy.

Fair Value – Valuation Processes

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.

1. Nature of operations and summary of significant accounting policies (continued)

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 unaudited interim 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, derivatives and foreign currency transactions in the unaudited interim 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 unrealised appreciation (depreciation) from foreign currency translation of assets and liabilities 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.

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 30 June 2020, the Company had cash collateral receivables of US$7.3 million (see Note 3) 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 unaudited interim 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 2019 or 30 June 2020.

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 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 amendments are effective for annual periods beginning after 15 December 2019 with early adoption permitted. The Company has adopted ASU 2018-13 and it has not had a material impact on the Unaudited Interim Financial Statements.

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 30 June 2020:

	Level 1	Level 2	Level 3	Total
Assets (at fair value)				
Investments in securities				
Common stocks	US$151,294,590	US$14,224,912	US$216,482	US$165,735,984
Convertible preferred stocks	132,819	179,131	25,618,903	25,930,853
American depository receipts	2,655,076	–	–	2,655,076
Warrants	–	–	263,443	263,443
Convertible notes	–	–	762,640	762,640
Total investments in securities	**154,082,485**	**14,404,043**	**26,861,468**	**195,347,996**
Derivative contracts				
Equity swaps	–	2,143,910	–	2,143,910
Total derivative contracts	**–**	**2,143,910**	**–**	**2,143,910**
	US$154,082,485	**US$16,547,953**	**US$26,861,468**	**US$197,491,906**
Liabilities (at fair value)				
Securities sold short				
Common stocks	US$1,250,342	US$–	US$–	US$1,250,342
American depository receipts	199,988	–	–	199,988
Total securities sold short	**1,450,330**	**–**	**–**	**1,450,330**
Derivative contracts				
Equity swaps	–	967,847	–	967,847
Total derivative contracts	**–**	**967,847**	**–**	**967,847**
	US$1,450,330	**US$967,847**	**US$–**	**US$2,418,177**

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

	Level 1	Level 2	Level 3	Total
Assets (at fair value)				
Investments in securities				
Common stocks	US$139,525,895	US$3,875,218	US$–	US$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**
	US$140,713,240	**US$5,201,659**	**US$26,064,551**	**US$171,979,450**
Liabilities (at fair value)				
Securities sold short				
Common stocks	202,933	–	–	202,933
Total securities sold short	**202,933**	**–**	**–**	**202,933**
	US$202,933	**US$–**	**US$–**	**US$202,933**

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 period ended 30 June 2020, the Company had transfers into Level 2 of US$5.0 million from Level 3 due to conversion into publicly traded common stocks subject to an unexpired 6 month lock-up as at 30 June. For the year ended 31 December 2019, the Company had transfers into Level 2 of US$2.5 million from Level 3 due to conversion into publicly traded common stocks subject to an unexpired 6 month lock-up as at 31 December.

2. Fair Value measurements (continued)

The following tables summarise 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 30 June 2020 and 31 December 2019:

	Fair value at 30 June 2020	Valuation Techniques	Unobservable Inputs	Range of Inputs
Assets (at fair value)				
Investments in securities				
Convertible preferred stocks	US$7,499,993	Price of recent funding rounds	n/a	n/a
	US$18,118,910	discounted cash flows, option pricing model	WACC	23%-32%
			Exit revenue multiple	4x
			Expected volatility	40%-60%
Warrants	US$263,443	Option pricing model	Expected volatility	105%
Convertible notes	US$762,640	Price of recent funding rounds	n/a	n/a
Common stocks	US$216,482	Price of recent funding rounds	n/a	n/a
Total investment in securities	**US$26,861,468**			

The significant unobservable inputs used in the fair value measurements of Level 3 convertible preferred stocks and warrants are WACC, exit revenue multiple, and expected volatility. Increases in the WACC in isolation would result in a lower fair value for the security, and vice versa. Increases in the exit multiple would result in a higher fair value of the security, and vice versa. Increases in volatility could result in a higher or lower fair value for the security, and vice versa.

	Fair value at 31 December 2019	Valuation Techniques	Unobservable Inputs	Range of Inputs
Assets (at fair value)				
Investments in securities				
Convertible preferred stocks	US$13,430,243	Price of recent funding rounds	n/a	n/a
			WACC	24%-32%
	US$12,634,308	discounted cash flows	Exit revenue multiple	4x
Total investment in securities	**US$26,064,551**			

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 period ended 30 June 2020 were as follows:

	Balance Beginning 1 January 2020	Realised Gains (Losses) (a)	Unrealised Gains (Losses) (a)	Purchases	Sales	Transfers into (from) Level 3*	Ending Balance 30 June 2020
Assets (at fair value)							
Investment in securities							
Convertible preferred stocks	US$26,064,551	US$–	US$287,141	US$7,267,211	US$(3,000,004)	US$(4,999,996)	US$25,618,903
Warrants	–	–	30,662	232,781	–	–	263,443
Convertible notes	–	–	–	762,640	–	–	762,640
Common stocks	–	–	–	216,482	–	–	216,482
Total investment in securities	**US$26,064,551**	**US$–**	**US$317,803**	**US$8,479,114**	**US$(3,000,004)**	**US$(4,999,996)**	**US$26,861,468**

* Conversions of preferred stock into common stock.

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

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

* Conversions of preferred stock into common stock.

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

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 30 June 2020, amounts included within due from brokers of US$28,052,620 (31 December 2019: 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$7,306,853 (31 December 2019: US$1,893,420) which is included in due from brokers. At 30 June 2020, due to brokers includes payables of US$451,280 (31 December 2019: 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. LLC, Cowen Financial Products, LLC and UBS AG. 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.

Volume of Derivative Activities

The Company considers the average month-end notional amounts during the period, categorized by primary underlying risk, to be representative of the volume of its derivative activities during the period ended 30 June 2020:

	30 June 2020		31 December 2019	
	Long exposure	Short exposure	Long exposure	Short exposure
Primary underlying risk	Notional amounts '000	Notional amounts '000	Notional amounts '000	Notional amounts '000
Equity price				
Equity swaps	136	4,863	3,449	–
	136	**4,863**	**3,449**	**–**

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

The following tables identify the fair value amounts of derivative instruments included in the unaudited interim statement of assets and liabilities as derivative contracts, categorized by primary underlying risk at 30 June 2020 and 31 December 2019. The following table also identifies the gain and loss amounts included in the unaudited interim 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 period ended 30 June 2020 and year ended 31 December 2019.

	30 June 2020			
Primary underlying risk	Derivative assets '000	Derivative liabilities '000	Realised gain (loss) '000	Change in unrealised gain (loss) '000
Equity price				
Equity swaps	2,144	968	193	(172)
	2,144	**968**	**193**	**(172)**

	31 December 2019			
Primary underlying risk	Derivative assets '000	Derivative liabilities '000	Realised gain (loss) '000	Change in unrealised gain (loss) '000
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 30 June 2020 and 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 unaudited interim 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 set off are enforceable at law.

As of 30 June 2020, the Company held financial instruments and derivative instruments that were eligible for offset in the unaudited interim 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.

As discussed in Note 1, the Company has elected not to offset assets and liabilities in the unaudited interim statement of assets and liabilities. The following table presents the potential effect of netting arrangements for derivative contracts presented in the unaudited interim statement of assets and liabilities:

		Gross amounts not offset in the unaudited interim statement of assets and liabilities		
Description	Gross amounts of recognised assets '000	Financial instruments (a) '000	Cash Collateral received (b) '000	Net amount '000
Equity swaps				
Cowen Financial Products, LLC	1,936	–	4,911	6,847
UBS AG	208	–	2,348	2,556
	2,144	**–**	**7,259**	**9,403**

(a) Amounts related to master netting agreements (e.g. ISDA), determined by the Company to be legally enforceable in the event of default and if certain other criteria are met in accordance with applicable offsetting accounting guidance but were not offset due to management's accounting policy election.

(b) Amounts related to master netting agreements and collateral agreements determined by the Company to be legally enforceable in the event of default, but certain other criteria are not met in accordance with applicable offsetting accounting guidance. The collateral amounts may exceed the related net amounts of financial assets and liabilities presented in the unaudited interim statement of assets and liabilities, If this is the case, the total amount reported is limited to the net amounts of financial assets and liabilities with that counterparty.

The following table presents the potential effect of offsetting of netting arrangements for derivative contracts presented in the unaudited interim statement of assets and liabilities:

		Gross amounts not offset in the unaudited interim statement of assets and liabilities		
Description	Gross amounts of recognised liabilities '000	Financial instruments (a) '000	Cash Collateral pledged (b) '000	Net amount '000
Equity swaps				
Cowen Financial Products, LLC	917	56	–	973
Goldman Sachs & Co.	51	–	–	51
	968	**56**	**–**	**1,024**

(a) Amounts related to master netting agreements (e.g. ISDA), determined by the Company to be legally enforceable in the event of default and if certain other criteria are met in accordance with applicable offsetting accounting guidance but were not offset due to management's accounting policy election.

(b) Amounts related to master netting agreements and collateral agreements determined by the Company to be legally enforceable in the event of default, but certain other criteria are not met in accordance with applicable offsetting accounting guidance. The collateral amounts may exceed the related net amounts of financial assets and liabilities presented in the unaudited interim statement of assets and liabilities, If this is the case, the total amount reported is limited to the net amounts of financial assets and liabilities with that counterparty.

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 unaudited interim 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. The Company 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.

Biotech/healthcare companies

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' therapies 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.

9. Share Capital

Pre re-domiciliation

Pre 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 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.

Pre re-domiciliation, 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.

Post re-domiciliation

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. During the period the Company has issued a further 16,836,303 Ordinary Shares in subsequent offerings.

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 Amount will be allocated to the Performance Allocation Share Class Fund. All Performance Allocation Shares are held by RTW Venture Performance, LLC. As at 30 June 2020, there is one Performance Allocation Share in issue (31 December 2019: one).

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.

For all share classes, subject to compliance with the solvency test set out in the Companies Law, the Board may declare and pay such annual or interim dividends and distributions as appear to be justified by the position of the Company. The Board may, in relation to any dividend or distribution, direct that the dividend or distribution shall be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or reserves of any nature as approved by the Company.

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% (2.0% per annum) of each non-managing member's capital account. For the period from 1 January 2019 through 1 October 2019 the investors were not 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 period amounted to US$1,247,855 (30 June 2019: US$nil) of which US$nil (31 December 2019: US$198,794) was outstanding at the period end.

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.

10. Related party transactions (continued)

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. During the period, the Performance Allocation Share Class Fund entered into a letter agreement dated 21 April 2020, pursuant to which the Performance Allocation Share Class Fund agreed to defer distributions of the Company's Ordinary Shares that would otherwise be distributed to the Performance Allocation Share Class Fund no later than 30 business days after the publication of the Company's audited annual financial statements. Under that letter agreement, such Ordinary Shares shall be distributed 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.

The Investment Manager is a member of the Performance Allocation Share Class Fund, and will therefore receive a proportion of the Performance Allocation Amount. In April 2020, the Board approved the distribution of US$4.1 million to the Performance Allocation Share Class Fund (30 June 2019: US$nil). At the period end the Performance Allocation was US$4.6 million (31 December 2019: US$8.7 million).

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. In May 2020, the one-time rebate was paid to the founding members and this rebate has now been discharged in full.

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 period ended 30 June 2020, three members of the Investment Manager served on the board of directors of Rocket, two served on the board of directors of Ji Xing and one member served on the board of directors of Avidity and Landos, investments of the Company. As of 30 June 2020, the fair value of such investments held by the Company was US$64.7 million, US$0.2 million, US$16.3 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. An Independent Valuer was engaged to produce a valuation report on the Seed Assets and this report was approved following discussions in the pre-IPO 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.

As at 30 June 2020, the number of Ordinary Shares held by each Director is as follows:

	30 June 2020 Number of Ordinary Shares	31 December 2019 Number of Ordinary Shares
William Simpson	100,000	–
Paul Le Page	103,000	–
William Scott	100,000	50,000
Stephanie Sirota	663,004	494,004

The directors added to their holdings during the period by purchasing shares in the Company's share issuance programme at a premium to NAV.

Roderick Wong is a major shareholder and also a member of the Investment Manager, at the period end he held 24,814,619 (31 December 2019: 24,814,619) Ordinary Shares in the Company.

The total Directors' fees expense for the period amounted to US$115,975 (30 June 2019: US$nil) of which US$48,964 was outstanding at 30 June 2020 (31 December 2019: US$33,140).

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 ("OAGL") 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 OAGL charged administration fees of US$100,443 (30 June 2019: NAV Consulting, Inc. charged administration fees of US$6,100) of which US$16,763 was outstanding at period end (31 December 2019: US$29,439).

12. Financial Highlights

Financial highlights for the six month period ended 30 June 2020 and year ended 31 December 2019 are as follows:

Per Ordinary Share operating performance	
Net Asset Value, beginning of period	US$1.27
Issuance of shares	0.01
Income from investments	
Net investment loss	(0.01)
Net realised and change in unrealised appreciation on investments, derivatives and foreign currency transactions	0.07
Total from investment operations	0.06
Net Asset Value, end of period	US$1.34

Total return	
Total return before Performance Allocation	4.93%
Performance Allocation	–%
Total return after Performance Allocation	4.93%

Ratios to average net assets*	
Expenses**	2.30%
Performance Allocation	0.01%
Expenses and Performance Allocation	2.31%
Net investment loss	(2.14)%

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.

* Ratios are annualised.

** The Company's annualised 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.

12. Financial Highlights (continued)

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 %
Expenses and Performance Allocation	5.34%
Net investment loss	(0.51)%

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%.

* Ratios is not annualised.

13. Subsequent events

Following the period end, the Company through several share issuances, issued additional Ordinary Shares raising US$2.1 million net of expenses, with the issued share capital as at 31 August 2020 now 179,804,548 Ordinary Shares.

On 23 July 2020, iTeos announced pricing of its US$201.1 million IPO, by offering 10,586,316 shares of common stock at US$19.00 per share. The shares began trading on Nasdaq Global Market on 24 July 2020 under the ticker symbol "ITOS". The investment from March 2020 to pre-IPO valuation generated a 1.8X uplift. An illiquidity discount will be applied for the first six months of trading as the Company is restricted from selling its holding under SEC Rule 144.

On 17 September 2020, Athira announced pricing of its US$204.0 million IPO, by offering 12 million shares at US$17.00 per share. The shares began trading on Nasdaq Global Market on 18 September 2020 under ticker symbol "ATHA". The investment from May 2020 to pre-IPO trading generated a c. 2.3x uplift. An illiquidity discount will be applied for the first six months of trading per SEC Rule 144.

These financial statements were approved by the Board of Directors and available for issuance on 23 September 2020. Subsequent events have been evaluated through this date.

Defined Terms

"Adjusted Net Asset Value" the NAV adjusted by deducting the unrealised gains and unrealised losses in respect of private Portfolio Companies;

"Administrator" or **"Ocorian"** or **"OAGL"** means Ocorian Administration (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;

"Athira" Athira Pharma, Inc.;

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

"Avidity" Avidity Biosciences, Inc.;

"Beta Bionics" Beta Bionics, Inc.;

"C4 Therapeutics" or **"C4T"** C4 Therapeutics, Inc.;

"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;

"Cochlea" a spiral-shaped part of the inner ear;

"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;

"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;

"Dravet Syndrome" a type of rare paediatric epilepsy;

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

"Encoded" Encoded Therapeutics, Inc.;

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

"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;

"FcRn" neonatal Fc receptor, a receptor facilitating IgG antibody recycling;

"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.;

"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;

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

"Immunocore" Immunocore Limited;

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

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

"Interim Report" the Interim Financial Report;

"Investigational New Drug" or **"IND"** the FDA's Investigational New Drug program is the means by which a pharmaceutical company obtains permission to start human clinical trials;

"IPO" an initial public offering;

"IRR" internal rate of return;

"iTeos" iTeos Therapeutics, Inc.;

"Ji Xing" Ji Xing Pharmaceuticals, formerly China NewCo;

"Landos" Landos Biopharma, Inc.;

"Latest Practicable Date" 30 June 2020, 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;

"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 affects muscle function;

"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;

"Non-core portfolio assets" Investments made in public companies as a part of cash management strategy;

"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" or **"Orchestra"** Orchestra BioMed, Inc.:

"Ordinary Shares" the Ordinary Shares of the Company;

"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;

"PRAME" a cancer-testis antigen (CTA) that is highly expressed in a broad range of solid and hematologic malignancies;

"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" pathologic conditions that affect lungs;

"Pulmonx" Pulmonx Corporation;

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

"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;

"SEC Rule 144" selling restricted and control securities;

"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;

"TIGIT" a target for a checkpoint antibody development in immuno-oncology;

"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;

"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 eye cancer;

"WACC" weighted average cost of capital;

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

Alternative Performance Measures (unaudited)

APM	Definition	Purpose	Calculation
Cash	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, Due from brokers less Due to brokers 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 (US$238.3m) divided by the number of ordinary shares in issue (178,380,998) 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 (US$1.3361) and the NAV per share at the beginning of the period (US$1.2733) 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 (US$1.44) and the price per share at the beginning of the period (US$1.37) 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 (US$1.44) and the NAV per share at the end of the period (US$1.34) 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

Investing in pioneers

RTW Venture Fund Limited (the "Company") is a closed-ended fund listed on the Specialist Fund Segment of the London Stock Exchange. We invest and partner with innovative healthcare companies looking to bring novel and transformational therapies to patients.

The Company

RTW Venture Fund Limited (the "Company") is a company that was incorporated as a limited liability corporation in the State of Delaware, United States of America on 16 February 2017, with the name "RTW Special Purpose Fund I, LLC", and re-domiciled into Guernsey under the Companies Law on 2 October 2019, and was allocated registration number 66847 on the Guernsey Register of Companies.

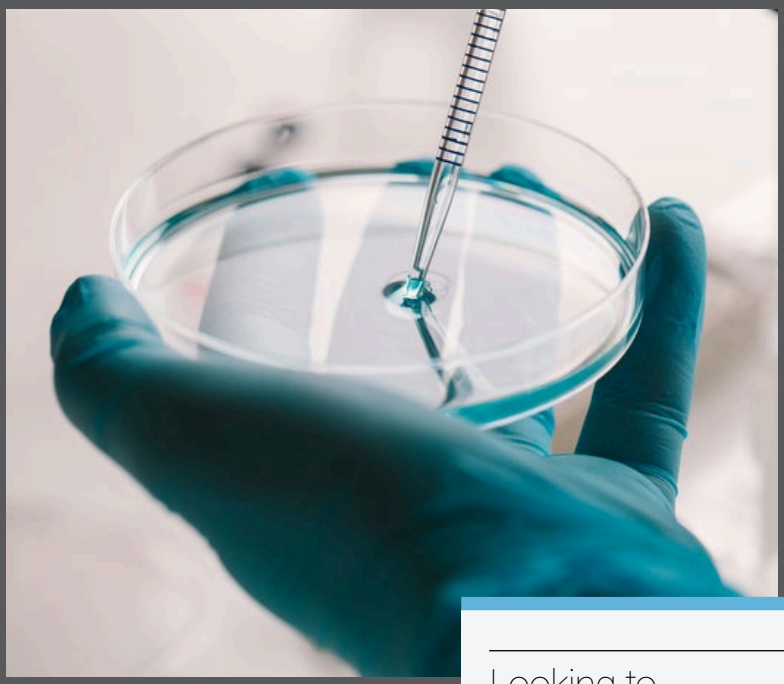
The Company is an investment company limited by shares and controlled from Guernsey. The Company is registered with the GFSC as a Registered Closed-ended Collective Investment Scheme. The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

On 30 October 2019, the issued Ordinary Shares of the Company were listed and admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange. The ISIN of the Company's ordinary shares is GG00BKTRRM22 and the ticker symbol of the Company is "RTW".

Investment Policy

The Company will seek to achieve its investment objective by leveraging the Investment Manager's data-driven proprietary pipeline of innovative assets to invest in life science, biotechnology and medical technology 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.



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 existing Portfolio Companies and future 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.

While the Company expects to make direct investments into Portfolio Companies, the Company may invest in Portfolio Companies indirectly through another company or one or more investment vehicles or other structures alongside other investors.

The Company may use derivatives to optimise the risk reward of individual positions or the portfolio as a whole.

Looking to the future

Investment objectives

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 for patients and/or extend life spans.

RTW Venture Fund

BOARD OF DIRECTORS

William Simpson (Chairman)
Paul Le Page (Chairman of Audit Committee)
William Scott
Stephanie Sirota

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SEDOL: BKTRRM2
Ticker: RTW
LEI: 549300Q7EXQQH6KF7Z84

rtwfunds.com/venture-fund