rtw Venture Fund

Investing in tomorrow's most promising science.

Annual Report and Audited Consolidated Financial Statements

For the year ended 31 December 2022

Registered number: 66847

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Read more online
rtwfunds.com

RTW Venture Fund Limited is a life sciences and investment innovation fund. Through the Group's capital and the Investment Manager's expertise we're powering breakthroughs in biotech and medtech that will transform the wellbeing of people around the world.

31 December 2022 Highlights

Financial highlights

US$326.1M
Ordinary NAV
(2021: US$363.0M)

US$1.54
NAV per Ordinary Share
(2021: US$1.71)

+47.6%
Ordinary NAV growth since inception
(+64.4%)

+16.4%
Total shareholder return[1] since admission
(2021: +71.2%)

-10.2%
Ordinary NAV per share growth YTD
(2021: -9.9%)

-32.0%
Total shareholder return[1] YTD
(2021: -5.3%)

US$7.0M
Cash / cash equivalents
(2021: US$6.5M)

US$1.21
Price per Ordinary Share[2]
(2021: US$1.78)

1 Total shareholder return is an alternative performance measure (APM). For more information, please refer to APM definitions table on page 107.
2 The share price at 29 March 2023 was US$1.06.

Portfolio highlights

70.9%
Of NAV invested in core portfolio companies
(2021: 66.4%)

39
Core portfolio companies
(2021: 42)

3
New core portfolio companies added in the year
(2021: 21)

25
Privately-held portfolio companies
(2021: 25)

68%
Of core portfolio companies have products in clinical stage programs
(2021: 67%)

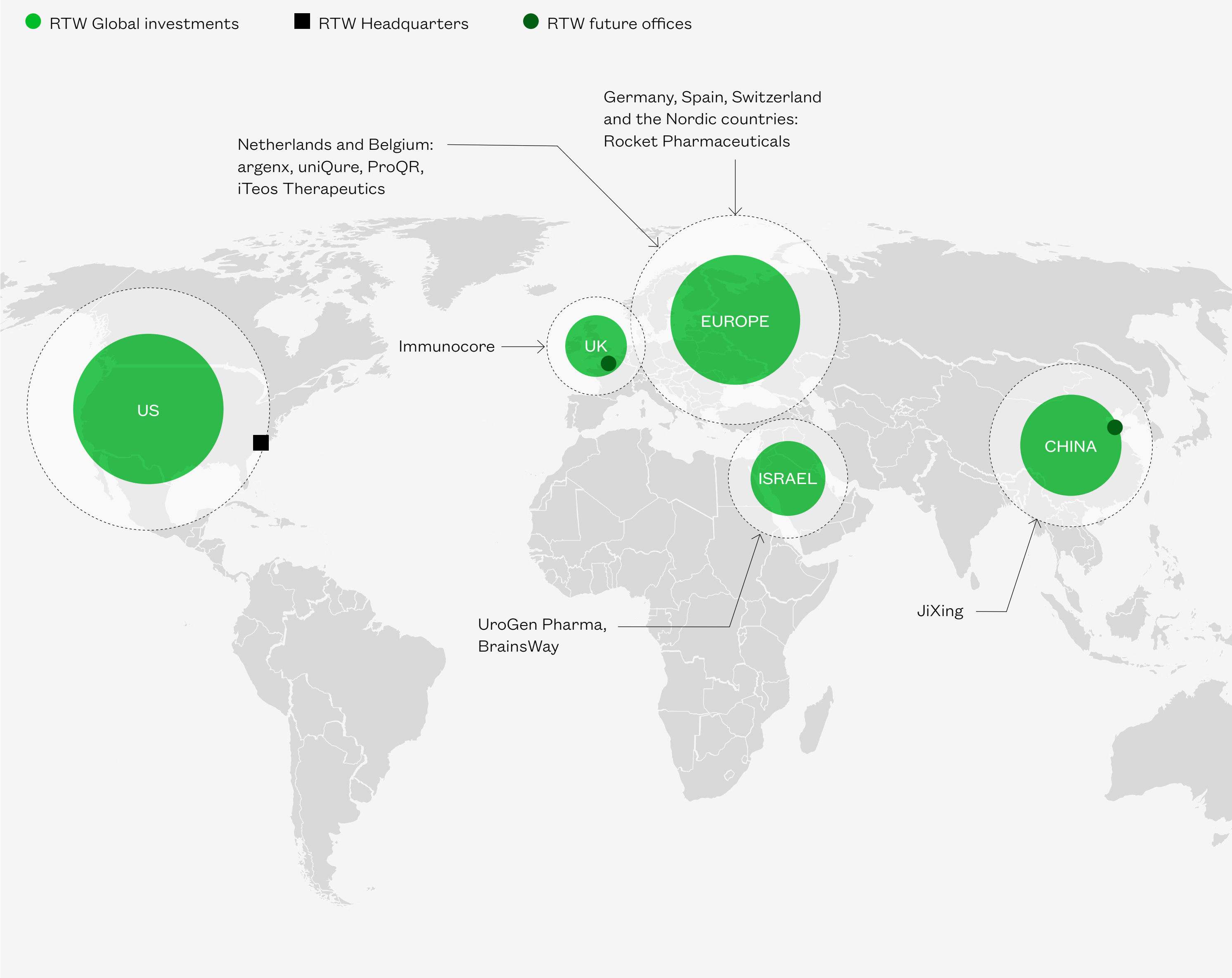
14
Publicly-listed portfolio companies
(2021: 17)

OUR PURPOSE

Powering breakthrough therapies that transform the lives of millions

Global life science is more vibrant than ever. Exciting ideas. Visionary entrepreneurs. Full of potential to create life-changing medicines. Our goal is to make sure they do.

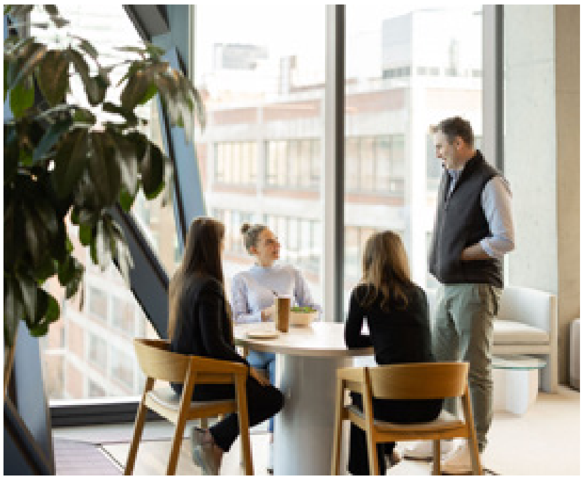
Our global reach



Our new brand

Last year we updated the Company's visual identity and logo to better reflect the firm we are today: a leading global life sciences investment and innovation firm. Our new logo represents deep thinking, humility, science, collaboration, and people. Our aim with this new branding is to embed our culture, purpose, and vision more fully into our communications with our stakeholders.

Learn more about this in our **purpose video**



THE US MARKET

RTW has a core focus on the US, with deep coverage of opportunities from academia to mid-size public companies. We apply a full range of deal execution and company building capabilities.

THE UK & EUROPEAN MARKET

We have identified and invested in exceptional British and European scientific assets. We look to contribute to these biotech ecosystems by engaging in creation or ongoing development of new companies around promising early-stage assets by partnering with universities and in-licensing academic programs and by providing financial and human capital to entrepreneurs to advance scientific programs in development.

THE CHINA MARKET

We capture commercialisation opportunities in China by investing across the venture capital life cycle: from new company formation to IPO and by bringing successful, innovative drugs to Chinese patients.

Members of the RTW team

76

2021: 77

Our Long-Term Strategy, **page 21**

Learn more about us in our **culture video**

Our culture

Every day, our team's priority is to unlock value by advancing early-stage scientific development and delivering innovative therapies to patients in need.

At the core of our business is a set of guiding principles that shape every aspect of RTW.

Collaboration
We leverage collective intellect

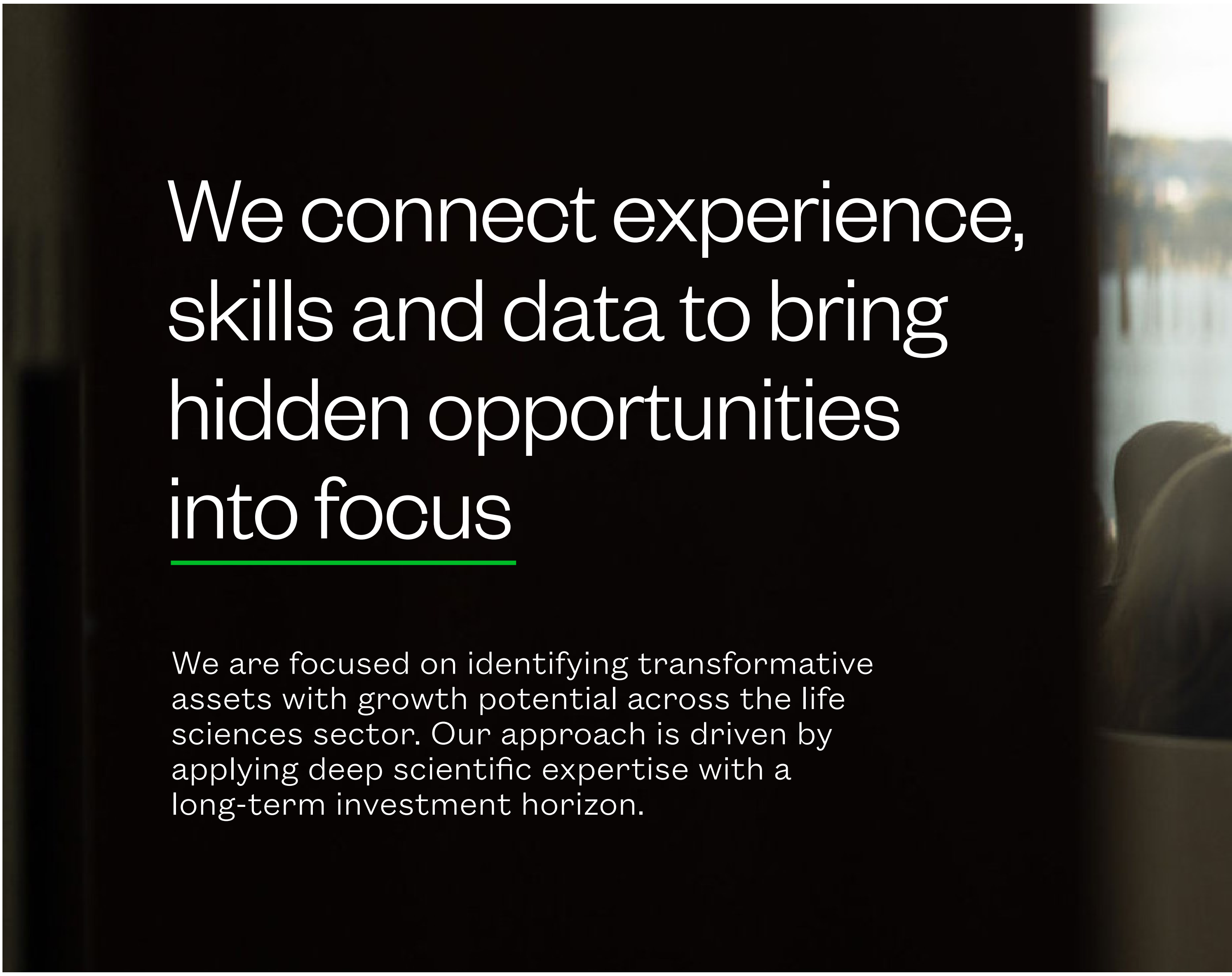
Progress
From research to innovation to reality

Humility
The hunger to learn and improve

Tenacity
We find the pathway to success, no matter the obstacles

Rigour
Obsessing over science & the data

Leadership
The courage to shape a better future



We connect experience, skills and data to bring hidden opportunities into focus

We are focused on identifying transformative assets with growth potential across the life sciences sector. Our approach is driven by applying deep scientific expertise with a long-term investment horizon.

6

Competitive advantages

DEEP RESEARCH

We delve deeper into the science and data to spot the things others miss.

With breakthrough investing, conviction is everything. Ours is rooted in meticulous research.

Opportunities. Potential. Errors. Risks. They are easily unseen or overlooked, which is why we rarely give the consensus a free pass. Instead, we analyse. We scrutinise. We obsess. Applying the unique, repeatable research approach we've fine-tuned over years of successful life sciences innovation. Combining the best data, technology, and scientific insight to unlock possibilities.

SELECTIVE

Dissecting opportunities with pinpoint precision. We are not afraid to commit.

Questioning assumptions. Finding the answers – whatever it takes.

We cast a wide net, but only the best biopharmaceutical and medical technology assets pass the test – those with the highest probability of becoming commercially viable products, and those with the greatest potential to revolutionise treatment outcomes for patients.

When we invest, we go all in: our capital, our time, our hearts and minds. So we choose our partners carefully, those who, like us, care less about quick wins – and more about lasting legacies.

KNOWLEDGE

Investment. Science. Business. You need all these lenses to see the bigger picture.

It's this combination of knowledge and experience that gives us our edge.

Collaboration is the thread that runs through everything we do. Expert doctors, academics, and drug developers. Seasoned venture capitalists and investment bankers. Experienced lawyers, data scientists and company operators.

We work as one team, applying collective intellect to spark ideas, solve problems, avoid pitfalls, strengthen strategies, and build successful companies around brilliant people.

FLEXIBLE SOLUTIONS

We have the flexibility to support companies in the right way, at the right time.

Drug development rarely follows a linear path. Every journey's unique. Whatever the ups and downs, twists and turns, we have the skills to solve problems and accelerate progress. From providing capital and infrastructure to advance promising academic programs, to forming new companies. To taking them public. Creative and practical. We thrive on building pathways where there are none. Paving the way for scientists and entrepreneurs to bring life-changing therapies to the patients who need them.

PEOPLE

It's a people business. Directing shared passions toward the same goal.

Healthcare innovation is hard work. Easy wins are few and far between. Those who succeed are the ones who never lose sight of why it matters. The true believers. The team players. The no quitters. These are the people we love working with. And the people we are.

We come from many different backgrounds, but we're united in our purpose to improve the lives of the people around us. We believe this diversity is our greatest strength. Because as we invest in and champion each other, we all achieve so much more.

LONG-TERM PARTNERS

Close collaborators and committed partners – every step of the way.

Bringing new therapies to patients is a long journey. Audacious dreams. Heart-breaking setbacks. Electrifying triumphs. We are here through it all. Fully invested in the success of our partners and companies – because their success is our success.

It's why we are hands-on. Going further than many other investors can. Using our medical and scientific expertise to accelerate research. And sharing our business, legal and banking insights to help commercial operations flourish. We choose partners who are as passionate about revolutionising medicine as we are.

Building disruptive companies through innovative investing

William Simpson
Chairman

RTW Venture Fund Limited (the "Company"), passed its third anniversary since admission to the London Stock Exchange ("LSE") on 30 October 2022.

Since admission, the Company's NAV per ordinary share has grown by +48% and it has outperformed its relevant benchmarks through good times for the sector and, recently, through bad. Despite a -10% decline in NAV this year, I am pleased to say that the Group (including the Company's new wholly-owned subsidiary) outperformed the smaller capitalisation Russell 2000 Biotech Index by approximately 20% as we begin to witness the early stages of a recovery for the sector, which I am confident that we are very well positioned to capture.

2022 Overview

After the flood comes the drought. 2021 was a record-breaking year for private and public biotech financing activity. Then 2022 saw IPOs fall to the lowest levels in ten years and follow-on financings return to 2016 levels, which is when the sector experienced a significant drug pricing panic. This year saw actual drug pricing reform as part of the Inflation Reduction Act, which was signed into US federal law in August. At a sector level there is no impact on revenue growth potential through 2026, which limits its impact on equities today, and in fact resolves significant policy uncertainty. However, there are likely to be some unintended consequences that will need careful navigation.

As a result, of the decline in IPOs, the Group's cadence of new investments and IPOs also slowed, albeit not as dramatically as the sector as a whole. During 2022, the Group added three portfolio companies, Lenz Therapeutics, Mineralys and Apogee Therapeutics, and exited six core public portfolio companies, Athira, Biomea, iTeos, Pyxis, Pulmonx, and Landos and one core private position, RTW Royalty Holdings 1 (Mavacamtem). In total, the exits crystallised a c.+1.8% contribution to NAV. Two private portfolio companies, Cincor and Third Harmonic Bio successfully went public and one, Orchestra BioMed, announced its intention to combine with RTW's Health Sciences Acquisitions Corporation 2, a deal which subsequently completed in January 2023.

At the end of the period, the Group had thirty-eight core portfolio companies, of which twenty-five were privately held and thirteen were publicly listed. All core portfolio companies were initiated as private investments by the Investment Manager including three company creations. The core portfolio represented c. 71% of NAV at the end of the reporting period, up from 66% at the end of 2021. For the balance of the portfolio, to mitigate any drag on performance due to excess cash awaiting deployment into new private assets, the Group invests in a portfolio of listed companies selected by the Investment Manager to be representative of positions that are also held in its other investment funds. At the end of the reporting period, this represented c. 29% of NAV, down from 37% at the end of 2021.

In the year ended 31 December 2022, the NAV declined by -10.2% % from US$363.0 million or US$1.71 per Ordinary Share to US$326.1 million or US$1.54 per Ordinary Share. The main detractor to the NAV was the markdown in Ji Xing (c. -2.2% contribution), after the IPO was delayed due to market conditions, despite a positive operating performance. The mark to market share price performance of Prometheus Biosciences (c. +9.1% contribution) and the realised gain in RTW Royalty Holdings 1 (c. +4.9% contribution), following the successful sale to Bristol Myers Squibb, were two outstanding results in a year that saw the Russell 2000 Biotechnology Index decline by 32.0%. Since admission, the Company's NAV per Ordinary Share has appreciated by 47.6% against a -5.3% decline for the Russell 2000 Biotechnology Index. By any standard, this is a commendable and consistent degree of outperformance and testament to the Investment Manager's robust business model and expertise.

The Company's share price fell to a discount to NAV this year as did those of many of our investment company peers, especially those that provide growth financing to private companies. This was, perhaps, exacerbated by a change in U.S. tax regulation affecting publicly traded partnerships (PTPs), which the Company was formerly classified as for U.S. tax purposes. A number of custodians effecting transactions in the Company's Ordinary Shares informed the Company's shareholders that, as a result of the imposition of a new U.S. withholding tax obligation, they would no longer hold or deal with the Ordinary Shares if the Company continued to be classified as a PTP. This likely led to some selling pressure on the shares as the 1 January 2023 deadline approached until the Company changed its tax status on 1 December, which was subsequently ratified by an EGM held on 19 December 2022. We thank our shareholders for their support through this and are pleased that the share price has recovered significantly since. We are optimistic that it will continue to do so with further NAV accretion in an improving market environment.

> The valuation metrics of the sector and our portfolio are truly compelling by historic standards, with many companies developing great potential therapies trading at a fraction of long-term valuation norms.

Outlook

Public market valuations are still near historic lows, while innovation remains at an all-time high. The valuation metrics of the sector and our portfolio are truly compelling by historic standards, with many companies developing great potential therapies trading at a fraction of long-term valuation norms.

The private portfolio is well funded and fairly valued and a sector bear market from February 2021 to June 2022 has created significant opportunities for a skilled investor, such as RTW, that has both scale of scientific resources and understanding, together with extensive capital markets experience and solutions to outpace their less experienced and less-resourced rivals.

The Investment Manager believes that there remains significant demand for reliable capital to support the discovery and development of scientific innovation, and that there is an opportunity to grow their footprint in the UK and EU as an active local participant in the biotech ecosystem. The Investment Manager therefore intends to seek additional ways of growing demand for the Company's shares with the ambition of restoring a premium valuation that can lead to the growth of the Group and its portfolio. This growth would assist in the financing of an exciting pipeline of new ideas, based upon the Group's strategy of founding, investing, and supporting companies developing next-generation therapies and technologies that can significantly improve patients' lives. Accordingly, the Board expects the Group to continue to achieve a strong performance over the long term and create value for shareholders.

2023 AGM

The Company will hold its Annual General Meeting on 21 June 2023 to review the annual results and provide portfolio updates.

We would like to dedicate a part of the meeting to address questions from our shareholders. At the present time, we anticipate holding it at Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey. We encourage our shareholders to share their questions here and we will endeavour to answer as many as we can: RTWVentureFund@rtwfunds.com.

On behalf of the Board, I would like to express my gratitude for your continued support and wish you all the best for 2023.

William Simpson
Chairman of the Board of Directors
RTW Venture Fund Limited
30 March 2023

Roderick Wong, MD
Managing Partner

Together we are harnessing the potential to accelerate the revolution in medicine

Executive summary

Since its listing on the London Stock Exchange in October 2019, the Group has grown the NAV attributable to Ordinary Shareholders from US$168.0 million to US$326.1 million by a combination of investment returns and the issue of additional Ordinary Shares.

The NAV per Ordinary Share has grown 47.6% from $1.04 to $1.54 as of 31 December 2022. Since admission to the year-end, the share price has lagged NAV growth, returning +16.4%, as the shares fell, albeit by much less than the wider market as represented by the Russell 2000 Biotechnology Index this year.

RTW Investments, LP (the "Investment Manager", "us", "we"), a leading global healthcare-focused 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 expertise and a long-term approach to building and supporting innovative businesses, we invest in companies developing transformative next-generation therapies and technologies that can significantly improve patients' lives.

Table 1. Financial Highlights

RTW Venture Fund Limited	Year-end reporting period (01/01/2022-31/12/2022)	Previous Year-end reporting period (01/01/2021-31/12/2021)	Admission (30/10/2019) to 31/12/2022
Ordinary NAV – start of period	US$363.0 million	US$375.3 million	US$168.0 million
Ordinary NAV – end of period	US$326.1million	US$363.0 million	US$326.1million
NAV per Ordinary Share – start of period	US$1.71	US$1.96	US$1.04
NAV per Ordinary Share – end of period	US$1.54	US$1.71	US$1.54
NAV movement per Ordinary Share	**-10.2%**	**-12.8%**	**47.6%**
Price per Ordinary Share – start of period	US$1.78	US$1.88	US$1.04
Price per Ordinary Share – end of period	US$1.21	US$1.78	US$1.21
Share price return(i)	**-32.0%**	**-5.3%**	**16.4%**
Benchmark returns(ii)			
Russell 2000 Biotech	-31.3%	-26.9%	-5.3%
Nasdaq Biotech	-10.9%	-0.6%	24.7%

(i) Total shareholder return is an alternative performance measure.
(ii) Source: Capital IQ.

As of 31 December 2022, approximately 71% of the portfolio was invested in the core portfolio (private and public), a 5% increase versus 31 December 2021. Within that, the mix changed slightly. Core private exposure stands at 25% of NAV, a 3% reduction on last year, while core public exposure increased by 10% to 46%. We define core public companies as companies that were initially added to our portfolio as private investments, reflecting the key focus of the Company's strategy. Our investment approach is defined as full life cycle and, therefore, involves retaining our private investments well beyond their IPO, hence our core portfolio consists of both privately-held and publicly-listed companies.

Approximately 29% of the Company's NAV is currently invested in other publicly listed companies in lieu of holding cash for future private investments. This portfolio of assets has been carefully selected by us, matching, on a pro-rated basis, the long investments held in our other funds. The investments represented in this portfolio are similarly categorised as innovative biotechnology and medical technology companies developing and commercialising potentially disruptive and transformational products.

The -10.2% reduction in NAV during 2022 was largely driven by the "other public" portfolio's (-9.3% contribution), which declined roughly in line with the Russell 2000 Biotech Index. The core portfolio made a small positive contribution to NAV with the core public portfolio contributing +0.2% and the core private portfolio detracting -0.1%. Within our core private portfolio we crystallised gains of +4.9% of NAV when RTW Royalty Holdings sold Mavacamten to Bristol Myers Squibb.

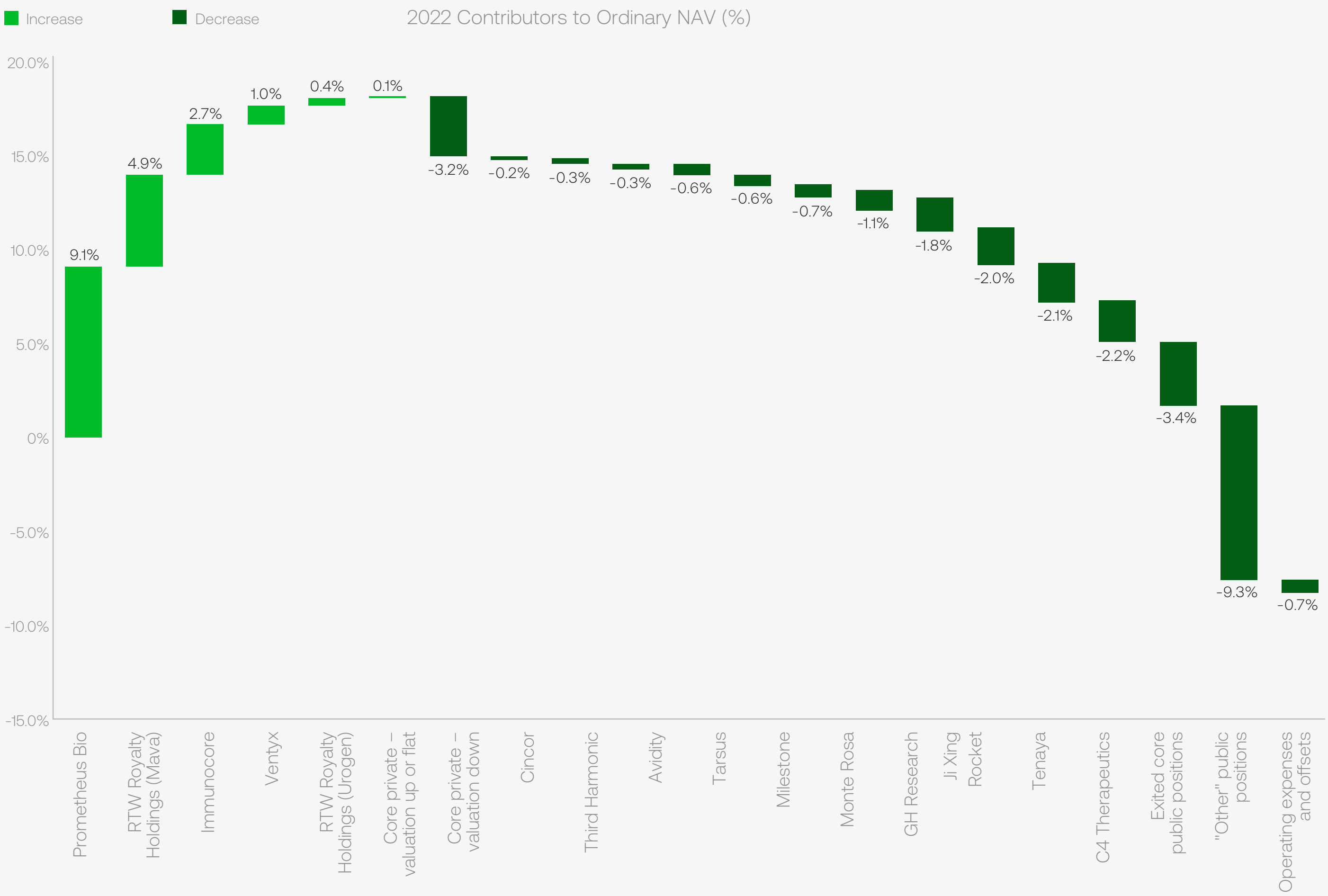
These gains were offset by write-downs across the majority of our private portfolio based on declining public market comparables. The positive return of the core portfolio, in a year when small cap biotech companies, particularly newly public ones, performed very poorly, highlights the selectivity of our process, quality of our investments and value of our full life cycle approach. Income and Expense (offset by both the mark to market on the Performance Allocation Share for the period from 1 January 2022 through 30 November 2022 and Non-Controlling Interest for the period from 1 December 2022 through 31 December 2022) make up the balance of returns (-0.7% contribution).

New portfolio companies

12

(2021: 36)

Figure 1. Performance drivers as of 31 December 2022



Our 2022 new investments

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

The Group now has thirty-eight core portfolio companies having added three new companies in 2022 alongside seven disposals. Core portfolio companies added in 2022 are listed below.

0.4% NAV*

Lenz Therapeutics

Clinical stage biopharma company developing treatments for presbyopia

0.3% NAV*

Mineralys Therapeutics

Clinical stage biopharma company developing treatments for hypertension

0.6% NAV*

Apogee Therapeutics

Pre-clinical biopharma company developing treatments for inflammation

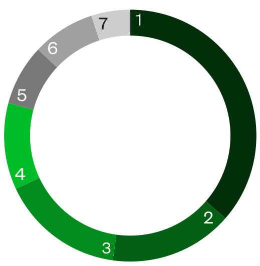
* On 31 December 2022

Core portfolio breakdown

As of 31 December 2022, the portfolio was diversified across treatment modalities, therapeutic focus, and the clinical stage of programs (Figure 2A-C). While the portfolio remains dominated by US-based companies (Figure 2D), we are committed to adding UK and EU-based scientists and companies in an effort to support the best assets across the globe and foster local biotech ecosystems. By constructing the portfolio in such a way, investors can gain exposure to the most innovative parts of a highly specialised sector with the explosive potential of companies such as Prometheus Biosciences (which we expand on below).

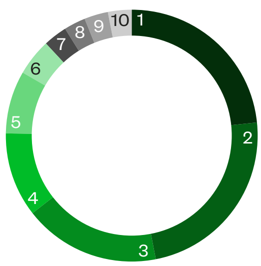
Figure 2. Core portfolio breakdown, by (A) modality, (B) therapeutic focus, (C) clinical stage and (D) geography as of 31 December 2022

A) Modality



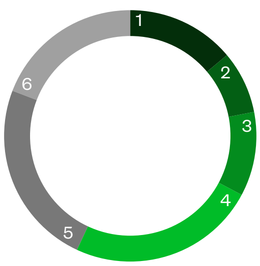
1 Small Molecule
2 Medtech
3 Gene Therapy
4 Antibody
5 Cell Therapy
6 Targeted Protein Degradation
7 Spec Pharma

B) Therapeutics Focus



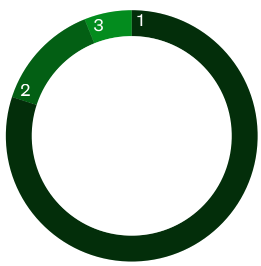
1 Inflammation
2 Oncology
3 Cardiovascular
4 Neurology
5 Opthalmology
6 Rare Disease
7 Pulmonary
8 Gastrointestinal
9 Orthodontic
10 T1 Diabetes

C) Clinical Stage



1 Commercial
2 Pivotal
3 Phase 3
4 Phase 2
5 Phase 1
6 Preclinical

D) Geography



1 US & Canada
2 UK & EU
3 China

Key updates for Core Portfolio Companies during 2022:

CLINICAL MILESTONES

FINANCING AND COMMERCIAL DEVELOPMENTS

JAN

Immunocore
received an FDA approval for Kimmtrak (tebentafusp), its first-in-class T-cell therapy for the treatment of uveal melanoma.

Cincor Pharma
announced pricing of its IPO at US$16.00 per share, raising US$193.6 million and beginning to trade on Nasdaq Global Market under ticker "CINC".

Magnolia Medical Technologies
raised US$46 million in a follow-on cross-over round where RTW served as a co-lead investor. Ovid Amadi, PhD, Senior Analyst at RTW joins Magnolia's Board of Directors.

FEB

Beta Bionics
The Company and other affiliated funds of the Investment Manager participated in a follow-on Series C financing round in Beta Bionics.

APR

C4 Therapeutics
shared Phase 1 first-in-human clinical data for its targeted protein degradation program in multiple myeloma that unfortunately had limited efficacy and needed to refine its treatment regimen.

Ji Xing
announced an exclusive licensing agreement with Lenz Therapeutics to develop and commercialise LNZ100 and LNZ101 for the treatment of presbyopia in Greater China. As a part of the transaction, Lenz Therapeutics has also become the latest addition to the Company's portfolio.

Mavacamten
the underlying asset of **RTW Royalty Holdings 1** received FDA approval. Soon after, the Company sold its stake in the royalty to Bristol Myers Squibb for a significant gain.

MAY

Rocket Pharmaceuticals
shared positive top line data for its registrational gene therapy program for Leukocyte Adhesion Deficiency-I (LAD-I), a rare genetic disorder of immunodeficiency in young children.

Tarsus Pharmaceuticals
shared positive data in the second Phase 3 trial for their blepharitis demodex treatment. The company filed a New Drug Application ("NDA") with the FDA in September.

JUN

Mineralys Therapeutics
The Company and other affiliated funds of the Investment Manager participated in a Series B financing round in Mineralys Therapeutics, a clinical-stage biopharma working on hypertension.

Core portfolio companies

39

(2021: 42)

Portfolio performance and updates

Figure 3. RTW NAV per Ordinary Share vs. RTW.L Share Price and Benchmarks as of 31 December 2022

The Company's NAV has significantly outperformed biotech benchmarks since admission on 30 October 2019, returning +47.6% versus -5.3% and +24.7% for the Russell 2000 Biotechnology Index and the Nasdaq Biotechnology Index, respectively. This marks the third consecutive full year of outperformance against the more comparable Russell 2000 Biotechnology Index.

However, the Company's share price has lagged NAV, returning +16.4% since admission after a -32.0% return in 2022 compared with a -31.1% return for the Russell 2000 Biotechnology Index in 2022 and -10.9% for the Nasdaq Biotechnology Index in 2022. Having trade d at a premium for most of the time from admission to 31 December 2021, the shares fell to a discount in 2022 alongside most investment companies that have exposure to growth stage private companies.

Source: Capital IQ

JUL

Beta Bionics
shared results of the multi-center randomised Insulin-Only Bionic Pancreas Pivotal Trial for Type 1 diabetes patients at the American Diabetes Association ("ADA") conference. The trial met key endpoints and showed consistent mean HbA1c reductions across various patient subgroups.

Orchestra BioMed
announced a strategic collaboration with Medtronic, the closing of US$110 million private equity financing round, and plans to list on Nasdaq through a merger with RTW sponsored Health Sciences Acquisitions Corporation 2.

AUG

Cincor Pharma
shared positive Phase 2 data for its hypertension program.

Ventyx Biosciences
shared positive Phase 1 data for its TYK2 program for autoimmune and inflammatory conditions.

SEP

Mineralys Therapeutics
shared positive Phase 2 data for its hypertension program.

Immunocore
shared first in human data on its PRAME program.

Third Harmonic Bio
announced the pricing of its IPO at US$17.00 per share, raising US$185.3 million and beginning to trade on Nasdaq Global Market under ticker "THRD".

Immunocore
announced a PIPE financing round that RTW participated in and then announced continued success in the commercial launch of Kimmtrak for uveal melanoma.

OCT

Avidity Biosciences
announced an FDA partial clinical hold on new participant enrolment in its lead program for myotonic dystrophy.

NOV

Rocket Pharmaceuticals
presented a positive data update on its LADI clinical trial. Then, in December, it provided an update on its Danon program, stating that the company anticipates starting a pivotal clinical trial in H1'23.

DEC

Prometheus Biosciences
reported positive Phase 2 data for its antibody therapy for inflammatory diseases, suggesting a best-in-class profile.

Avidity Biosciences
announced a positive clinical update on its proof-of-concept Phase 1 trial for is antibody-siRNA therapy.

Third Harmonic Bio
announced the discontinuation of its Phase 1b study for the treatment of chronic inducible urticaria.

Cincor Pharma
announced the failure of its Phase 2 trial of baxdrostat for uncontrolled hypertension by missing a statistically significant difference between its treatment and placebo arms.

Apogee Therapeutics
The Group announced a US$2 million investment in Apogee Therapeutics, which is working on developing best-in-class medicines for immunological and inflammatory diseases. RTW co-lead the Series B round.

Ventyx Biosciences
Takeda announced the acquisition of Nimbus' TYK2-targeting drug, providing a positive read-through for RTW Venture Fund Ltd.'s holding in Ventyx Biosciences, which is also advancing a TYK2-targeting therapy.

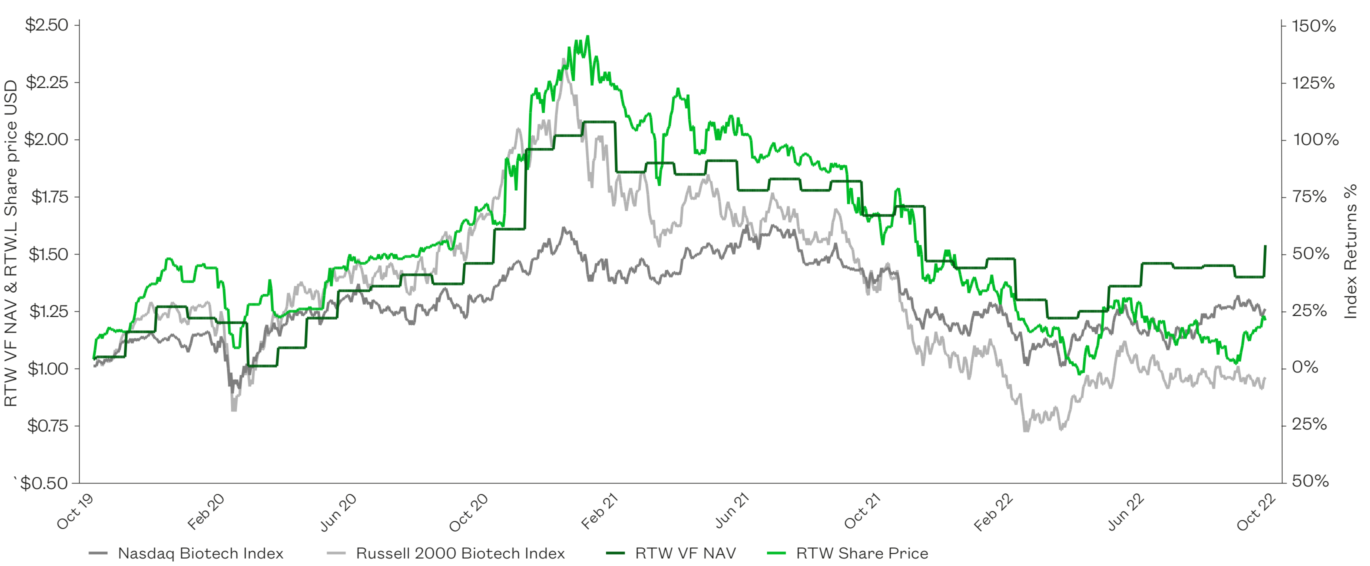


Table 2. Performance of all private and core public portfolio investments since inception as of 31 December 2022

Portfolio Holding	Initial Investment	Valuation/Exit Date	MOC[1]	XIRR[1]	Holding Period (yrs)
Inivata[2]	24/12/2020	18/06/2021	2.62	635.5%	0.5
Prometheus Biosciences	30/10/2020	31/12/2022	14.05	268.6%	2.2
RTW Royalty Holdings 1[2]	13/11/2020	30/12/2022	3.38	129.6%	2.1
Ventyx Biosciences	26/02/2021	31/12/2022	3.36	110.8%	1.8
Iteos Therapeutics[2]	24/03/2020	17/03/2022	3.63	108.2%	2.0
Frequency Therapeutics[2]	17/07/2019	23/03/2021	2.79	85.3%	1.7
HSAC 2	17/07/2020	31/12/2022	4.31	83.0%	2.5
Athira Pharma[2]	29/05/2020	30/06/2022	1.65	56.8%	2.1
Immunocore	13/08/2019	31/12/2022	2.83	39.5%	3.4
Avidity Biosciences	08/11/2019	31/12/2022	2.42	32.5%	3.1
Prometheus Laboratories	31/12/2020	31/12/2022	1.41	18.9%	2.0
RTW Royalty Holdings 2	05/05/2021	31/12/2022	1.32	18.8%	1.7
Mineralys	01/06/2022	31/12/2022	1.08	14.6%	0.6
Pulmonx Corporation[2]	17/04/2020	04/11/2022	1.31	13.1%	2.6
Acelyrin	20/10/2021	31/12/2022	1.12	11.6%	1.2
Ji Xing Pharmaceuticals	10/02/2020	31/12/2022	1.11	7.4%	2.9
Encoded Therapeutics	12/06/2020	31/12/2022	1.18	6.8%	2.6
Magnolia Medical	02/07/2021	31/12/2022	1.05	4.8%	1.5
Tarsus Pharma	24/09/2020	31/12/2022	1.05	2.1%	2.3
Nikang Therapeutics	09/09/2020	31/12/2022	1.03	1.6%	2.3
Numab Therapeutics	07/05/2021	31/12/2022	1.02	1.4%	1.7
Ancora Heart	20/01/2021	31/12/2022	1.01	1.0%	1.9
Apogee Therapeutics	15/11/2022	31/12/2022	1.00	0.0%	0.1
Neurogastrx	25/06/2021	31/12/2022	0.99	-0.3%	1.5
Milestone Pharma	23/07/2020	31/12/2022	0.96	-1.9%	2.4
Lenz Therapeutics, Inc.	13/04/2022	31/12/2022	0.99	-2.0%	0.7
Artiva Biotherapeutics	23/02/2021	31/12/2022	0.94	-3.4%	1.9
Nuance Biotech	07/12/2020	31/12/2022	0.92	-4.1%	2.1
Kyverna	09/11/2021	31/12/2022	0.95	-4.3%	1.1
Beta Bionics	28/06/2019	31/12/2022	0.86	-5.0%	3.5
C4 Therapeutics	02/06/2020	31/12/2022	0.88	-5.8%	2.6
Orchestra Biomed	28/06/2019	31/12/2022	0.86	-7.5%	3.5
Cincor Pharma	22/09/2021	31/12/2022	0.90	-7.6%	1.3
Lycia Therapeutics	02/09/2021	31/12/2022	0.89	-8.3%	1.3
Artios Pharma	27/07/2021	31/12/2022	0.87	-9.1%	1.4
Biomea Fusion[2]	23/12/2020	24/01/2022	0.89	-10.2%	1.1
GH Research Ireland	09/04/2021	31/12/2022	0.79	-12.9%	1.7
Umoja Biopharma	09/06/2021	31/12/2022	0.78	-14.5%	1.6
RTW Holdings LLC (Yarrow)	14/05/2021	31/12/2022	0.88	-16.2%	1.6
Monte Rosa Therapeutics	12/03/2021	31/12/2022	0.73	-16.2%	1.8
Swift Health Systems	27/08/2021	31/12/2022	0.74	-20.1%	1.3
Landos Biopharma[2]	09/08/2019	02/11/2022	0.08	-55.0%	3.2
Tenaya Therapeutics	17/12/2020	31/12/2022	0.16	-59.1%	2.0
Alcyone Therapeutics	08/06/2021	31/12/2022	0.25	-66.2%	1.6
Pyxis Oncology[2]	08/03/2021	08/07/2022	0.22	-70.5%	1.3
Third Harmonic Bio, Inc.	17/12/2021	31/12/2022	0.26	-73.1%	1.0
Visus Therapeutics	26/01/2021	31/12/2022	0.00	-99.4%	1.9
		Average	**1.54**	**23.0%**	**1.88**

1 Alternative Performance Measure
2 Exited the position

Table 3. Performance of Rocket Pharmaceuticals from admission to 31 December 2022

	Share price at admission	Share price at 31 December 2022	Share price return %
Rocket Pharmaceuticals	US$14.00	US$19.57	+39.8%

Table 4. NAV capital breakdown as of 31 December 2022

Portfolio grouping	% of NAV
Core private	24.6%
Core public	46.3%
“Other” public	29.8%
Cash, due to/from brokers, other (including liabilities such as other payables and accrued expenses)	-0.7%
Total	**100.0%**

As of 31 December 2022, our top five holdings in the “other public” portfolio were:
- 4.2% of NAV in Argenx (ticker: “ARGX”), a commercial stage multi-pipeline immunology company;
- 1.8% of NAV in Axsome Therapeutics (ticker: “AXSM”) a commercial staged biotech focused on CNS treatments;
- 1.7% of NAV in Masimo Corporation (ticker: “MASI”) a global medtech company focused on patient monitoring;
- 1.5% of NAV in PTC Therapeutics (“PTCT”), a biotech company developing therapies for rare genetic diseases;
- 1.4% of NAV in Ultragenyx Pharmaceuticals (ticker: “RARE”) a biopharma company addressing rare diseases.

We expect to deploy the capital invested in “other public” assets into private companies as the opportunities arise.

Table 5. Overview of core portfolio companies’ valuations and Company shareholding on 31 December 2022

Portfolio Company	% of Company’s net assets	Private[1]/ Public[2]	Company’s % shareholding	Valuation of Company’s investment in US$	YTD P&L US$
Prometheus Bio	15.2%	Public	<1%	$52,760,400	$33,198,288
Rocket	13.5%	Public	<5%	$46,982,775	-$6,604,656
Immunocore	7.4%	Public	<1%	$25,908,924	$9,935,999
Ji Xing[4]	7.3%	Private	<15%	$25,225,606	-$8,036,798
Avidity	4.2%	Public	<5%	$14,502,829	-$1,268,910
RTW Royalty Holdings (Urogen)	4.0%	Private	<20%	$14,074,846	$1,510,287
Ventyx	2.3%	Public	<1%	$8,025,353	$3,454,534
Beta Bionics	1.6%	Private	<5%	$5,633,890	-$766,537
Orchestra	1.3%	Private	<5%	$4,490,264	-$500,961
NiKang	1.3%	Private	<5%	$4,416,891	-$227,399
Ancora	1.2%	Private	<5%	$4,163,943	$9,122
Tarsus	0.9%	Public	<1%	$3,169,037	-$2,050,561
GH Research	0.9%	Public	<1%	$2,981,309	-$4,174,446
Milestone[5]	0.8%	Public	<5%	$2,871,141	-$2,125,030
Umoja	0.7%	Private	<1%	$2,540,152	-$852,790
Magnolia	0.7%	Private	<5%	$2,403,543	$95,829
Encoded	0.7%	Private	<1%	$2,364,636	-$1,872,579
Cincor	0.6%	Public	<1%	$2,175,674	-$683,084
Apogee Therapeutics	0.6%	Private	<1%	$2,102,903	$0
Numab Therapeutics AG	0.5%	Private	<1%	$1,768,384	$49,888
Acelyrin	0.5%	Private	<1%	$1,650,669	$179,485
Nuance	0.5%	Private	<1%	$1,622,898	-$148,311
Neurogastrx	0.5%	Private	<1%	$1,612,974	-$8,329
Kyverna	0.4%	Private	<1%	$1,455,105	-$74,908
Lenz Therapeutics	0.4%	Private	<5%	$1,449,836	-$21,412
Monte Rosa	0.4%	Public	<1%	$1,402,744	-$2,361,254
Alcyone[4]	0.4%	Private	<5%	$1,280,484	-$3,820,806
Mineralys	0.3%	Private	<1%	$1,119,555	$85,324
Lycia	0.3%	Private	<1%	$1,008,626	-$122,674
RTW Holdings, LLC (Yarrow)[4]	0.3%	Private	<5%	$1,001,854	-$133,869
C4 Therapeutics	0.3%	Public	<1%	$926,459	-$7,565,568
Tenaya	0.3%	Public	<1%	$881,791	-$7,331,469
Artiva	0.3%	Private	<1%	$880,074	-$298,454
Artios	0.2%	Private	<1%	$675,895	-$98,421
Swift Health	0.2%	Private	<1%	$649,150	-$228,531
Third Harmonic	0.1%	Public[3]	<1%	$347,952	-$1,088,132
Prometheus Labs	0.1%	Private	<1%	$186,504	$54,524
Visus	0.0%	Private	<1%	$149	-$2,352,170
Pulmonx	0.0%	Public	<1%	$27	-$896,517

1 Valuations for private portfolio companies on a fair value basis as of 31 December 2022.
2 The valuations of public positions have been calculated using their market capitalisation as at 31 December 2022.
3 In accordance with its valuation policy, the Group applies a discount to its investments in private portfolio companies which become public portfolio companies that are subject to customary post-IPO lock-up provisions. The valuation policy also includes Level 1 securities purchased at or after portfolio company IPO.
4 Excludes convertible note.
5 Includes pre-funded warrants.

Table 6. RTW representation on portfolio companies' boards

Portfolio company[1]	RTW representative on the board
Alcyone	Piratip Pratumsuwan
Ji Xing	Rod Wong, Peter Fong
Magnolia	Ovid Amadi
Nikang	Rod Wong
Rocket	Rod Wong, Gotham Makker, Naveen Yalamanchi
Yarrow	Rod Wong, Peter Fong

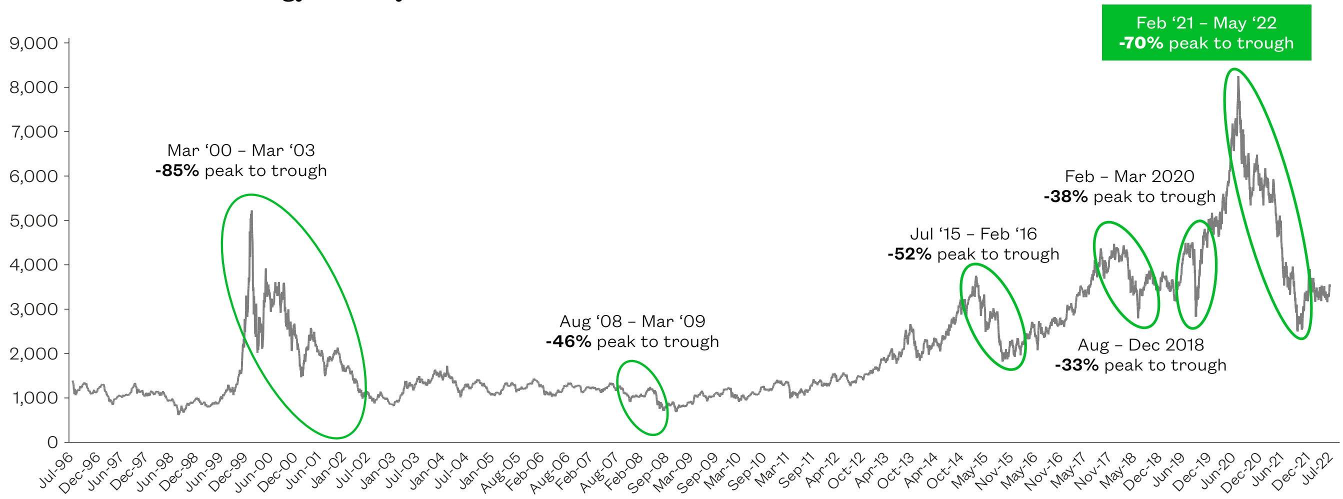
1 In aggregate these represented 23% of the NAV of the Group at 31 December 2022

Summary of top fifteen core portfolio companies as of 31 December 2022:
As of 31 December 2022, the Group's core portfolio included thirty-eight companies comprised of pre-clinical to commercial stage biotechnology companies, companies developing traditional small molecule pharmaceuticals, and med-tech companies developing or commercializing transformative devices. We selected the Group'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. The table below includes the top fifteen portfolio companies at the end of the reporting period.

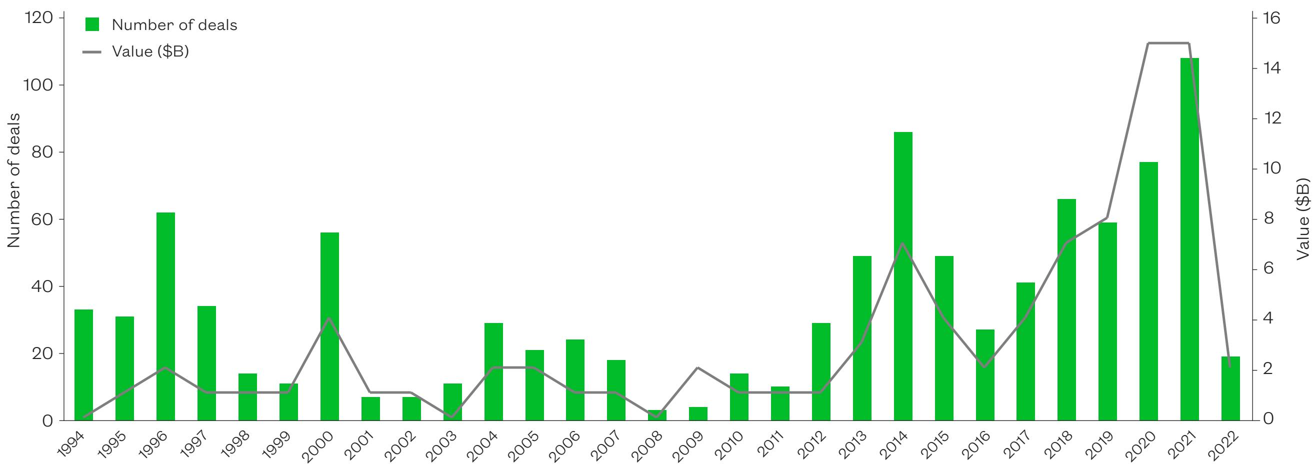
Table 7. RTW Venture Fund core portfolio – Top fifteen positions as of 31 December 2022

Portfolio Company	Therapeutic Area	Clinical Stage	Description	Expected Catalyst	% NAV
Prometheus Bio	Inflammation	Phase 2	Precision medicine company focused on IBD, a chronic inflammatory disease of GI tract with the lead antibody program against TL1A.	Data updates in Q2 2023	15.2%
Rocket	Rare Disease	Phase 2	Gene therapy platform company for rare paediatric diseases. Four clinical programs for Fanconi anaemia, Danon, LAD, and PKD.	Data updates in H1 2023	13.5%
Immunocore	Oncology	Commercial	T-cell receptor therapy company focused on oncology and infectious disease. Lead program for uveal melanoma.	Launch updates in H1 2023	7.4%
Ji Xing	Cardiovascular, Ophthalmology	Phase 3	NewCo focused on acquiring rights for innovative therapies for development and commercialisation in China.	Series D in H2 2023	7.3%
Avidity	Myotonic Dystrophy	Phase 1	Antibody conjugated RNA medicines company. Lead program for myotonic dystrophy, a degenerative disease with no therapy.	Data updates in Q2 2023	4.2%
RTW Royalty Holdings (Urogen)	Oncology	Commercial	Royalty as a part of RTW-Urogen deal based on revenues of both Jelmyto and UGN- 102.	–	4.0%
Ventyx	Autoimmune	Phase 2	Clinical stage biotech advancing a promising immunology pipeline for autoimmune and inflammatory diseases.	Data updates in Q2 2023	2.3%
Beta Bionics	Type 1 Diabetes	Pivotal	Closed-loop pancreatic system for automated and autonomous delivery of insulin.	–	1.6%
Orchestra	Cardiovascular	Pivotal	Medical device company focused on developing products for the treatment of coronary artery disease and hypertension.	Data updates in H1 2023	1.3%
NiKang	Oncology	Phase 1	Biotech using a structure-based design to develop innovative small molecules against promising molecular targets in oncology.	Data updates in H1 2023	1.3%
Ancora	Cardiovascular	Pivotal	Medical device company dedicated to developing products which target dysfunction of the left ventricle, the underlying cause of heart failure.	–	1.2%
Tarsus	Ophthalmology	Phase 3	Clinical stage biotech developing first-in-class therapeutics for ophthalmic conditions.	PDUFA Aug 25, 2023	0.9%
GH Research	CNS	Phase 2	Clinical stage biotech developing therapies to manage mental disease.	–	0.9%
Milestone	Cardiovascular	Phase 3	Clinical stage company developing interventions for tachycardias.	FDA filing H2 2023	0.8%
Umoja	Oncology	Preclinical	Preclinical stage biotech company developing cell therapies in cancer. The lead program is focused on B cell malignancies.	–	0.7%

Russell 2000 biotechnology industry index value



US Biotech IPOs (1994–2022)



Sector review and outlook

We already knew that 2021 was an historic year for small cap biotech. The Russell 2000 Biotech Index finished -27%, behind only 2008's -31% and 2002's -54%. Then 2022 tied 2008 for second from the bottom, with a drop of -31%, a rare two down years in a row. As a result, the absolute number and percentage of companies trading at less than 1x market capitalisation to cash remains near historic highs (37%). This is despite some meaningful advances in biotech innovation, most importantly Biogen/Eisai's lecanemab for Alzheimer's.

Funding for smaller public companies is scarce. The IPO market is at its lowest level in a decade and follow-on offerings declined for the second year in a row, back to the lowest level since 2016's drug pricing panic. In sharp contrast, big was beautiful this year. The NYSE Arca Pharmaceutical Index (DRG) finished +5% on the year. In fact, the 36% performance gap between large and small cap therapeutics adds to last year's 50% gap, totaling the largest outperformance for pharma since 1997-98. Investors are setting aside long-term risks (most notably Medicare price negotiation and patent cliffs beginning in 2026) and are placing high value on recession-resistant near-term growth, which pharma is delivering with its own innovation breakthrough, the Glp1s.

The Glp1s are the first class of medicines to deliver meaningful weight loss with an attractive safety profile, and early sales momentum suggests the potential to create one of, if not the largest drug class in history. Eli Lilly and Novo Nordisk have surpassed Pfizer and Merck as the second and third largest biopharma companies, thanks to the success of Mounjaro and Rybelsus.

The large-cap-weighted Nasdaq Biotech Index lost -11% in 2022. Companies with consistent growth, or those who can plug pharma patent holes with de-risked blockbuster potential have been first to recover. Overall, we believe this is consistent with a biotech recovery that is in its earliest innings.

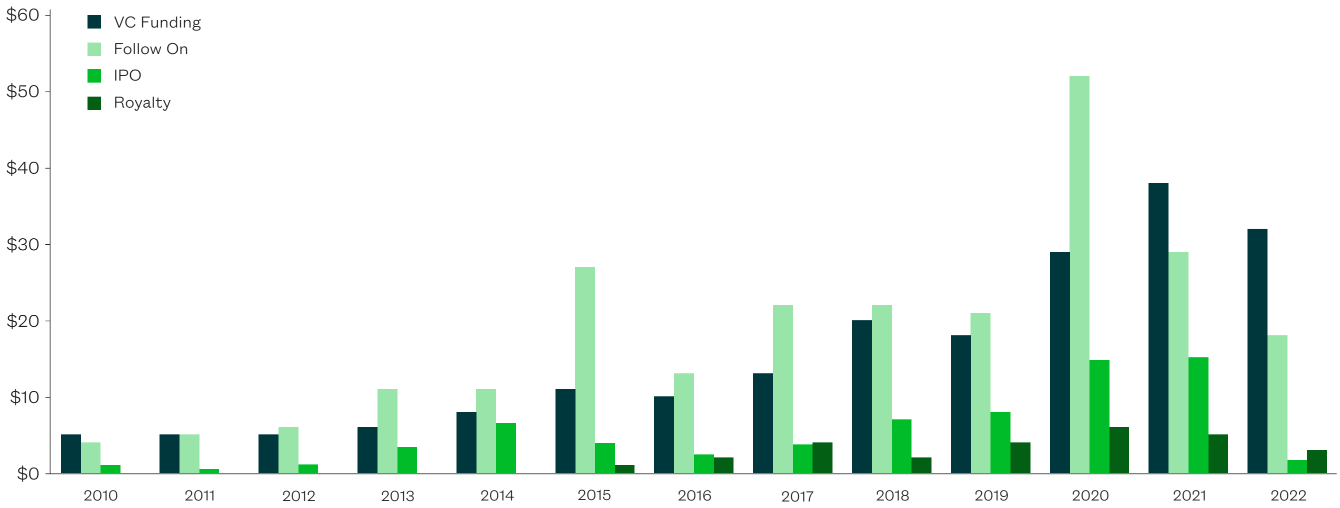
A year ago, our optimism for 2022 stemmed from expectations for a return to normalcy at the FDA, clarity on drug pricing, increased M&A, and the historically large performance gap between biotech and the broader markets. The 2022 volume (of deals worth over US$500 million) totaled US$58 billion, a nice pick-up from 2021's US$52 billion, the lowest in the past eight years. Pharma (DRG +5%) and large cap biotech (NBI -11%) significantly outperformed the broader market and (S&P500 -19%), narrowing the performance gap. In sum, we have seen significant progress against each of these items. Unfortunately, small caps have so far been left behind (Russell 2000 Biotechnology Index -31% and XBI -26%), and our concentration here has correspondingly affected 2022 NAV performance.

Volume of deals worth over US$500 million totaled

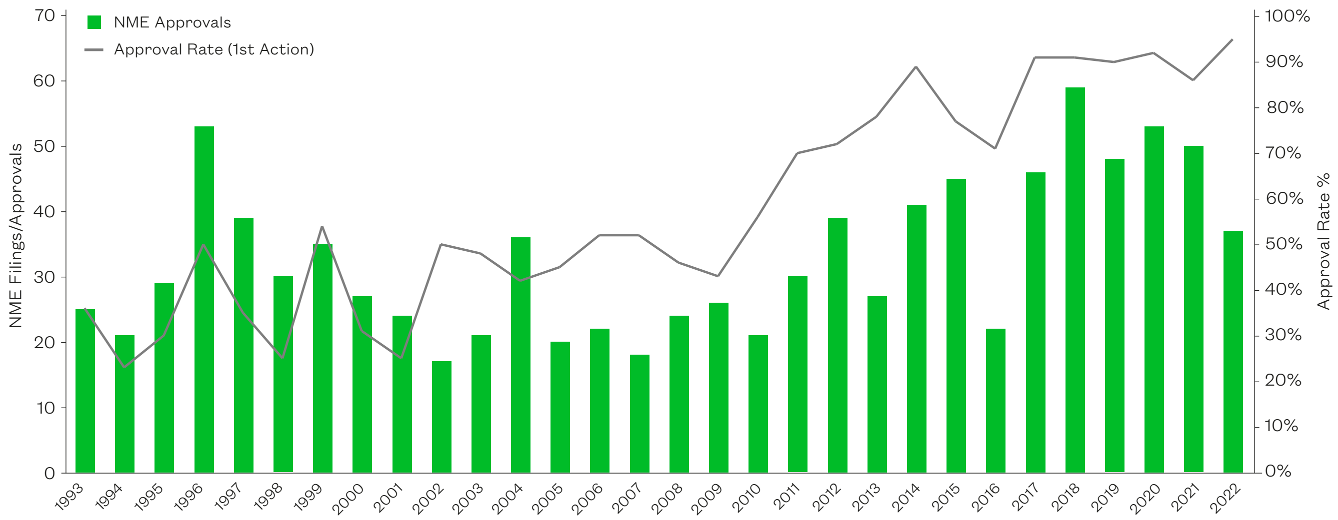
$58B

(2021: $52B)

US Biopharma funding by type each year ($B/year)



FDA Drugs Approval Trend (1993-2022)



FDA approved novel new drugs

37

(2021: 50)

Drugs from new modalities

13

(2021: 9)

After the last two years, we think investors have priced in failure for much of the wave of companies that experienced setbacks after going public too early. Of the IPO classes of 2020-2021, the average performance is -37% and -50%, with 74% trading below cash. Notable breakthroughs in the past year have only minimally improved sentiment. This includes several potential first-in-class therapies for blockbuster markets. In addition to Biogen and Eisai's Alzheimer's breakthrough, Axsome is launching the first new class of oral antidepressants in over half a century, Karuna reported positive Phase 3 schizophrenia data for a first-in-class muscarinic receptor directed therapy, and Madrigal reported the first successful Phase 3 study ever conducted for fatty liver disease.

In total, the FDA approved 37 novel new drugs (two of which came from RTW portfolio companies: Kimmtrak from Immunocore and Camzyos (mavacamten) from RTW Royalty Holdings 1). This is down from last year's 50 and likely reflects an FDA that has struggled post-COVID. Importantly, however, drugs from new modalities continue to increase: 13 vs 9 last year. It includes an impressive four gene therapies (vs zero last year), two bispecifics, an RNAi, mRNA, cell therapy, ADC, radiotherapy, and the first ever TCR and microbiome therapies. With innovation from new modalities continuing to mature and accelerate, we think the swing of the sentiment pendulum from optimism to pessimism for small companies creates asymmetric opportunity in front of future potential breakthroughs. Importantly, several of our core early-stage therapeutic companies that have suffered either alongside other small caps or due to their own setbacks remain key positions in the portfolio. Those that have cleared our re-underwriting efforts have made operational progress this past year and many are nearing their next value inflection points. We like the asymmetric risk reward in front of these more mature data readouts in 2023.

Recent cases suggest that the market environment may be increasingly more likely to reward strong data. In December, positive data translated to significant moves for Madrigal Pharmaceuticals (+320%), and our own Prometheus Biosciences (+167%) and Avidity (+91%).

We continue to expect M&A to accelerate given patent expiries and headwinds from the Inflation Reduction Act of 2022 in the second half of the decade, growing pharma cash balances, small company cost of capital, and lower valuations. This should help drive better performance for the sector, which has never been down three years in a row.

Executing on our strategy

We are scientists and entrepreneurs who aspire to change the lives of patients through innovation, and our mission is at the heart of everything we do. We power breakthrough therapies that transform the lives of millions. True value realisation from transformative products takes time, and in order to capture that value, it is critical to be involved in and invested in such companies throughout the various stages of their development. As a full life cycle investor, we recognise 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, 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.

Our full life cycle approach and broad offering of financial solutions for investee companies allows us to capture a diverse opportunity set. In the first half, this was most clearly demonstrated when we sold our royalty stake in Mavacamten, the underlying asset of RTW Royalty Holdings 1, to Bristol Myers Squibb soon after the drug had achieved the primary endpoint of its Phase 3 trials, achieving a greater than 3x return on our initial investment in November 2020. We originally acquired the royalty asset as part of a multi-solution transaction with Cytokinetics, a promising mid-stage cardiovascular company, which also included an equity investment, a regional partnering deal with Ji Xing, and future clinical trial funding. It was a ground-breaking transaction because, as a single counterparty, we were able to move quickly to simplify and de-risk the execution of a process that would otherwise have taken much longer with the involvement of multiple partners. We believe that we are the only investment manager who could have accomplished what we did.

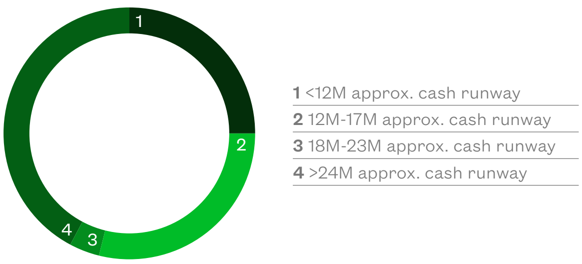
In the second half of the year, our second SPAC, Health Sciences Acquisitions Corporation 2, announced a proposed combination with Orchestra BioMed, one of the Group's core private holdings. The combination subsequently closed after year-end and, on 27 January 2023, Orchestra started trading on Nasdaq Global Market under the ticker "OBIO". Simultaneously, the company cemented a strategic collaboration with Medtronic, a global leader in medical technology, services and solutions, to develop its "BackBeat Cardiac Neuromodulation Therapy" as a potential integrated treatment for cardiac pacemaker patients. We always believed that Orchestra had promising data and a leadership team with an exceptional track record of bringing novel medical technologies to market; now they have that, a new partnership with a global leader and the financial resources to help accelerate their clinical development and position them for commercial success. In our opinion, this deal validates our view on and approach to SPACs, which is that they can be an especially useful tool to bring public-ready companies to the next stage of their life cycle when the capital markets are temporarily closed for business.

Our global reach continues to expand with new offices opened in London and Shanghai. In China, our NewCo Ji Xing, continues to build out its clinical pipelines with the addition of an exclusive licensing agreement with Lenz Therapeutics for their LNZ100 and LNZ101 treatments for presbyopia. As part of the transaction, Lenz Therapeutics also became the latest addition to the Group's portfolio, underlining the value of our multi-asset approach. In London, we have continued to support the development of Immunocore with our participation in a US$140 million PIPE (Private Investment in Public Equity) alongside a small handful of other investors in July. As a firm, we have been supporting Immunocore since their Series A in 2015 and we are proud to be part of a significant UK success story as the company received FDA approval in January for Kimmtrak (tebentafusp), its first-in-class T-cell therapy for the treatment of uveal melanoma, which subsequently surpassed most people's expectations on its commercial launch. We expect to receive clinical updates from their highly promising PRAME (Preferentially Expressed Antigen of Melanoma) program, which could be a blockbuster drug, in 2023.

From a science perspective, our primary areas of focus remain in genetic medicines, rare diseases, small molecules, targeted oncology, medical technologies, antibodies, and next generation antibody therapies. Our science-led, full life cycle approach was clearly demonstrated this year by Prometheus Biosciences' transformational data from their Phase 2 studies in ulcerative colitis and Crohn's disease. The company's Anti-TL1A antibody is a new mechanism of action in inflammatory bowel disease ("IBD") which also leverages companion diagnostics that may enable a more personalised and effective treatment for patients suffering from the condition. With best-in-disease efficacy against existing, commercially validated, mechanisms of action, we believe Prometheus is set up to capture a significant portion of the multibillion-dollar IBD market. On the heels of the Phase 2 data, Prometheus successfully raised US$500 million in a follow-on financing to advance into Phase 3 development. We have been following the company for several years, starting in February 2020 when we observed proof-of-concept data from Pfizer, which alerted us to the possibilities of the TL1A mechanism of action. After further scrutinizing the science and gaining a better understanding of its companion diagnostic platform (something which Pfizer was not considering at the time), we co-led the crossover financing in November 2020 when they raised US$130 million ahead of anchoring their IPO and US$220 million raise in March 2021 at a US$660 million valuation. Prometheus' market cap now stands at US$5.5 billion.

None of this is possible without a sound foundation. Our foundation, or core, is built on our rigorous assessment of the best private market investment opportunities, which then go on to realise their ultimate value in the public markets. We have always been highly selective in this area, focusing only on companies with well-founded science and attractive commercial opportunities. We are now benefiting from this discipline in a challenging capital markets environment as our private portfolio is a reasonable size and is well funded. Figure 4 shows a breakdown of the approximate cash runway of our core private companies that have negative cash flow. Of the twenty-four companies that do so, the average cash runway (at current burn rates) is around three years, which gives them the time to focus on their clinical development until the funding markets normalise. Of the six companies with less than one year of runway, two are RTW NewCos, so that is by design. Of the remaining four, only two are in a challenging financial position.

Figure 4. Core private portfolio – approximate cash runway as of 31 December 2022

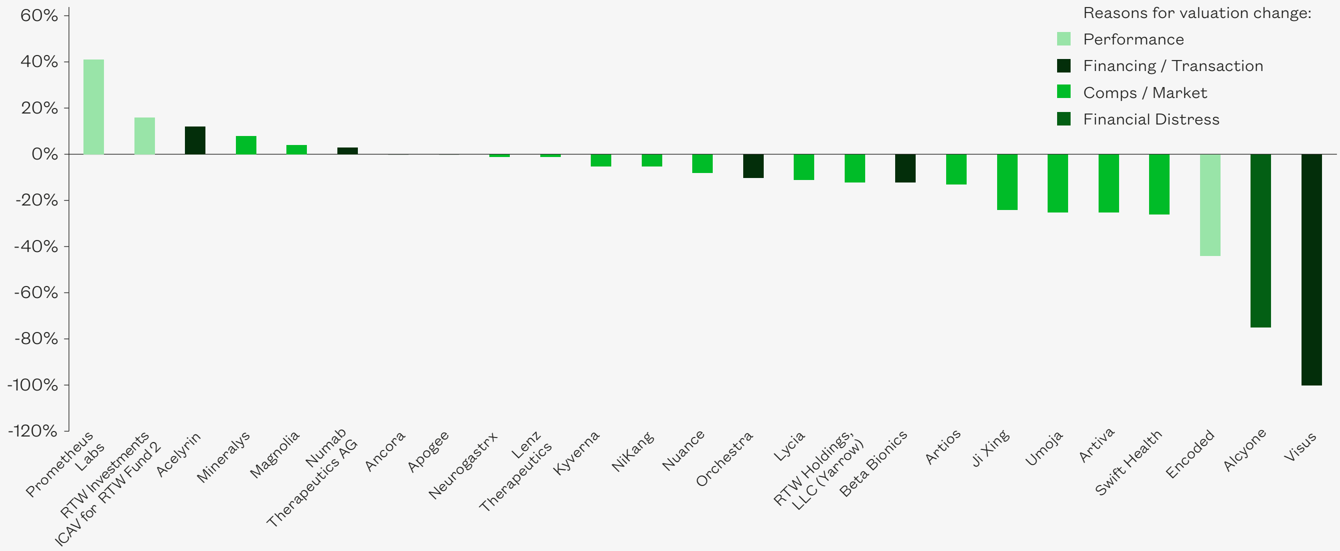


Privately-held portfolio companies

25

(2021: 25)

Figure 5. Core private portfolio on 31 December 2022 – year to date valuation changes



Reflecting their challenged positions, these two companies, Alcyone and Visus, were written down by RTW's Valuation Committee to the tune of -75% and -99%, respectively, through 2022. Figure 5 shows the 2022 valuation changes for all the core private holdings in the portfolio on 31 December 2022. It is important to note that this does not include the value realisations from RTW Royalty Holdings 1 or the changes arising from Cincor's or Third Harmonic's IPOs. Last year, we marked down seventeen of the privates we now hold by an average of 23% and marked up seven by an average of 12%. Apogee Therapeutics' valuation remained unchanged as we only invested in December 2022. 70% of the markdowns were primarily driven by changes to relative comparables or market-based inputs. On the other hand, 71% of the markups were primarily driven by idiosyncratic company performance or a financing or transaction. Our Valuation Committee, which includes an expert internal team, takes a fair value approach to marking our private portfolio, doing so on a monthly basis, with the involvement of multiple third-party valuation companies, with the goal of ensuring there are no surprises for our investors. The Board reviews and challenges these valuations in two semi-annual meetings.

In summary, the private portfolio is in good shape and we have been active and fair in our valuation of the individual holdings. This foundation provides us with the capacity and the confidence to continue to back our existing holdings should they need it and make new investments as the opportunities arise.

We believe there is a significant demand for reliable capital providers such as ourselves, to continue to support scientific innovation and the development of transformative therapies for patients. We expect the portfolio's sector split to remain close to 80% biopharmaceutical assets and 20% medical technology assets. In line with prior prospectus guidance, we anticipate two-thirds of the new investments will be made in mid- to later-stage venture companies and one-third focused on active company building around the discovery and development or licensing and distribution of promising assets.

Key portfolio company events post period end

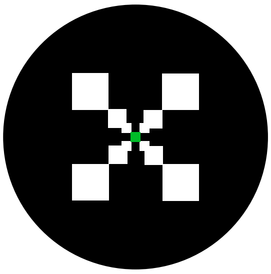
- In January 2023, Cincor Pharma entered into an agreement to be acquired by AstraZeneca for a total deal value of US$1.8 billion, a 206% premium to the prior closing market value.
- In January 2023, Orchestra BioMed combined with RTW's HSAC 2 and started trading on Nasdaq Global Markets under the ticker symbol "OBIO".
- On 9 February 2023, Mineralys Therapeutics announced pricing of its IPO by offering 12 million shares at US$16.00 per share. The shares began trading on Nasdaq Global Market on 10 February 2023 under ticker "MLYS". Since IPO, Mineralys Therapeutics shares have traded down 7.2% as of 29 March.
- On 28 March 2023, Milestone Therapeutics announced a $125m strategic financing from the Investment Manager to support Milestone's operations into mid-2025, including etripamil NDA submission and launch in PSVT.

RTW Investments, LP
30 March 2023

Our Long-Term Strategy

Transforming the lives of millions

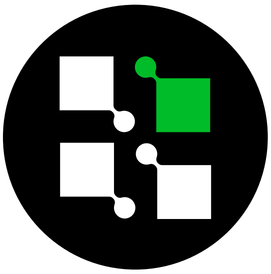
Our long-term strategy is anchored in identifying sources of transformational innovations by engaging in deep scientific research and a rigorous idea generation process, which is complemented with years of investment, company building, transactional, and legal expertise.



1 Identify transformational innovations

We have developed expertise through our comprehensive study of industry and academic efforts in targeted areas of significant innovation. Thanks to the genome, there is more clarity around the causes of disease. Coupled with exciting new modalities that can address genetic diseases in a targeted way, drug innovation is accelerating.

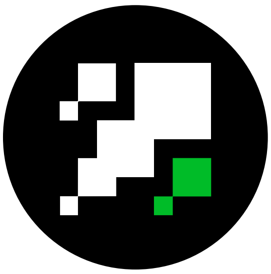
Our Strategy in Action **page 22**



2 Engage in deep research to unlock value

We developed repeatable internal processes combining technology and manpower to comprehensively cover critical drivers of innovation globally. We seek to identify biopharmaceutical and medical technology assets, ascertained through rigorous scientific analysis that have a high probability of becoming commercially viable products and can dramatically change the course of treatment and in some cases bring effective and/or full curative outcomes to patients.

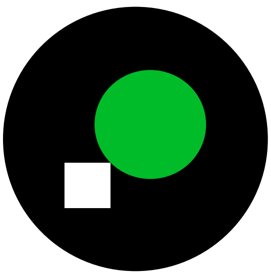
Our Strategy in Action **page 23**



3 Build new companies around promising academic licences

We have the capabilities to partner with universities and in-license academic programs, by providing capital and infrastructure to entrepreneurs to advance scientific programs. Particularly working in rare diseases, often areas with little existing research and treatment options, means that forming a rare disease-focused company is a way of shining a light on this space and creating a roadmap to eventually developing a curative treatment.

Our Strategy in Action **page 24**



4 Support through full life cycle investment

A key part of our competitive advantage is the ability to determine at what point in a company's life cycle we should support the target asset or pipeline. As a full life cycle investor, we can provide 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 innovative companies. Taking a long-term full life cycle approach and having a true evergreen structure enables us to avoid the pitfalls and structural constraints of venture-only or public-only vehicles. Our focus is on becoming the best investors and company builders we can be, delivering exceptional results to shareholders and making a positive impact on patients' lives.

Our Strategy in Action **page 25**

1 Strategic pillar:

Identify transformational innovations

RTW focuses on identifying transformational innovations across the life sciences space, specifically backing scientific programs that have the potential to disrupt the prevailing standard of care in their respective disease areas.

NAV

4.2%

(2021: 4.3%)

Portfolio company ownership

<5%

(2021: <5%)

The need

It is estimated that about 40,000 Americans suffer from myotonic dystrophy, a rare genetic muscular dystrophy with no approved treatment options for patients and their families.

Mission

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.

Status

In December, Avidity Biosciences announced a positive clinical update on its proof-of-concept Phase 1 trial for AOC 1001, its antibody-siRNA therapy, for myotonic dystrophy. The company is also expanding its pipeline in other rare muscle disorders such as Facioscapulohumeral Muscular Dystrophy, Duchenne Muscular Dystrophy and others.

Next milestone

Avidity is expected to share AOC 1001 Phase 1 clinical progress in H1 2023.

Learn more about Avidity Biosciences
www.aviditybiosciences.com

2 Strategic pillar:

Engage in deep research to unlock value

Prometheus Biosciences

Our team is comprised of individuals with medical and advanced scientific training and legal and banking experience, enabling a deeply differentiated approach to research, idea generation and strategic investment.

NAV

15.2%

(2021: 5.6%)

Portfolio company ownership

<5%

(2021: <5%)

The need

Inflammatory Bowel Disease (IBD) is a chronic inflammatory condition of the GI tract. The pathology of the disease is mixed and without a definitive cause, therefore it represents an area of a high unmet need for a large proportion of patients. Prometheus Biosciences is developing an antibody targeting TL1A, a novel target in IBD. RTW has been an investor in Prometheus since the firm co-led the company's crossover financing US$130 million raise in 2020.

Mission

Prometheus is a biotechnology company developing novel therapeutic and companion diagnostic product candidates for the treatment of immune-mediated diseases, starting with IBD. Its transformational approach brings the power of big data to immune biology, changing lives through patient-centric drug design.

Status

In December 2022, Prometheus shared positive Phase 2 clinical data for ulcerative colitis and Crohn's disease clinical trials with a successful use of companion diagnostic in IBD. The data suggests a best-in-class profile for an IBD therapy.

Next milestone

Prometheus is expected to present further clinical data updates from its Phase 2 trials in IBD in H1 2023.

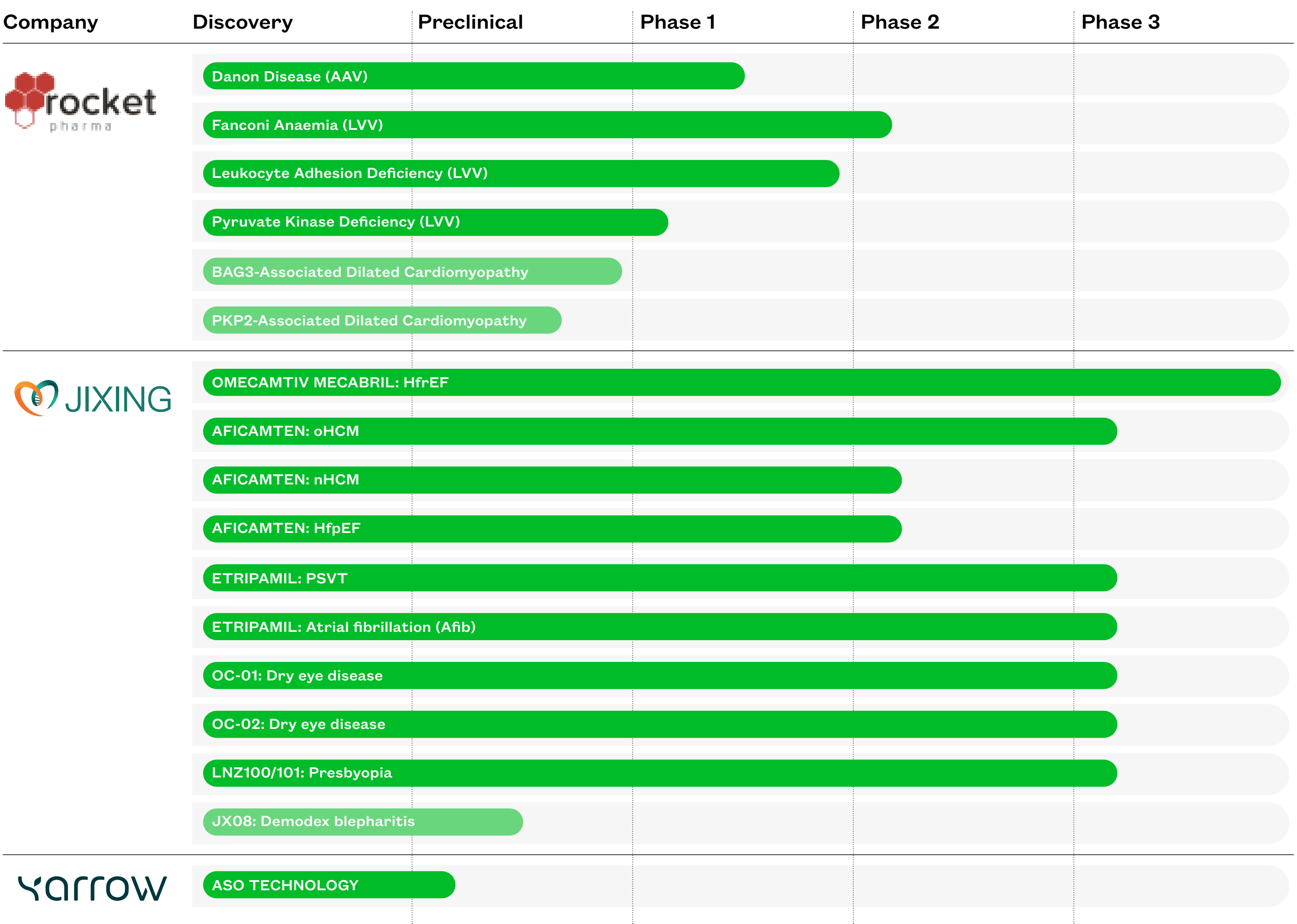
Learn more about Prometheus Biosciences
www.prometheusbiosciences.com

3 Strategic pillar:

Build new companies

We engage in new company formation around promising academic licences and beyond. We have the capabilities to partner with universities and in-license academic programs, by providing capital and infrastructure to entrepreneurs to advance scientific programs. We are well-placed to offer support to early-stage life sciences companies and NewCos.

Company creation:



4 Strategic pillar:

Support through full life cycle investment

Orchestra BioMed

Drug development is not a linear process. There are advancements and setbacks and we are structured to maximise value creation at any point beginning with company creation to late-stage venture and into publicly traded markets. We let the fundamentals and not market movements dictate our investment.

NAV

1.3%

2021: 0.6%

Portfolio company ownership

<1%

2021: <1%

The need

Orchestra BioMed is a biomedical innovation company accelerating high-impact technologies to patients. Its flagship product candidates include BackBeat Cardiac Neuromodulation Therapy™ (CNT™) for the treatment of hypertension, a significant risk factor for death worldwide, and Virtue® Sirolimus AngioInfusion™ Balloon (SAB) for the treatment of atherosclerotic artery disease, the leading cause of mortality worldwide. The Company has been invested in Orchestra Biomed since the time of its listing on LSE in 2019.

Mission

Orchestra Biomed's partnership-enabled business model focuses on forging strategic collaborations with and licensing patented technologies to leading medical device companies to drive successful global commercialisation of product candidates we develop. The company focuses on advancing promising therapeutic solutions, such as BackBeat CNT and Virtue SAB, through late-stage clinical research and regulatory approvals, while our partners focus on leveraging their commercial expertise and existing infrastructure to bring our product candidates to global markets quickly and efficiently.

Status

In July 2022, Orchestra Biomed announced its plans to list on Nasdaq through a merger with Health Sciences Acquisitions Corporation 2 (HSAQ), an RTW-sponsored SPAC. The RTW team has been delighted to support Orchestra in a turbulent public markets environment and provide an alternative path to becoming a public company.

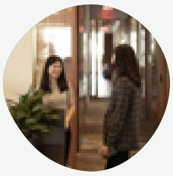
Next milestone

The business merger occurred in January 2023 with Orchestra Biomed trading on Nasdaq under ticker "OBIO". The transaction had negligible P&L impact as we had anticipated a successful completion in our 31 December 2022 NAV.

Learn more about Orchestra Biomed
www.orchestrabiomed.com

Shaping tomorrow's most disruptive companies

What we need to create value

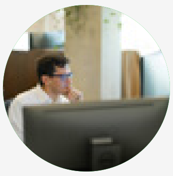


Experienced team

A collaborative team of doctors, academics, and drug developers coupled with seasoned venture capitalists, investment bankers, lawyers and company operators with a strong culture of compliance.

Scientific rigour

Our research process combines wide data-gathering with deep analysis to identify the most compelling assets, technologies, and modalities with the best chance of reaching patients.



Full life cycle investing

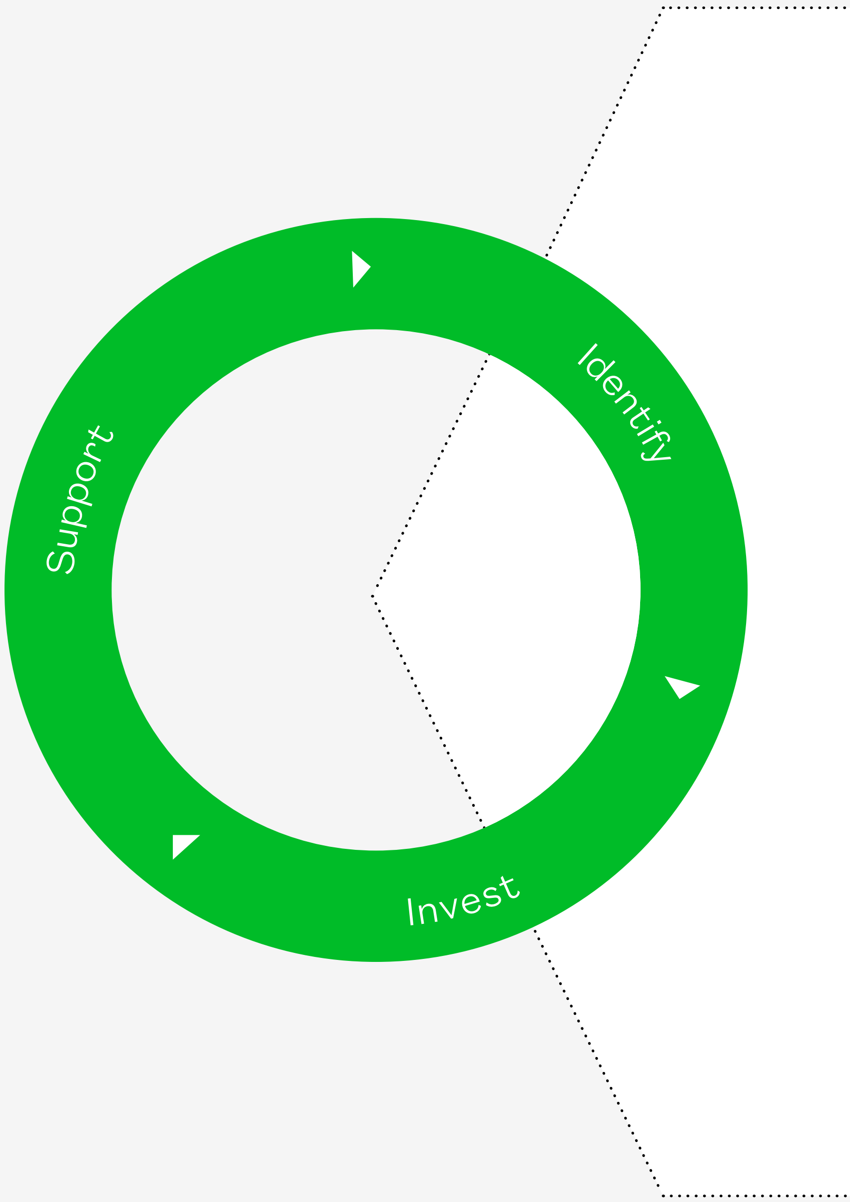
Taking a long-term, full life cycle approach and having a true evergreen structure helps us avoid the structural constraints of venture-only or public-only vehicles.

Global reach

Great science takes place everywhere in the world. Our priority is to unlock value by advancing early-stage scientific development and delivering innovative therapies to patients in need.

How we create value

We power breakthrough therapies that transform the lives of millions



We are full life cycle investors creating value and offering support at any stage, from academic programs all the way to mature publicly traded companies.

Identify transformative assets with high growth potential across the biopharmaceutical and medical technology sectors. Driven by our deep scientific understanding and long-term approach to supporting innovative businesses, we invest in companies developing next-generation therapies and technologies that can significantly improve patients' lives.

Identify transformational innovations and unmet needs

We focus on identifying transformational innovations and unmet needs across the life sciences space, specifically backing scientific programs that have the potential to disrupt the prevailing standard of care in their respective disease areas.

Our Strategy in Action **page 22**

Invest in deep research and long-term relationships

We believe in developing long-term relationships with great entrepreneurs and scientists who are as passionate about medicine as we are and working closely with our peers to support companies at any stage of their life cycle.

Our Strategy in Action **page 24**

Support through full life cycle investment

A key part of our competitive advantage is the ability to determine at what point in a company's life cycle we should support the target asset or pipeline. As a full life cycle investor, we can provide growth capital, creative financing solution, capital markets expertise, or guidance through investing our time and sharing our collective experience as leaders of tomorrow's most exciting and disruptive companies.

Our Strategy in Action **page 25**

Value created

Patient benefits

Innovation is the best medicine. We believe solving unmet patients' needs is the best way to create value.

Drugs commercialised by our 10 most successful investments since inception

11

(2021: 10)

Core portfolio companies with clinical stage programs

25/39

(2021: 34/42)

Shareholders

Privileged access to private markets and bespoke negotiated opportunities.

Total shareholder return since admission

+16.3%

(2021: 71%)

NAV per ordinary share growth since inception

+47.6%

(2021: 38.1%)

Portfolio companies

We support teams through the inevitable setbacks that occur when introducing a first-in-class or disruptive therapy.

NAV deployed into core portfolio companies

70.9%

(2021: 66%)

RTW Charitable Foundation

Founded as the Charitable Foundation arm of RTW, RTWCF partners with organisations conducting disease research and championing humanitarian causes.

Number of humanitarian grants

10

(2021: 9)

8 COVID Recovery grants in NYC, 1 STEM education grant in NYC (BioEYES), and 1 emergency response grant for Ukraine (Razom).

Leading with innovative asset creation

Market capitalisation

The Company's market capitalisation declined from US$378 million at 31 December 2021 to US$257 million at 31 December 2022. The Company issued no shares during the year and did not repurchase any shares so the decline in the market capitalisation of its shares is solely attributable to the decline in the Company's share price.

Ordinary NAV

The Ordinary NAV of the Company declined from US$363 million to US$326 million during the year. The main driver of the decline was the share price performance of publicly-listed portfolio companies within the Group's portfolio as realised gains from the sale of private investments were offset by fair value write downs of the remaining private investments. The majority of the private portfolio's fair value (excluding royalty investments) is made up of convertible preferred stock and convertible notes, which offers a degree of downside protection given their senior positioning in the capital structure. Additionally, in the last three months before year end, the majority of the private investment valuations were updated by independent third-party valuers.

An approximate attribution of the Group's performance is provided below:

Private Core Realised Gain	+4.9%
Private Core Mark to Market	-5.2%
Public Core Mark to Market	+0.1%
Other Public Mark to Market	-9.3%
Income, Expense and Other Offsets[1]	-0.7%
Net Performance	**-10.2%**

1 Other Offsets are both the mark to market on the Performance Allocation Share for the period from 1 January 2022 through 30 November 2022 and Non-Controlling Interest for the period from 1 December 2022 through 31 December 2022.

Understand our Key Performance Indicators
page 30

NAV per Ordinary Share

The -10.2% decline in NAV per Ordinary Share was driven by the decline in the Company's ordinary NAV as the number of shares in issue did not change during the year.

Premium / discount

The Company's shares traded on average at a c. 12% discount due to reduced market demand for growth and venture capital assets during the reporting period. At the year-end, the Company's Ordinary Shares were trading at a 21.2% discount to NAV (2021: 4.1% premium to NAV; 2020: 4.1% discount to NAV).

Total return to shareholders based on ordinary NAV

As the Company has not paid dividends, the negative total return for the year of -10.2% (2021: -12.8%) equates to the decline in NAV per Ordinary Share. There was no performance allocation triggered during the reporting period as the total shareholder return based on ordinary NAV movements was negative.

Total return to shareholders based on share price

The negative share price return of -32.0% in the year compared to the NAV movement of -10.2% was the result of a decline in demand for growth companies that are not currently profitable as interest rates increased in the US and UK. Investors also assumed that private companies within venture capital portfolios would be subject to substantial market-based valuation adjustments leading to a cyclical widening of share price discounts. Companies with the highest proportion of private growth assets experienced the most significant widening.

Ongoing charges

The Group's ongoing charges ratio is 1.92%, calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and interest payable and uses the average NAV in its calculation.

Highlights

Market Capitalisation as of 31 Dec 2022

$257M
2022

$378M
2021

$360M
2020

Ordinary NAV as of 31 Dec 2022

$326M
2022

$363M
2021

$375M
2020

Premium to NAV discount as of 31 Dec 2022

-21.2%
2022

+4.1%
2021

-4.1%
2020

Ongoing charges as of 31 Dec 2022

1.92%
2022

1.73%
2021

1.96%
2020

Measuring our performance

Financial KPIs	NAV Growth	Total shareholder return	Premium/discount to NAV
Performance	Performance of the portfolio companies and cash management strategy net of all fees and costs	Delivering value to the shareholders	The level of supply and demand for the Company's shares
Key factors	• Portfolio performance and progression through clinical trials • Cash management • Capital pool and deployment • Scientific and financial risks	• Portfolio performance • Liquidity of RTW.L shares • General market sentiment	(in order of impact at year end) • The percentage of private growth assets within the Group's portfolio • Portfolio performance • Liquidity of the Company's shares • Governance
Progress	Ordinary NAV -10.2% (2021: -12.8%) During the reporting period this was largely driven by public companies' share price performance	Return -32.0% (2021: -5.3%)	Premium/discount to NAV -12% (2021: 10%) (Average during the year)
Future intent	Achieve superior long-term capital appreciation; target an annualised total return of 20% over the medium term	Achieve superior long-term capital appreciation; target an annualised total return of 20% over the medium term	Return to par or a premium to NAV such that total shareholder returns more closely match NAV performance
Link to strategy	1 Identify 2 Engage 3 Build 4 Support	1 Identify 2 Engage 3 Build 4 Support	1 Identify 2 Engage 3 Build 4 Support
Link to principal risks	1 Failure to achieve investment objective 5 Exposure to global political and economic risks 6 Clinical Development & Regulatory Risks	1 Failure to achieve investment objective 5 Exposure to global political and economic risks 6 Clinical Development & Regulatory Risks	1 Failure to achieve investment objective 5 Exposure to global political and economic risks

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

Non-financial KPIs

Percent of NAV invested in core portfolio companies	Geographic & therapeutically diversified portfolio	Active and robust pipeline
Level of capital deployment into core portfolio companies	Measures the Group's commitment to invest in best-in-class science and innovative assets worldwide	Delivers transformational new treatments and medical devices to patients in need
• Level of capital deployment and investment pace, as well as availability of funds to be deployed into new portfolio companies or for follow-on investments into existing portfolio companies	• Continue to diversify within life sciences sector, looking for opportunities globally and also support local biotech ecosystems	• Balance and breadth of the pipeline across all clinical stages • Data readouts and progress through multiple clinical stages • Commercial opportunity and competitive landscape
NAV invested in core portfolio 71% (2021: 66%) Deployed into core portfolio companies	Therapeutic areas addressed 10 (2021: 10) Core portfolio companies' focus spans multiple therapeutic areas, treatment modalities and geographies	Portfolio companies have leading programs in a clinical stage 68% (2021: 67%) Capturing a spectrum of early-stage Phase 1 to late stage Pivotal
Identify transformative assets with high growth potential across the biopharmaceutical and medical technology sectors	Continue investing in and supporting companies developing next generation therapies and technologies that can significantly improve patients' lives	Progress towards delivering transformational treatments to patients in areas of high unmet need
1 Identify 2 Engage 3 Build 4 Support	1 Identify 2 Engage 3 Build 4 Support	1 Identify 2 Engage 3 Build 4 Support
3 The Investment Manager relies on key personnel 5 Exposure to global political and economic risks 6 Clinical Development & Regulatory Risks	5 Exposure to global political and economic risks 6 Clinical Development & Regulatory Risks	5 Exposure to global political and economic risks 6 Clinical Development & Regulatory Risks 7 Imposition of pricing controls

Applying deep scientific expertise with a long-term investment horizon

Our long-term strategy is anchored in 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 invest in companies developing next-generation therapies and technologies that can significantly improve patients' lives. With this significant opportunity also comes risk.

Our risk framework is overseen by the Audit Committee under delegation from the Board. Multiple parties contribute to managing risk, including the Board, the RTW team, and the Group's other advisers.

Risk framework

Our risk framework begins with the Investment Policy, and the Board, which oversees the Company's operation in accordance with the Investment Policy and the process to ensure a robust assessment of principal and emerging risks and potential future risks, and receives an update at each Board meeting. A risk register is maintained that sets out our principal and emerging risks and how we mitigate them. The RTW team is responsible for day-to-day operation and oversight of the risk framework. The RTW team has a culture of transparency, ensuring that any developments are shared and addressed effectively with the benefit of input from the whole team, and reported to the Board where appropriate. We rely on having highly experienced personnel to support and manage issues as they arise.

The Audit Committee oversees and monitors the risk framework, including reviewing the risk register to ensure it properly captures the principal and emerging risks, overseeing the framework for identifying risks (including potential future risks), reviewing the ongoing operation and effectiveness of our control environment to manage the principal and emerging risks we face, and ensuring that any actions identified are taken forward by the RTW and Elysium teams as appropriate. This review process provides a focus to drive continuous improvement in our risk processes.

Identifying principal and emerging risks

We evaluate our principal and emerging risks on an ongoing basis using both top-down and bottom-up inputs. We also continuously assess future risks that could have a potential impact. During the year the Board and the Investment Manager had ongoing discussions to consider current and potential risks of the Group. The discussions also generated insights into a range of potential emerging risks and have helped to focus attention on additional areas for monitoring by the Board and the Investment Manager.

The RTW team carries out a bottom-up review, considering each of our life science companies and our internal operations, both as a specific exercise and on an ongoing basis through regular monitoring of our portfolio companies. In doing this we draw on the underlying assessments by the management teams of each of our life science companies. These inputs are brought together in our risk register, which is reviewed by the Audit Committee in detail each year. The principal and emerging risks identified by the Board are set out on pages 34 to 36. These have not substantially changed in the last year, although COVID-19 is no longer considered to be a principal risk of the Group. The Board also monitors future risks that may arise, including the longer-term risks of changes to US pharmaceutical drug pricing and US FDA productivity.

Risk management structure

Board of Directors
Risk management leadership

Audit Committee
Reviews and monitors the risk framework

RTW Team
Risk management is integral to the investment process and financial management Implementing and monitoring risk controls; risk reporting

Other advisors
Risk identification; risk reporting

Portfolio companies' management teams
Risk identification and mitigation

Risk appetite

The Board is willing to accept a level of risk in managing our business to achieve our strategic goals. As part of the risk framework, the Board sets the risk appetite in relation to each of the principal and emerging risks and monitors the actual risk against that. Where a risk is approaching or moves to the higher end of what the Board deems to be acceptable, the Board will consider the actions being taken to manage it. This year the Audit Committee carried out a detailed review of the defined risk types, to ensure they continue to reflect the understanding of the Board and accurately reflect the risks we take. Following that review the Audit Committee recommended to the Board that the risk appetite remained appropriate, and the Board has accepted that recommendation.

Principal and Emerging Risks and Uncertainties
page 34

Principal risks and how we mitigate them

Risk description	Risk control measure	Profile
Investment		
1 Failure to achieve investment objective		Decreasing
The Group's target return on net assets is not guaranteed and may not be achieved.	The Board will monitor and supervise the Group's performance, compared to the target return, similar investment funds and broader market conditions. Where performance is unsatisfactory, the Board will discuss the appropriate response with the Investment Manager.	**Strategic link** 3 Build 4 Support
Operational		
2 Counterparty Risk		Stable
The Group has the potential to be exposed to the creditworthiness of trading counterparties in OTC derivatives contracts, its prime broker in the event of re-hypothecation of its investments and any counterparty where collateral or cash margin is provided or where cash is deposited in the normal course of business.	The Group uses Goldman Sachs, Morgan Stanley and Bank of America Merrill Lynch, JP Morgan and Jefferies as prime brokers and Cowen, UBS, Bank of America Merrill Lynch, Goldman Sachs, Jefferies, and Morgan Stanley as ISDA counterparties. To monitor counter party risk, the Investment Manager monitors fluctuations in share prices, percentage changes in daily, monthly, and annual 5-year CDS spreads and S&P credit ratings. If a counterparty group share price moves up or down in excess of 20%, the trader at the Investment Manager is alerted immediately. In case of an alert, the trader notifies RTW's Chief Compliance Officer. There has been no disruption in operations with the Group's counterparties to date. The Group's bankers are an offshore branch of Barclays Bank PLC and are also included in the Investment Manager's CDS monitoring program.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support
Governance /reputational		
3 The Investment Manager relies on key personnel		Stable
The Investment Manager relies on the founder of RTW, Roderick Wong M.D. Roderick Wong is a key figure at the Investment Manager and is extensively involved in investment decisions.	In the event that Roderick Wong was to no longer work for the Investment Manager or was incapacitated, the Board is able to terminate the Investment Management Agreement within 180 days if a suitable replacement has not been found and would consider whether it was appropriate to wind up the Group and return capital to shareholders, or to appoint a new Investment Manager.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support
4 Portfolio Companies may be subject to litigation		Stable
Portfolio Companies may be subject to product liability claims. Such liability claims would have a direct financial impact and may impact market acceptance even if ultimately rebutted.	The Investment Manager's due diligence process includes considering the risk that innovative therapies may have unforeseen side effects, based on the Investment Manager's extensive sector knowledge and experience, published research, and publicly available information.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support

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

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

- Investment Risks
- Operational Risks
- Governance/Reputational Risks
- External Risks
- Emerging Risks

Risk description	Risk control measure	

External Risks

5 Exposure to global political and economic risks

↔ Stable

It is anticipated that approximately 75% of investments will be in US companies or licensing agreements with US institutions and 25% of investments will be made outside of the US. The Group's investments will be exposed to foreign exchange, and global political, economic, and regulatory risks.	The Investment Manager has extensive experience transacting across the global healthcare marketplace and will be responsible for identifying relevant events and updating the investment plans appropriately.	**Strategic link** 2 Engage 3 Build 4 Support

6 Clinical Development & Regulatory Risks

↔ Stable

New drugs, medical devices and procedures are subject to extensive regulatory scrutiny before approval, and approvals can be revoked.	The Investment Manager's due diligence process includes a rigorous process of assessing preclinical and clinical assets and their probabilities of success to become an approved product utilizing scientific, clinical, commercial and regulatory benchmarks. Additionally, the Investment Manager's process of evaluation includes assessing the likely attitude of regulators towards a potential new therapy. The due diligence will also consider the unmet need of the disease and whether the therapy offers advantages over the current standard of care.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support

7 Imposition of pricing controls for clinical products and services

↔ Stable

Portfolio Company products may be subject to price controls, price gouging claims and other pricing regulation in the US and other major markets; or government healthcare systems may be the major purchasers of the products.	While future political developments cannot be reliably forecast, the Investment Manager's due diligence process includes an assessment of political risk, and the likely acceptability of the investee's pricing intentions.	**Strategic link** 3 Build 4 Support

8 Inflation

↔ Stable

The unprecedented level of fiscal and monetary stimulus that has been applied to the global economy has caused US inflation to surge to a 40-year high and resulted in sharp falls in the share prices of technology firms without current earnings.	The creation of value through innovation in the biotechnology sector outweighs the singular and/or short-term adjustment to valuation levels arising from changes in discount rates as a result of rising inflation. The Investment Manager holds investments that have current earnings and cash-flows and has significant exposure to Phase 3 products which have a high probability of achieving cash-flows in the near-term. Whilst the pace of interest rate rises has moderated in reaction to reductions in US inflation it is not possible to say that this risk is reducing yet as inflationary pressures remain.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support

Risk description	Risk control measure	Profile

External Risks (continued)

9 Ukraine war — Stable

The ongoing war in Ukraine has led to the imposition of harsh sanctions on Russia and substantial restrictions on the ability to transact in Russian securities and trade with Russian companies. These sanctions and the corresponding impact on commodity and transport costs have weighed on the global economy.	The Investment Manager has confirmed that the Group has no direct or indirect exposure to Russian securities or assets.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support

Emerging Risks

10 Availability of capital — Increasing

Funding for early stage venture companies through smaller public companies is much reduced in comparison to recent years. The IPO market is at its lowest level in a decade and follow-on offerings declined for the second year in a row, back to the lowest level since 2016's drug pricing panic. The Russell 2000 Biotech Index of listed LifeSci companies has declined for a second year in a row to give a cumulative drawdown of 49.8%, with the 69.9 % fall from 8 February 2021 to 11 May 2022 approaching the worst in recent decades, being the 84.7% decline from 6 March 2000 to 11 March 2003. With a record number of companies trading at less than 1x their cash balances, the market appears to believe that not all companies will survive. With reduced availability of capital allocation to the sector, in particular through the absence of generalist investors, there may be the risk that not all sponsors have enough capital to support the continued financing of all investees.	The Investment Manager is a long-standing full life cycle investor in the sector, in many instances supplying commercial expertise and advice to investees in addition to supporting successive financing rounds. The Investment Manager is experienced in identifying potential in companies that have strong fundamentals at attractive valuations that create an asymmetric and attractive risk/reward profile. The Board formally reviews the financing status of the Group's private portfolio with the Investment Manager at least twice each year at Board meetings. 25% of the Group's NAV is exposed to private companies of which only one quarter will need refinancing within the next 12 months and most of these companies have re-financing plans in place. Out of these six private companies (amounting to 6.25% of NAV) two are RTW NewCos, so that is by design. Approximately 29% of the Group's NAV is currently invested in other publicly listed companies in lieu of holding cash for future private investments with a further 46% of NAV invested in core publicly listed holdings that could also be sold. The Group has no net borrowings. The Group therefore retains significant access to sources of liquid capital to enable it to support investees for the foreseeable future.

11 Liquidity risk — Stable

Many investees are not yet at a stage of their life cycle where they are inherently cash-generative and enjoy stable, predictable free cash-flow. They have typically raised significant amounts of cash which are then held in bank deposits and liquid securities to meet operational requirements until their next planned capital raising round or IPO. In recent weeks there have been several high-profile bank failures, some of which, but not all, are to some extent attributable directly or indirectly to rising policy interest rates and rising long-term yields in response to sustained inflationary pressures. To the extent that investees keep their cash on deposit at such banks, there is a risk that they may suffer a partial or total loss of their capital and suffer a consequent liquidity crisis threatening their ability to continue their planned development.	The Investment Manager closely monitors counterparty exposures in its portfolio companies. Exposures to recent bank failures have been minimal in that four portfolio companies totalling 1.68% of Group NAV had some exposure to Silicon Valley Bank. Portfolio companies will typically manage their treasury functions on a prudent basis, spreading exposure over several counterparties thereby avoiding catastrophic losses from any single failure. Where the Investment Manager becomes aware of significant risk concentration it will engage with investees to encourage more prudent diversification. The Board also notes that, to date, regulators have ensured that no depositors have lost funds in such banking failures although it recognises that this may not necessarily be achieved in the future.

Longer Term Viability Statement

Realising a robust and resilient company

Assessing the prospects of the Company

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

The scenarios are designed to be severe but plausible and take full account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks and which would realistically be open to management in the circumstances. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and the Investment Manager's internal control systems, as discussed on page 52, is taken into account.

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

(1) The Group incurred NAV losses of 39% of NAV over a three-year period ending 28 February 2026.

(2) No new capital was raised.

(3) US$45 million of private investments were funded from cash and by selling public portfolio investments.

To provide some context for this scenario, the NASDAQ Biotech Index was in a 26% drawdown at the end of February and the additional 39% drawdown that we have modelled simulates a total drawdown of approximately 55% which has only been exceeded on a rolling 3-year basis once in the life of the index in Q1 2003 at the end of the technology bubble.

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

The period over which we confirm longer term viability

Within the context of the corporate planning framework discussed above, the Board has assessed the prospects of the Group over a three-year period ending 28 February 2026. Whilst the Board has no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved, the period over which the Board considers it possible to form a reasonable expectation as to the Group's longer-term viability, based on the stress testing scenario planning discussed above, is the three-year period to February 2026. This period is used for the Investment Manager's business plans and has been selected because it presents the Board and therefore readers of the Annual Report with a reasonable degree of confidence whilst still providing an appropriate longer-term outlook.

Confirmation of longer term viability

The Board confirms that it has carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. Based upon the robust assessment of the principal and emerging risks facing the Group and its stress testing-based assessment of the Group's prospects, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to February 2026.

On behalf of the Board

William Simpson
Chairman of the Board of Directors
RTW Venture Fund Limited
30 March 2023

Close collaborators and committed partners

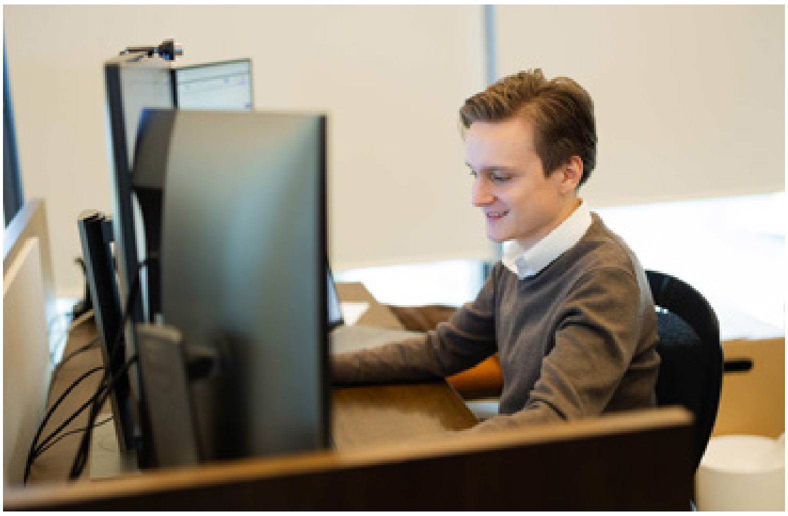
Stakeholder group	Methods of engagement
Shareholders	Continued access to capital is vital to the Group's longer term growth objectives, and therefore, in line with its objectives, the Group seeks to maintain shareholder satisfaction through: • Positive risk-adjusted returns • Continuous communication of portfolio updates
Service providers	The Group does not have any direct employees; however, it works closely with a number of service providers (the Investment Manager, Administrator, Sub-Administrator, Corporate Secretary, auditor, third party valuation agent, brokers and other professional advisers). The independence, quality and timeliness of their service provision is critical to the success of the Group.
Portfolio companies	The Group is currently invested in 39 Core Portfolio Companies.
Community & environment	**Climate change impact** The Company does not have any direct employees. **RTW Charitable Foundation** RTW Charitable Foundation was created by the Investment Manager with the vision to work towards a world free of ultra-rare disease. The Foundation funds research of rare conditions that do not attract significant outside investment due to limited commercial opportunity

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

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

	Benefits of engagements
The Group engages with its shareholders through the issuance of regular portfolio updates in the form of RNS announcements and quarterly factsheets. The Group provides in-depth commentary on the investment portfolio, corporate governance and corporate outlook in its Annual and Interim Reports and financial statements. In addition, the Group, through its brokers and Investment Manager, undertakes regular roadshows to meet with existing and prospective investors to solicit their feedback, understand any areas of concern, and share forward looking investment commentary. The Board receives quarterly feedback from its brokers in respect of investor engagement and investor sentiment.	In the financial year the Group issued: • 10 portfolio updates by way of RNS • 12 monthly NAV announcements by way of RNS • Fact sheets on a quarterly basis • Annual and Interim Reports Through its roadshows and broker outreach, the Group has met with 75+ investors / prospective investors.
The Group has identified its key service providers and on an annual basis undertakes a review of performance based on a questionnaire through which it also seeks feedback. Furthermore, the Board and its sub-committees engage regularly with its service providers on a formal and informal basis. The Group will also regularly review all material contracts for service quality and value.	The feedback given by the service providers is used to review the Group's policies and procedures to ensure open lines of communication, and operational efficiency.
The Investment Manager engages on a regular basis with its portfolio companies in order to conduct regular on-going due diligence and to meet obligations if the Investment Manager holds a board seat.	Honesty, fairness and integrity of the management teams of the portfolio companies are vital to the long-term success of the Group's investments.
The Group aims to minimise its environmental footprint. The Group does not anticipate any material impact to its business model from climate change.	The Group and the Directors minimise air travel by making maximum use of video conferencing for Company related matters.
RTW Charitable Foundation represents an extension of the Investment Manager's mission. Its research process helps RTW identify important causes of human suffering and introduces the firm to individuals and organisations trying to make a difference.	To research grant recipients, RTW Charitable Foundation offers not only financial support, but also guidance gleaned from the experience of the Investment Manager in drug development and company building. Beyond research, RTW Charitable Foundation offers support to humanitarian causes, initiatives that raise disease awareness and programs with direct patient impact.

Responsible investing



Responsible investing

The Board believes that acting and investing responsibly is a necessary foundation for the long-term sustainability of investment success. The Investment Manager's stated mission, to power breakthrough therapies that transform the lives of millions, is an approach to investing that is inherently socially conscious. Its team of scientists and researchers work tirelessly to find treatments and potentially cures for diseases and conditions in order to improve quality of life across the globe. As a guiding principle, it prioritises overall positive impact on patients and long-term meaningful outcomes to society and believes this is the foundation of the Group's success.

The Board has directed the Group to initiate an ESG assessment in 2023, to plan for forecasted regulatory measures, including the United Kingdom's proposed Sustainability Disclosure Requirements, and pave the way for reporting of the Group's ESG considerations to shareholders.

▲ Virtual meetings held instead to reduce air travel

The Group does not have direct employees or physical office space, and most of its activities are performed by other organisations. Therefore, the Group's carbon footprint should be relatively small because it does not directly contribute to fuel combustion or any other greenhouse gas emissions. Three of the four Directors, as well as the Administrator, Company Secretary are all based in Guernsey where Board meetings are held, thus reducing the environmental impact of long commutes and flights. The Group's ESG assessment will also address indirect impacts on ESG factors.

The Investment Manager's operations are highly concentrated in its primary office space located in a building that is LEED Gold Certified based on, among other things, the sustainability of its location, water efficiency, energy and atmosphere characteristics, use of materials and resources, indoor environmental quality, and innovation. The Investment Manager espouses a strong culture of compliance, risk management and ethical behaviour. It aims to always act in the best interests of shareholders, employees and stakeholders. Its corporate code of ethics addresses the largest areas of risk pertaining to the alternative asset management industry, including but not limited to conflicts of interest, anti-bribery, employee investing, insider trading and political contributions. Furthermore, it seeks to ensure that investments do not lead to negative impacts on public health or well-being or contribute to human or labour rights violations, corruption, serious environmental harm or other actions which may be perceived to be unethical. It seeks long-term investment partners that evidence equivalent professional and ethical rigour. The Investment Manager is wholly-owned by minority and/or female shareholders.

Harlem Event ▶

RTW Charitable Foundation

The Investment Manager created the RTW Charitable Foundation ("RTWCF") with its vision to work towards a world free of ultra-rare disease. It was founded at the intersection of scientific progress and humanitarian effort. While working to improve human health on a global scale is an inspiring undertaking, the RTWCF brings hope to those with conditions so rare that they do not attract significant outside investment due to the limited potential for commercial opportunity. RTWCF's mission is to power rare disease research, medical innovation and humanitarian collaborations to improve the health of underserved communities.

It is able to provide capital, manpower, and logistical support to help scientists push projects forward. In addition, it aims to contribute to advocacy, disease awareness and direct support of organisations and communities in New York City.

RTWCF provides research grant recipients financial support as well as guidance gleaned from the Investment Manager's experience in drug development and company building.

CASE STUDY

Improving vaccine access

In August 2021, some NYC neighbourhoods had less than 35% of residents fully vaccinated, when the city average was roughly 55%.

The New York City Department of Health and Mental Hygiene found that distrust in government and drug companies created hesitancy in vaccine uptake.

We say this often — RTWCF was one of the first to support our recovery efforts and helped pave the way to our impact and reimagined programs. We're excited to reach new heights together.

New Immigrant Community Empowerment (NICE) supports immigrant workers and their families by advocating for workplace safety and rights, providing skills training, and connecting families with resources. During the pandemic, NICE expanded their services to include food access, vaccine support, and financial assistance. RTWCF partnered with NICE to distribute 10,000 meal and grocery packages, conduct comprehensive community outreach around COVID-19 vaccination safety, and throw a Vaccine Access Block Party. In 2021, NICE helped over 5,000 people access COVID vaccines by translating appointment registration documents, educating people on the vaccine, and accompanying people to appointments.

Areté Afterchool program COVID

NICE day of action in Queens

CASE STUDY

Building education access

Areté Education designs interactive afterschool and summer programs to teach students in the South Bronx about leadership skills, wellness, diverse career paths, and arts & culture.

During the pandemic, children living in temporary housing had limited access to education when schools moved to remote learning. With RTWCF's support, Areté Education created the Areté Hope Network Program to provide direct assistance to families struggling during the pandemic.

Eighteen students and families with unstable housing received stipends, groceries, hotspots, laptops, and mentoring to improve children's attendance rates and academic performance.

Students' engagement and attendance improved dramatically: all students in warning groups labeled "chronically absent" or "severely chronically absent" moved out of those warning groups during the intervention. Ninety-three percent of participants had attendance rates of 80% or higher including 50% with perfect attendance through the course of the program.

> Each of our days of action have been really inspirational and powerful, it is a way to feel connected. We are really hands on, doing the work physically not just mentally or through spirit. We combine all of these elements on our journey at work to make a difference.

Governance Report

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

02 // GOVERNANCE

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Our collective power builds success around brilliant ideas

	William Simpson Chairman and Independent Non-Executive Director	Paul Le Page Independent Non-Executive Director
Resident	Guernsey, British Isles	Guernsey, British Isles
Appointed	2 October 2019	2 October 2019
Committees	Chair of the Management Engagement Committee Member of the Audit Committee Member of the Nomination Committee Member of the Remuneration Committee	Chair of the Audit Committee Member of the Nomination Committee Member of the Remuneration Committee Member of the Management Engagement Committee
Board meetings attended	9/9	9/9
Roles and responsibilities	William Simpson is the Chairman and an independent director based in Guernsey providing services to investment and other financial services companies. William has over 30 years' experience within the financial services industry. He previously practiced law in the course of which he advised on the establishment of a wide range of investment funds and related matters. William graduated in law from Leeds University and first qualified as an English barrister. William is a member of the Guernsey Bar. William also holds directorships at Ninety One Premier Funds PCC Limited, Handelsbanken Alternatives Fund Limited, AHL Strategies PCC Limited, Man AHL Diversified PCC Limited and Alpha Real Trust Limited.	Paul Le Page is a former executive Director and Senior Portfolio Manager of FRM Investment Management Limited, a subsidiary of Man Group, and holds non-executive directorships at a number of London Stock Exchange listed investment funds. Mr. Le Page is Audit Committee Chair of Bluefield Solar Income Fund Limited and was previously Audit Committee Chair of UK Mortgages Limited, Thames River Multi Hedge PCC Limited and Cazenove Absolute Equity Limited. Mr. Le Page has 19 years' Audit Committee chair experience within the closed end investment fund sector and has a broad-based knowledge of the global investment industry and product structures. Mr Le Page graduated from University College London and later received an MBA from Heriot Watt University. He originally qualified as a Chartered Engineer and led the development of clinical diagnostic instrumentation and software and robotic sample preparation equipment prior to commencing a career in finance. In addition to Bluefield Solar Income Fund Limited his other directorships include TwentyFour Income Fund Limited and Highbridge Tactical Credit Fund Limited, all of which are listed on the Premium Segment of the London Stock Exchange.

William Scott
Independent
Non-Executive Director

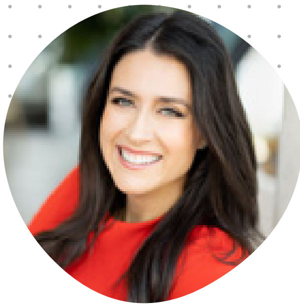
Guernsey, British Isles

3 October 2019

Chair of the Nomination Committee
Chair of the Remuneration Committee
Member of the Audit Committee
Member of the Management Engagement Committee

9/9

William Scott has served continuously as an independent non-executive director of a number of London-listed investment companies and funds for 20 years and has been involved in the sector more widely for nearly four decades. From 2003 to 2004, Mr. Scott worked as Senior Vice President with FRM Investment Management Limited, subsequently part of Man Group. Previously (from 1989- 2002), Mr. Scott was a portfolio manager and latterly a director at Rea Brothers (which became part of the Close Brothers group in 1999 and where he was a director of Close Bank Guernsey Limited) and before that was an Assistant Investment Manager with the London Residuary Body Superannuation Scheme (1987-1989). Mr. Scott graduated in physics from the University of Edinburgh in 1982 and is a Chartered Accountant having qualified with Arthur Young (now EY) in 1987. Mr. Scott also holds the Securities Institute Diploma and is a Chartered Fellow of the Chartered Institute for Securities & Investment. He is also a Chartered Wealth Manager. His other directorships include Axiom European Financial Debt Fund Limited and Worsley Investors Limited, both of which are listed on the Premium Segment of the London Stock Exchange.



Stephanie Sirota
Non-Executive Director

Non-UK resident

2 October 2019

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9/9

Stephanie A. Sirota, serves as a Partner and Chief Business Officer at RTW Investments, LP. Ms. Sirota is responsible for strategy and oversight of the firm's business development, strategic partnerships, communications, and investor relations. Her background in investment banking and expertise in financial markets has helped position the firm as both a partner to life sciences companies and a steward of investors' capital. She also manages RTW's relationships with key partners including banks, academic institutions, corporations, investors, and NGOs and has led the firm's entry into the UK and European markets. Prior to joining the Investment Manager, from 2006 to 2010, she served as a director at Valhalla Capital Advisors, a macro and commodity investment manager. From 2000 to 2003, Ms. Sirota worked in the New York and London offices of Lehman Brothers, where she advised on various mergers & acquisitions, IPOs, and capital market financing transactions. She began her career on the Fixed Income trading desk at Lehman Brothers, structuring derivatives for municipal issuers from 1997 to 1999. Ms. Sirota graduated with honours from Columbia University and also received a Master's Degree from the Columbia Graduate School of Journalism. She serves as Co-Chairman of the Council of the Phil at the New York Philharmonic and as President of RTW Charitable Foundation.

Report of the Directors

Chairman's Statement
page 06

Investment Manager's report
page 08

More on results for the year
page 67

Section 172
page 38

Principal activities

Further information on the principal activities of the Group can be found on pages 101 to 102.

Business review

A review of the Group's business and its likely future development is provided in the Chairman's Statement on pages 6 to 7. The underlying investments of the Group are reviewed in the Investment Manager's Report on pages 8 to 20.

Results and distributions

The results of the Group for the year are shown in the audited statement of operations on page 78.

The Net Asset Value of the Group as at 31 December 2022 was US$347.9 million (2021: US$387.4 million).

For the year ended 31 December 2022, the Group recorded a net total return based on NAV per share of -10.2 per cent (2021: -12.8 per cent).

No dividends or distributions were paid during the years ended 31 December 2022 and 31 December 2021. The Company does not anticipate paying any dividends on its Ordinary Shares, as it intends to re-invest proceeds received from Portfolio Company sales or distributions. There have been no changes in the Company's dividend policy from that disclosed in the Prospectus published by the Company on 14 October 2019.

Change of status for US federal tax purposes from PTP to a corporation

On 1 December 2022 the Company changed its status for U.S. federal tax purposes from a "publicly traded partnership" or "PTP" to a corporation. The change in status caused it to be treated as a "passive foreign investment company" or a "PFIC." This change was necessitated by recent changes to U.S. tax legislation that came into effect on 1 January 2023. Under this new legislation, custodians holding shares in companies treated as publicly traded partnerships would incur new withholding tax obligations. A number of custodians effecting transactions in the Company's Ordinary Shares informed the Company that, as a result of this new U.S. withholding tax obligation, they would no longer hold or deal with the Ordinary Shares if the Company continued to be treated as a publicly traded partnership for U.S. federal income tax purposes. This would have had a material adverse impact on the Company's shareholders and the functioning of the market in its shares and consequently the Board decided to file documentation with the U.S. Internal Revenue Service to change the Company's tax status to a corporation for U.S. purposes.

Related to the making of the tax election, the Company carried out a reorganisation of the arrangements pursuant to which an affiliate of the Investment Manager is allocated its share of the investment performance generated by the Company. Pursuant to this, the Company established a new wholly-owned subsidiary, RTW Venture Fund Operating Limited, to which it has transferred its right to the profits and losses attributable to the Company's portfolio of assets. The Directors of the Subsidiary are the same as the Directors of the Company. This reorganisation had no economic impact on shareholders and was effected solely for the purpose of ensuring that the share of the investment performance generated by the Company which is allocable to an affiliate of the Investment Manager receives the same treatment for U.S. federal tax purposes as would have been the case if no tax election by the Company had been compelled by the change in U.S. tax law.

The previous Articles of Incorporation of the Company reflected the status of the Company prior to the tax election as a PTP. Accordingly, the tax election made by the Board is inconsistent with, and amounted to a technical breach of, the provisions of those Articles. Consequently, a circular was published by the Company, pursuant to which shareholders were asked (a) to ratify the decision of the Board to make the tax election; and (b) to approve the adoption of new Articles, which were updated to reflect the U.S. federal tax status of the Company following completion of the tax election and the reorganisation. At an Extraordinary General Meeting of the Company held on 19 December 2022, Shareholders approved resolutions to approve the Company's change of Articles of Incorporation and the change to the Company's tax status, with effect from 1 December 2022.

As part of the reorganisation, the Investment Management Agreement was amended to provide services to the Subsidiary. There was no change to the investment management fee, but the Performance Allocation Share held by RTW Venture Performance LP was surrendered in exchange for a New Performance Allocation Share issued by the Subsidiary. The New Performance Allocation Share issued by the Subsidiary has identical terms to the original Performance Allocation Share issued by the Company (see Note 9).

Capital Structure

The Company is an authorised closed-ended Guernsey investment company with registered number 66847. The Company's Ordinary Shares are listed on the Official List of the FCA and to trading on the Premium Segment of the London Stock Exchange plc's Main Market under the ticker symbols RTW (USD quote) and RTWG (GBP quote).

The Board believes the Premium Segment of the Main Market is the most appropriate platform for the continued growth of the Group by increasing RTW Venture Fund's profile, broadening its shareholder register, adding Sterling denomination, and facilitating the Group's eligibility for inclusion in the FTSE UK Index Series.

As at 31 December 2022, the Company's issued share capital was 212,389,138 Ordinary Shares (2021: 212,389,138 Ordinary Shares and 1 Performance Allocation Share). There are no shares held in treasury.

The Directors hereby submit the annual report and audited consolidated financial statements for the Group for the year ended 31 December 2022.

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

Authority to issue shares

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

Authority to buy back shares

The current authority of the Company to make market purchases of up to 31,837,132 Ordinary Shares (being 14.99 per cent. of the issued Share Capital) as authorised at the AGM of the Company on 21 June 2022. At the AGM scheduled to take place on 21 June 2023, the Board will seek to renew such authority. Any buy back of Ordinary Shares will be made subject to the Companies Law and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board and not at the option of the shareholders. Ordinary Shares will only be repurchased at a price which, after repurchase costs, represents a discount to the Net Asset Value per Ordinary Share and where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the Listing Rules of the UK Listing Authority which provide that the price to be paid must not be more than 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days before the shares are purchased unless previously advised to shareholders.

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

Directors' dealings in shares

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

Relations with shareholders

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

Further information on relations with shareholders and other stakeholders can be found in Engaging with Stakeholders (Section 172) on pages 38 to 39.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held on 21 June 2023 at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX. Details of the resolutions to be proposed at the AGM, together with explanations, appear in the Notices of Meetings which are being sent to shareholders in due course.

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

Shareholdings of the Directors

Directors' shareholdings in the Company are disclosed in the Directors' Remuneration Report.

Directors' appointment, tenure and re-election, and Directors' remuneration

Directors' appointment, tenure and re-election and Directors' remuneration are disclosed in the Directors' Remuneration Report.

Details of voting rights
page 96

Principal and emerging risks and uncertainties
page 34

Longer Term Viability Statement
page 37

Major Shareholders

As at 31 December 2022 and 29 March 2023, insofar as is known to the Company, the following parties were interested, directly or indirectly, in 5 per cent. or more of the Ordinary Shares in issue:

Shareholder	Shareholding (Ordinary Shares)	% Holding	Nature of Holding
Bluestem Partners, LP	34,093,156	16.05	Direct
Roderick Wong	29,593,872	13.93	Indirect
Ducasse Group Limited	18,361,456	8.65	Direct

Details of the voting rights can be found in Note 9.

Articles of Incorporation

The Company's Articles may only be amended by special resolution of the shareholders.

Key service providers

Independent auditor

KPMG Channel Islands Limited ("KPMG") has been appointed to serve as the Company's auditor. In such capacity, the auditor is responsible for auditing and expressing an opinion on the consolidated financial statements of the Group in accordance with applicable law and auditing standards.

Investment Manager

The Directors are responsible for the determination of the Group's investment policy and have overall responsibility for the Group's business activities. The Group and the Investment Manager have entered into the Investment Management Agreement (as amended, supplemented or modified from time to time), pursuant to which the Investment Manager has been appointed as the Group's investment manager and has been delegated the authority and responsibility to manage the Group's investment portfolio. The fees payable to the Investment Manager and the impact of the Group's restructuring on the Investment Management Agreement are disclosed in Note 10.

Administrator and Sub-Administrator

On 1 February 2021, Elysium Fund Management Limited was appointed as Administrator, with responsibility for the administration, corporate secretarial, corporate governance and compliance services. From 1 February 2021 Morgan Stanley Fund Services USA LLC was appointed to serve as the Group's Sub-Administrator.

Corporate Brokers

On 11 February 2022, Merrill Lynch International (BofA Securities) was appointed as corporate broker and financial adviser to the Group. BofA Securities and J.P. Morgan Cazenove have been appointed to act as joint brokers for the Group.

Change of control

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

Principal and emerging risks and uncertainties

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

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

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

For each material risk, the likelihood and consequences are identified, management controls and frequency of monitoring are confirmed and results reported and discussed at the quarterly Board meetings and through updating of the Group's risk matrix. An extraction of the highest rated risks post mitigation forms the basis of the Principal and Emerging Risks and Uncertainties disclosure in the Strategic Report on pages 34 to 36.

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

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

Going concern

In forming a view on whether the Company is a going concern, the Directors have considered the following factors:

- A three-year stressed cash-flow forecast prepared by the Investment Manager for the purposes of assessing viability;
- A viability and going concern memorandum from the Investment Manager on the Company's business model and operations (please see the Longer Term Viability Statement on page 37);
- The Group's ability to access liquidity from liquid investments and to raise additional capital both during and after the current financial year-end.

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

On behalf of the Board

William Simpson
Chairman
30 March 2023

Corporate Governance Report

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

The Company is a registered closed-ended investment scheme pursuant to the POI Law and the Registered Collective Investment Schemes Rules 2021 issued by the GFSC. The GFSC Code applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as Collective Investment Schemes, which includes the Company. The GFSC has stated in the GFSC Code that companies which report against the UK Code or the AIC Code are deemed to meet the GFSC code, and need take no further action.

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

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

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

The Directors recognise the value of the AIC Code and have taken appropriate measures to ensure that the Group has complied and continues to comply, as far as possible given the Group's size and nature of the business, with the AIC Code, except as set out below:

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

The Board is aware of the Hampton-Alexander Review target to have 33% of FTSE board positions held by women by 2020 and notes that it currently only achieves 25% female representation. The future growth of the Board will be linked to the growth of the Group's shareholder base as the Board is mindful of the need to manage the Group's fixed costs whilst it is relatively small. Both gender and ethnic diversity factors will be considered by the Board when making any new appointments or replacing current Board members.

The Board and its Committees

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practices, especially with respect to the increased focus on diversity (see the Directors' Remuneration Report).

The Directors of the Company at the date of this report are William Simpson (Chairman and Chair of the Management Engagement Committee), Paul Le Page (Chair of Audit Committee), William Scott (Chair of the Nomination and Remuneration Committee) and Stephanie Sirota. The Board believes the current Board members have the appropriate qualifications, experience and expertise to manage the Group. The Director's biographies can be found on pages 44 to 45.

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

The Board has delegated certain responsibilities to its Audit Committee, Management Engagement Committee and Nomination and Remuneration Committee (together the "Committees"). Given the size and nature of the Board it is felt appropriate that all independent Directors are members of the Committees.

The roles and responsibilities of the Committees are set out in the terms of reference and are summarised on page 50.

Biographies of Directors **page 44**

Directors' Remuneration Report **page 55**

Items are discussed and, as appropriate, matters are endorsed, approved or recommended to the Board by the Committees. The chairman of each of the Committees provides the Board with a summary of the main discussion points at the Committee meetings and any decisions made by the Committee along with any recommendations which require Board approval.

The Board may also delegate certain functions to other parties; in particular the Directors may delegate to the Investment Manager. However, the Directors retain responsibility for exercising overall control and supervision of the Investment Manager. Matters reserved for the Board include, amongst others, approval and oversight of the Group's investment activities by ensuring that the Group has complied with its investment restrictions. The Board also reviews the performance of the Group against its target return (as defined in the Prospectus) and, in light of the current market conditions, considers the strategy taken by the Investment Manager. Approval of the Annual and Interim Reports, announcements, and dividends are also reserved for the Board.

Audit Committee

The Audit Committee is chaired by Paul Le Page with formally delegated duties and responsibilities within written terms of reference, which are available on the Company's website www.rtwfunds.com/venture-fund. Further information on the Audit Committee is included in the Report of the Audit Committee on pages 58 to 61.

Management Engagement Committee

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

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

Nomination and Remuneration Committee

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

Further information of the Nomination and Remuneration Committee, Board diversity and Directors' remuneration are provided in the Directors' Remuneration Report on pages 55 to 57.

Board performance and evaluation

In accordance with Provision 26 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. Such an evaluation of the performance of the Board as a whole and the Chairman is carried out under the mandate of the Board in the form of self-appraisal questionnaires and a detailed discussion to determine effectiveness and performance in various areas as well as the Directors' continued independence.

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

To date, the Board has not engaged in the use of an external facilitator. The Directors believe that the current mix of skills, experience, ages and length of service of the Directors is appropriate to the requirements of the Group. With any new Director appointment to the Board, induction training will be provided.

Directors' conflicts of interest

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

Board meeting attendance

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

The attendance record of the Directors for the year is set out below:

Director	Scheduled Board Meetings(1)	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination and Remuneration Committee Meetings
William Simpson	9/9	5/5	1/1	1/1
Paul Le Page	9/9	5/5	1/1	1/1
William Scott	9/9	5/5	1/1	1/1
Stephanie Sirota(2)	9/9	n/a	n/a	n/a

(1) One ad hoc Board meeting that was held in the year has not been included in this total.
(2) Ms Sirota is not a member of the Audit Committee, Management Engagement Committee or Nomination and Remuneration Committee, however from time to time she is invited to attend and did so at all such meetings held during the year.

Biographies of Directors **page 44**

Directors' Responsibilities Statement **page 54**

The Chairman of the Board must be independent and is appointed in accordance with the Company's Articles of Incorporation. Mr Simpson's independence is evaluated annually and he is considered to be independent because he:
- has no direct or indirect current or historical employment with the Investment Manager; and
- has no current directorships in any other entities (other than the Company and Subsidiary) for which the Investment Manager provides services.

Duties and responsibilities

The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:
- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

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

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

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

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibilities Statement on page 54. The Board is also responsible for issuing appropriate Interim Reports and other price-sensitive public reports.

The primary focus at Board meetings is to review the Group strategy, investment performance and associated matters such as share price discount/premium, investor relations, peer group information, gearing and industry issues and to consider recommendations from the Audit Committee and other committees of the Board, as appropriate.

Report of the
Audit Committee
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Internal control and financial reporting

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

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

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

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

Listing requirements

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

Since admission to the SFS and subsequent admission to trading on the Premium Segment of the London Stock Exchange, the Company has complied with the applicable Listing Rules.

Common Reporting Standard and Tax Reporting Requirements

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

AIFMD

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

Anti-Bribery and Corruption Policy

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

Criminal Finances Act

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

Environment, Employees, Human Rights and Social Matters

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

The UK Modern Slavery Act

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

Litigation

So far as the Directors are aware, no litigation or claim of material importance is pending or threatened against the Group.

On behalf of the Board

William Simpson
Chairman
30 March 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and consolidated financial statements in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and applicable law.

Under the Companies Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing these consolidated financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Assess the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless liquidation is imminent.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.rtwfunds.com/venture-fund). Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

The Directors who hold office at the date of approval of this Director's Report confirm that so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and that each Director has taken all the steps he ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

We confirm that to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with US GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that they face;
- the Annual Report and audited consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, position, business model and strategy; and
- the Annual Report and audited consolidated financial statements includes information required by the FCA for the purpose of ensuring that the Group complies with the provisions of the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA.

The responsibility statement was approved by the Board of Directors on 30 March 2023 and was signed on behalf of the Board.

On behalf of the Board

William Simpson
Chairman
30 March 2023

Paul Le Page
Director
30 March 2023

Directors' Remuneration Report

The Nomination and Remuneration Committee has been established to consider the appointment and reappointment of Directors and ensure that the Company maintains fair and appropriate remuneration policies and controls. The Nomination and Remuneration Committee comprises all the independent Directors of the Company and is chaired by William Scott.

The Company is not required to present a Directors' Remuneration Report, and whilst this report does not purport to meet all of the requirements of a typical listed UK company's Directors' Remuneration Report, it has been provided as the Directors believe that it may be useful to users of this annual report and consolidated financial statements.

The Group has no employees and hence no executive directors. Directors do not have service contracts, but are appointed under letters of appointment, copies of which are available upon request from the Company Secretary and will be available for inspection at the AGM.

Regarding nomination, the Nomination and Remuneration Committee's remit is to review regularly the structure, size and composition of the Board, to give full consideration to succession planning for Directors, to keep under review the leadership needs of the Group and be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise.

Board diversity

No specific diversity parameters have been set as the Board believes that all appointments should be made on merit and taken in the context of skills, knowledge and experience required for an effective Board. However, it is the Group's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

The Board believes the current Board members have the appropriate qualifications, experience and expertise to manage the Group. The Director's biographies can be found on pages 44 and 45.

Tenure policy

Each Director retires at each AGM subsequent to his or her appointment and is eligible for re-election by the shareholders at such AGM.

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

In accordance with the AIC Code, if and when any Director has been in office (or upon re-election would at the end of that term, be in office) for more than nine years, or in the case of the Chairman ten years, the Company will consider whether there is a risk that such Director might reasonably be deemed to have lost independence through such long service.

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

Termination policy

Should a Director not be re-elected by shareholders, or retires from office under the Articles of Incorporation, the appointment shall be terminated with immediate effect and without compensation.

A Director may resign at any time by notice in writing to the Board in accordance with the Articles of Incorporation.

The Company may terminate a Director's appointment with immediate effect should the Director have:

- Committed any serious breach or (after warning in writing) any repeated or continued material breach of their obligations to the Group; or
- Been guilty of any act of dishonesty, fraud or serious misconduct or any conduct which (in the reasonable opinion of the Board) tends to bring the Director or Group into disrepute.

Succession policy

The Board gives full consideration to succession planning, including the succession of the Chairman and Directors in the course of its work, taking into account the challenges and opportunities facing the Group, and what skills and expertise are therefore needed on the Board in the future.

Biographies of Directors
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Overboarding policy

To ensure that each Director has sufficient time to meet their responsibilities to the Group, the Board has adopted an overboarding policy which outlines its expectations regarding the time commitments of the Directors.

Should a Director wish to take on an additional external directorship of a London listed, or equivalent, company, or is anticipating a significant increase in time commitment of an existing appointment, details must be provided to the Chairman (or, if the Chairman is taking on the external directorship, the Chairman of the Audit Committee) for approval prior to accepting the external directorship or additional time commitment.

The Director should:
- Confirm that the external directorship or change in time commitment is not in conflict with the Group;
- Provide an estimate of the time commitment required;
- Confirm that they have sufficient surplus capacity to meet their commitments to the Group; and
- Confirm that no commercial conflict of interest is likely to arise or be perceived to arise.

To assist in the Chairman's decision, on an ongoing basis, at each Board meeting, the Directors disclose their other directorships at each quarterly meeting of the Company.

Remuneration policy

The Directors shall be remunerated at such a rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed US$500,000 per annum. At the Company's AGM held on 21 June 2022, in accordance with Article 28.1.1 of the Company's Articles, shareholders approved to increase the total aggregate amount of Directors' fees that may be paid in any financial year ("Fee Cap") by US$200,000, from US$300,000 to US$500,000 (or the applicable currency equivalent thereof). The increase in the Fee Cap took effect from the date of the AGM. The previous Fee Cap of US$300,000 was approved by shareholders at the time of the IPO of the Company and its listing on the SFS in October 2019. The Company has subsequently moved the listing of its shares to the Premium Segment of the Official List. The Board is conscious that it needs to ensure that it has the right skills and experience appointed to the Board to best support the Group's growth and its strategic plans and priorities over coming years. Accordingly, the Board sought to increase the Fee Cap to US$500,000 in order to ensure that the Group maintains the ability to pay competitive fees and attract and retain high calibre Directors. The increase also provides appropriate headroom to accommodate any future market-based adjustments to Directors' fees and increases to the size and composition of the Board. The Board does not expect to utilise the full amount of the proposed Fee Cap in the short to medium term and there is no intention to adjust the remuneration of existing Board members except where future reviews identify a material change of duties, or benchmarking against comparable investment companies indicates that such changes are appropriate to remain in line with market levels.

In setting the level of each non-executive Director's fee, the Board had regard to: the time commitments expected; the level of skill and experience of each Director; and the current market and levels of companies of similar size and complexity. Following this evaluation, the Board determined that the fees set out in this remuneration policy were appropriate.

Under the terms of their appointments as non-executive Directors, the Directors are entitled to the following annual fees:

William Simpson	GBP 50,000
Paul Le Page	GBP 40,000
William Scott	GBP 35,000
Stephanie Sirota	US$42,000

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Group. The Directors do not participate in any discussions relating to their own fee, which is determined by the other Directors.

The Group does not pay any remuneration to the Directors for loss of office.

On termination of the appointment, Directors shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

Annual report on remuneration

Service contracts obligations and payment on loss of office

No Director has a service contract with the Group and, as such, no Director is entitled to compensation payments upon termination of their appointment or loss of office.

Total remuneration paid to each Director

During the year ended 31 December 2022 the US Dollar equivalent of Directors' remuneration that was paid was as follows:

	31 December 2022 (US$)	31 December 2021 (US$)
William Simpson	53,889	68,941
Paul Le Page	43,111	55,153
William Scott	37,722	48,259
Stephanie Sirota	42,000	42,000
Total	**176,722**	**214,353**

All of the above remuneration relates to fixed annual fees. The remuneration of each of the Directors other than Ms Sirota is fixed in Pounds Sterling (as set out in the first table on the previous page) and the US Dollar equivalent set out above may vary in accordance with fluctuations in the Pounds Sterling/US Dollar exchange rate.

Directors are not eligible for bonuses, share options or long-term incentive schemes or other performance-related benefits. There are no pension arrangements in place for the Directors of the Company. Accordingly, there were no other items in the nature of remuneration, pension entitlements or incentive scheme arrangements which were paid or accrued to the Directors during the year.

Directors' shareholdings in the Company

Directors of the Company and their beneficial interests in the Company as at 31 December 2022 are detailed below:

	Number of Shares		% Holding	% Holding
Director	31 December 2022	31 December 2021	31 December 2022	31 December 2021
William Simpson	200,000	150,000	0.09	0.07
Paul Le Page	128,000	103,000	0.06	0.05
William Scott	305,003	150,000	0.14	0.07
Stephanie Sirota	1,010,000	1,000,000	0.48	0.47

On behalf of the Board

William Scott
Chairman of the Nomination and Remuneration Committee
30 March 2023

Report of the Audit Committee

Paul Le Page

Independent Non-Executive Director
Chair of the Audit Committee

Member	Meetings attended
Paul Le Page Independent Non-Executive Director	5/5
William Simpson Chairman and Independent Non-Executive Director	5/5
William Scott Independent Non-Executive Director	5/5

I present the Audit Committee's report for financial year ended 31 December 2022, setting forth the Audit Committee's structure, duties, and activities during the reporting period.

Composition

The Audit Committee, chaired by Paul Le Page, operates within clearly defined terms of reference which include all matters indicated by DTR 7.1 and the AIC Code. Its other members are William Simpson and William Scott. The Chairman of the Group is a member of the Audit Committee but does not chair it. His membership of the Audit Committee is considered appropriate due to: the lack of perceived conflict; the small size of the Board; and because the Directors consider that he acts in a non-executive capacity and continues to be independent.

Only independent Directors can serve on the Audit Committee, and members of the Audit Committee must have no current links with the Group's external auditor and must be independent of the Investment Manager. The Audit Committee can request the attendance of the Investment Manager, the auditors or any service provider at its meetings.

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

The performance of the chairman of the Audit Committee is reviewed on an annual basis and the membership of the Audit Committee and its terms of reference are kept under regular review.

Responsibilities

The Audit Committee is the formal forum through which the external auditor reports to the Board of Directors. The objectivity of the external auditor is reviewed by the Audit Committee, which also reviews the terms under which the external auditor is appointed to perform non-audit services and the fees paid to the external auditor or their affiliated firms overseas.

The main duties of the Audit Committee are:
- Giving full consideration and recommending to the Board for approval of the contents of the Interim Report and Annual Report and reviewing the external auditor's report thereon;
- Reviewing the scope, results, cost effectiveness, independence and objectivity of the external auditor;
- Reviewing the draft valuations of the Group's investments prepared by the Investment Manager, and making a recommendation to the Board on the valuation of the Group's investments;
- Reviewing and recommending to the Board for approval of the audit, audit related and non-audit fees payable to the external auditor and the terms of their engagement;
- Reviewing and approving the external auditor's plan for the annual audit and interim review;
- Reviewing the appropriateness of the Group's accounting policies;
- Ensuring the standards and adequacy of the service providers' control systems;
- Reviewing and considering the UK Code, the AIC Code and the FRC Guidance on Audit Committees; and
- Reviewing the risks facing the Group and monitoring the risk matrix.

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

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

Financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review with the Administrator, Sub-Administrator, any external consultant as appointed by the Investment Manager and the external auditor, the appropriateness of the Interim Reports and Annual Reports, concentrating on, amongst other matters:
- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with both any external consultant as appointed by the Investment Manager and the external auditor;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; and
- any correspondence from regulators in relation to the Group's financial reporting.

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

Meetings

The Audit Committee meets no less than twice a year in Guernsey, at such other times as the Audit Committee Chairman shall require, and meets the external auditor at least once a year in Guernsey. The Audit Committee met seven times in the year ended 31 December 2022 (2021: five times).

The matters discussed at these meetings were:
- Review of the terms of reference of the Audit Committee to confirm that they are appropriate to the business of the Audit Committee and the current regulatory environment in which the Group operates;
- Semi-annual reviews of the valuations of the Group's investments;
- Review of the accounting policies and format of the consolidated financial statements;
- The relationship with the external auditor;
- Discussion and approval of the fee for the external audit;
- Discussion and review of the audit plan;
- Review and consideration of viability model;
- Review of compliance with the AIC Code of Corporate Governance;
- Review of the related party register;
- Consideration of the requirement for an internal audit function;
- Consideration of and recommendations to the Board regarding the appointment of third-party service providers and the adequacy of their arrangements; and
- Review of the Group's key risks and internal controls.

Board experiences **page 44**

Directors' responsibilities **page 54**

Primary area of judgement

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

As outlined in Note 2 to the consolidated financial statements of the Group, the total carrying value of the Group's investments in securities at fair value as at 31 December 2022 was US$350.1 million (2021: US$409.2 million), of which US$85.9 million (2021: US$92.9 million) related to private company investments. Market quotations are available for those financial assets that are listed and traded and have an active market quote.

For private company investments, the value of the Group's investments is based on the value of the relevant underlying investee companies as determined by the Investment Manager. The valuation of the Group's private and restricted investments, the methodology used for the year end valuation, and the constitution of the Investment Manager's Valuation Committee were discussed with the Investment Manager and with the external auditor at an Audit Committee meeting held on 26 January 2023, and the Independent Valuer, as appointed by the Investment Manager, carries out a valuation semi-annually on the private company investments.

The Group values investment in private investment companies using the net asset values provided by the administrators of the private investment companies concerned as a practical expedient. The Group applies the practical expedient to its private investment companies on an investment-by-investment basis and consistently with the Group's entire position in a particular investment, unless it is probable that the Group will sell a portion of an investment at an amount different from the NAV of the investment.

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

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

Internal audit

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

The Audit Committee worked with the Administrator and the Investment Manager to structure a risk matrix for the Group, which considered the controls applied by the Board, the Investment Manager and key service providers. The matrix has also been reviewed with the Investment Manager in light of Russia's invasion of Ukraine and was used to form the basis of the Company's principal and emerging risk disclosures in the Strategic Report on page 34.

Appointment of the external auditor

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

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

The fees paid by the Group to KPMG during the last two years were as follows:

	2022	2021
Audit fee	GBP 246,300	GBP 168,000
Review of interim financial statements	GBP 46,575	GBP 41,000
Other non-audit services[1]	–	GBP 62,500
Total	GBP 292,875	GBP 271,500

(1) During the year ended 31 December 2021, KPMG was paid a reporting accountant fee for its work on the migration of the Company's shares to the Official List of the FCA and to trading on the Premium Segment of the London Stock Exchange plc's Main Market.

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

The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to the level of non-audit fees. During the year ended 31 December 2021, KPMG was also engaged as reporting accountant in connection with the Company's migration to the Premium Segment, which is a permissible service under the FRC Ethical Standards for a company's auditor to undertake. The Audit Committee considers KPMG to be independent of the Group and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit as appropriate safeguards are in place.

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

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

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

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

The Audit Committee is satisfied with KPMG's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the external auditor remains independent and effective, the Audit Committee has recommended to the Board that KPMG be reappointed as external auditor for the year ending 31 December 2023.

Annual Report

The Audit Committee members have each reviewed this Annual Report and earlier drafts of it in detail, comparing its content with their own knowledge of the Company, reporting requirements and shareholder expectations. Formal meetings of the Audit Committee have also reviewed the Annual Report and its content and have received reports and explanations from the Company's service providers about the content and the financial results. The Audit Committee has concluded that the Annual Report, taken as a whole, is fair, balanced and understandable, and that the Board can reasonably and with justification make the statement of Directors' responsibilities on page 54.

Key activities of the Audit Committee

During the course of the year ended 31 December 2022, the Audit Committee undertook a number of projects in addition to its regular duties and reviewed a number of the Investment Manager's policies relating to issues such as portfolio liquidity management and allocation of capacity in private investments.

The Audit Committee noted a substantial decline in the level of corporate activity within the financial year in the Biotech sector which led to an increased emphasis on the use of public market comparatives for valuing the Group's private investments. The Committee has been pleased to note that this has led to more frequent adjustments in the valuations of the Group's private positions within the Investment Manager's monthly valuation committee meetings. The Committee has also encouraged the Investment Manager's valuation team and the Company's auditors to engage regularly throughout the year so that they have early sight of changes to policies and models as they occur.

During the year, the Audit Committee worked with the Investment Manager to summarise the extensive and detailed valuation reporting that it receives to ensure that the Board remains focused on key issues as the portfolio grows. The Committee also worked with the Investment Manager to improve the frequency of the reporting that it receives in the light of increased levels of market volatility. The Committee now receives monthly reporting of both material public and material private valuation changes within the Group's portfolio.

The fact that the Company achieved a realised gain on the sale of the Mavacamten Royalty from its core private portfolio to Bristol Myers Squibb gave the Audit Committee additional comfort that the Investment Manager adopts a reasonable valuation policy.

Tightening financial conditions have also led to the Committee placing an increased emphasis on liquidity risk management both within the Group's underlying investments and within the Group's portfolio structure. The cash runway summaries for our private portfolio highlight the fact that the vast majority of our companies will not need to raise funding in the next 12 months, with over 75% of our core private portfolio financed for at least the next two years. The Audit Committee has also considered the ability of the Group to meet future funding requirements and notes that with only 25% of NAV invested in core private positions that the Group has a significant reserve of potential dry powder at its disposal in its public portfolio. The Committee also considered the ability of the Group to meet capital funding requirements for its portfolio companies as part of the viability assessment using the NBI index as a proxy for the performance of its public portfolio. We concluded that the Group should be sufficiently well financed to more than double its allocation to private investments even if the NBI index incurs a peak to trough loss of a similar magnitude to that suffered in the technology crash at the start of the millennium over the next three years.

In addition, to the above activities the Audit Committee sought independent legal advice on the financial reporting requirements for the Company's newly formed subsidiary and also worked with the auditors to ensure that the Company has a robust and fair pricing structure for the Company's audit.

On behalf of the Audit Committee,

Paul Le Page
Chairman of the Audit Committee
30 March 2023

Consolidated Financial Statements

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Independent Auditor's Report to the Members of RTW Venture Fund Limited

Our opinion is unmodified

We have audited the consolidated financial statements of RTW Venture Fund Limited (the "Company") and its subsidiary (together, the "Group"), which comprise the consolidated statement of assets and liabilities including the consolidated condensed schedule of investments as at 31 December 2022, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2022, and of the Group's financial performance and cash flows for the year then ended;
- are prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2021):

	The risk	Our response
Valuation of investments in securities, at fair value $350,125,577; (2021: $409,179,507) Refer to the Report of the Audit Committee on pages 58 to 61, the Consolidated Condensed Schedule of Investments as at 31 December 2022 on pages 68 to 72, note 1 fair value significant accounting policies and note 2 fair value measurements disclosures.	**Basis:** The Group's investment portfolio represents the most significant balance on the consolidated statement of assets and liabilities and is the principal driver of the Group's net asset value (2022: 101%; 2021: 106%). The investment portfolio is composed of publicly quoted and private unquoted life science investments (together the "Investments"). Publicly quoted life science investments, representing 75.4% of the fair value of Investments, are valued using third party data sources. Private unquoted life science investments, representing 24.6% of the fair value of Investments, are valued using recognised valuation methodologies, including option pricing models. The Investment Manager utilises an Independent Valuer to assist them in their determination of the fair value of certain private unquoted life science investments. **Risk:** The valuation of the Group's Investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Group. The valuation risk of the private unquoted life science investments incorporates both a risk of fraud and error given the significance of the estimates and judgements that are involved in the determination of their fair value.	Our audit procedures included, but were not limited to: **Controls evaluation:** We assessed the design and implementation of the Investment Manager's review control in relation to the valuation of private unquoted life science investments. **Challenging managements' Investments valuation, including the use of our KPMG valuation specialists, as applicable:** For all Investments we assessed the appropriateness of the valuation methodology used to estimate fair value. **Publicly quoted life science investments** For publicly quoted life science investments, we independently priced 100% by fair value to third party data sources. **Private unquoted life science investments** For a value driven selection of the private unquoted life science investments we performed the following procedures, as applicable: • Obtained and read the valuation memorandums produced by the Investment Manager; • Assessed the objectivity, capabilities and competency of the Independent Valuer. We considered the scope of their engagement and methodology applied by the Independent Valuer in performing their work. We obtained and assessed their findings and considered the impact, if any, on our audit work; • Agreed the price of investments acquired during the year to supporting documentation such as purchase agreements, funding draw down requests and bank statements. We performed public searches for contradictory or dis-confirming evidence to challenge both the absence or appropriateness of fair value movements since acquisition; • For those private unquoted life science investments valued using valuation models, such as option pricing models, with the use of our own valuation specialists, we assessed and challenged the key assumptions used by comparing them to available market information and corroborated key inputs to supporting documentation; • Considered market transactions in close proximity to the year-end and assessed their appropriateness as being representative of fair value; and • For the sole private investment company life science investment we obtained independent confirmation, from the administrator of that private investment company, of the net asset value per share and reconciled these to the net asset value used in the Group's valuation. Further we obtained the coterminous audited financial statements for the private investment company to corroborate the net asset value per share used. We also evaluated the accounting framework and accounting policies applied and considered the impact, if any, of the issued audit opinion therein. **Assessing disclosures:** We also considered whether the Group's financial statement disclosures in relation to the use of estimates and judgements regarding the fair value of investments in securities and the Company's investment valuation policies adopted and the fair value disclosures, in notes 1 and 2 respectively, are in accordance with US GAAP.

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

Materiality for the consolidated financial statements as a whole was set at $6.9m, determined with reference to a benchmark of group net assets of $347.9m, of which it represents approximately 2% (2021: 2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the consolidated financial statements as a whole. Performance materiality for the Group was set at 75% (2021: 75%) of materiality for the consolidated financial statements as a whole, which equates to $5.2m. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.35m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

The group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total group revenue, total group profit before tax, and total group assets and liabilities.

Going concern

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Group and the Company's financial resources or ability to continue operations over this period was the availability of capital to meet operating costs and other financial commitments.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk against the level of available financial resources indicated by the Group and the Company's financial forecasts.

We considered whether the going concern disclosure in note 1 to the consolidated financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Company's use of that basis for the going concern period, and that statement is materially consistent with the consolidated financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of private unquoted life science investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias

Further detail in respect of valuation of private unquoted life science investments is set out in the key audit matter section of this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

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

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

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the consolidated financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Longer Term Viability Statement (page 37) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Longer Term Viability Statement (page 37) as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Longer Term Viability Statement, set out on page 37 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the consolidated financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the consolidated financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the consolidated financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and consolidated financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

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

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

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 54, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless liquidation is imminent.

Auditor's responsibilities

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

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

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

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

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

30 March 2023

Consolidated Statement of Assets and Liabilities as at 31 December 2022 and 31 December 2021
(Expressed in United States Dollars)

	2022	2021
ASSETS:		
Investments in securities, at fair value (cost at 31 December 2022: $259,472,596; 31 December 2021: $271,421,062)	350,125,577	409,179,507
Derivative contracts, at fair value (cost at 31 December 2022: $2,614,659; 31 December 2021: $2,348,062)	21,467,649	10,983,574
Cash and cash equivalents	6,966,168	6,484,057
Due from brokers	22,195,456	12,323,965
Receivable from unsettled trades	439,798	200,695
Other assets	345,750	191,565
TOTAL ASSETS	**401,540,398**	**439,363,363**
LIABILITIES:		
Securities sold short, at fair value (proceeds at 31 December 2022: $15,407,927; 31 December 2021: $9,620,981)	12,438,334	9,318,393
Derivative contracts, at fair value (proceeds at 31 December 2022: nil; 31 December 2021: $nil)	8,926,743	3,310,833
Due to brokers	25,823,016	38,019,859
Payable for unsettled trades	5,561,560	492,007
Accrued expenses	866,756	861,545
TOTAL LIABILITIES	**53,616,409**	**52,002,637**
TOTAL NET ASSETS	**347,923,989**	**387,360,726**
NET ASSETS attributable to Ordinary Shares (shares at 31 December 2022: 212,389,138; 31 December 2021: 212,389,138)	**326,079,521**	**363,040,222**
NET ASSETS attributable to Non-Controlling Interest	**21,844,468**	–
NET ASSETS attributable to Performance Allocation Shares (shares at 31 December 2022: 0; 31 December 2021: 1)	–	**24,320,504**
NAV per Ordinary Share	**1.5353**	**1.7093**

The audited consolidated financial statements of the Group were approved and authorised for issue by the Board of Directors on 30 March 2023 and signed on its behalf by:

William Simpson
Chairman

Paul Le Page
Director

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments as at 31 December 2022
(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				
Prometheus Biosciences, Inc.	670,916	6,802,058	52,946,904	15.22
Rocket Pharmaceuticals, Inc.	2,400,755	8,188,796	46,982,775	13.50
Others*		124,096,539	118,157,365	33.96
Total United States		**139,087,393**	**218,087,044**	**62.68**
Netherlands				
Healthcare		4,368,486	5,345,551	1.54
Ireland				
Healthcare		4,099,988	2,981,309	0.86
Canada				
Healthcare		3,275,323	1,012,216	0.29
British Virgin Islands				
Healthcare		547,564	997,552	0.29
China				
Healthcare				
Ji Xing Pharmaceuticals Ltd.	541,205	216,482	600,738	0.17
Cayman Islands				
Financials		254,581	257,459	0.07
Healthcare		188,880	194,370	0.06
Total Cayman Islands		**443,461**	**451,829**	**0.13**
Bermuda				
Healthcare		260,330	208,004	0.06
Belgium				
Healthcare		165,629	32,919	0.01
Total common stocks		**152,464,656**	**229,717,162**	**66.03**

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

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued) as at 31 December 2022
(Expressed in United States Dollars)

Descriptions	Number of Shares	Cost	Fair Value	Percentage of Net Assets
Investments in securities, at fair value (continued)				
Convertible preferred stocks				
United States				
Healthcare*		44,011,844	38,108,351	10.95
China				
Healthcare				
Ji Xing Pharmaceuticals Ltd.	10,599,945	14,824,185	16,433,316	4.73
Others		1,771,209	1,622,898	0.47
Total China		**16,595,394**	**18,056,214**	**5.20**
Switzerland				
Healthcare		1,729,518	1,768,384	0.51
Ireland				
Healthcare		116,545	117,696	0.03
Total convertible preferred stocks		**62,453,301**	**58,050,645**	**16.69**
American depository receipts				
United Kingdom				
Healthcare				
Immunocore Holdings plc	453,985	11,440,789	25,908,924	7.45
Others		1,064,820	813,170	0.23
Total United Kingdom		**12,505,609**	**26,722,094**	**7.68**
Netherlands				
Healthcare		8,996,563	9,918,906	2.85
Ireland				
Healthcare		893,338	961,567	0.28
Sweden				
Healthcare		339,248	528,539	0.15
Israel				
Healthcare		372,743	98,985	0.03
Total American depository receipts		**23,107,501**	**38,230,091**	**10.99**

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

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued) as at 31 December 2022

(Expressed in United States Dollars)

Descriptions	Number of Shares	Cost	Fair Value	Percentage of Net Assets
Investments in securities, at fair value (continued)				
Investment in private investment companies				
Ireland				
Healthcare		11,814,933	14,074,846	4.04
Total investment in private investment companies		**11,814,933**	**14,074,846**	**4.04**
Convertible notes				
China				
Healthcare				
Ji Xing Pharmaceuticals Ltd.	762,474	7,624,737	8,191,552	2.35
United States				
Healthcare		2,007,468	1,861,281	0.53
Total convertible notes		**9,632,205**	**10,052,833**	**2.88**
Total investments in securities, at fair value		**259,472,596**	**350,125,577**	**100.63**

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued)
as at 31 December 2022
(Expressed in United States Dollars)

Descriptions	Cost	Fair Value	Percentage of Net Assets
Derivative contracts – assets, at fair value			
Equity swaps			
United States			
Healthcare		16,781,963	4.83
British Virgin Islands			
Healthcare		2,097,803	0.60
Ireland			
Healthcare		206,563	0.06
Total equity swaps		**19,086,329**	**5.49**
Warrants			
Canada			
Healthcare	1,939,543	1,858,925	0.53
United States			
Healthcare	674,517	522,337	0.15
Cayman Islands			
Financials	599	58	0.00
Total warrants	**2,614,659**	**2,381,320**	**0.68**
Total derivative contracts – assets, at fair value	**2,614,659**	**21,467,649**	**6.17**

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued) as at 31 December 2022
(Expressed in United States Dollars)

Descriptions	Proceeds	Fair Value	Percentage of Net Assets
Securities sold short, at fair value			
Common stocks			
United States			
Healthcare	14,521,155	11,500,094	3.31
Netherlands			
Healthcare	293,711	221,800	0.06
Cayman Islands			
Financials	96,480	98,829	0.03
Healthcare	46,260	89,072	0.03
Total Cayman Islands	**142,740**	**187,901**	**0.06**
Total common stocks	**14,957,606**	**11,909,795**	**3.43**
American depository receipts			
Sweden			
Healthcare	450,321	528,539	0.15
Total American depository receipts	**450,321**	**528,539**	**0.15**
Total securities sold short, at fair value	**15,407,927**	**12,438,334**	**3.58**

Descriptions	Fair Value	Percentage of Net Assets
Derivative contracts – liabilities, at fair value		
Equity swaps		
United States		
Healthcare	7,041,281	2.02
Index	1,860,052	0.54
Total United States	**8,901,333**	**2.56**
Israel		
Healthcare	25,410	0.01
Total derivative contracts – liabilities, at fair value	**8,926,743**	**2.57**

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments as at 31 December 2021
(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				
Financials		108,150	106,527	0.03
Healthcare				
Prometheus Biosciences, Inc.	740,564	5,396,652	21,850,828	5.64
Rocket Pharmaceuticals, Inc.	2,364,728	6,223,376	51,622,012	13.33
Others*		131,292,813	177,272,154	45.76
Materials		45,415	9,801	0.00
Total United States		**143,066,406**	**250,861,322**	**64.76**
Ireland				
Healthcare		4,099,989	7,155,755	1.85
Netherlands				
Healthcare		3,339,207	4,302,049	1.11
Canada				
Healthcare		4,400,407	2,573,859	0.66
China				
Healthcare				
Ji Xing Pharmaceuticals Ltd.	541,205	216,482	844,280	0.22
British Virgin Islands				
Healthcare		226,450	689,080	0.18
Cayman Islands				
Financials		422,961	414,583	0.11
Healthcare		104,050	103,530	0.03
Total Cayman Islands		**527,011**	**518,113**	**0.14**
Bermuda				
Healthcare		260,330	262,413	0.07
Belgium				
Healthcare		207,840	146,096	0.04
Switzerland				
Healthcare		106,002	83,035	0.02
Total common stocks		**156,450,124**	**267,436,002**	**69.05**

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

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued)
as at 31 December 2021
(Expressed in United States Dollars)

Descriptions	Number of Shares	Cost	Fair Value	Percentage of Net Assets
Investments in securities, at fair value (continued)				
Convertible preferred stocks				
United States				
Healthcare*		35,924,442	39,402,135	10.17
China				
Healthcare				
Ji Xing Pharmaceuticals Ltd.	10,599,945	14,824,184	24,793,386	6.40
Others		1,771,209	1,771,209	0.46
Total China		**16,595,393**	**26,564,595**	**6.86**
Switzerland				
Healthcare		1,704,186	1,693,165	0.44
Ireland				
Healthcare		116,545	132,819	0.03
Total convertible preferred stocks		**54,340,566**	**67,792,714**	**17.50**
Exchange traded funds				
United States				
Index				
SPDR S&P 500 ETF TRUST	67,579	26,216,888	32,097,322	8.28
Total exchange traded funds		**26,216,888**	**32,097,322**	**8.28**
Investment in private investment companies				
Ireland				
Healthcare		11,814,933	13,068,663	3.37
United States				
Healthcare		8,234,839	10,013,859	2.59
Total investment in private investment companies		**20,049,772**	**23,082,522**	**5.96**

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

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued) as at 31 December 2021
(Expressed in United States Dollars)

Descriptions	Cost	Fair Value	Percentage of Net Assets
Investments in securities, at fair value (continued)			
American depository receipts			
United Kingdom			
Healthcare	7,368,293	12,033,889	3.11
Netherlands			
Healthcare	3,786,165	3,962,050	1.02
Ireland			
Healthcare	893,338	1,085,120	0.28
Sweden			
Healthcare	438,397	388,133	0.10
Israel			
Healthcare	372,855	308,578	0.08
China			
Healthcare	549,132	202,418	0.05
Singapore			
Healthcare	231,809	67,036	0.02
Total American depository receipts	**13,639,989**	**18,047,224**	**4.66**
Convertible bonds			
United States			
Healthcare	723,723	723,723	0.18
Total convertible bonds	**723,723**	**723,723**	**0.18**
Total investments in securities, at fair value	**271,421,062**	**409,179,507**	**105.63**

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued) as at 31 December 2021
(Expressed in United States Dollars)

Descriptions	Cost	Fair Value	Percentage of Net Assets
Derivative contracts – assets, at fair value			
Equity swaps			
United States			
Healthcare		5,442,939	1.41
British Virgin Islands			
Healthcare		2,128,260	0.55
Netherlands			
Healthcare		4,225	0.00
Total equity swaps		**7,575,424**	**1.96**
Warrants			
Canada			
Healthcare	1,939,543	3,077,816	0.79
United States			
Healthcare	407,920	329,865	0.09
Cayman Islands			
Financials	599	469	0.00
Total warrants	**2,348,062**	**3,408,150**	**0.88**
Total derivative contracts – assets, at fair value	**2,348,062**	**10,983,574**	**2.84**

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued)
as at 31 December 2021
(Expressed in United States Dollars)

Descriptions	Proceeds	Fair Value	Percentage of Net Assets
Securities sold short, at fair value			
Common stocks			
United States			
Healthcare	8,526,920	8,330,314	2.15
Materials	56,309	9,801	0.00
Total United States	**8,583,229**	**8,340,115**	**2.15**
Netherlands			
Healthcare	278,805	324,576	0.09
Cayman Islands			
Financials	96,480	97,018	0.03
Switzerland			
Healthcare	106,146	83,035	0.02
Total common stocks	**9,064,660**	**8,844,744**	**2.29**
American depository receipts			
Sweden			
Healthcare	462,836	388,133	0.10
China			
Healthcare	93,485	85,516	0.02
Total American depository receipts	**556,321**	**473,649**	**0.12**
Total securities sold short, at fair value	**9,620,981**	**9,318,393**	**2.41**

Descriptions	Fair Value	Percentage of Net Assets
Derivative contracts – liabilities, at fair value		
Equity swaps		
United States		
Healthcare	3,223,278	0.83
Ireland		
Healthcare	52,601	0.01
Israel		
Healthcare	34,954	0.01
Total derivative contracts – liabilities, at fair value	3,310,833	0.85

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Operations
For the year ended 31 December 2022 and 31 December 2021
(Expressed in United States Dollars)

	2022	2021
Investment income		
Interest (net of withholding taxes of $nil; 31 December 2021: $nil)	635,860	363,673
Dividends (net of withholding tax rebate of $123,149; 31 December 2021: tax expense $123,894)	332,103	294,027
Other	1,199,296	–
Total investment income	**2,167,259**	**657,700**
Expenses		
Management fees	3,751,464	4,813,854
Professional fees	1,008,629	1,070,317
Interest	779,988	215,606
Research costs	742,738	237,984
Audit fees	329,557	288,254
Administrative fees	312,003	330,834
Directors' fees	176,722	214,353
Listing fees	–	936,615
Other expenses	357,429	346,867
Total expenses	**7,458,530**	**8,454,684**
Net investment income/(loss)	**(5,291,271)**	**(7,796,984)**
Realised and change in unrealised gain/(loss) on investments, derivatives and foreign currency transactions		
Net realised gain/(loss) on securities and foreign currency transactions	8,357,014	41,280,297
Net change in unrealised gain/(loss) on securities and foreign currency translation	(44,355,779)	(99,115,160)
Net realised gain/(loss) on derivative contracts	(2,748,269)	(1,648,961)
Net change in unrealised gain/(loss) on derivative contracts	4,601,568	2,936,018
Net realised and unrealised gain/(loss) on investments, derivatives and foreign currency transactions	**(34,145,466)**	**(56,547,806)**
Net increase/(decrease) in net assets resulting from operations	**(39,436,737)**	**(64,344,790)**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Assets
For the year ended 31 December 2022
(Expressed in United States Dollars)

	Ordinary Share Class	Performance Allocation Share Class	Total Shareholders' Funds	Non-Controlling Interest
Net assets, beginning of year	**363,040,222**	**24,320,504**	**387,360,726**	**–**
Operations				
Net investment income/(loss)	(5,291,271)	–	(5,291,271)	–
Net realised gain/(loss) on securities and foreign currency transactions	8,357,014	–	8,357,014	–
Net change in unrealised gain/(loss) on securities and foreign currency translation	(44,355,779)	–	(44,355,779)	–
Net realised gain/(loss) on derivative contracts	(2,748,269)	–	(2,748,269)	–
Net change in unrealised gain/(loss) on derivative contracts	4,601,568	–	4,601,568	–
Performance Allocation	4,359,551	(4,359,551)	–	–
Income/(loss) attributable to Non-Controlling Interest	(1,883,515)	–	(1,883,515)	1,883,515
Net change in net assets resulting from operations	**(36,960,701)**	**(4,359,551)**	**(41,320,252)**	**1,883,515**
Capital transactions				
In-kind transfer	–	(19,960,953)	(19,960,953)	19,960,953
Net change in net assets resulting from capital transactions	**–**	**(19,960,953)**	**(19,960,953)**	**19,960,953**
Net change in net assets	**(36,960,701)**	**(24,320,504)**	**(61,281,205)**	**21,844,468**
Net assets, end of year	**326,079,521**	**–**	**326,079,521**	**21,844,468**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Assets
For the year ended 31 December 2021
(Expressed in United States Dollars)

	Ordinary Share Class	Performance Allocation Share Class	Total Shareholders' Funds
Net assets, beginning of year	**375,281,126**	**37,330,803**	**412,611,929**
Operations			
Net investment income/(loss)	(7,796,984)	–	(7,796,984)
Net realised gain/(loss) on securities and foreign currency transactions	41,280,297	–	41,280,297
Net change in unrealised gain/(loss) on securities and foreign currency translation	(99,115,160)	–	(99,115,160)
Net realised gain/(loss) on derivative contracts	(1,648,961)	–	(1,648,961)
Net change in unrealised gain/(loss) on derivative contracts	2,936,018	–	2,936,018
Performance Allocation	8,035,379	(8,035,379)	–
Net change in net assets resulting from operations	**(56,309,411)**	**(8,035,379)**	**(64,344,790)**
Capital transactions			
Issuance of Ordinary Shares (net of issuance costs of $222,883)	44,068,507	–	44,068,507
Performance Allocation distribution	–	(4,974,920)	(4,974,920)
Net change in net assets resulting from capital transactions	**44,068,507**	**(4,974,920)**	**39,093,587**
Net change in net assets	**(12,240,904)**	**(13,010,299)**	**(25,251,203)**
Net assets, end of year	**363,040,222**	**24,320,504**	**387,360,726**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2022 and 31 December 2021
(Expressed in United States Dollars)

	2022	2021
Cash flows from operating activities		
Net increase/(decrease) in net assets resulting from operations	(39,436,737)	(64,344,790)
Adjustments to reconcile net change in net assets resulting from operations to net cash provided by/(used in) operating activities:		
Net realised (gain)/loss on securities and foreign currency transactions	(8,357,014)	(41,280,297)
Net change in unrealised (gain)/loss on securities and foreign currency translation	44,355,779	99,115,160
Net realised (gain)/loss on derivative contracts	2,748,269	1,648,961
Net change in unrealised (gain)/loss on derivative contracts	(4,601,568)	(2,936,018)
Effect of exchange rate changes on cash and cash equivalents	149,875	–
Purchases of investments in securities	(116,361,329)	(202,925,739)
Proceeds from sales of investments in securities	127,814,762	119,715,056
Proceeds from securities sold short	27,488,465	15,049,848
Payments for securities sold short	(12,916,667)	(5,416,866)
Proceeds from derivative contracts	1,971,402	(784,778)
Payments for derivative contracts	(4,986,268)	(1,466,746)
Changes in operating assets and liabilities:		
Other assets	(154,185)	(66,990)
(Receivable from)/payable for unsettled trades	4,830,450	830,880
Due to brokers	(12,196,843)	37,658,827
Accrued expenses	5,211	331,475
Net cash provided by/(used in) operating activities	**10,353,602**	**(44,872,017)**
Cash flows from financing activities		
Net proceeds from issuance of shares	–	44,068,507
Performance Allocation distribution	–	(4,974,920)
Net cash provided by/(used in) financing activities	**–**	**39,093,587**
Net change in cash and cash equivalents	10,353,602	(5,778,430)
Cash, cash equivalents, and restricted cash, beginning of the year	**18,808,022**	**24,586,452**
Cash, cash equivalents, and restricted cash, end of the year	**29,161,624**	**18,808,022**
At 31 December 2022, the amounts categorised in cash, cash equivalents, and restricted cash include the following:		
Cash and cash equivalents	6,966,168	6,484,057
Due from brokers	22,195,456	12,323,965
Total	**29,161,624**	**18,808,022**
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	724,317	250,980

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2022
(Expressed in United States Dollars)

1. Nature of operations and summary of significant accounting policies

RTW Venture Fund Limited (the "Company") is a publicly listed Guernsey non-cellular company limited by shares. The Company 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 with 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 London Stock Exchange under the ticker symbol: RTW. Subsequently, on 6 August 2021, the Company's Ordinary Shares were admitted to trading on the Premium Segment of the London Stock Exchange with the additional ticker symbol: RTWG denoting the Sterling price. The original ticker, RTW, continues to denote the US Dollar price.

On 1 December 2022 the Company changed its status for U.S. federal tax purposes from a publicly traded partnership to a corporation. The Group believes that the change in status will cause it to be treated as a passive foreign investment company. This change has been necessitated by recent changes to U.S. tax legislation due to come into effect from 1 January 2023. The Company established a new wholly owned subsidiary, RTW Venture Fund Operating Limited (the "Subsidiary" or "OpCo"), to which it has transferred its right to the profits and losses attributable to the Group's portfolio of assets. This reorganisation will have no economic impact on shareholders. All the income and expenses of the Subsidiary are consolidated with the income and expenses of the Group.

The Group 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 RTW's existing US-based funds. The Group focuses on creating, building, and supporting world-class life sciences, biopharmaceutical and medical technology companies. The Group'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.

Pursuant to an investment management agreement, the Group is managed by RTW Investments, LP, a Delaware limited partnership, to provide the Group with discretionary portfolio management, risk management services and certain other services. The Investment Manager is an investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940.

Basis of presentation

The consolidated financial statements are expressed in United States Dollars. The consolidated financial statements which give a true and fair view and have been prepared in accordance with US generally accepted accounting principles ("US GAAP") and are in compliance with the Companies (Guernsey) Law, 2008. The entities comprised within the Group are investment companies and follow 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 consolidated 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.

Principles of consolidation

The consolidated financial statements include accounts of the Company consolidated with the accounts of the Subsidiary. All inter-group balances have been eliminated upon consolidation. The Subsidiary is incorporated in Guernsey.

Non-Controlling Interest

An affiliate of the Investment Manager, RTW Venture Performance LP, holds an interest in the Subsidiary. At 31 December 2022, the Non-Controlling Interest of $21,844,468 represents the in-kind transfer on 1 December 2022 of $19,960,953 and mark to market of $1,883,515 for the period from 1 December 2022 through 31 December 2022. The Non-Controlling Interest will capture both Performance Allocation and mark to market movements on the New Performance Allocation Share held by RTW Venture Performance LP in the Subsidiary. For the year ended 31 December 2022, the entirety of the income/(loss) attributable to Non-Controlling Interest was comprised of mark to market movements.

Cash, cash equivalents, and 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. As at 31 December 2022 and 31 December 2021, the Group had no cash equivalents.

Restricted cash is subject to a legal or contractual restriction by third parties as well as a restriction as to withdrawal or use, including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used. The Group 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 Group 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 Group.

Unobservable inputs reflect the Group's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorised 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 Group 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 judgement.

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

Fair value - definition and hierarchy (continued)

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.

Investments in private investment companies measured using net asset value as a practical expedient are not categorized in the fair value hierarchy.

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 Group in determining fair value is greatest for investments categorised 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 Group's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Group 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 Group 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 categorised 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 categorised in Level 2 or 3 of the fair value hierarchy. A discount for lack of marketability based on the 180-day restriction period under SEC Rule 144 is applied for investments that the Group purchases prior to an IPO and that subsequently 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 Investment Manager's unlisted investment valuation policy applies to techniques consistent with the IPEV Guidelines.

The valuation techniques applied are either a market-based approach, an income approach such as discounted cash flows, or where available, a net asset value practical expedient approach. The IPEV Guidelines 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 indicative enterprise value. Due to the nature of the investments, being in the early stages of development, the projected revenues are used as a 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 and the early development stage of each of the investments, the indicative enterprise value is discounted at an appropriate rate.

The income approach utilizes the discounted cash flow method. Projected cash flows for each investment are discounted to determine an assumed enterprise value.

Where applicable, the indicative enterprise value has been 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 is 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 is allocated to the equity class on either a fully diluted basis or using an option pricing model. The resulting indicative value on a per share basis is then multiplied by the number of shares to derive the fair market value.

American depository receipts

The Group 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 categorised in Level 1 of the fair value hierarchy.

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

Fair value – valuation techniques and inputs (continued)

Convertible bonds

Convertible bonds are recorded at fair value using valuation techniques based on observable inputs. These instruments are generally categorised in Level 2 of the fair value hierarchy. In instances where significant inputs are unobservable, convertible bonds are categorised in Level 3 of the fair value hierarchy.

Convertible notes

The Group values investments in convertible notes in accordance with the unlisted investments section above. As of 31 December 2022, these investments are all categorised in Level 3 of the fair value hierarchy.

Convertible preferred stock

The Group values Level 1 investments in convertible preferred stock that are listed on a national securities exchange at their closing sales price as of the valuation date. Level 3 investments in convertible preferred stock are valued in accordance with the unlisted investments section above. As of 31 December 2022, these investments are categorised in Level 1 and Level 3 of the fair value hierarchy.

Investment in private investment companies

The Group values investment in private investment companies using the net asset values provided by the underlying private investment companies as a practical expedient. The Group applies the practical expedient to its private investment companies on an investment-by-investment basis and consistently with the Group's entire position in a particular investment, unless it is probable that the Group will sell a portion of an investment at an amount different from the net asset value of the investment.

Private investment in public equity

Private investment in public equity ("PIPE") cannot be offered for sale to the public until the issuer complies with certain statutory or contractual requirements. The Group generally values PIPE at a discount to similar publicly traded companies to the extent the restriction is specific to the security. The Group considers the type and duration of the restriction, but in no event does the valuation exceed the listed price on any major securities exchange. PIPE is generally categorized in Level 2 of the fair value hierarchy. However, to the extent that significant inputs used to determine liquidity discounts are unobservable, PIPE may be categorized in Level 3 of the fair value hierarchy. As of 31 December 2022 and 31 December 2021, there were no open PIPE positions (2021: nil).

Derivative contracts

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 categorised 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 over-the-counter ("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 categorised in all levels of the fair value hierarchy.

Fair value – valuation processes

The Group establishes valuation processes and procedures to ensure that the valuation techniques are fair and consistent, and valuation inputs are supportable. The Group designates the Investment Manager's Valuation Committee to oversee the entire valuation process of the Group's investments. The Valuation Committee comprises various members of the Investment Manager, including those separate from the Group's portfolio management and trading functions, and reports to the Board.

The Valuation Committee is responsible for developing the Group'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 Group'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 Group 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 Group engages the services of a third-party valuation firm, the Independent Valuer, to perform an independent review of the valuation of the Group's Level 3 investments and the Group may adjust its valuations based on the recommendations from the Investment Manager's Valuation Committee.

Translation of foreign currency

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

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

Fair value – valuation techniques and inputs (continued)

The Group 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/(loss) on securities, derivatives and foreign currency transactions in the consolidated 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 Group's books and the United States Dollar equivalent of the amounts actually received or paid.

Net change in unrealised gain/(loss) 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 exchange rates.

Investment transactions and related investment income

Investment transactions are accounted for on a trade date basis. Realised gains and losses on investment transactions have been calculated on a specific identification method.

Dividends are recorded on the ex-dividend date and interest is recognised on the accrual basis.

Withholding taxes on foreign dividends have been provided for in accordance with the Group'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 Group has the legal right to offset the recognised amounts and intends to settle on a net basis.

The Group has elected not to offset fair value amounts recognised for cash collateral receivables and payables against fair value amounts recognised for derivative positions executed with the same counterparty under the same master netting arrangement. At 31 December 2022, the Group had cash collateral receivables of $16,384,706 (31 December 2021: $12,228,870) (see Note 3) with derivative counterparties under the same master netting arrangement.

Income taxes

On 1 December 2022, the Company changed its status for US federal tax purposes from a publicly traded partnership ("PTP") to a corporation. This change by the Board was necessitated due to recent changes to US tax legislation that came into effect on 1 January 2023. Pursuant to this, the Company established OpCo, a partnership for US federal tax purposes, to which the Company transferred its portfolio of assets and the attributable profits and losses. The Company, as a corporation, is expected to be treated as a Passive Foreign Investment Company ("PFIC") for US federal tax purposes.

The Company and Subsidiary are exempt from taxation in Guernsey and are each charged an annual exemption fee of £1,200. The Group 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 Group is managed so as not to be resident in the UK for UK tax purposes.

The Group 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 Group 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 Group's consolidated financial statements. Income tax and related interest and penalties would be recognised as a tax expense in the consolidated statement of operations if the tax position was deemed to meet the more likely than not threshold.

The Investment Manager has analysed the Group'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.

The Company and OpCo each file income tax returns in the US federal jurisdiction and, as applicable, in US state or local jurisdictions, or non-US jurisdictions. Generally, the Group was subject to income tax examinations by major taxing authorities for each tax period since inception. Based on its analysis, the Group determined that it had not incurred any liability for unrecognised tax benefits as of 31 December 2022 or 31 December 2021.

Use of estimates

Preparing consolidated 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 consolidated 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 June 2022, the FASB issued ASU 2022-03, ASC Topic 820, "Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". The amendment clarifies that contractual sale restrictions should not be considered when measuring the equity security's fair value and prohibits an entity from recognizing a contractual sale restriction as a separate unit of account. The amendments in this ASU are effective for the Group beginning after December 15, 2024. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Group does not expect this guidance to have a material impact on its consolidated financial statements and related disclosures.

Notes to the Consolidated Financial Statements (continued)
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2. Fair value measurements

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

The following table presents information about the Group's assets and liabilities measured at fair value as of 31 December 2022:

	Level 1	Level 2	Level 3	Investments measured at net asset value*	Total
Assets (at fair value)					
Investments in securities					
Common stocks	225,817,734	534,871	3,364,557	–	229,717,162
Convertible preferred stocks	117,696	–	57,932,949	–	58,050,645
American depository receipts	38,230,091	–	–	–	38,230,091
Investment in private investment companies	–	–	–	14,074,846	14,074,846
Convertible notes	–	–	10,052,833	–	10,052,833
Total investments in securities	**264,165,521**	**534,871**	**71,350,339**	**14,074,846**	**350,125,577**
Derivative contracts					
Equity swaps	–	19,086,329	–	–	19,086,329
Warrants	–	1,904,409	476,911	–	2,381,320
Total derivative contracts	**–**	**20,990,738**	**476,911**		**21,467,649**
	264,165,521	**21,525,609**	**71,827,250**	**14,074,846**	**371,593,226**
Liabilities (at fair value)					
Securities sold short					
Common stocks	11,810,966	98,829	–	–	11,909,795
American depository receipts	528,539	–	–	–	528,539
Total securities sold short	**12,339,505**	**98,829**	**–**		**12,438,334**
Derivative contracts					
Equity swaps	–	8,926,743	–	–	8,926,743
Total derivative contracts	**–**	**8,926,743**	**–**	**–**	**8,926,743**
	12,339,505	**9,025,572**	**–**	**–**	**21,365,077**

* The Group's investment in private investment companies that are valued at their net asset value are not categorized within the fair value hierarchy.

2. Fair value measurements (continued)

The following table presents information about the Group's assets and liabilities measured at fair value as of 31 December 2021:

	Level 1	Level 2	Level 3	Investments measured at net asset value*	Total
Assets (at fair value)					
Investments in securities					
Common stocks	249,490,511	16,001,524	1,943,967	–	267,436,002
Convertible preferred stocks	615,444	–	67,177,270	–	67,792,714
Exchange traded funds	32,097,322	–	–	–	32,097,322
Investment in private investment companies	–	–	–	23,082,522	23,082,522
American depository receipts	18,047,224	–	–	–	18,047,224
Convertible bonds	–	–	723,723	–	723,723
Total investments in securities	**300,250,501**	**16,001,524**	**69,844,960**	**23,082,522**	**409,179,507**
Derivative contracts					
Equity swaps	–	7,575,424	–	–	7,575,424
Warrants	6,576	3,267,566	134,008	–	3,408,150
Total derivative contracts	**6,576**	**10,842,990**	**134,008**	**–**	**10,983,574**
	300,257,077	**26,844,514**	**69,978,968**	**23,082,522**	**420,163,081**
Liabilities (at fair value)					
Securities sold short					
Common stocks	8,844,744	–	–	–	8,844,744
American depository receipts	473,649	–	–	–	473,649
Total securities sold short	**9,318,393**	**–**	**–**	**–**	**9,318,393**
Derivative contracts					
Equity swaps	–	3,310,833	–	–	3,310,833
Total derivative contracts	**–**	**3,310,833**	**–**	**–**	**3,310,833**
	9,318,393	**3,310,833**	**–**	**–**	**12,629,226**

* The Group's investment in private investment companies that are valued at their net asset value are not categorized within the fair value hierarchy.

Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurements in their entirety. See Note 1 for additional information related to the fair value hierarchy and valuation techniques and inputs. For the year ended 31 December 2022, the Group had net transfers into Level 2 of $4,555,194 from Level 3 due to conversion into publicly traded common stocks subject to an unexpired 180-day lock-up as at 31 December 2022 (2021: $9,064,760) and transfers into Level 1 of $nil from Level 3 due to conversion into publicly traded common stocks (2021: $20,330,984). Transfers between levels are deemed to occur at year end.

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2. Fair value measurements (continued)

The following tables summarise the valuation techniques and significant unobservable inputs used for the Group's investments that are categorised within Level 3 of the fair value hierarchy as of 31 December 2022 and 31 December 2021:

	Fair value at 31 December 2022	Valuation techniques	Significant unobservable inputs	Range of inputs
Assets (at fair value)				
Investments in securities				
Convertible preferred stocks	50,023,996	Discounted cash flow;	WACC	13% – 33%
		and/or market approach;	Revenue multiples	2.8x – 4.0x
			Market step-up multiple	0.7x – 1.5x
			Market rate of returns	-30% – 20%
	7,908,953	Price of most recent funding round	n/a	n/a
Convertible notes	8,772,349	Discounted cash flow;	WACC	13%
		and/or market approach;	Revenue multiples	4.0x
			Market step-up multiple	0.7x – 1.1x
			Market rate of returns	0%
	1,280,484	Probability weighted expected return method ("PWERM")	Market rate of returns Recovery rate	-30% 0% – 50%
Common stocks	1,208,299	Discounted cash flow;	WACC	13%
		and/or market approach;	Revenue multiples	0.2x – 4x
			Market step-up multiple	0.7x – 1.1x
			Market rate of returns	-10%
	2,156,109	PWERM	Probability of business combination	95%
	149	Price of most recent funding round	n/a	n/a
Total investments in securities	**71,350,339**			
Derivative contracts				
Warrants	315,589	Discounted cash flow;	WACC	33%
		Market approach;	Revenue multiple	4.0x
		and/or option pricing model	Market rate of returns	10%
			Expected volatility	53%
	161,322	PWERM	Expected volatility	25%
Total derivative contracts	**476,911**			

2. Fair value measurements (continued)

	Fair value at 31 December 2021	Valuation techniques	Significant unobservable inputs	Range of inputs
Assets (at fair value)				
Investments in securities				
Convertible preferred stocks	60,740,530	Discounted cash flow;	WACC	16% – 38%
		Market approach;	Exit revenue multiple	3.0x – 4.0x
		and/or option pricing model	Expected volatility	40% – 135%
			Market step-up multiple	1.0x – 1.8x
	6,436,740	Price of most recent funding round	n/a	n/a
Common stocks	844,280	Market approach;	Expected volatility	60%
		and/or option pricing model	Market step-up multiple	1.1x – 1.7x
	1,099,687	Price of most recent funding round	n/a	n/a
Convertible bonds	723,723	Price of most recent funding round	n/a	n/a
Total investments in securities	**69,844,960**			
Derivative contracts				
Warrants	133,983	Price of most recent funding round	n/a	n/a
	25	Discounted cash flow;	WACC	38%
		Market approach;	Exit revenue multiple	3.0x
		and/or option pricing model	Expected volatility	45%
Total derivative contracts	**134,008**			

The significant unobservable inputs used in the fair value measurements of Level 3 common stock, convertible preferred stocks, convertible notes, and warrants include, but are not limited to, WACC, revenue and/or earnings multiple, market rate of return, and expected volatility. Increases in the WACC in isolation would result in a lower fair value for the security, and vice versa. Increases in multiples and/or market rate of returns in isolation would result in a higher fair value of the security, and vice versa. A change in volatility in isolation could result in a higher or lower fair value for the security.

The table below 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 Group has classified within the Level 3 category. As a result, the unrealised gains and losses for assets and liabilities within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets and liabilities measured at fair value for the year ended 31 December 2022 were as follows:

	Balance beginning 1 January 2022	Realised gains/ (losses)[(a)]	Change in Unrealised gains/ (losses)[(a)]	Purchases	Sales	Transfers into/ (from) Level 3*	Ending balance 31 December 2022
Assets (at fair value)							
Investments in securities							
Convertible preferred stocks	67,177,270	–	(17,555,053)	12,142,203	–	(3,831,471)	57,932,949
Common stocks	1,943,967	–	(664,647)	2,085,237	–	–	3,364,557
Convertible notes	–	–	420,628	8,195,772	–	1,436,433	10,052,833
Convertible bonds	723,723	–	–	1,436,433	–	(2,160,156)	–
Total investments in securities	**69,844,960**	**–**	**(17,799,072)**	**23,859,645**	**–**	**(4,555,194)**	**71,350,339**
Derivative contracts							
Warrants	134,008	–	76,306	266,597	–	–	476,911
Total derivative contracts	**134,008**	**–**	**76,306**	**266,597**	**–**	**–**	**476,911**

* Includes conversion of convertible bonds into convertible preferred stock and convertible notes.

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

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2. Fair value measurements (continued)

Changes in Level 3 assets and liabilities measured at fair value for the year ended 31 December 2021 were as follows:

	Balance beginning 1 January 2021	Realised gains/ (losses)	Change in Unrealised gains/ (losses)	Purchases	Sales	Transfers into/ (from) Level 3*	Ending balance 31 December 2021
Assets (at fair value)							
Investments in securities							
Convertible preferred stocks	38,161,752	1,440,394	13,226,721	46,075,180	(2,331,033)	(29,395,744)	67,177,270
Common stocks	9,087,381	–	502,587	564,688	–	(8,210,689)	1,943,967
Convertible bonds	–	–	–	723,723	–	–	723,723
Total investments in securities	**47,249,133**	**1,440,394**	**13,729,308**	**47,363,591**	**(2,331,033)**	**(37,606,433)**	**69,844,960**
Derivative contracts							
Warrants	133,983	–	1	24	–	–	134,008
Total derivative contracts	**133,983**	**–**	**1**	**24**	**–**	**–**	**134,008**

* Conversions of preferred stock into common stock.

Changes in Level 3 unrealised gains and losses during the year for assets still held at year end were as follows:

	2022	2021
Common stocks	(664,647)	497,966
Convertible notes	420,628	–
Convertible preferred stocks	(13,404,700)	12,873,757
Warrants	76,306	1
Change in unrealised gains and losses during the year for assets still held at year end	**(13,572,413)**	**13,371,724**

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

	2022	2021
Realised gains	47,604,728	54,163,408
Realised losses	(41,995,983)	(14,532,072)
Net realised gain on securities, derivative contracts and securities sold short	**5,608,745**	**39,631,336**

	2022	2021
Change in unrealised gains	112,585,347	106,379,343
Change in unrealised losses	(152,339,558)	(202,558,485)
Net change in unrealised gain/(loss) on securities, derivative contracts and securities sold short	**(39,754,211)**	**(96,179,142)**

As at 31 December 2022 the Group had commitments (subject to completion of certain parameters) to certain investments totalling $2,544,486 (2021: $2,358,325).

3. Due to/from brokers

Due to/from brokers includes cash balances held with brokers 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.

As at 31 December 2022, restricted cash with due from brokers totalled $22,195,456 (2021: $12,323,965). Included within due from brokers of $5,810,750 (31 December 2021: $95,095) can be used for investment. The Group pledged cash collateral to counterparties to over-the-counter derivative contracts of $16,384,706 (31 December 2021: $12,228,870) which is included in due from brokers.

In the normal course of business, substantially all of the Group's securities transactions, money balances, and security positions are transacted with the Group's prime brokers and counterparties, Goldman Sachs & Co. LLC, Cowen Financial Products, LLC, UBS AG, Bank of America Merrill Lynch, Morgan Stanley & Co. LLC, Jeffries & Co. and J.P. Morgan Securities, LLC. The Group 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 Group'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 Group 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 Group'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 Group is also subject to additional counterparty risk due to the inability of its counterparties to meet the terms of their contracts.

Warrants

The Group may receive warrants from its portfolio companies upon an investment in the debt or equity of a portfolio company. The warrants provide the Group with exposure and potential gains upon equity appreciation of the portfolio company's share price.

The value of a warrant has two components: time value and intrinsic value. A warrant has a limited life and expires on a certain date. As time to the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Group to lose its entire investment in a warrant.

The Group is exposed to counterparty risk from the potential failure of an issuer of warrants to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Group is the fair value of the contracts and the purchase price of the warrants. The Group considers the effects of counterparty risk when determining the fair value of its investments in warrants.

Equity swap contracts

The Group is subject to equity price risk in the normal course of pursuing its investment objectives. The Group 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 Group 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.

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4. Derivative contracts (continued)

Volume of derivative activities

The Group considers the average month-end notional amounts during the year, categorised by primary underlying risk, to be representative of the volume of its derivative activities during the year ended 31 December 2022:

	2022		2021	
	Long exposure	Short exposure	Long exposure	Short exposure
Primary underlying risk	Notional amounts	Notional amounts	Notional amounts	Notional amounts
Equity price				
Equity swaps	48,774,292	56,273,944	2,347,607	66,149,127
Warrants[(a)]	4,024,470	–	9,031,998	–
	52,798,762	**56,273,944**	**11,379,605**	**66,149,127**

(a) Notional amounts presented for warrants are based on the fair value of the underlying shares as if the warrants were exercised at each respective month end date.

Impact of derivatives on the consolidated statement of assets and liabilities and consolidated statement of operations

The following tables identify the fair value amounts of derivative instruments included in the consolidated statement of assets and liabilities as derivative contracts, categorised by primary underlying risk, at 31 December 2022 and 31 December 2021. The following table also identifies the gain and loss amounts included in the consolidated statement of operations as net realised gain/(loss) on derivative contracts and net change in unrealised gain/(loss) on derivative contracts, categorised by primary underlying risk, for the year ended 31 December 2022 and 31 December 2021.

	2022			
Primary underlying risk	Derivative assets	Derivative liabilities	Realised gain/ (loss)	Change in unrealised gain/ (loss)
Equity price				
Equity swaps	19,086,329	8,926,743	(2,748,269)	5,894,995
Warrants	2,381,320	–	–	(1,293,427)
	21,467,649	**8,926,743**	**(2,748,269)**	**4,601,568**

	2021			
Primary underlying risk	Derivative assets	Derivative liabilities	Realised gain/ (loss)	Change in unrealised gain/ (loss)
Equity price				
Equity swaps	7,575,424	3,310,833	(1,651,404)	3,061,415
Warrants	3,408,150	–	2,443	(125,397)
	10,983,574	**3,310,833**	**(1,648,961)**	**2,936,018**

5. Securities lending agreements

The Group has entered into securities lending agreements with its prime brokers. From time to time, the prime brokers lend securities on the Group's behalf. As of 31 December 2022 and 31 December 2021, no securities were loaned and no collateral was received.

6. Offsetting assets and liabilities

The Group is required to disclose the impact of offsetting assets and liabilities represented in the consolidated statement of assets and liabilities to enable users of the consolidated financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognised assets and liabilities. These recognised 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 Group to another party are determinable, the Group has the right to offset the amounts owed with the amounts owed by the other party, the Group intends to offset and the Group's right of setoff is enforceable by law.

As of 31 December 2022 and 31 December 2021, the Group held financial instruments and derivative instruments that were eligible for offset in the consolidated 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 Group against applicable liabilities or payment obligations of the Group to the counterparty. These arrangements also allow the counterparty to net any of its applicable liabilities or payment obligations they have to the Group against any collateral sent to the Group.

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

				31 December 2022 Gross amounts not offset in the consolidated statement of assets and liabilities		
Description	Gross amounts of recognised assets	Gross amounts offset in the consolidated statement of assets and liabilities	Gross amounts of recognised assets and liabilities	Financial instruments[a]	Cash collateral received[b]	Net amount
Equity swaps						
Bank of America Merrill Lynch	12,929,367	–	12,929,367	(3,983,939)	–	8,945,428
Cowen Financial Products, LLC	3,239,591	–	3,239,591	(1,224,200)	–	2,015,391
Morgan Stanley & Co. LLC	2,797,503	–	2,797,503	(2,797,503)	–	–
Jeffries & Co.	119,868	–	119,868	(119,868)	–	–
	19,086,329	**–**	**19,086,329**	**(8,125,510)**	**–**	**10,960,819**

				31 December 2021 Gross amounts not offset in the statement of assets and liabilities		
Description	Gross amounts of recognised assets	Gross amounts offset in the statement of assets and liabilities	Gross amounts of recognised assets and liabilities	Financial instruments[a]	Cash collateral received[b]	Net amount
Equity swaps						
Cowen Financial Products, LLC	5,777,357	–	5,777,357	(1,532,754)	–	4,244,603
Bank of America Merrill Lynch	1,396,737	–	1,396,737	(1,190,091)	–	206,646
Morgan Stanley & Co. LLC	306,560	–	306,560	(77,393)	–	229,167
Jeffries & Co.	78,710	–	78,710	(78,710)	–	–
UBS AG	16,060	–	16,060	(16,060)	–	–
	7,575,424	**–**	**7,575,424**	**(2,895,008)**	**–**	**4,680,416**

(a) Amounts related to master netting agreements (e.g. ISDA), determined by the Group 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 Group 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 consolidated 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.

Notes to the Consolidated Financial Statements (continued)
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6. Offsetting assets and liabilities (continued)

The following tables present the potential effect of netting arrangements for liability derivative contracts presented in the consolidated statement of assets and liabilities as of 31 December 2022 and 31 December 2021:

				31 December 2022 Gross amounts not offset in the consolidated statement of assets and liabilities		
Description	Gross amounts of recognised liabilities	Gross amounts offset in the consolidated statement of assets and liabilities	Gross amounts of recognised liabilities	Financial instruments[(a)]	Cash collateral pledged[(b)]	Net amount
Equity swaps						
Bank of America Merrill Lynch	3,983,939	–	3,983,939	(3,983,939)	–	–
Morgan Stanley & Co. LLC	3,372,143	–	3,372,143	(2,797,503)	(574,640)	–
Cowen Financial Products, LLC	1,224,200	–	1,224,200	(1,224,200)	–	–
Jeffries & Co.	336,931	–	336,931	(119,868)	(217,063)	–
UBS AG	9,530	–	9,530	–	(9,530)	–
	8,926,743	**–**	**8,926,743**	**(8,125,510)**	**(801,233)**	**–**

				31 December 2021 Gross amounts not offset in the statement of assets and liabilities		
Description	Gross amounts of recognised liabilities	Gross amounts offset in the statement of assets and liabilities	Gross amounts of recognised liabilities	Financial instruments[(a)]	Cash collateral pledged[(b)]	Net amount
Equity swaps						
Cowen Financial Products, LLC	1,532,754	–	1,532,754	(1,532,754)	–	–
Bank of America Merrill Lynch	1,190,091	–	1,190,091	(1,190,091)	–	–
Jeffries & Co.	406,977	–	406,977	(78,710)	(328,267)	–
UBS AG	103,618	–	103,618	(16,060)	(87,558)	–
Morgan Stanley & Co. LLC	77,393	–	77,393	(77,393)	–	–
	3,310,833	**–**	**3,310,833**	**(2,895,008)**	**(415,825)**	**–**

(a) Amounts related to master netting agreements (e.g. ISDA), determined by the Group 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 Group 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 consolidated 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 Group is subject to certain inherent risks arising from its investing activities of selling securities short. The ultimate cost to the Group to acquire these securities may exceed the liability reflected in these consolidated financial statements.

8. Risk factors

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

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 Group's investments and/or on the fair value of the Group's investments. Such events are beyond the Group's control, and the likelihood they may occur and the effect on the Group cannot be predicted. The Group 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 Group'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 Group 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.

8. Risk factors (continued)

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 Group'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 Group may not make an investment or a series of investments in a Portfolio Company that result in the Group's aggregate investment in such Portfolio Company exceeding 15 per cent. of the Group's gross assets, save for Rocket for which the limit is 25 per cent. as stated in the Group's prospectus. Each of these investment restrictions will be calculated as at the time of investment. As such, it is possible that the Group'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 Group'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 Group maintains its cash balances in financial institutions, which at times may exceed US federal or UK insured limits, as applicable. The Group 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 Group 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 Group will attempt to limit its transactions to counterparties which are established, well capitalised and creditworthy.

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial commitments as they fall due. The Group's unquoted investments may have limited or no secondary market liquidity so the Investment Manager maintains a sufficient balance of cash and market quoted securities which can be sold if needed to meet its commitments.

The Group's investments in quoted securities may also be subject to sale restrictions on listing and when the Investment Manager is subject to close periods or privy to confidential information by virtue of their active involvement in the management of portfolio companies.

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.

Foreign exchange risk

The Group 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 Group's investment in such Portfolio Company, or any distributions received from the Portfolio Company. Under its investment policy, the Group 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.

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9. Share capital

During the year ended 31 December 2022 the Company did not issue any Ordinary Shares:

	2022 Number of Ordinary Shares	2021 Number of Ordinary Shares
As at 1 January	212,389,138	191,515,735
Issuance of Ordinary Shares	–	20,873,403
As at 31 December	**212,389,138**	**212,389,138**

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.

On 1 December 2022, the Performance Allocation Share held by RTW Venture Performance LP was surrendered in exchange for a New Performance Allocation Share issued by the Subsidiary. The New Performance Allocation Share issued by the Subsidiary has identical terms to the original Performance Allocation Share issued by the Company. From 1 December 2022, the Performance Allocation Amount will now be allocated at the Subsidiary level, and is presented in the Group's financial statements as part of the Non-Controlling Interest. The sole New Performance Allocation Share is held by RTW Venture Performance LP. As at 31 December 2022, there were no Performance Allocation Shares of the Company in issue (31 December 2021: one) and one New Performance Allocation Share of the Subsidiary in issue (31 December 2021: nil).

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

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 Group. 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 Group.

10. Related party transactions

Management Fee

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 Group (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 Management Fees charged for the year ended 31 December 2022 amounted to $3,751,464 (31 December 2021: $4,813,854) of which $nil (31 December 2021: $nil) was outstanding at the year end.

Performance Allocation

The Performance Allocation Share held by RTW Venture Performance LP was surrendered in exchange for a New Performance Allocation Share issued by the Subsidiary. The New Performance Allocation Share issued by the Subsidiary has identical terms to the original Performance Allocation Share issued by the Company.

In respect of each Performance Allocation Period, the Performance Allocation Amount shall be allocated at the Subsidiary level and disclosed on the Group's financial statements within the Non-Controlling Interest, subject to the satisfaction of a hurdle condition.

The Performance Allocation Amount relating to the Performance Allocation Period, which is calculated solely at the Subsidiary, is an amount equal to:

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

where:

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

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

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

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

The Hurdle Amount represents 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 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. The Performance Allocation Share Class entered into a letter agreement dated 21 April 2020, pursuant to which the Performance Allocation Share Class agreed to defer distributions of Ordinary Shares that would otherwise be distributed to the Performance Allocation Share Class no later than 30 business days after the publication of the Group's audited annual consolidated financial statements. Under that letter agreement, such Ordinary Shares shall be distributed to the Performance Allocation Share Class at such time or times as determined by the Boards of Directors of the Group.

The Group will increase or decrease the amount owed to the Performance Allocation Share Class based on its investment exposure to the Group's performance had such Performance Ordinary Shares been so issued. The Performance Allocation Amount for the year ended 31 December 2022 includes the residual, undistributed Performance Allocation Amounts from prior years that were previously converted into a total of 14,228,208 Notional Ordinary Shares. These Notional Ordinary Shares are subject to market risk alongside the Ordinary Shares and incurred a mark to market loss of $2,476,036 in 2022 (2021: notional loss of $3,559,670), which is included in Performance Allocation within the Consolidated Statement of Changes in Net Assets. There was no reallocation of uncrystallized performance allocation back to Ordinary Shareholders related to the Group's performance in the period.

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

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10. Related party transactions (continued)

The Investment Manager is a member of the Performance Allocation Share Class and will therefore receive a proportion of the Performance Allocation Amount. For the year ended 31 December 2022, the Board did not approve a cash distribution to the Performance Allocation Share Class (31 December 2021: $4,974,920). At the year end the Performance Allocation Share Class of the Subsidiary is reflected within the Non-Controlling Interest balance of $21,844,468 and was captured within the Performance Allocation Share Class of the Company at 31 December 2021 with a balance of $24,320,504.

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

One of the Directors of the Group, Stephanie Sirota, is also a partner and the Chief Business Officer of the Investment Manager. The following table represents the number of related parties served on the boards of directors of investments held by the Group during the year ended 31 December 2022 and 31 December 2021:

Investments	Partners	Employees
Rocket	Two[(a)]	One
HSAC2 Holdings II	Two[(a)]	One
Ji Xing	Two[(a)]	One
Yarrow Biotechnology	Two[(b)]	One

(a) Roderick Wong, Naveen Yalamanchi
(b) Roderick Wong, Peter Fong

As at 31 December 2022, the number of Ordinary Shares held by each Director was as follows:

	2022	2021
	Number of Ordinary Shares	Number of Ordinary Shares
William Simpson	200,000	150,000
Paul Le Page	128,000	103,000
William Scott	305,003	150,000
Stephanie Sirota	1,010,000	1,000,000

All Directors added to their holdings during the year by purchasing Ordinary Shares in the secondary market.

Roderick Wong is a major shareholder and also a member of the Investment Manager. As at 31 December 2022, he held 29,593,872 Ordinary Shares in the Group (13.93% of the Ordinary Shares in issue) (31 December 2021: 29,218,773, 13.76% of the Ordinary Shares in issue).

The total Directors' fees expense for the year amounted to $176,722 (31 December 2021: $214,353) of which $48,281 was outstanding at 31 December 2022 (31 December 2021: $52,761) and is included within accrued expenses.

All of the Directors of the Company were also appointed as directors of the Subsidiary on its incorporation on 23 November 2022.

11. Administrative services

Elysium Fund Management Limited ("EFML") serves as Administrator to the Group, providing administration, corporate secretarial, corporate governance and compliance services. Morgan Stanley Fund Services USA LLC ("MSFS") serves as the Group's Sub-Administrator.

During the year ended 31 December 2022, EFML and MSFS charged administration fees of $93,469 and $218,534 respectively (31 December 2021: EFML charged $107,767 and MSFS charged $223,067) of which $6,484 and $91,099 (31 December 2021: EFML $8,396, MSFS $76,053) was outstanding at 31 December 2022, and is included within accrued expenses.

12. Financial highlights

Financial highlights for the year ended 31 December 2022 and 31 December 2021 are as follows:

	2022	2021
Per Ordinary Share operating performance		
Net Asset Value, beginning of year	$ 1.71	$ 1.96
Issuance of Ordinary Shares	–	0.02
Income from investments		
Net investment income/(loss)	(0.02)	(0.04)
Net realised and unrealised gain/(loss) on investments, derivatives and foreign currency transactions	(0.15)	(0.23)
Total from investment operations	**(0.17)**	**(0.27)**
Net Asset Value, end of year	**$ 1.54**	**$ 1.71**
Total return		
Total return before Performance Allocation	(10.18)%	(15.35)%
Performance Allocation (excluding mark to market)	- %	2.58 %
Total return after Performance Allocation	**(10.18)%**	**(12.77)%**
Ratios to average net assets*		
Expenses	2.47%	2.22 %
Performance Allocation	(1.44)%	(2.11)%
Expenses and Performance Allocation	**1.03%**	**0.11 %**
Net investment income/(loss)	(1.75)%	(2.04)%
NAV total return for the year	**(10.18)%**	**(15.35)%**

* Ratios are not annualised.

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. Net investment income/loss does not reflect the effects of the Performance Allocation.

13. Subsequent events

These consolidated financial statements were approved by the Board of Directors on 30 March 2023. Subsequent events have been evaluated through this date.

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General Company Information

Investment Objective and Investment Policy

The Company

RTW Venture Fund Limited 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 with registration number 66847 on the Guernsey Register of Companies.

The Company is registered with the GFSC as a Registered Closed-ended Collective Investment Scheme and is an investment company limited by shares. The registered office of the Company is 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX.

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 trades under the ticker symbol "RTW" and "RTWG".

The Company's Ordinary Shares were admitted to trading on the Premium Segment of the London Stock Exchange with effect from 6 August 2021.

The Subsidiary

On 1 December 2022 the Company changed its status for U.S. federal tax purposes from a "publicly traded partnership" or "PTP" to a corporation. The change in status caused it to be treated as a "passive foreign investment company" or a "PFIC." This change was necessitated by recent changes to U.S. tax legislation that came into effect on 1 January 2023.

Related to the making of the tax election, the Company carried out a reorganisation of the arrangements pursuant to which an affiliate of the Investment Manager is allocated its share of the investment performance generated by the Company. Pursuant to this, the Company established a new wholly-owned subsidiary incorporated in Guernsey, RTW Venture Fund Operating Limited, to which it has transferred its right to the profits and losses attributable to the Company's portfolio of assets. The Directors of the Subsidiary are the same as the Directors of the Company. This reorganisation had no economic impact on shareholders and was effected solely for the purpose of ensuring that the share of the investment performance generated by the Company which is allocable to an affiliate of the Investment Manager receives the same treatment for U.S. federal tax purposes as would have been the case if no tax election by the Company had been compelled by the change in U.S. tax law.

As part of the reorganisation, the Investment Management Agreement was amended to provide services to the Subsidiary. There was no change to the investment management fee, but the Performance Allocation Share held by RTW Venture Performance LP was surrendered in exchange for a New Performance Allocation Share issued by the Subsidiary. The New Performance Allocation Share issued by the Subsidiary has identical terms to the original Performance Allocation Share issued by the Company.

Investment Objective

The Group seeks to achieve positive absolute performance and superior long-term capital appreciation, with a focus on forming, building, and supporting world-class life sciences, biopharmaceutical and medical technology companies. It intends to create a diversified portfolio of investments across a range of businesses, each pursuing the development of superior pharmacological or medical therapeutic assets to enhance the quality of life and/or extend patient life.

Investment Policy

The Group seeks to achieve its investment objective by leveraging the Investment Manager's data-driven proprietary pipeline of innovative assets to invest in life sciences companies:

- across various geographies (globally);
- 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);
- 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; and
- by participation in opportunities created by the Investment Manager's formation of companies de novo when a significant unmet need has been identified and the Group is able to build a differentiated, sustainable business to address said unmet need.

The Group expects to invest approximately 80% of its gross in the biopharmaceutical sector and approximately 20% of its gross assets in the medical technology sector.

The Group's portfolio will reflect its view of the most compelling opportunities available to the Investment Manager, with an initial investment in each privately held Portfolio Company ("Private Portfolio Company") expected to start in a low single digit per cent. of the Group's gross assets and grow over time, as the Group may, if applicable, participate in follow-on investments and/or continue holding the Portfolio Company as it becomes publicly-traded. It is intended certain long-term holds will increase in size and may represent between five and ten per cent. or greater of the Group's gross assets.

The Group anticipates deploying one-third of its capital toward early-stage and de novo company formations (including newly formed entities around early-stage academic licenses and commercial stage corporate assets) and two-thirds of its capital in mid- to late-stage ventures.

The Group may choose to invest in Portfolio Companies listed on a public stock exchange ("Public Portfolio Companies") depending on market conditions and the availability of appropriate investment opportunities. Equally, as part of a full-life cycle investment approach, it is expected that Private Portfolio Companies may later become Public Portfolio

Anticipated capital toward early-stage and de novo company formations

1/3

(2021: 1/3)

Companies. Monetisation events such as IPOs and reverse mergers will not necessarily represent exit opportunities for the Group. Rather, the Group may decide to retain all or some of its investment in such Portfolio Companies or the acquiring Company where they meet the standard of diligence set by the Investment Manager. The Group is not required to allocate a specific percentage of its assets to Private Portfolio Companies or Public Portfolio Companies.

The Group also intends, where appropriate, to invest further in its Portfolio Companies, supporting existing investments throughout their life cycle. The Group may divest its interest in Portfolio Companies in part or in full when the risk–reward trade-off is deemed to be less favourable.

From time to time, the Group may seek opportunities to optimise investing conditions, and to allow for such circumstances, the Group will have the ability to hedge or enter into securities or derivative structures in order to enhance the risk-reward position of the portfolio and its underlying securities.

Investment restrictions

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

- the Group may not make an investment or a series of investments in a Portfolio Company that result in the Group's aggregate investment in such Portfolio Company exceeding 15% (or, in the case of Rocket Pharmaceuticals, Inc., 25%) of the Group's gross assets at the time of each such investment;
- the Group may not make any direct investment in any tobacco company and not knowingly make or continue to hold any Public Portfolio Company investments that would result in exposure to tobacco companies exceeding one per cent. of the aggregate value of the Public Portfolio Companies from time to time.

Each of these investment restrictions will be calculated as at the time of investment. In the event that any of the above limits are breached at any point after the relevant investment has been made (for instance, upon successful realisation of economic and/or scientific milestones or as a result of any movements in the value of the Group's gross assets), there will be no requirement to sell or otherwise dispose of any investment (in whole or in part).

Leverage and borrowing limits

The Group may use conservative leverage in the future in order to enhance returns and maximise the growth of its portfolio, as well as for working capital purposes, up to a maximum of 50% of the Group's net asset value at the time of incurrence. Any other decision to incur indebtedness may be taken by the Investment Manager for reasons and within such parameters as are approved by the Board. There are no limitations placed on indebtedness incurred in the Group's underlying investments.

Capital deployment

The Group anticipates that it will initially, upon Admission and upon any subsequent capital raises, invest up to 80% of available cash in Public Portfolio Companies that have been diligenced by the Investment Manager and represent holdings in other portfolios managed by the Investment Manager, subsequently rebalancing the portfolio between Public Portfolio Companies and Private Portfolio Companies as opportunities to invest in the latter become available.

Cash management

The Group's uninvested capital may be invested in cash instruments or bank deposits pending investment in Portfolio Companies or used for working capital purposes.

Hedging

As described above, the Group may seek opportunities to optimise investing conditions, and to allow for such circumstances, there will be no limitations placed on the Group's ability to hedge or enter into securities or derivative structures in order to enhance the risk-reward position of the portfolio and its underlying securities.

On an ongoing basis, the Group 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, but may enter into hedging transactions to hedge individual positions or reduce volatility related to specific risks such as fluctuations in foreign exchange rates, interest rates, and other market forces.

Glossary

Defined Terms

"Adjusted Net Asset Value"	the NAV adjusted by deducting the unrealised gains and unrealised losses in respect of private Portfolio Companies;
"Administrator"	means Elysium Fund Management 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;
"Alcyone"	Alcyone Therapeutics, Inc.;
"Ancora"	Ancora Heart, Inc.;
"Annual General Meeting" or "AGM"	the annual general meeting of the shareholders of the Company;
"Annual Report"	the Annual Report and audited consolidated 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;
"Artios"	Artios Pharma, Inc.;
"Artiva"	Artiva Biotherapeutics, Inc.;
"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.;
"Biomea"	Biomea Fusion, Inc.;
"C4 Therapeutics" or "C4T"	C4 Therapeutics, Inc.;
"Calculation Date"	31 December or, if such date is not a business day, the previous business day;
"Cardiovascular disease"	conditions affecting heart and vascular system;
"CinCor"	CinCor Pharma, Inc.;
"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;
"CNS"	Central Nervous System
"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 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX;
"Company's Articles"	means the Company's Articles of Incorporation;
"Core portfolio companies"	Include private companies and public companies that were initially added to our portfolio as private investments;
"Corporate Brokers"	being J.P. Morgan Cazenove and Bank of America;
"Crohn's Disease"	a condition, in which a part(s) of digestive tract is inflamed;
"CRS"	Common Reporting Standard;
"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, or who served during the reporting period, and "Director" means any one of them;
"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;
"FRC"	the Financial Reporting Council;

“Frequency”	Frequency Therapeutics, Inc.;
“FTC”	the Federal Trade Commission;
“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 in June 2021;
“GH Research”	GH Research PLC;
“Group”	the Company and the Subsidiary;
“HCM” or “Hypertrophic cardiomyopathy”	a cardiovascular disease characterised by an abnormally thick heart muscle;
“ImmTAC®”	bi-specific biologic molecules designed to fight cancer or viral infections;
“Immunocore”	Immunocore Limited;
“InBrace”	InBrace or Swift Health, Inc.;
“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;
“Investment Manager”	RTW Investments, LP, also referred to as RTW;
“IPEV Guidelines”	the International Private Equity and Venture Capital Valuation Guidelines;
“IPO”	an initial public offering;
“IRR”	internal rate of return;
“ISDA”	International Swaps and Derivatives Association;
“iTeos”	iTeos Therapeutics, Inc.;
“Ji Xing”	Ji Xing Pharmaceuticals, formerly China New Co;
“Kyverna”	Kyverna Therapeutics, Inc.;
“Landos”	Landos Biopharma, Inc.;
“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” or “LSE”	London Stock Exchange plc;
“LSE”	London Stock Exchange’s main market for listed securities;
“Lycia”	Lycia Therapeutics, Inc.;
“MAGE-A4”	a protein expressed on certain types of tumours;
“Magnolia Medical” or “Magnolia”	Magnolia Medical Technologies, Inc.;
“Medtech”	medical technology sector within healthcare;
“Menin”	a target for the treatment development in oncology;
“Milestone”	Milestone Pharmaceuticals, Inc.;
“MOC”	Multiple on capital is the ratio of realised and unrealised gains divided by the acquisition cost of an investment;
“Monte Rosa”	Monte Rosa Therapeutics, Inc.;
“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;
“Neurogastrx”	Neurogastrx, Inc.;
“New Performance Allocation Shares”	performance allocation shares of no-par value in the capital of the Subsidiary;

"NewCo"	a new company;
"NiKang"	Nikang Therapeutics, Inc;
"Non-core portfolio assets"	investments made in public companies as a part of cash management strategy;
"Notional Ordinary Shares"	Performance Ordinary Shares, in which receipt of such shares has been deferred;
"Nuance"	Nuance Pharma;
"Numab"	Numab Therapeutics, Inc.;
"Official List"	the official list of the UK Listing Authority;
"Oligonucleotides" or "Oligos"	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;
"OpCo" or "Subsidiary"	RTW Venture Fund Operating Limited;
"Ophthalmic conditions"	conditions affecting the eye;
"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 in such amounts and as such times as shall be determined by the Board;
"Performance Allocation Period"	each period ending on a Calculation Date and beginning on the business day immediately following the last Performance Allocation Period in respect of which a Performance Allocation has been allocated;
"Performance Allocation Share Class"	a class fund for the Performance Allocation Shares or New 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 (prior to the 1 December 2022 reorganisation), or performance allocation shares of no-par value in the capital of the Subsidiary (with effect from the 1 December 2022 reorganisation);
"Performance Allocation Shareholder"	the holder of Performance Allocation Shares or New Performance Allocation Shares;
"PFIC"	Passive Foreign Investment Company;
"Pilot study"	a small-scale study;
"Private Investment in Public Equity" or "PIPE"	is when an institutional or an accredited investor buys stock directly from a public company below market price;
"POI Law"	The Protection of Investors (Bailiwick of Guernsey) Law, 2020, 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;
"Premium Segment"	Premium Segment of the Main Market of the LSE;
"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;
"Prometheus"	Prometheus Biosciences, Inc.;
"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);
"PTP"	Publicly Traded Partnership;
"Pulmonary conditions"	pathologic conditions that affect lungs;
"Pulmonx"	Pulmonx Corporation;
"Pyruvate Kinase Deficiency" or "PKD"	a rare genetic disorder affecting red blood cells;
"Pyxis"	Pyxis Oncology, Inc.;
"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.;
"RTW"	RTW Investments, LP, also referred to as the Investment Manager;
"RTWCF"	RTW Charitable Foundation;
"RTW Royalty"	RTW Royalty Holding Company #1 and #2;
"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;
"Sub-Administrator"	Morgan Stanley Fund Services USA LLC;
"Subsidiary" or "OpCo"	RTW Venture Fund Operating Limited;
"Tachycardia"	a heart rhythm disorder;
"Tarsus"	Tarsus, Inc.;
"Tenaya"	Tenaya Therapeutics. Inc.;
"TIGIT"	a target for a checkpoint antibody development in immune-oncology;
"TL1A"	a target for the treatment of inflammation associated with inflammatory bowel disease (IBD);
"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;
"UK-Guernsey IGA"	The UK-Guernsey Intergovernmental Agreement for the Automatic Exchange of Information;
"Ulcerative Colitis"	an inflammatory bowel disease that causes sores in the digestive tract;
"Umoja"	Umoja Biopharma. Inc.;
"US"	the United States of America;
"US GAAP"	US Generally Accepted Accounting Principles;
"Uveal melanoma"	a type of eye cancer;
"Valuation Committee"	Valuation Committee of the Investment Manager;
"Ventyx"	Ventyx Biosciences, Inc.;
"Visus"	Visus Therapeutics, Inc.;
"WACC"	weighted average cost of capital;
"XIRR"	an internal rate of return calculated using irregular time intervals.
"Yarrow"	Yarrow Biotechnology, Inc.

Alternative Performance Measures (unaudited)

APM	Definition	Purpose	Calculation
Available Cash	Cash held by the Group's Bankers, Prime Broker and an ISDA counterparty.	A measure of the Group'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$326.1 million) divided by the number of Ordinary Shares in issue (212,389,138) 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$1.54) and the NAV per share at the beginning of the period (US$1.71) 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$1.21) and the price per share at the beginning of the period (US$1.78) minus 1.00 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$1.21) and the NAV per share at the end of the period (US$1.54) minus one expressed as a percentage.
Multiple on Invested Capital (MOIC or MOC)	The multiple that measures value that an investment has generated.	A measure to evaluate performance of the realised and unrealised investments.	The ratio between initial capital invested in a portfolio company and current (as of 31 December 2022) value of the investment. It is a gross metric and calculation is performed before fees and incentive.
Extended Internal Rate of Return (XIRR)	The percentage or single rate of return when applied to all transactions in a portfolio company.	A measure of return which is used when multiple investments have been made over time into a portfolio company.	The rate also expressed as a percentage that calculates the returns on the total investment made with increments through a given period (from initial investment date to 31 December 2022).
Ongoing charges ratio	The recurring costs that the Group has incurred during the period excluding performance fees and one off legal and professional fees expressed as a percentage of the Group'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/documents/AICOngoingChargesCalculationMay12.pdf

Ongoing Charges	2022 US$	2021 US$
Fees to Investment Manager	3,751,464	4,813,854
Legal and professional fees	1,008,629	1,070,317
Audit fees	329,557	288,254
Administration fees	312,003	330,834
Directors' remuneration	176,722	214,353
Other expenses	1,100,167	584,851
Listing fees	–	936,615
Total expenses	**6,678,542**	**8,239,078**
Non-recurring expenses	(487,786)	(1,176,627)
Total ongoing expenses	**6,190,756**	**7,062,451**
Average NAV	322,418,512	408,929,032
Annualised ongoing charges (using AIC methodology)	**1.92%**	**1.73%**

AIFMD Disclosures unaudited

Report on remuneration and quantitative remuneration disclosure

Under the Alternative Investment Fund Managers Directive ('AIFMD'), we are required to make disclosures relating to remuneration of staff working for the Investment Manager for the year to 31 December 2022.

Amount of remuneration paid

The Investment Manager paid the following remuneration to staff in respect of the financial year ending on 31 December 2022 in relation to work on the Company.

	2022 US$'000	2021 US$'000
Fixed remuneration	771	590
Variable remuneration	1,010	1,004
Total remuneration	1,780	1,594
Number of beneficiaries	76	56

The amount of the aggregate remuneration paid (or to be paid) by the Investment Manager to its partners which has been attributed to the Company in respect of the financial year ending on 31 December 2022 was US$26.8 million (2021: US$33.6 million). The amount of the total remuneration paid by the Investment Manager to members of its staff whose actions have a material impact on the risk profile of the Company which has been attributed to the Company in respect of financial year ending on 31 December 2022 was US$23.6 million (2021: US$29.6 million).

Leverage

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

	Commitment leverage as at 31 December		Gross leverage as at 31 December	
	2022	2021	2022	2021
Leverage ratio	134%	129%	139%	129%

Other risk disclosures

The risk disclosures relating to risk framework and risk profile of the Company are set out in Note 8 to the consolidated financial statements on pages 92 to 93 and the principal and emerging risks and uncertainties on pages 34 to 36

Pre-investment disclosures

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

Schedule of Key Service Providers

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

Investment Manager and AIFM
RTW Investments, LP
40 10th Avenue
Floor 7
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United States of America

Registered office
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St Peter Port
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GY1 3JX

Administrator and Company Secretary
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St Peter Port
Guernsey
GY1 3JX

Sub-Administrator
Morgan Stanley Fund Services USA LLC
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United States of America

Independent Valuer
Alvarez & Marsal Valuation Services LLC
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Glategny Esplanade
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ISIN: GG00BKTRRM22
SEDOL: BKTRRM2 / BNNXVW5
Ticker: RTW / RTWG
LEI: 549300Q7EXQQH6KF7Z84
www.rtwfunds.com/venture-fund

* on 11 February 2022, Merrill Lynch International (BofA Securities) was appointed as a corporate broker and financial adviser to the Company.

rtw Venture Fund

RTW Investments, LP

40 10th Avenue, Floor 7
New York, NY 10014

(646) 597-6980

rtwfunds.com

Find more information at:
rtwfunds.com/rtw-venture-fund-ltd

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