rtw Biotech Opportunities

Paving the way for life-changing therapies

Annual Report and Audited Consolidated Financial Statements
For the year ended 31 December 2023

Registered number: 66847

Defined terms used in the Annual Report are defined in the Glossary.

Read more online **rtwfunds.com**

RTW Biotech Opportunities Ltd (formerly RTW Venture Fund Limited) provides shareholders with a full life cycle approach to biotech investing. With the Group's capital and the Investment Manager's expertise, we're powering breakthroughs in biotech and medtech that can transform the wellbeing of people around the world.

31 December 2023 Financial Highlights

US$399.3M
Ordinary NAV
(2022: US$326.1M)

US$1.90
NAV per Ordinary Share
(2022: US$1.54)

+82.3%
Ordinary NAV growth since inception
(2022: +47.6%)

+34.9%
Total shareholder return since admission
(2022: +16.4%)

+23.5%
Ordinary NAV per share growth YTD
(2022: -10.2%)

+16.0%
Total shareholder return YTD
(2022: -32.0%)

US$55.5M
Available Cash
(2022: US$-2.3million[2])

US$1.40
Price per Ordinary Share[1]
(2022: US$1.21)

1 The share price at 26 March 2024 was US$1.29.
2 Prior periods reported "cash and cash equivalents" (2023: US$2.7 million, 2022: US$7.0 million) while the current period and going forward will report Available Cash, as defined in the Alternative Performance Measures.

Portfolio Highlights

10
Significant capital markets activities in the core portfolio[1]: 2 take-outs, 4 IPOs, 1 SPAC merger, 1 reverse merger, and 2 strategic financings
(2022: 2 IPOs, 1 strategic financing)

7
New core portfolio companies added in the year[3], 10 core portfolio companies successfully exited
(2022: 3 and 6, respectively)

66.7%
Of NAV invested in core portfolio companies
(2022: 71%)

8/36
Core companies have commercial products[4]
(2022: 6/39)

5/36
Core companies are pre-clinical[4]
(2022: 7/39)

36
Core portfolio companies in total: 22 private, 2 royalty[2], 12 public
(2022: 39 total, 25 private, 14 public)

22/36
Core companies have clinical programmes[5]
(2022: 25/39)

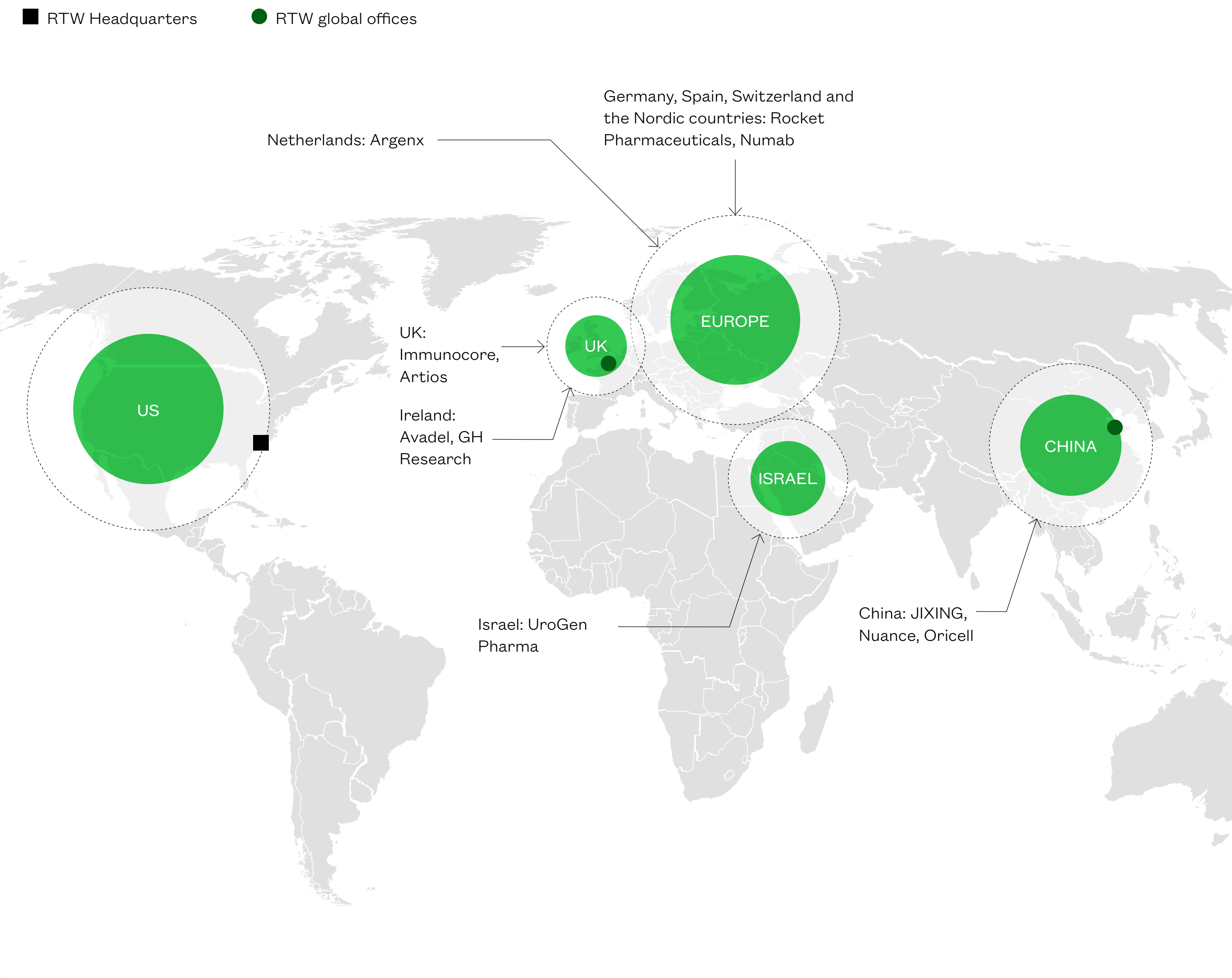
1 Core portfolio consists of companies that were initially added to the portfolio as private investments, reflecting the key focus of the Group's strategy. As initially private investments continue to be held beyond IPO, the core portfolio consists of both privately-held and publicly-listed companies.
2 Royalty vehicles were not broken out as a separate category in the prior year; they were included in core private.
3 Consists of six core privates and 1 royalty vehicle.
4 New statistic reported in the current period.
5 One core company is a specialty clinical laboratory offering testing services, so clinical programmes are not applicable.

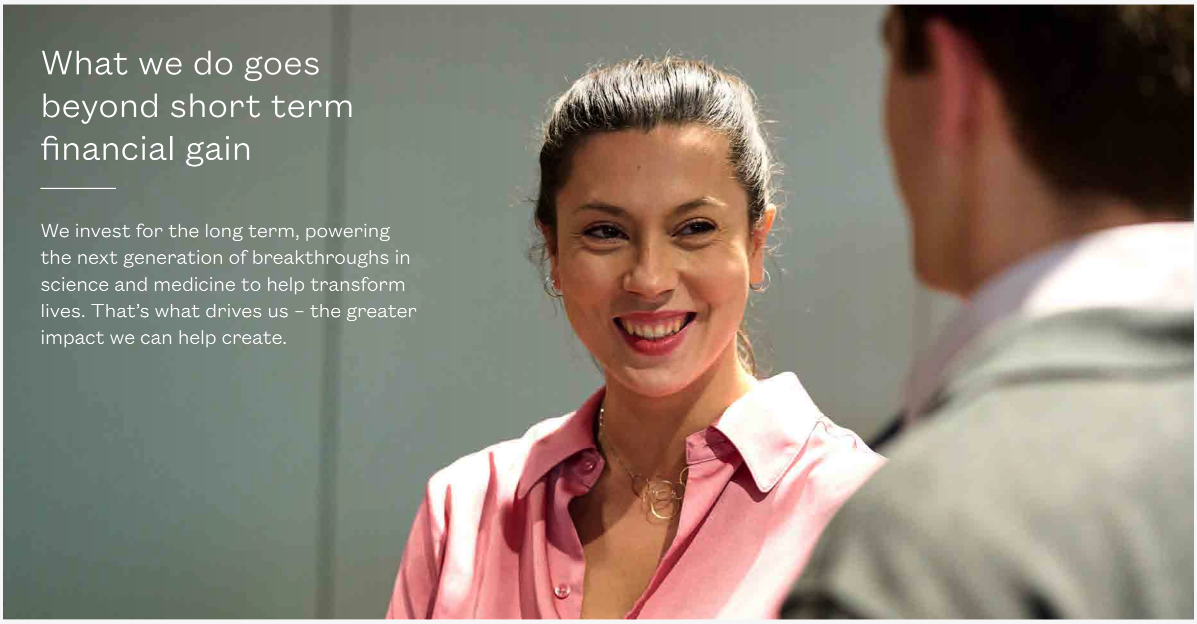
OUR PURPOSE

Transforming the lives of millions

RTW Bio's long-term strategy is anchored in identifying sources of transformational innovations with significant commercial potential by engaging in deep scientific research and a rigorous idea generation process, which is complemented by years of investment, company building, and both transactional and legal expertise.

Our global reach





What we do goes beyond short term financial gain

We invest for the long term, powering the next generation of breakthroughs in science and medicine to help transform lives. That's what drives us – the greater impact we can help create.

Learn more about this in our Purpose Video

THE US MARKET

We have 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 MARKETS

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 programmes, and by providing financial and human capital to entrepreneurs to advance scientific programmes.

What this means for investors:

- access to cutting edge research labs and academic knowledge
- access to greater breadth of science and opportunity
- participation in value creation in local biotech ecosystems

THE CHINA MARKET

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

What this means for investors:

- access to a budding biotech market, innovation and expertise
- an opportunity to be established in a market with the scope for significant growth

The RTW culture

RTW's priority is unlocking value by advancing early-stage scientific development to deliver innovative therapies to patients in need.

At the core of our business is a set of guiding principles.

Collaboration
Leveraging collective genius

Progress
From research, to innovation, to reality

Humility
The hunger to learn and improve

Tenacity
Finding pathways to success while overcoming obstacles

Rigour
Poring over the data

Leadership
The courage to shape a better future

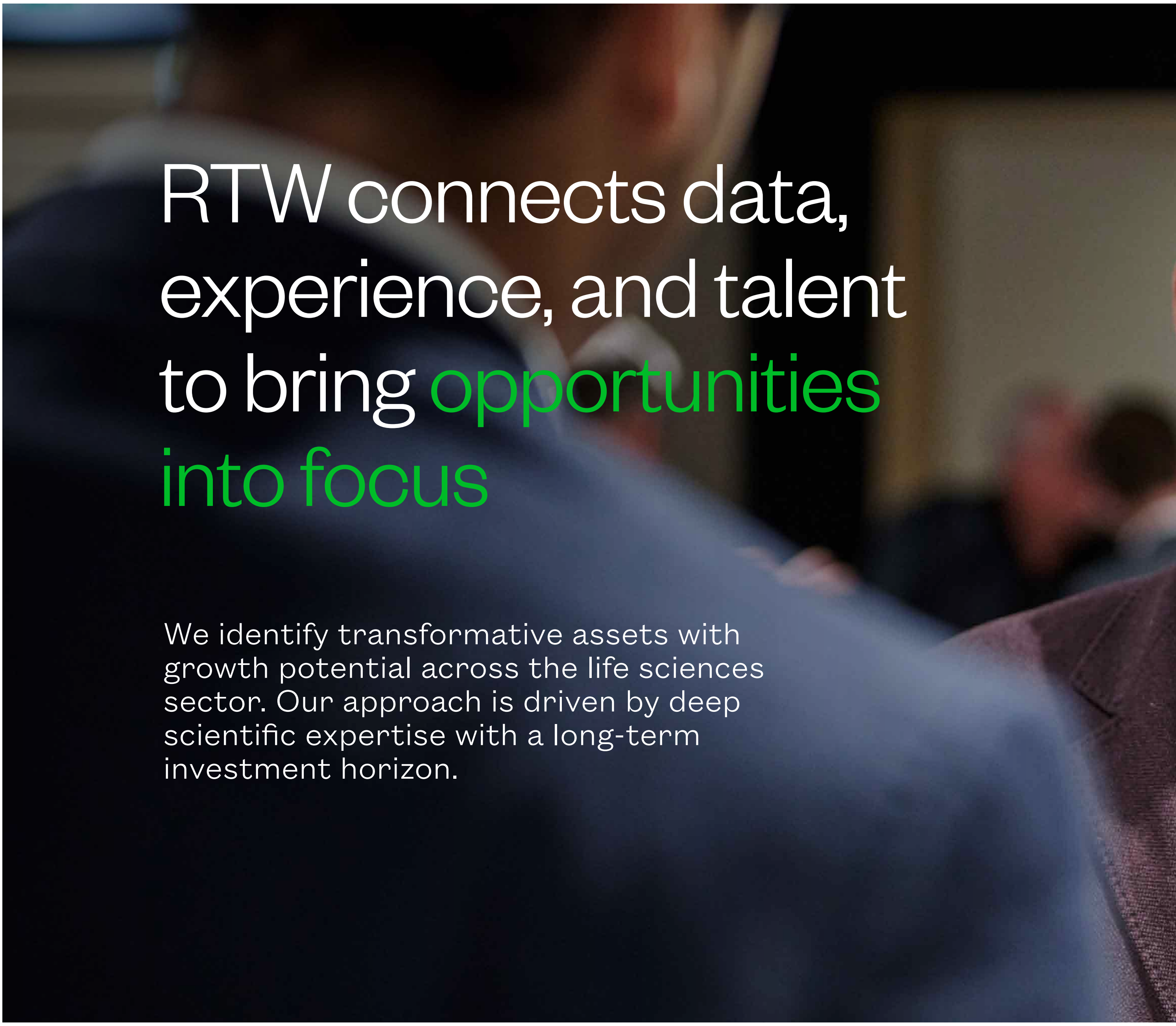
Members of the RTW team

70

2022: 76

Our Long-Term Strategy, **page 24**

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



RTW connects data, experience, and talent to bring opportunities into focus

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

RTW's competitive advantages

DEEP RESEARCH

We dive into the data to spot opportunities that others miss.

Opportunities, potential, errors, and risks are all easily overlooked, so we analyse and scrutinise, applying a unique, repeatable research approach, fine-tuned over years of successful life sciences investment. We combine the best data, technology, and scientific insight to unearth opportunity.

SELECTIVITY

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

We choose partners who care less about quick wins and more about lasting change.

KNOWLEDGE

We are doctors, academics, and drug developers; venture capitalists and investment bankers; lawyers, data scientists and company operators.

We work as a team, applying collective expertise to spark ideas, solve problems, avoid pitfalls, and build successful companies.

FLEXIBLE SOLUTIONS

Drug development rarely follows a linear path.

Whatever the twists and turns, we have the skills in house to solve problems and accelerate progress, from providing capital and infrastructure to advance promising academic programmes, to forming new companies and taking those companies public. We carve new pathways, allowing scientists and entrepreneurs to bring life-changing therapies to patients.

PEOPLE

Healthcare innovation is hard work, and easy wins are few and far between.

Those who succeed don't lose sight of why it matters. These are the people we love working with. We come from many different backgrounds but are united in a mission to improve people's lives.

LONG-TERM PARTNERS

Bringing new therapies to patients is a long journey that comes with both thrilling triumphs and inevitable setbacks.

We are hands-on and fully invested in the success of our partners because their success is our success. We choose partners who are as passionate about revolutionising medicine as we are.

Applying deep scientific expertise with a long-term investment horizon

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 per cent of its gross assets in the biopharmaceutical sector and approximately 20 per cent 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 designated for core private investments 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 in mid-to-late stage ventures.

The Company 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 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 lifecycle. 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.

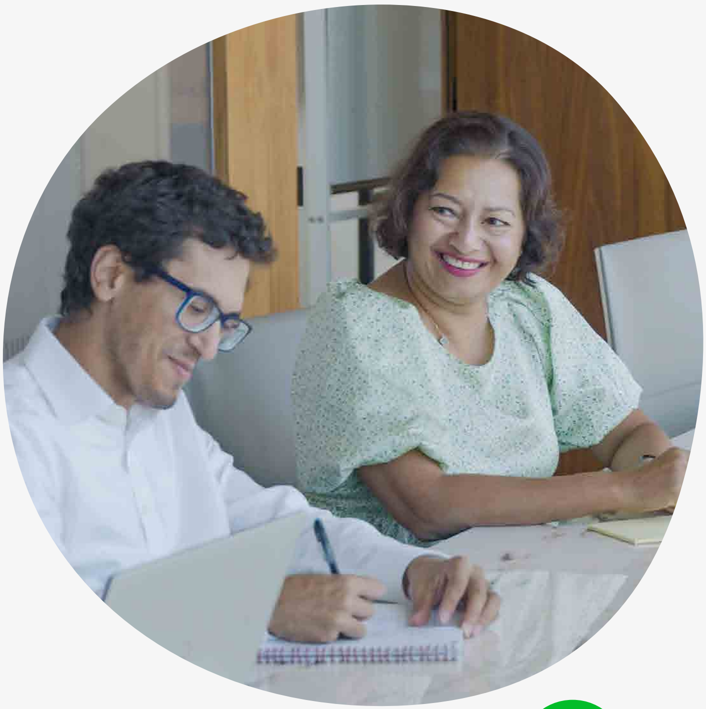
Investment restrictions

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 per cent (or, in the case of Rocket Pharmaceuticals, Inc., 25 per cent) 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).

Learn more about us in our Investment Case



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 per cent 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.

Investing in tomorrow's most promising science

William Simpson
Chair of
the Board

I am pleased to report that the Investment Manager ("RTW") has, once again, achieved an excellent performance. The Group's NAV returned +23.5% per Ordinary Share over the twelve months to 31 December 2023, materially outperforming both the Russell 2000 Biotechnology Index (RGUSHSBT) and the Nasdaq Biotech Index (NBI) which returned +10.6% and +3.7%, respectively. The Group's NAV has also outperformed its biotech benchmarks over three years, much of which was spent in the second worst bear market in the sector's history.

Since admission in October 2019, the Group's NAV has significantly outperformed its biotech benchmarks returning +82.3% versus +4.8% and +29.4% for the Russell 2000 Biotechnology Index and the NBI, respectively. However, the Group's share price has lagged NAV growth with a +34.9% return as the shares fell to a discount to NAV in 2022, alongside many of our peers, after having traded at a small premium for most of the prior years since admission. The discount widened marginally last year, albeit less than its largest pre-IPO investing peers. This relative narrowing is likely reflective of the Group's peer-leading performance over most time periods and shareholder activity in the year which has significantly raised the Group's profile to investors.

2023 Overview and 2024 Outlook

There was an abundance of positive activity in the portfolio in 2023 despite a more subdued environment (until the fourth quarter). The Group was able to benefit from RTW's preferred position in the eyes of biotech companies and a strong balance sheet to execute both traditional and creative deals. The Group made seven new private investments (versus a total of three in 2022), had two take-outs, four IPOs, a SPAC merger, a reverse merger, and struck two strategic financing deals. At the end of the period, the Group had thirty-six core portfolio holdings, a small decrease from thirty-nine last year. The core portfolio represents 67% of NAV, compared with 71% at the same time last year. The "other public" portfolio (a replica of the long names held in RTW's private funds, devised to mitigate the cash drag of setting aside cash for future deployment into core positions) was reduced to 20% as available cash was increased in preparation for the purchase of a stake in Arix Bioscience, which subsequently occurred soon after year end.

The Prometheus Biosciences sale was the stand-out event of the year. Prometheus was the Group's largest holding when it was acquired by Merck at a 75% premium to the prior closing price in the first half. Total proceeds from the sale of Prometheus shares amounted to US$99.1 million on total invested capital of US$8.4 million, representing an 11.8x multiple. The multiple on capital invested in the private rounds was 22x. This transformational transaction is a perfect example of the Group's full life cycle investment strategy at work.

The Group's unique exposure to companies created by RTW was significantly additive this year. Rocket's continued clinical progression was rewarded in 2023 after a challenging couple of years for the shares of gene therapy companies. The company now looks well set to transition to a commercial stage company in 2024, a significant inflection point. JIXING experienced two transformational events in the last two months of the year. Firstly, they completed the first round of their Series D financing, which was co-led by RTW and Bayer AG, with whom they also agreed a strategic partnership. Secondly, JIXING-related company, Cytokinetics, announced the results of its pivotal Phase 3 clinical trial of Aficamten in patients with symptomatic obstructive hypertrophic cardiomyopathy. JIXING has an exclusive license for Aficamten for development and commercialisation in Greater China. The data are viewed as better than the incumbent approved drug owned by Bristol Myers called mavacamten in a drug class that is expected to generate billions of revenues. JIXING is expected to communicate with the relevant regulatory authorities for Aficamten's new drug application as soon as possible with approval expected in the first half of 2025.

From a market perspective, the Federal Reserve's interest rate pivot and a flurry of takeouts helped the biotech sector avert what would have been an historic three down years in a row, with a sharp rally in the last two months of the year. The sector's vigorous move off the bottom is indicative of a re-evaluation after several years of fund flows out of the sector. With the fundamentals behind M&A remaining unchanged and a shrinking pool of marquee assets to acquire, prospects for the sector's continued recovery look promising. Financing conditions in the sector may remain tighter than normal, however, and this environment enables RTW to flex the transactional capabilities it has built over the years to help support exciting companies and capture investment opportunities.

In a time when private market valuations are so heavily scrutinised, it is important to have a robust valuation process. We strongly believe this to be the case with RTW's Valuation Committee's fair value approach to marking the private portfolio on a monthly basis, with regular supporting opinions from two independent third-party valuation firms. The validation comes when private investments become public companies. With four IPOs in 2023, we have a reasonable sample to assess the private portfolio's fair value. With an average step-up from prior private holding value to IPO price of 46%, we emphasise our confidence in the Group's portfolio.

The public portfolio is well placed too with the sector's positive momentum continuing into 2024. In January and February alone, there were five IPOs versus twelve for the whole of last year. The sector indices have started the year well, the smaller cap Russell 2000 Biotech Index in particular. To the end of February, it has returned +12.0% vs the Nasdaq index's +7.2% and 6.8% for the S&P500. For RTW Bio the completion of the Arix Bioscience acquisition on the 12th of February, brings fresh capital and scale at an opportune time. We reiterate our confidence in the outlook for 2024.

Shareholder Activity and Arix Bioscience Acquisition

Despite these many positives, the Company's share price traded at a discount to NAV this year alongside many of our investment company peers, especially those that provide growth financing to private companies. In order to help address this and raise the profile of the Company, we undertook several significant changes and initiatives throughout the year. To help generate new demand, we appointed Numis Securities (now Deutsche Numis) as joint corporate broker and Cadarn Capital to manage fund distribution and investor relations, both in April 2023. This followed the Company's rebranding and new website launch in early 2023. In the second half of the year, we changed the Company's name from RTW Venture Fund Limited to RTW Biotech Opportunities Ltd to better reflect the full life cycle nature of the investment strategy.

We introduced a buyback programme using the proceeds from the sale of Prometheus Biosciences, believing it to be a good allocation of capital as the discount to NAV per Ordinary Share at which the Company's shares were then trading materially undervalued the Company and its portfolio.

The most transformational event came in early November as the Company announced its intention to acquire the assets of Arix Bioscience via a recommended all-share offer through a scheme of reconstruction. The scheme was conditional upon regulatory and Arix shareholder approval, both of which have since been obtained. We believe that combining the assets of Arix with the Company's enhances the Company's position as a leading UK-listed life sciences fund by adding significant scale. Shareholders in the combined entity will be in a stronger position to benefit from potential future value creation through NAV growth, improved secondary market liquidity, and a potential re-rating uplift of the combined company's shares. Following this increase in scale, the Board believes it an appropriate time to recruit an additional independent director with relevant industry expertise and is in the process of reviewing potential candidates. Later in November, the Company hosted its first London Capital Markets Day which featured presentations from senior RTW Investments team members, panels of eminent guests from academia, HM Government and industry, and was a great success with over one hundred professional investors and analysts attending , demonstrating, we believe, that the efforts undertaken so far to raise the Company's profile are working, and a solid foundation for a re-rating is in place.

2024 AGM

The Company will hold its Annual General Meeting on 16 May 2024 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 questions at the following email, and we will endeavour to answer as many as we can: biotechopportunities@rtwfunds.com.

On behalf of the Board, I would like to express my gratitude for your continued support as well as extend a warm welcome to new shareholders from Arix. Wishing you all the best for 2024.

William Simpson
Chair of the Board of Directors
RTW Biotech Opportunities Ltd
27 March 2024

RTW Biotech Opportunities Ltd's acquisition of Arix Bioscience plc ("Arix")

We are delighted to confirm the completion of the all-share acquisition by RTW Bio of Arix's assets, post year end on 13 February 2024. The transaction was announced on 1 November 2023 and was effected through a scheme of reconstruction and the voluntary winding-up of Arix under section 110 of the Insolvency Act 1986. We welcome Arix shareholders to the RTW Bio shareholder register.

The RTW Bio board believes that the combination has compelling strategic rationale, primarily by adding capital and scale to our best-in-class platform. This stronger foundation is expected to generate future growth opportunities for shareholders. The combination delivered a meaningful and immediate increase in NAV, making RTW Bio the second largest full life-cycle biotech investment company or trust listed on the London Stock Exchange and the fifth largest listed healthcare company or trust. Arix's uniquely complementary portfolio adds diversification benefits, while the significant proportion of liquid assets provides investment firepower at a compelling time to be deploying capital into the life science sector.

The enlarged market capitalisation, which increased from US$294.9 million as of 31 December 2023 to US$529.9 million following completion, should improve secondary market liquidity for trading in RTW Bio shares. RTW Bio may also in the future qualify for inclusion in the FTSE 250, which could further improve the secondary market liquidity of its shares. The increased scale is expected to deliver a more efficient cost base, benefiting from the infrastructure of RTW and a simple, single management fee across a larger asset base. In all, these benefits could lead to a meaningful re-rating uplift opportunity for RTW Bio in the medium term.

Acquiring Arix's complementary life science assets is a step-change accelerator to our vision for RTW Bio to be a UK-listed fund with meaningful scale that invests in innovative life science businesses in the UK and globally. We believe that the scale that this transaction creates should prove well-timed given the unprecedented life science market conditions, the accelerating medical innovation, and industry trends that play into RTW's core strengths. This transaction creates value and opportunity for both RTW Bio and Arix shareholders and positions all shareholders for future upside.

Roderick Wong, MD
Managing Partner

A full life cycle approach to innovative biotech investing

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$399.3 million as of 31 December 2023.

Disappointingly, the share price has not kept pace with NAV, returning +34.9% in the same period, as the shares fell to a discount in early 2022, as did many listed investment trusts in most sectors, and have remained there since, despite a strong NAV per Ordinary Share performance. In 2023, the NAV per Ordinary Share returned +23.5% while the share price returned +16.0%. With continued NAV outperformance versus the market and peers, and with the sector's fortunes having turned markedly in the fourth quarter of 2023, we would expect the discount to narrow.

Table 1. Financial Highlights

RTW Biotech Opportunities Ltd	Year end reporting period (01/01/2023-31/12/2023)	Previous year end reporting period (01/01/2022-31/12/2022)	Admission (30/10/2019-31/12/2023)
Ordinary NAV – start of period	US$326.1 million	US$363.0 million	US$168.0 million
Ordinary NAV – end of period	US$399.3 million	US$326.1 million	US$399.3 million
NAV per Ordinary Share – start of period	US$1.54	US$1.71	US$1.04
NAV per Ordinary Share – end of period	US$1.90	US$1.54	US$1.90
NAV movement per Ordinary Share	**+23.5%**	**-10.2%**	**+82.3%**
Price per Ordinary Share – start of period	US$1.21	US$1.78	US$1.04
Price per Ordinary Share – end of period	US$1.40	US$1.21	US$1.40
Share price return[(i)]	**+16.0%**	**-32.0%**	**+34.9%**
Benchmark returns[(ii)]			
Russell 2000 Biotech	+10.6%	-31.3%	+4.8%
Nasdaq Biotech	+3.7%	-10.9%	+29.4%

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

RTW Investments, LP, the "Investment Manager", a leading global healthcare-focused investment firm with a strong track record of supporting companies developing life-changing therapies, created the Group as an investment fund focused on identifying transformative assets with high growth potential across the biopharmaceutical and medical technology sectors. Driven by 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 while creating significant value for our shareholders.

NAV performance in 2023 was overwhelmingly driven by the core public portfolio with a +24.7% contribution to the NAV. This is how the strategy is designed to function. As full life cycle investors our belief is that in our sector the vast majority of value creation happens post IPO, so we leverage the conviction gained working with a company when it is private to help us decide which are the best to keep post IPO, so that we can participate in that value creation. Prometheus Biosciences (+12.6%) and Rocket Pharmaceuticals (+8.4%) accounted for the majority of the gain. Prometheus was acquired by Merck for US$200.00 per share in cash, a 75% premium to the prior closing price. Rocket's share price bounced back strongly in 2023 as it continued to progress several of its clinical programmes. Most significantly, they reached an agreement with the FDA on a very efficient path to registration for its Danon disease gene therapy, which received RMAT designation in February based on positive safety and efficacy data from the Phase 1 trial. Cargo Therapeutics (+2.0%) also deserves recognition. It is one of our most exciting new investments. We co-led its Series A financing round in March 2023 and anchored its IPO in November. The shares have subsequently performed very well in the public markets. Avidity Biosciences was the only material detractor (-3.2%) having reported disappointing clinical data in myotonic dystrophy, which is a challenging disease to target. We remain invested in Avidity, believing that the next two muscle diseases they are targeting may be easier to address.

New core portfolio companies

7

(2022: 3)

The core private portfolio contributed +1.5% to NAV. Including royalty investments, the contribution was +3.2%. JIXING was the largest contributor (+1.7%) having initiated its Series D financing round in November, which was co-led by RTW and Bayer AG with whom JIXING also agreed a strategic partnership agreement. Within the royalty segment, RTW Royalty 2 (Urogen) contributed 1.0% and the investment in RTW Royalty Fund contributed +0.6%. Neurogastrx (-0.5%) was the only material detractor in the core private portfolio having suffered a clinical setback in the first half of 2023 and was in the process of winding down. The "other public" segment of the portfolio contributed -0.7% to NAV.

Since admission, the Group has had fifty-four core positions. On 31 December 2023, the average multiple on invested capital (MOIC) of these positions (excluding Rocket Pharmaceuticals, the only core position to be added to the portfolio as a publicly traded name) stood at 1.7x. Within that, the average MOIC of the eighteen exited positions is 2.7x. Twenty-nine of the positions (i.e. 54%) have generated a positive return with an average MOIC (for the privates) of 2.7x, while twenty-four positions have generated a negative return with an average MOIC of 0.6x, and one position remains valued at cost. These ratios are roughly in line with our expectations over the medium to long term, especially when considering nearly two and half years of the four since our admission have been in a sector bear market that was particularly punishing for early-stage companies.

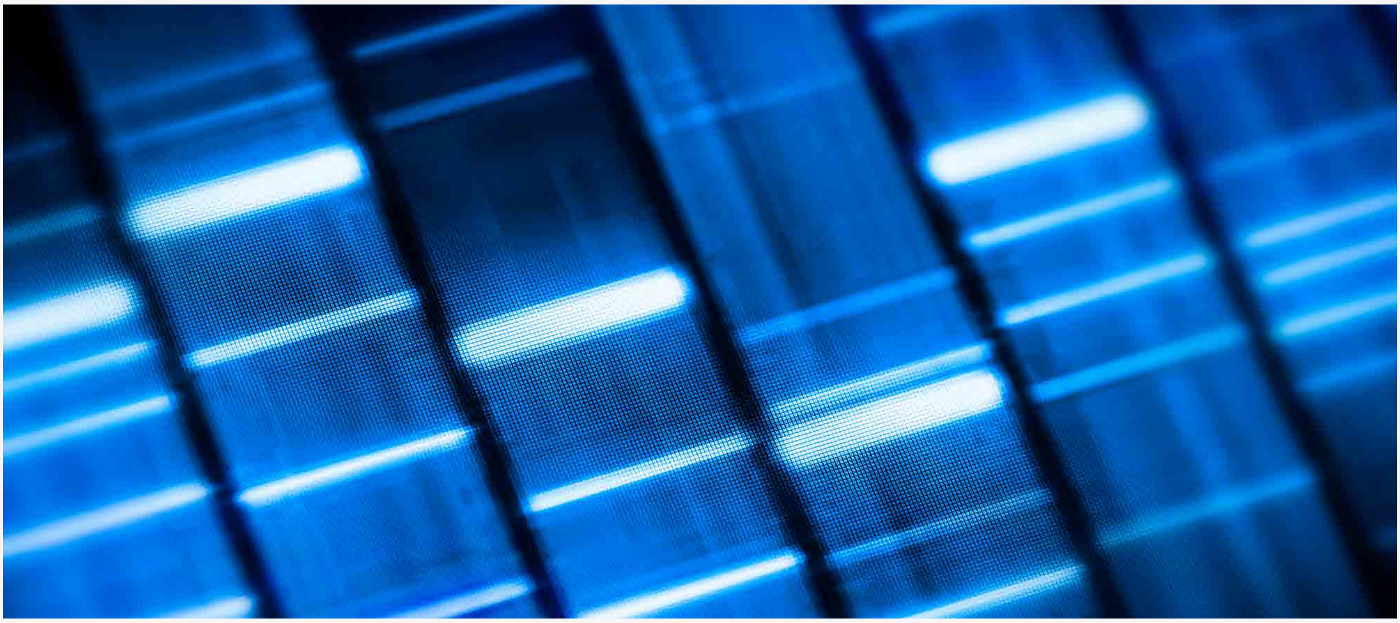
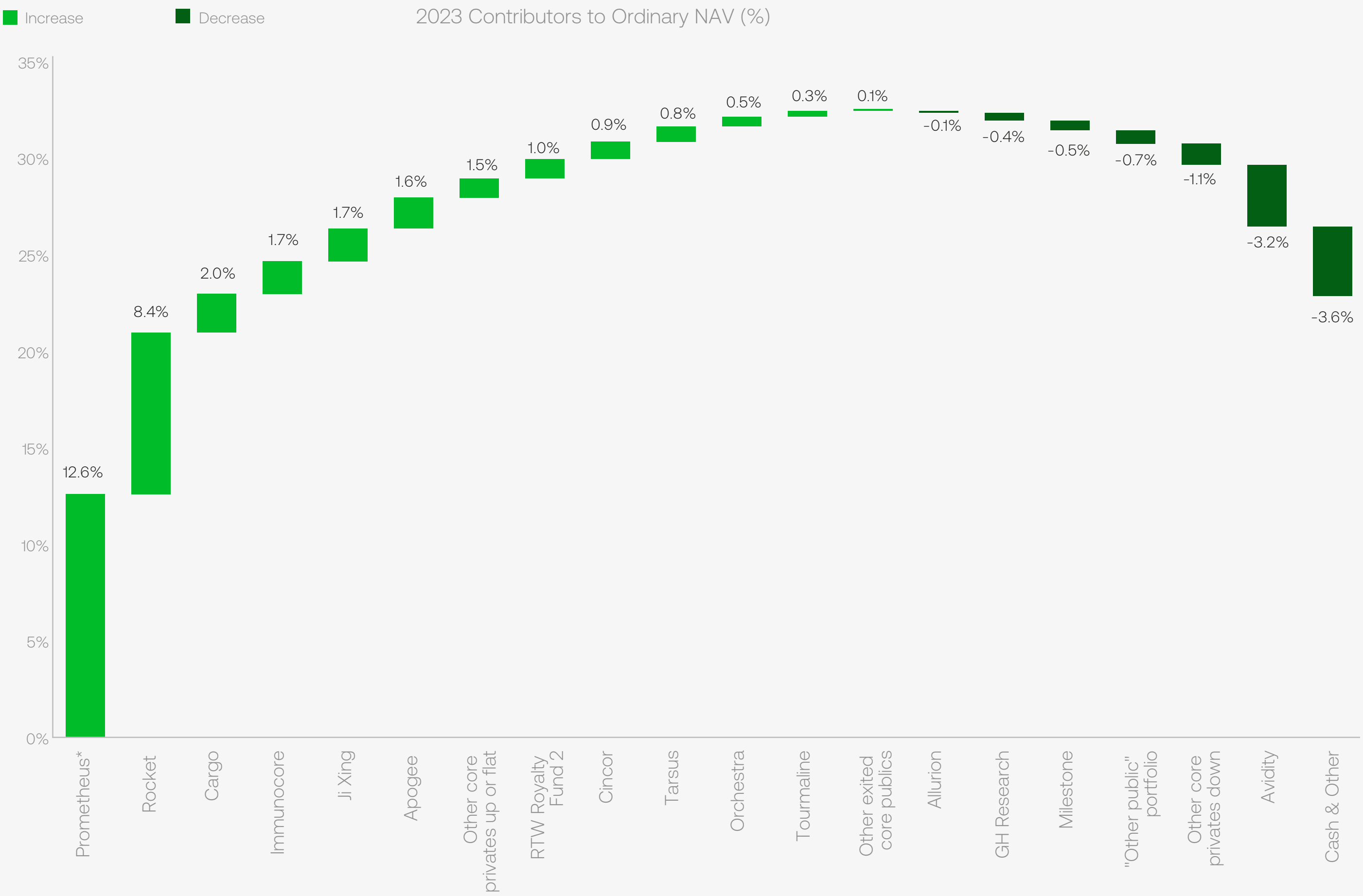


Table 2. Performance of Rocket Pharmaceuticals from admission to 31 December 2023

	Share price at admission	Share price at 31 December 2023	Share price return %
Rocket Pharmaceuticals	US$14.00	US$29.97	114%

Figure 1. Performance drivers as of 31 December 2023 – Contributions to Ordinary NAV (%)



* Exited position

Key updates for Core Portfolio Companies during 2023:

CLINICAL MILESTONES

FINANCIAL MILESTONES

JANUARY

Clinical milestones

Rocket Pharmaceuticals announced the addition of a new cardiac gene therapy programme, RP-A601, for arrhythmogenic cardiomyopathy due to plakophilin 2 pathogenic variants (PKP2-ACM).

Financial milestones

Cincor Pharma announced an agreement to be acquired by AstraZeneca for US$1.3 billion cash up front. CinCor shareholders also received a non-tradable contingent value right, payable upon receipt of FDA approval. Combined, these payments represented a transaction value of approximately US$1.8 billion and a 206% premium.

Orchestra BioMed announced the closing of its merger with RTW's Health Sciences Acquisition Corporation 2 and started trading on the Nasdaq under the ticker "OBIO". Medtronic joined as Orchestra's commercial partner, anchoring the combination alongside RTW.

FEBRUARY

Financial milestones

Mineralys Therapeutics went public through an upsized initial public offering, which raised US$192 million, under the ticker "MLYS".

Allurion Technologies The Group participated in a bridge financing round in Allurion Technologies, a company with a swallowable, procedureless gastric pill balloon for weight loss. Earlier that month the company announced its intention to go public via a business combination that closed in August and included a PIPE led by RTW Investments and a non-dilutive, synthetic royalty financing.

MARCH

Clinical milestones

Avidity Biosciences announced that discussions were ongoing with the US FDA regarding the partial clinical hold on new participant enrolment in its Phase 1/2 clinical trial for AOC 1001 (treats Myotonic Dystrophy).

Financial milestones

OriCell Therapeutics The Group and other funds managed by RTW co-led a US$45 million Series B-1 financing round of OriCell Therapeutics, a China-based cell therapy company.

Cargo Therapeutics The Group and other funds managed by RTW co-led a US$200 million Series A financing round in Cargo Therapeutics, a clinical stage CAR T-cell therapy company.

Milestone Pharmaceuticals The Group announced its participation in a US$125 million strategic financing deal with Milestone Pharmaceuticals. The strategic financing included US$50 million in convertible notes from RTW-managed funds, including the Group, as well as a commitment by RTW of US$75 million in royalty funding.

APRIL

Clinical milestones

Neurogastrx announced the latest data from its NG010 trial that indicated the top-line primary end point did not meet statistical significance and its resultant potential liquidation.

Financial milestones

Prometheus Biosciences announced that it had agreed to be acquired by Merck for US$200.00 per share in cash, a 75% premium to the prior closing price, for a total consideration of US$10.8 billion. The acquisition was completed in June.

Abdera Therapeutics The Group participated in a Series B financing of Abdera Therapeutics; a pre-clinical stage biopharmaceutical company focused on small cell lung cancer and other solid tumours. The company raised US$142 million in a combined Series A and B.

MAY

Clinical milestones

Rocket Pharmaceuticals posted several positive data updates from their PKD, Fanconi Anaemia, LAD-I and Danon Disease programmes at the American Society of Cell and Gene Therapy ("ASGCT") conference.

Avidity's partial clinical hold was eased. However, the data from the higher dose of AOC 1001 in the muscular dystrophy trial didn't appear to further reduce expression of toxic DMPK, the hallmark of the disease.

Financial milestones

Acelyrin went public through an upsized US$540 million initial public offering under the ticker "SLRN".

JULY

Apogee Therapeutics went public through an upsized IPO. It raised US$300 million at $17 per share. The shares started trading on Nasdaq under the ticker "APGE".

SEPTEMBER

Rocket Pharmaceuticals successfully aligned with the FDA on its registrational trial design for its Danon Disease gene therapy programme. This is a significant milestone for Rocket and for patients with Danon Disease, as it brings them closer to a potential therapy for a uniformly fatal, inherited disease.

Orchestra BioMed was granted FDA approval to initiate a global pivotal study for BackBeat CNT™ for the treatment of hypertension in pacemaker patients.

Beta Bionics The Group participated in the Series D financing of Beta Bionics, a medical technology company focused on diabetes management. The company raised US$100 million to advance diabetes technology with its iLet Bionic Pancreas.

OCTOBER

Cargo Therapeutics went public through an IPO raising US$281m. The shares started trading on Nasdaq under the ticker "CRGX".

Basking Biosciences The Group participated in a seed round financing of Basking Biosciences, a clinical stage company focused on acute thrombosis.

Tourmaline Bio completed its merger with public company, Talaris Therapeutics, alongside a US$75 million private placement, and the shares started trading on the Nasdaq under the ticker symbol "TRML".

NOVEMBER

JIXING completed the first tranche of its Series D financing. RTW co-led the round alongside Bayer AG with whom JIXING also agreed a strategic partnership agreement focused on cardiovascular diseases and ophthalmology in China.

DECEMBER

Milestone Pharmaceuticals received a refusal letter from the FDA to file for a New Drug Application for Etripamil for the treatment of PSVT. The FDA did not express concerns about the nature or severity of adverse events. Rather, the FDA determined that the NDA was not sufficiently complete to permit substantive review and requested clarification about the time of data recorded for adverse events in Phase 3 trials. Milestone has since met with the FDA, with the latter indicating that the timing of adverse events had minimal impact on the overall characterisation of Etripamil's safety profile. To align with the FDA, Milestone will restructure certain data sets, reformat certain data files and resubmit the NDA. Milestone expects that this will address the FDA's letter. It expects a standard review period following resubmission which is planned for Q2 2024.

Portfolio breakdown and new investments

We define the core public portfolio as companies that were initially added to our portfolio as private investments, reflecting the key focus of the Group's strategy. Our investment approach is defined as full life cycle and therefore involves retaining private investments beyond their IPOs; hence the core portfolio consists of both privately-held (41%) and publicly-listed (59%) companies.

As of 31 December 2023, the Group's core portfolio accounted for 67% of NAV (2022: 71%) and included 36 companies (2022: 39), ranging from biotechnology companies developing preclinical to clinical-stage therapeutic programmes, companies developing traditional small molecule pharmaceuticals, and med-tech companies developing and commercialising transformative devices. We selected these companies based upon our rigorous assessment of scientific and commercial potential and with regard to the valuation of the assets at the time of investment. Table 5 shows the top fifteen portfolio companies at the end of the reporting period.

Private companies accounted for 17.6% of NAV on 31 December 2023 (2022: 24.6%) and core public companies accounted for 39.3% (2022: 46.3%). "Core royalties" (9.8% of NAV on 31 December 2023) was added as a portfolio segment this year after the announcement of a capital allocation plan in July in which royalty financing was highlighted as an attractive and growing area of focus. These investments are cash generative, providing life sciences exposure that is uncorrelated to the volatility of the equity markets, and have limited scientific risk due to their being typically constructed around commercial products. The decrease in exposure to private investments reflects the migration of several positions into the core public portfolio as a result of IPOs (Mineralys, Acelyrin, Apogee, and Cargo), a SPAC merger (Orchestra BioMed) and a reverse merger (Tourmaline). These events outweighed the addition of the new private positions shown in Table 4. The lower exposure to the core public portfolio reflects the aforementioned sales of Prometheus to Merck and Cincor to AstraZeneca and the exiting of our holdings in Monte Rosa, Ventyx, Tenaya, Third Harmonic, C4, Acelyrin and Mineralys.

Approximately 20% of the Group's NAV is invested in other publicly listed companies, down from 29.8% on 31 December 2022. The "other public" portfolio is designed to mitigate the drag of setting aside cash for future deployment into core positions. This portfolio of assets has been carefully selected, matching, on a pro-rata basis, the long investments held in our private 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. When considered alongside available cash (12.9% on 31 December 2023 vs. -0.7% on 31 December 2022), the total (33.3%) is similar to 31 December 2022 (29.1%). The increased cash position was in preparation for the purchase of a stake in Arix Bioscience, which is discussed in more detail elsewhere in this report.

Core portfolio companies

36

(2022: 39)

In July 2023, the Group announced a share buyback of up to US$10 million as part of a capital allocation plan to deploy the substantial cash proceeds of the Prometheus Biosciences sale to Merck. In total, to the end of the reporting period, the Group had bought back 1,753,791 shares for a consideration of US$2,089,223, representing 0.8% of share capital.

As of 31 December 2023, the portfolio was diversified across treatment modalities, therapeutic focus, and clinical stage. While the portfolio is still majority invested in US-based companies, we are committed to adding UK and EU companies in an effort to support the best assets across the globe and help foster local biotech ecosystems. By constructing the portfolio in such a way, investors get exposure to the most innovative parts of a highly specialised sector with the explosive potential of companies that successfully navigate clinical, regulatory or commercial inflection points.

Looking forward, we expect the total portfolio sector allocation to remain close to 80% biopharmaceutical assets and 20% medical technology assets. In line with prospectus guidance, we anticipate two-thirds of 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. As per the announced capital allocation plan, royalty investments will be limited to approximately 15% of NAV.

Table 3. NAV capital breakdown as of 31 December 2023 and 31 December 2022

Portfolio segment	% of NAV at 31 Dec 2023	% of NAV at 31 Dec 2022
Core private	17.6%	24.6%
Core public	39.3%	46.3%
Core royalty[1]	9.8%	–
Other public	20.4%	29.8%
Available Cash[2]	12.9%	-0.7%
Total	**100%**	**100%**

1 In the prior annual report, royalty investments were included in the portfolio segment, Core private.
2 Prior periods reported the financial statement account "cash and cash equivalents", while the current period and going forward will report Available Cash, as defined in the Alternative Performance Measures.

Table 4. New core investments in 2023

Company name	Description	% NAV*
Oricell Therapeutics	Preclinical stage pharmaceutical company focusing on multiple myeloma	0.6%
Cargo Therapeutics	Clinical stage biotech company targeting large B-cell lymphoma	4.0%
Allurion Technologies	Medtech company with a swallowable, procedureless gastric pill balloon for weight loss, commercially available in 5 countries, clinical stage in the U.S.	0.1%
RTW Royalty Fund	RTW-created royalty dedicated fund that plans to invest in 5-10 royalty assets, thereby obtaining the rights to future royalty payment streams. Fees will be taken at the Company level only (i.e. no double charging).	6.1%
Abdera Therapeutics	Preclinical biopharma developing radiopharmaceuticals for lung cancer	0.3%
Tourmaline Bio	Late-stage biotech developing medicines for thyroid eye disease and atherosclerotic cardiovascular disease	0.4%
Basking Biosciences	Clinical stage company developing an RNA aptamer to treat acute thrombosis	0.1%

*As of 31 December 2023

Core portfolio breakdown

Figure 2. Core portfolio breakdown, by (A) Modality, (B) Therapeutic focus, (C) Clinical stage and (D) Geography as of 31 December 2023. These breakdowns do not include royalty vehicles.

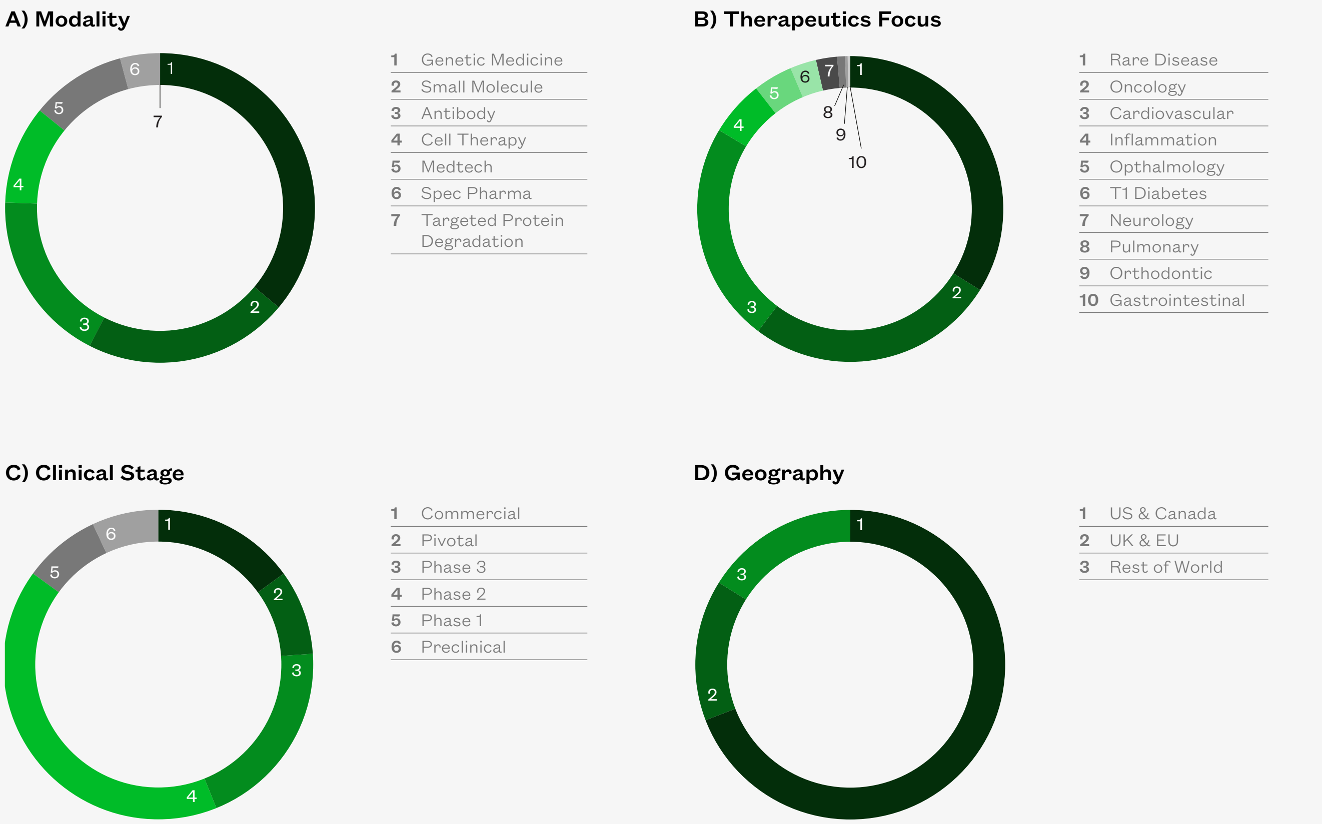


Table 5. Top fifteen core portfolio positions as of 31 December 2023

Portfolio company	Description	Therapeutic area	Clinical stage of lead programme	Expected catalysts	% NAV
Rocket	Gene therapy company for rare paediatric diseases	Rare paediatric diseases	Phase 2	Fanconi Anaemia BLA filing Q1 2024; LAD1 approval in Q2	17.9%
JIXING	RTW incubated company focused on acquiring rights to innovative therapies for development and commercialisation in China	Cardiovascular, Ophthalmology	Phase 3	Additional Series D tranches in Q1 and Q2	7.9%
Immunocore	T-cell receptor therapy company focused on oncology and infectious disease	Oncology	Commercial	PRAME data Q2 2024	7.4%
RTW Royalty Fund	Royalty dedicated fund that will invest in 5-10 royalty assets, thereby obtaining the rights to future payment streams	Multiple	Commercial	Refile Milestone NDA mid-2024	6.1%
Cargo	Biotech company targeting large B-cell lymphoma	Oncology	Phase 1	Interim Ph2 data possible in 2024	4.0%
RTW Royalty 2	Royalty deal with Urogen for JELMYTO, the first FDA-approved treatment for low-grade upper tract urothelial cancer	Oncology	Commercial	Quarterly sales updates	3.7%
Orchestra	Medical device company focused on developing products for the treatment of coronary artery disease and hypertension	Cardiovascular	Pivotal	Mid-2024 renegotiate co-development of Virtue programme	2.1%
Milestone	Developing interventions for tachycardias	Cardiovascular	Registrational	Refile NDA mid-2024	2.0%
Apogee	Biopharma company developing treatments for inflammation	Inflammatory	Phase 1	Data updates in H1 2024	1.8%
Beta Bionics	Closed-loop pancreatic system for automated and autonomous delivery of insulin	Type 1 Diabetes	Pivotal	Aiming for late 2024 IPO	1.7%
Tarsus	Biotech company developing therapeutics for ophthalmic conditions	Ophthalmology	Commercial	Launch updates quarterly	1.5%
Avidity	Antibody conjugated RNA medicines	Myotonic dystrophy	Phase 1	Myotonic dystrophy Ph1 update Q1 2024	1.4%
NiKang	Developing innovative small molecules against promising molecular targets in oncology	Oncology	Phase 1	Data updates in Q3 2024	1.4%
Ancora	Medical device company developing products that target dysfunction of the left ventricle, the underlying cause of heart failure	Cardiovascular	Pivotal	Complete US pivotal enrolment YE 2024	1.1%
Magnolia	Medical diagnostics company that has patented a steripath blood collection device	Inflammation, sepsis	Commercial	Mid-2024 launch of new low-cost automatic blood diversion device	0.7%

Table 6. Core portfolio positions as of 31 December 2023 compared to 31 December 2022

Portfolio Company	Private[1]/ Public[2]	Valuation in US$ at 31/12/2023	% of Group's net assets at 31/12/2023	Valuation in US$ at 31/12/2022	% of Group's net assets at 31/12/2022
Rocket	Public	76,751,123	17.9%	46,982,775	13.5%
JIXING	Private	33,851,037	7.9%	25,225,606	7.3%
Immunocore	Public	31,861,831	7.4%	25,908,924	7.4%
RTW Royalty Fund	Private	25,982,258	6.1%	–	–
Cargo	Public	17,181,097	4.0%	–	–
RTW Royalty 2	Private	15,873,634	3.7%	14,074,846	4.0%
Orchestra[3]	Public	9,146,636	2.1%	4,490,264	1.3%
Milestone[4]	Public	8,774,286	2.0%	2,871,141	0.8%
Apogee	Public	7,802,385	1.8%	2,102,903	0.6%
Beta Bionics	Private	7,283,681	1.7%	5,633,890	1.6%
Tarsus	Public	6,563,082	1.5%	3,169,037	0.9%
Avidity	Public	6,149,783	1.4%	14,502,829	4.2%
NiKang	Private	5,841,773	1.4%	4,416,891	1.3%
Ancora	Private	4,552,449	1.1%	4,163,943	1.2%
Magnolia	Private	2,980,286	0.7%	2,403,543	0.7%
Umoja	Private	2,948,739	0.7%	2,540,152	0.7%
Oricell	Private	2,378,363	0.6%	–	–
Encoded	Private	2,255,099	0.5%	2,364,636	0.7%
Kyverna	Private	1,921,703	0.4%	1,455,105	0.4%
Tourmaline	Public	1,861,346	0.4%	–	–
Nuance	Private	1,789,691	0.4%	1,622,898	0.5%
GH Research	Public	1,778,970	0.4%	2,981,309	0.9%
Numab	Private	1,723,249	0.4%	1,768,384	0.5%
Lenz	Private	1,677,798	0.4%	1,449,836	0.4%
Alcyone	Private	1,419,169	0.3%	1,280,484	0.4%
Abdera	Private	1,108,396	0.3%	–	–
Lycia	Private	929,092	0.2%	1,008,626	0.3%
Artiva	Private	890,476	0.2%	880,074	0.3%
Artios	Private	760,071	0.2%	675,895	0.2%
InBrace[5]	Private	556,338	0.1%	649,150	0.2%
Cincor	Public	541,706	0.1%	2,175,674	0.6%
Basking	Private	449,058	0.1%	–	–
Allurion	Public	283,948	0.1%	–	–
Neurogastrx	Private	115,353	0.0%	1,612,974	0.5%
Prometheus Labs	Private	105,808	0.0%	186,504	0.1%
Yarrow	Private	64,228	0.0%	1,001,854	0.3%

1 Valuations for private portfolio companies on a fair value basis.
2 The valuations of public positions were calculated using their market capitalisation as of 31 December 2023
3 Includes shares held in the initial SPAC vehicle (HSAC2) that merged with Orchestra in January 2023
4 Includes pre-funded warrants
5 Previously referred to as Swift Health Systems

Table 7. RTW representation on portfolio company boards as of 31 December 2023

Portfolio company[1]	RTW representative on the board
JIXING	Rod Wong, Peter Fong, Gotham Makker
Magnolia	Ovid Amadi
Nikang	Chris Liu
Rocket	Rod Wong, Gotham Makker, Naveen Yalamanchi
Yarrow	Rod Wong, Peter Fong, Gotham Makker
RTW Royalty 2	Matthew Bieret
HSAC 2 Holdings, LLC	Rod Wong, Naveen Yalamanchi, Alice Lee

1 In aggregate these represented 28% of the Group's NAV at 31 December 2023

Table 8. Top 5 "Other Public" portfolio segment holdings as of 31 December 2023

Position	Ticker	% of NAV	Description
Sage Therapeutics	SAGE	2.7%	Biopharmaceutical company for brain health disorders
Akero Therapeutics	AKRO	2.5%	Cardio-metabolic biotechnology company developing treatments for non-alcoholic steatohepatitis
Mirati Therapeutics	MRTX	2.2%	Commercial stage biotechnology company targeting cancer
Axsome Therapeutics	AXSM	2.1%	Commercial stage biotech focused on CNS
PTC Therapeutics	PTCT	1.7%	Commercial stage biotech making therapies for rare genetic diseases

Private Portfolio Valuations and Cash Runway Analysis

The core private, core royalty, and core public portfolios are the foundation of the Group's strategy. They are built on our rigorous assessment of the best private market investment opportunities. We have always been highly selective in this area, focusing only on companies with both well-founded science and attractive commercial opportunities. We have benefitted from this discipline as we emerge from a challenging capital markets environment, with a private portfolio that is a good size and well-funded.

As of 31 December 2023, the average cash runway of our core private companies was over two years, which provides them with sufficient time to focus on clinical development plans. There are eight companies with less than twelve months of runway, two of which are RTW company creations, which is by design, as RTW's funds have the flexibility to inject cash when necessary. Of the remainder, most have reasonable and well-formed capital raising plans in place. Only one is in a more challenging financial position and has been written down in our portfolio to an insignificant level.

Which brings us to our private valuations. We hold our private company investments at 'fair value' i.e., the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. This is assessed in accordance with US GAAP, utilising valuation techniques consistent with the International Private Equity and Venture Capital Guidelines including, but not limited to, the income approach and the market approach. Valuations are adjusted both during regular valuation cycles and on an ad hoc basis in response to 'trigger events', which may include changes in fundamentals, an intention to carry out an IPO, or changes to the valuations of comparable public companies. Our valuation process ensures that private companies are valued in both a fair and timely manner.

The process is overseen by the RTW Valuation Committee. The Committee is supported by RTW's valuation team that is independent from the investment team and receives advice from two independent third-party valuation firms. The Committee approves valuations of private company investments on a monthly basis and utilises the analysis of an independent third-party valuation firm no less frequently than twice a year in helping to determine the fair value of each material private investment. The valuations are also reviewed twice per year by the Board as part of the interim and annual reporting process and are subject to the scrutiny of KPMG.

The private portfolio saw a total of fifty-one valuation adjustments in 2023. At year end, thirteen positions were marked up by an average of 12.4%; ten were marked lower by an average of -28.1%. The balance remained at cost given the recent date of the investment. 70% of the markdowns were primarily driven by changes to relative comparables or market-based inputs. 54% of the markups were primarily driven by comparables, and 46% were primarily driven by idiosyncratic company performance, a financing round or transaction. At year end, the average time since the last third-party valuation was 3.7 weeks and with an average of 1.3 years having elapsed since the last financing round.

The value of the private portfolio is best demonstrated by the four portfolio IPOs in the year (which do not appear in figure 5 because they were public companies or had since been exited). The average step-up from the prior holding value to the IPO price was 45.9%. The average multiple on invested capital to the IPO price was 1.65x.

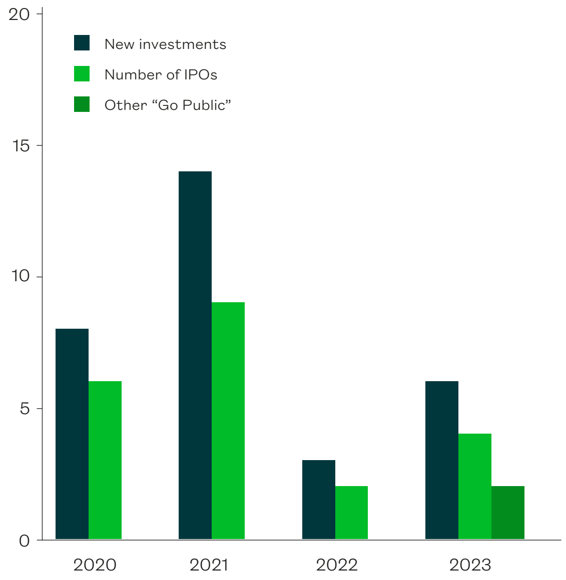
Average % positions marked up in 2023:

12.4%

Average multiple on invested capital to the IPO price

1.7x

Figure 3. New core private investments, IPOs and other "Go Public" events[1] by year since admission



1 Other "Go Public" events include SPAC mergers and reverse mergers.

Figure 4. Core private portfolio – approximate cash runway as of 31 December 2023

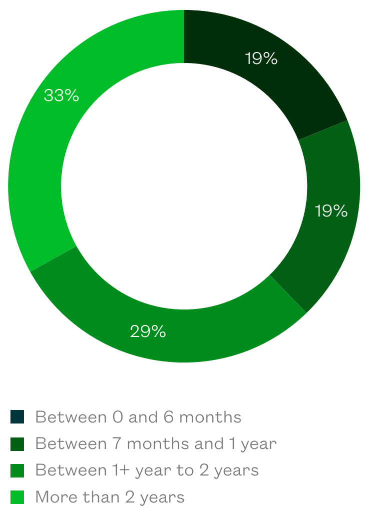


Figure 5. Core private portfolio on 31 December 2023 – year to date valuation changes and contributions to NAV

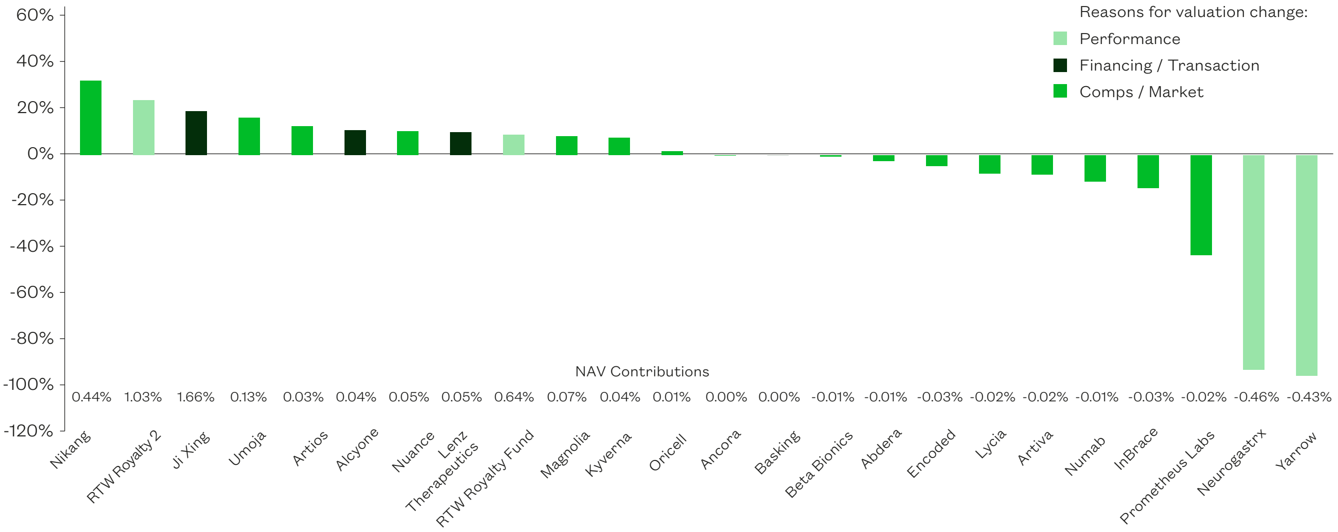


Table 9. Private Valuation Statistics for 2023

Statistic	2023
Number of revaluations in 2023	51
Average time since last third party valuation (weeks)	3.7
Average time since last financing round (years)	1.3
Average valuation change	-5.0%
Average mark-up	+12.4%
Average mark-down	-28.1%
Average step-up to IPO price	+45.9%
Average MOIC to IPO price	1.7x

Sector review and outlook

The Federal Reserve's interest rate pivot and a flurry of takeouts helped the biotech sector avert a historic three down years in a row with a sharp rally in the last two months of the year. In October, the sector was close to recording and setting new lows across most of the key metrics we track. However, the sector's vigorous move off the bottom gives clues to how complacent the market had become. For the past year and a half, selling exposure to the biotech sector was an easy trade and worked even in the face of strikingly low valuations, strong innovation, and accelerating M&A. Those caught off-side the last two months of the year have likely driven this early move. Capital flows are suggestive of what may be in store for 2024. Flows were consistently negative throughout 2023, with total outflows the highest in three decades. Generalists have remained on the sidelines but should that turn, it will be a significant tailwind for the sector.

Figure 6. Russell 2000 Biotechnology index value

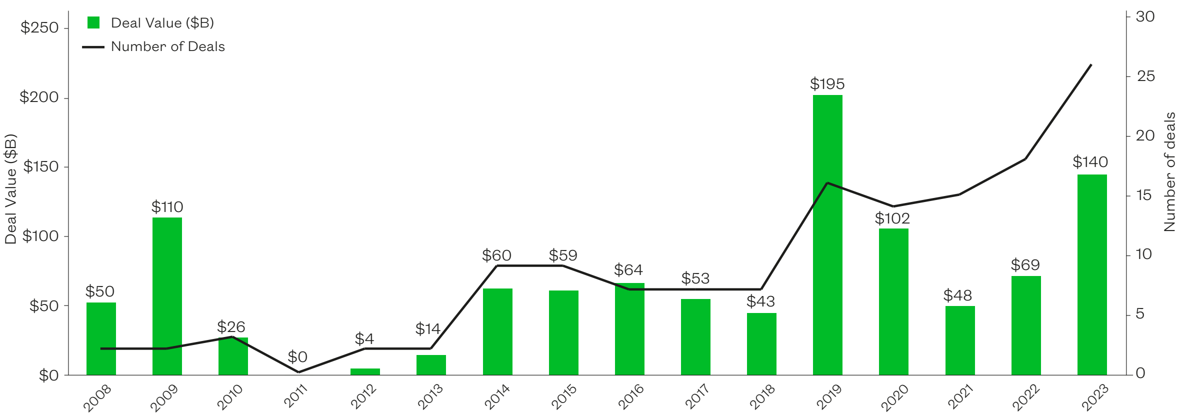
At the same time, the list of investible assets has declined significantly. In the past year the acquisitions of Seagen, Horizon, Karuna, Prometheus, Immunogen, Cerevel, Reata, Televant, Iveric, Mirati, and Rayze totaled over US$140bn, which amounts to about a third of acquirable US market cap in the post-mega merger FTC era (i.e. companies with a market cap below US$25bn). Investors will compete with large pharma companies for the sector's remaining marquee assets. While Pfizer and AbbVie have made significant progress on refilling their pipelines, Bristol and Merck must remain active or face existential patent cliff risk. Meanwhile, companies like J&J, Roche, and the obesity giants, Eli Lilly and Novo Nordisk, have over US$200bn of unused capacity that is growing rapidly due to the transformation of obesity-related products. In total, large pharma companies have about US$600bn of dealmaking capacity and premiums are already indicative of increased competition for assets. For deals over US$1bn in 2023, the average deal premium was 71%, which is right at the upper end of historical ranges. .

FDA approved novel drugs

61

(2022: 37)

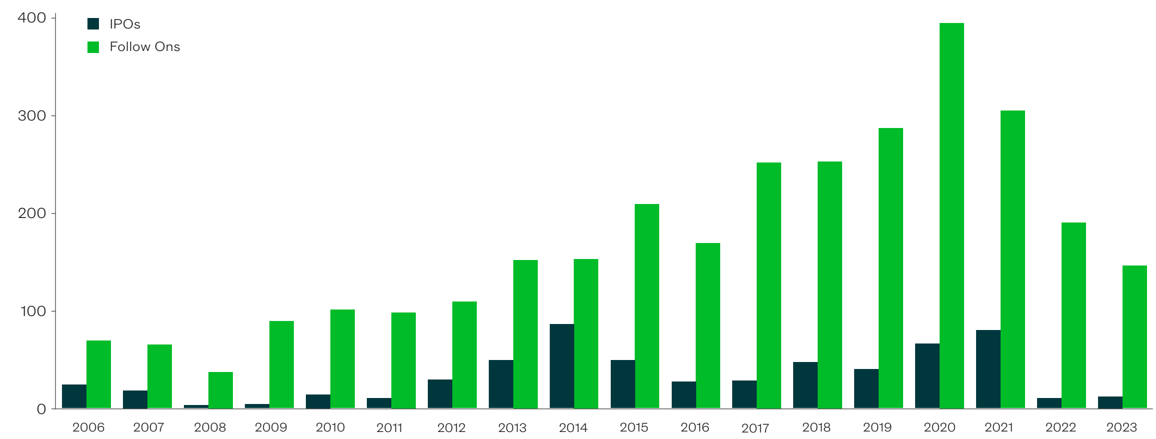
Figure 7. 2023 was the second-best year ever for M&A value and best ever for volume



Source: Jefferies Report as of 26 December 2023

Despite the end of year rally, 32% of sub-US$10bn market cap biotech companies in the US still trade at less than the cash on their balance sheets, down only 3% from the high. The number of companies has started to decline, which is healthy. Many of these are companies that never should have made it out in the last bull market, but importantly, from a market dynamic perspective, they now represent only a small percentage of the sector's market capitalisation. Even then, digesting these companies over the last several years has resulted in an IPO bear market. Twelve companies IPO'd last year, down from nineteen the year before and 108 in 2021. We think this is likely the bottom and expect normalcy to return in 2024 with a slate of promising companies already in the pipeline.

Figure 8. The US biopharma financing market is still digesting excess supply from the boom in 2019-2021



Source: Bloomberg and Lazard Monthly Life Sciences US Equity Issuance Overview as of 29 December 2023.

The most challenged part of the ecosystem should continue to be companies with smaller products (sub-US$1bn peak sales). Since the demise of Valeant catalysed the disappearance of specialty pharma, there are few natural buyers for sub-scale products, no matter how promising. Lack of investor interest in such companies is instructive for the FTC, which fails to understand the positive impact M&A has on promoting competition and innovation in our sector. Should any midsized biopharmas with financial flexibility (e.g. Vertex, Regeneron, BioNTech, or Daiichi) emerge as consolidators for smaller products, interest could return, although we do not see evidence of this happening yet.

In 2022, the Inflation Reduction Act gave Medicare the ability to dictate drug prices for small molecules nine years post-launch. The drug industry has responded by shifting innovation away from pills for the elderly. This most notably impacts targeted oncology and cardiovascular disease. Of course, these remain the leading causes of death in developed societies, so it is important to our collective future health to support policy mitigations and litigation. A win in the courts in the coming year has the potential to improve the status quo. In all, there are nine legal challenges to the IRA's Medicare price negotiations including challenges from the likes of Merck, Novo Nordisk and Johnson & Johnson.

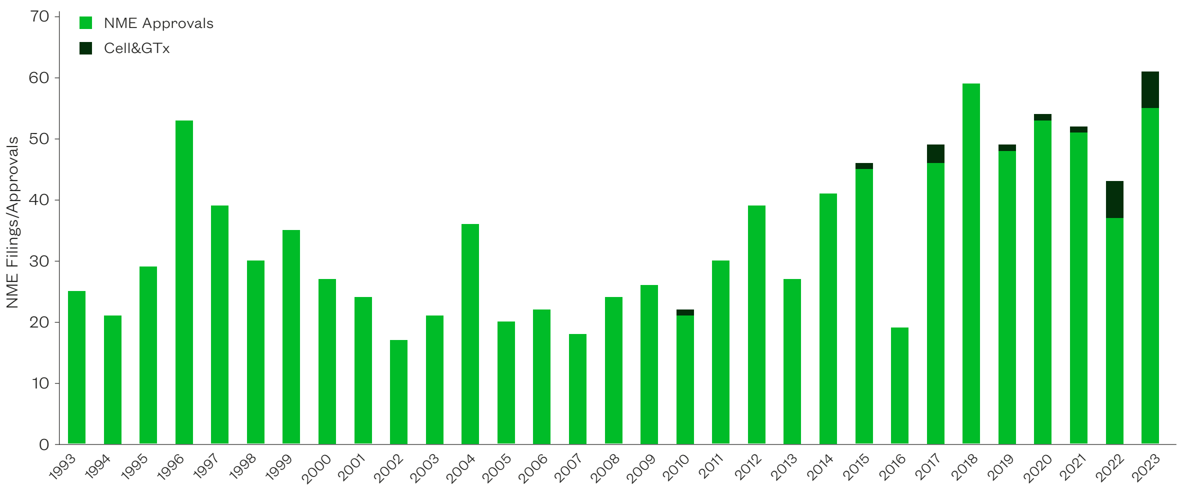
Fortunately, new modalities, mostly not subject to government price setting until thirteen years, have the potential to take medical innovation to new heights. While less convenient and safe, cell therapy and novel antibody technologies have shown striking efficacy in multiple cancers. RNA medicines also have the ability to address some cardiovascular targets and have matured enough to offer placebo-like safety profiles. Gene therapy made a strong recovery this year. As the FDA has gained comfort with the modality, Director of the Center for Biologics Evaluation, Peter Marks, has led by offering regulatory flexibility for companies pursuing urgent unmet needs.

Privately-held portfolio companies

24

(2022: 25)

Figure 9. The FDA approved 61 novel drugs in 2023, the highest in history



In total, the FDA approved sixty-one novel drugs in 2023, the highest number in one year in history. Drugs from new modalities represented fourteen, one more than last year. We continue to expect more new highs to be set in the coming years. This is consistent with our belief that we are living through a golden age of innovation in our sector, built on a combination of cheap genetic information and the foundation of new modalities to address disease. Looking forward, we are excited about opportunities in several areas. Within metabolic disease, we eagerly await the first approval for fatty liver disease. In oncology, we have shifted our emphasis towards novel antibody technologies (e.g. bispecifics, ADCs, radioRx) and cell therapy. We expect continued innovation in neurology, rare disease, and after a wave of historic breakthroughs, slightly more incremental advances in immunology. Like gene therapy this past year, we are optimistic RNA medicines could make a comeback in 2024.

Post period-end Arix acquisition updates and other key portfolio company events

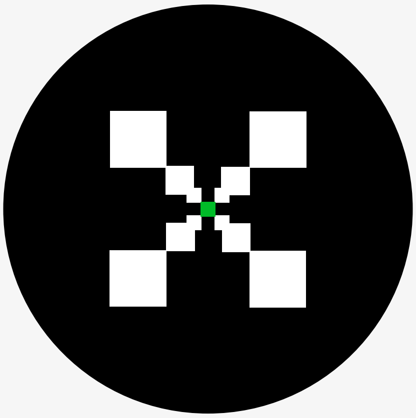
Following the end of the period, there was no shortage of Group-related news.

- In early January, the FCA approved a new prospectus in relation to the proposed admission of new RTW Bio shares pursuant to the Arix Bioscience acquisition.
- Also in early January, portfolio company JIXING announced a new strategic partnership with Bayer AG focusing on cardiovascular diseases and ophthalmology in China and the initial closing of its Series D preferred stock financing, co-led by Bayer and RTW Investments.
- RTW Bio then completed the previously announced US$57.1 million acquisition of a 25.5% stake in Arix from a wholly owned subsidiary of Acacia Research Corporation.
- The Board of RTW Bio announced at the same time its intention to increase capital returns to shareholders to a total of up to US$30 million, post completion of the Arix acquisition. This total includes the previously announced share buyback of up to US$10 million. The Board believes that this allocation clearly demonstrates its confidence in the outlook for the biotech sector and the Group's portfolio and its capital allocation discipline, whilst also providing additional liquidity to shareholders.
- The first general meeting and vote of Arix shareholders was held on 29 January 2024, where the resolution to approve the acquisition passed with 92% of votes cast in favour.
- On 8 February, core portfolio company Kyverna Therapeutics announced the pricing of an upsized US$319 million IPO. As at 26 March 2024, Kyverna traded on Nasdaq Global Select Market (under the ticker "KYTX") at US$24.86 per share, up 13.0% from the IPO price of US$22.00 per share.
- The second general meeting of Arix shareholders was held on 12 February 2024, where 98% of votes were cast in favour of resolutions to successfully complete the scheme of reconstruction and voluntary winding up of Arix.

RTW Investments, LP
27 March 2024

Transforming the lives of millions

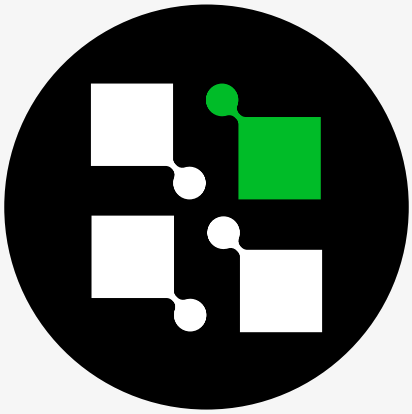
Our strategic focus



1

Identify transformational innovations

RTW has developed expertise through a comprehensive study of industry and academic efforts in targeted areas of significant innovation. Thanks to the decoding of the human 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.



2

Engage in deep research to unlock value

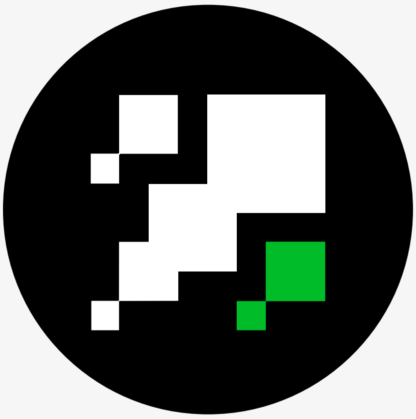
RTW has developed repeatable internal processes, combining technology and manpower to comprehensively cover critical drivers of innovation across the globe. We seek to identify, through rigorous scientific analysis, biopharmaceutical and medical technology assets that have a high probability of becoming commercially viable products, dramatically changing the course of treatment, and bringing effective, or in some cases, even fully curative outcomes to patients.

Learn more

Our Strategy in Action **page 26**

Our Strategy in Action **page 26**

RTW's long-term strategy is anchored in identifying sources of transformational innovations with significant commercial potential by engaging in deep scientific research and a rigorous idea generation process, complemented by years of investment, company building, and both transactional and legal expertise.

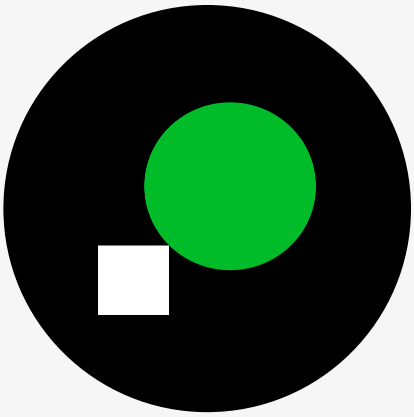


3

Build new companies around promising academic licences

RTW has capabilities to partner with universities and in-license academic programmes, by providing capital and infrastructure to entrepreneurs to advance scientific programmes. Particularly in rare disease, there is often little existing research and few treatment options, so forming a rare disease-focused company is a way of shining a light on this space and creating a roadmap to developing potentially curative treatments.

Our Strategy
in Action
page 27



4

Supports investments through the full life cycle

A key part of RTW's competitive advantage is the ability to determine at which point in a company's life cycle we should support the target asset or pipeline. As a full life cycle investor, RTW provides growth capital, creative financing solutions, capital markets expertise, and guidance. Taking a long-term, full life cycle approach and having an evergreen structure enables us to avoid the pitfalls and structural constraints of venture-only or public-only vehicles. RTW's 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 27

1 Case study:

Cargo Therapeutics

NAV

4.0%

(2022: n/a)

Portfolio company ownership

>5%

(2022: n/a)

CARGO THERAPEUTICS

The need

CAR-T therapy is a relatively new type of cancer treatment that uses the body's own immune system to kill cancer cells. Transformative advances have been made by commercially available CAR T-cell therapies; however, resistance mechanisms can limit the strength and quality of T-cell response and contribute to disease progression. Patients whose disease relapses or is refractory to CD19 CAR T-cell therapy face a median survival of less than 6 months.

Furthermore, treatments are not readily available to many of the patients who could benefit from them due to manufacturing challenges, supply constraints, unpredictable turnaround time and other logistical challenges.

Mission

Cargo is a clinical-stage biotechnology company positioned to advance next generation, potentially curative cell therapies for cancer patients. Cargo's programmes, platform technologies, and manufacturing strategy are designed to directly address the limitations of approved cell therapies, including limited durability of effect, safety concerns and unreliable supply.

Status

It was a transformational year for the company with growth across the business, including expanding the leadership team and creation of a Scientific Advisory Board, commencing a Phase 2 clinical trial for CRG-022, and becoming a publicly traded company. In March 2023, Cargo completed a US$200m Series A financing round, which RTW co-led. The proceeds from the financing round were to advance Cargo's autologous CD22 CAR T-cell therapy candidate, CRG-022, through a pivotal multi-centre Phase 2 trial in patients with LBCL whose disease has relapsed or is refractory to CD19 CAR T-cell therapy. In November, Cargo successfully IPO'd on Nasdaq under the ticker "CRGX", raising US$281.3 million. In the two months from listing to 31 December 2023, Cargo's share price increased by approximately 54%.

Next milestone

Interim results from Cargo's Phase 2 trial are anticipated in 2025.

Learn more about Cargo Therapeutics
cargo-tx.com

"We are pleased to continue to support Cargo Therapeutics in their mission to deliver innovative CAR-T cell therapy to patients with cancer. Despite the ongoing challenges in the capital markets, with very little IPO activity, we continue to see that good companies, such as Cargo Therapeutics, with innovative technologies and strong management teams can access the public markets."

Roderick Wong, MD
Managing Partner

2 Case study:

JIXING Pharmaceuticals

NAV

7.9%

(2022: 7.3%)

Portfolio company ownership

>5%

(2022: >5%)

The need

China has a large cardiovascular disease patient population, with an estimated prevalence of 270 million hypertension (high blood pressure), 5 million cardiac arrhythmia (i.e. irregular heartbeat, such as PSVT or atrial fibrillation), and 1.5 million hypertrophic cardiomyopathy (enlarged heart) patients. It also has an enormous aging population, with over 400 million people suffering from presbyopia and 200 million people suffering from dry eye disease.

Mission

Founded by RTW in 2019 and headquartered in Shanghai, JIXING is a leading cardiovascular and ophthalmology biotech that partners with other global biotech companies to develop and commercialise novel, innovative therapeutics to treat unmet medical needs in China and beyond.

Status

JIXING's pipeline now includes 9 assets focused on cardiovascular and ophthalmology conditions with high unmet need through partnerships with Cytokinetics, Milestone, LENZ Therapeutics, Oyster Pharma, and TMS.

In December 2023, Cytokinetics (CYTK) announced positive topline results from SEQUOIA-HCM, the pivotal phase 3 clinical trial of Aficamten in patients with obstructive hypertrophic cardiomyopathy, and a few days later JIXING announced its own positive results from the China Cohort trial of the same drug.

Next milestone

JIXING will complete additional closings of its Series D financing in Q2 2024.

Learn more about JIXING
jixingbio.com

Innovative asset growth

Market capitalisation

The Company's market capitalisation increased from U$257 million at 31 December 2022 to US$295 million at 31 December 2023. The Company issued no shares in 2023 and repurchased 1,753,791 shares, so the 15% increase in market capitalisation was due to the 16% increase in the share price, which was slightly offset by the decrease in Ordinary Shares outstanding.

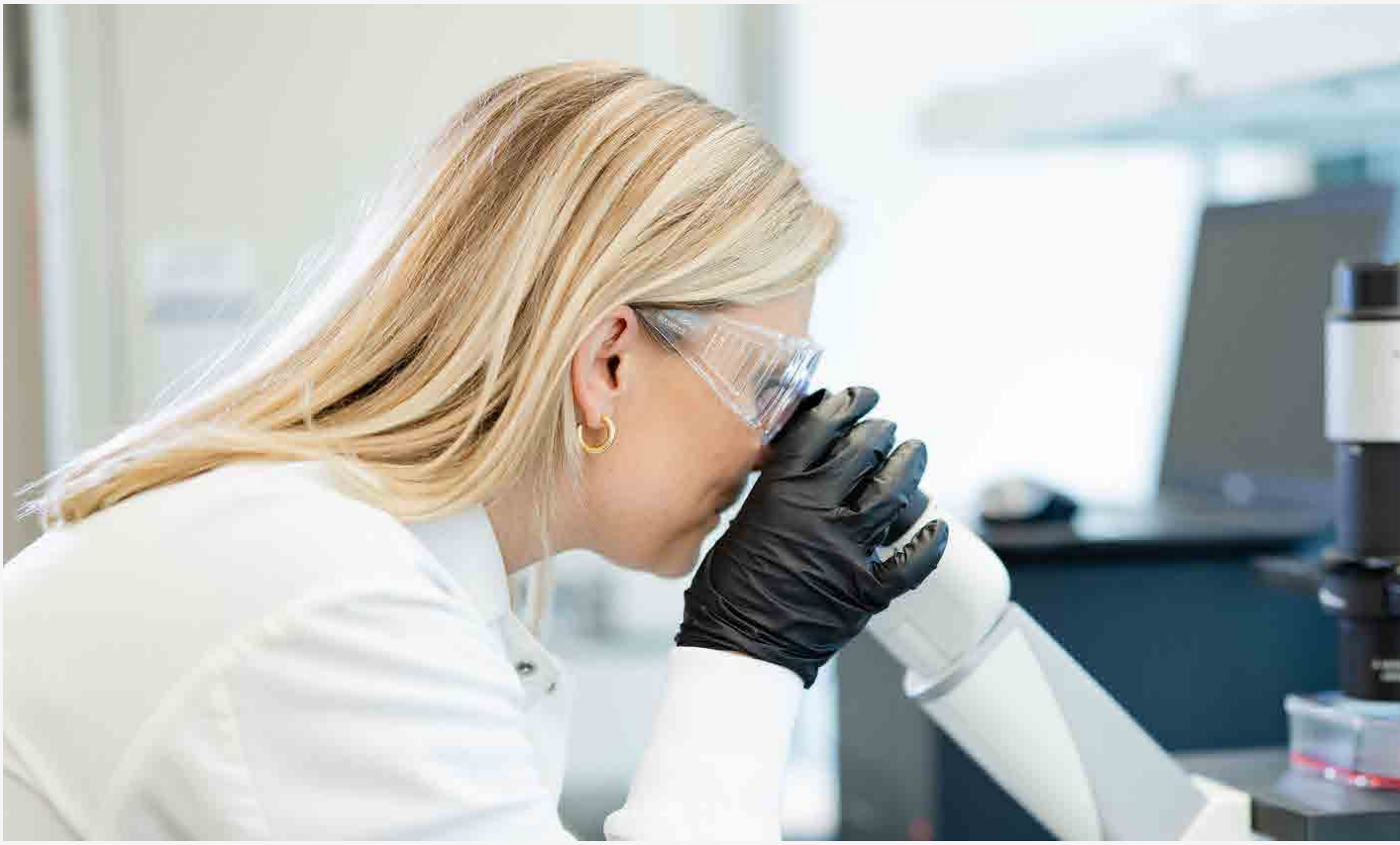
Ordinary NAV

The Ordinary NAV increased from US$326 million to US$399 million during the year. The main driver of the increase was the performance of the core public segment of the portfolio, notably due to the sale of portfolio company Prometheus Biosciences to Merck, adding 12.6% to the NAV, and the share price performance of Rocket Pharmaceuticals, adding 8.4%. Core private and core royalty investments contributed another ~3%. The Group returned to positive performance in 2023, which saw the return of a performance allocation accrual.

An approximate attribution of the Company's performance is provided below

Core Public	+24.7%
Core Royalty	+1.7%
Core Private	+1.5%
Other Public	-0.7%
Cash & Other	-3.7%
Net Performance	**+23.5%**

Understand our Key Performance Indicators
page 30



NAV per Ordinary Share

The +23.5% increase in NAV per Ordinary Share was driven by the increase in the Company's ordinary NAV and a slight decrease in Ordinary Shares outstanding following share repurchases.

Premium / discount

The Company's shares traded on average at a c.25% discount to NAV due to reduced market demand for growth and venture capital assets during the reporting period. At year end, the Company's Ordinary Shares were trading at a 26% discount to NAV (2022: 21% discount to NAV).

Total return to shareholders based on ordinary NAV

As the Company has not paid dividends, the total return for the year of +23.5% (2022: -10.2%) equates to the increase in NAV per Ordinary Share. Performance allocation accrual was triggered during the reporting period as the total shareholder return based on ordinary NAV movements was positive.

Total return to shareholders based on share price

The share price return of +16.0% in the year compared with the NAV movement of +23.5% was the result of a decline in demand for growth companies 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 1.87% (2022: 1.92%), calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and uses the average NAV in its calculation.

Highlights

Market Capitalisation as of 31 Dec 2023

$295M
2023

$257M
2022

$378M
2021

Ordinary NAV as of 31 Dec 2023

$399M
2023

$326M
2022

$363M
2021

Discount/premium to NAV as of 31 Dec 2023

-26.0%
2023

-21.2%
2022

+4.1%
2021

Ongoing charges as of 31 Dec 2023

1.9%
2023

1.9%
2022

1.7%
2021

Measuring our performance

FINANCIAL

	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 • Market context including interest rates and bond yields	• Portfolio performance • Liquidity of RTW 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 • Increased visibility with key UK shareholder audience (London office, UK distribution partner)
Progress	Ordinary NAV +23.5% (2022: -10.2%) During the reporting period this was largely driven by public companies' share price performance, most significantly the realised gain from the Prometheus acquisition by Merck.	Share Price Return +16.0% (2022: -32.0%) A cyclical reduction in demand for growth and venture capital assets led to the company's share price not keeping up with the increase in NAV per share, thus widening the discount at which the shares trade.	Premium/discount to NAV -25% (2022: -13%) (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 a premium to NAV such that total shareholder returns match or exceed NAV performance
Link to strategy	1 Identifying 2 Engaging 3 Building 4 Supporting	1 Identifying 2 Engaging 3 Building 4 Supporting	1 Identifying 2 Engaging 3 Building 4 Supporting
Link to principal risks	1 Failure to achieve investment objective 6 Exposure to global political and economic risks 7 Clinical Development & Regulatory Risks	1 Failure to achieve investment objective 6 Exposure to global political and economic risks 7 Clinical Development & Regulatory Risks	1 Failure to achieve investment objective 6 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

	Per cent of NAV invested in core portfolio companies	Geographic & therapeutically diversified portfolio	Active and robust pipeline
Performance	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 to patients in need.
Key factors	• Level of capital deployment and investment pace, as well as availability of funds to be deployed into new portfolio companies and follow-on investments	• Continue to diversify within the life sciences sector and support local biotech ecosystems across the globe	• Balance and breadth of the pipeline across all clinical stages • Data readouts and progress through multiple clinical stages • Commercial opportunity and competitive landscape
Progress	NAV invested in core portfolio 67% (2022: 71%) Deployed into core portfolio companies	Therapeutic areas addressed 10 (2022: 10) Core portfolio companies' focus spans multiple therapeutic areas, treatment modalities and geographies.	Portfolio companies have leading programmes in a clinical stage 22 of 36 (2022: 25 of 39) Capturing a spectrum of early-stage Phase 1 to late stage Pivotal
Future intent	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.
Link to strategy	1 Identifying 2 Engaging 3 Building 4 Supporting	1 Identifying 2 Engaging 3 Building 4 Supporting	1 Identifying 2 Engaging 3 Building 4 Supporting
Link to principal risks	7 Clinical Development & Regulatory Risks 4 The Investment Manager relies on key personnel 6 Exposure to global political and economic risks	7 Clinical Development & Regulatory Risks 6 Exposure to global political and economic risks	7 Clinical Development & Regulatory Risks 6 Exposure to global political and economic risks 8 Imposition of pricing controls

Applying deep scientific expertise with a long-term investment horizon

RTW's long-term strategy is anchored in identifying transformative assets with high growth potential across the biopharmaceutical and medical technology sectors.

Driven by a deep scientific understanding and a long-term approach to supporting innovative businesses, we invest in companies developing next-generation therapies and technologies that have the potential to significantly improve patients' lives. With this significant opportunity also comes risk.

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

Risk framework

The risk framework begins with the Board, who define risk appetite, oversee the process to ensure a robust assessment of principal risks, consider current and potential risks, and receive an update from the Investment Manager at each Board meeting. A risk register is maintained that sets out principal risks and risk appetite. The RTW team is responsible for day-to-day operations and oversight of the risk framework. RTW has a culture of transparency, ensuring that developments are shared and addressed timely, with the benefit of input from multiple team members, and reported to the Board as appropriate. The Group relies on having highly experienced personnel at the Investment Manager to support and manage issues as they arise.

The Audit Committee oversees and monitors the risk framework, including reviewing the risk register regularly to ensure it properly captures principal risks, continuously identifying potential risks, reviewing the ongoing operation and effectiveness of the control environment, and ensuring that proposed actions are implemented by the RTW team. This process drives continuous improvement in risk identification and monitoring.

Identifying principal and emerging risks

The Board uses both top-down and bottom-up inputs to evaluate principal risks. Over the past year, the Board and the Investment Manager had ongoing discussions to consider the Group's risks. The discussions generated insights into potential emerging risks and have helped to focus attention on additional areas for monitoring.

The RTW team carries out a bottom-up review, considering each portfolio company, as well as internal operations, both as a specific exercise and on an ongoing basis. The team also draws on assessments made by management teams of portfolio companies. These inputs are brought together in the risk register, which is reviewed by the Audit Committee in detail each quarter The principal risks identified by the Board are set out on pages 34 to 36 of this annual report. These have not substantially changed in the last year. 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; risk appetite

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 certain level of risk in order to achieve strategic goals. As part of the risk framework, the Board sets the risk appetite in relation to each of the principal risks and monitors the actual risk against it. Where a risk is approaching or moves beyond its target, 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 that they continue to reflect the understanding of the Board and accurately reflect relevant risks. Following that review, the Audit Committee advised the Board that the risk appetite remained appropriate, and the Board has accepted that assessment.

Principal and Emerging Risks and Uncertainties **page 34**

Principal risks and how we mitigate them

Risk description	Risk control measure	Profile
Investment Risks		
❶ Failure to achieve investment objective		⟷ Stable
The Group's target return on net assets is not guaranteed and may not be achieved. There is increased investment risk associated with the purchase of the Arix Bioscience portfolio, but this is being offset by falling interest rate risk.	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. The Investment Manager's team is evaluating each investment in the Arix portfolio for suitability, continued funding, or disposal, and communicating the intended approach with the Board.	**Strategic link** 1 Identify 2 Engage 4 Support
Operational Risks		
❷ Unfavourable tax exposure		↑ Increasing
With the recent acquisition of Arix and the integration of the two portfolios, the Group's structure has become more complex. Along with this complexity comes potential for new tax-related risk.	The Group has consulted throughout the planning and execution of the acquisition transaction with legal counsel having expertise in corporate structure and tax matters. The Investment Manager's team that was dedicated to the transaction project, along with the Board, received advice and evaluated structural options at every step, benefitting from internal flexibility and expertise.	**Strategic link** 1 Identify 2 Engage
❸ 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, 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 counterparty 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 risks		
❹ 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 would be 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

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	Profile

Governance /reputational risks (continued)

5 Portfolio companies may be subject to litigation — Stable

Risk description	Risk control measure	Profile
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

External Risks

6 Exposure to global political and economic risks — Increasing

Risk description	Risk control measure	Profile
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, including those associated with current conflicts in Ukraine, Israel/Palestine, and the Middle East more broadly. The portfolio currently has approximately 77% exposure to the US and Canada, 12% to the UK and Europe, and 11% to the rest of the world, including 3.7% to Israel and none to other Middle Eastern countries, Ukraine or Russia. Israel exposure derives from Urogen Pharma, which has R&D in Israel but is headquartered and maintains its broader team in Princeton, New Jersey.	The Investment Manager has extensive experience transacting across the global healthcare marketplace and will be responsible for identifying relevant events and updating investment plans appropriately.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support

7 Clinical development & regulatory risks — Stable

Risk description	Risk control measure	Profile
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, utilising scientific, clinical, commercial and regulatory benchmarks. Additionally, the Investment Manager's process includes assessing the likely attitudes 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

8 Imposition of pricing controls for clinical products and services — Stable

Risk description	Risk control measure	Profile
Portfolio company products may be subject to price controls, price gouging claims, and other pricing regulation in the US and other major markets. Government healthcare systems may be 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

Risk description	Risk control measure	Profile

External Risks (continued)

9 Inflation — ⟷ Stable

Risk description	Risk control measure	Profile
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 declines in the share prices of technology firms without current earnings as the cost of capital increased following a series of rapid increases in interest rates by central banks.	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 increases 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

Emerging Risks

10 Availability of capital — ↓ Reducing

Risk description	Risk control measure	Profile
Funding for smaller public companies is scarce. The IPO market is at its lowest level in a decade and follow-on offerings remain below average. With a near record number of companies trading at less than 1x their cash balances, the market appears to believe that not all companies will survive.	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 reviews the financing status of the Group's private portfolio with the Investment Manager at least twice each year. Less than 3% of the Group's NAV is exposed to companies that will need refinancing within the next 12 months and most of these companies have re-financing plans in place. The acquisition of Arix and the successful sale of Prometheus Biosciences has added significant working capital to the Group, which has further mitigated this risk.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support

11 Sustainability reporting — ⟷ Stable

Risk description	Risk control measure	Profile
Sustainability reporting standards are evolving rapidly and investors may require more detailed sustainability disclosures to maintain or add new positions in our shares.	The Board monitors sustainability reporting standards and is advised by the Group's service providers, including an external sustainability consultant. The Group has adopted a responsible investment policy in the current year to formalise its long-standing social investment objective and approach and also appointed a Sustainability Committee to provide oversight and advice in relation to the Company's responsible investment strategy.	**Strategic link** 1 Identify 2 Engage 3 Build 4 Support

12 Liquidity risk — ⟷ Stable

Risk description	Risk control measure	Profile
Many investees are not yet at the stage in their life cycle where they are cash-generative and enjoy stable, predictable free cash-flow. They have typically raised significant amounts of cash which are held in bank deposits and liquid securities to meet operational requirements until their next planned capital raising round or IPO. 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 capital and suffer a consequent liquidity crisis threatening their ability to continue planned development.	The Investment Manager closely monitors counterparty exposures in its portfolio companies. Exposures to bank failures have been minimal. 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 50, 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 40% of NAV over a three-year period ending 28 February 2027.

(2) No new capital was raised.

(3) US$154 million of private investments were funded from cash and by selling public portfolio investments over the three-year period ending 28 February 2027.

To provide some context for this scenario the worst-case annual losses for the NASDAQ Biotech Index (NBI) in the last 10 years were 8.9% in 2018 and 21.4% in 2016 respectively. The Group's three-year loss scenario exceeds the cumulative impact of both of these worst-case years of 40.4% spread over three years. The annualised volatility of the NBI index for the last 10 years is 25.3% and the index has an annualised return of 6.9% for this period. An annual loss of 40% or more would represent a 1.86 standard deviation loss and is only likely to occur every thirty-two years if the index returns are normally distributed. Considering this context, a cumulative loss of between 36% and 40% is therefore assumed to be a reasonable stress test.

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 2027. 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 March 2027. 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 2027.

On behalf of the Board

William Simpson
Chair
27 March 2024

Close collaborators and committed partners

The AIC Code requires that the matters set out in Section 172 of the Companies Act 2006 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, to be most likely to promote the success of the Group for the benefit of all shareholders. In doing so, they are also required to consider the broader implications of their decisions and the Group's operations on key stakeholders, 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.

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
- Regular access to Investment Manager commentary on portfolio decisions and outlook

METHODS OF ENGAGEMENT

The Group engages with its shareholders through the issuance of regular portfolio updates in the form of RNS announcements.

The Investment Manager hosts mid-year and year end webinars and Q&A sessions and in 2023 hosted its inaugural Capital Markets Day in London.

The Group provides in-depth commentary on the investment portfolio, corporate governance and corporate outlook in its Annual and Interim Reports and financial statements.

The Board receives quarterly feedback from its brokers and distribution partner in respect of investor engagement and investor sentiment.

In 2023 the Group appointed distribution and investor relations company Cadarn Capital to improve the flow of information to current and potential shareholders.

BENEFITS OF ENGAGEMENT

The Group enjoys a supportive shareholder base that understands the investment strategy as a result of our active programme of events and meetings.

The Group has built a large pool of potential investors to support its future growth.

Service providers

The Group works closely with a number of service providers (the Investment Manager, Administrator, Sub-Administrator, Corporate Secretary, auditor, third party valuation agents, corporate brokers, distribution partner, and other professional advisers).

The independence, quality and timeliness of their service provision is critical to the success of the Group.

METHODS OF ENGAGEMENT

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.

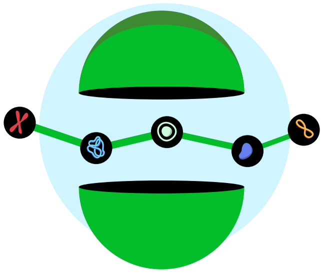
Furthermore, the Board and its sub-committees engage regularly with service providers on a formal and informal basis.

The Group regularly reviews all material contracts for service quality and value.

BENEFITS OF ENGAGEMENT

Feedback given by service providers is used to review the Group's policies and procedures, to ensure open lines of communication, and operational efficiency.

Performance reviews ensure the Board's confidence that the Group is being serviced and advised by high quality service providers. In 2023, the Group appointed Numis as corporate joint broker and Cadarn Capital as distribution partner.



Portfolio Companies

The Group is currently invested in 36 Core Portfolio Companies.

METHODS OF ENGAGEMENT

The Investment Manager engages on a regular basis with its portfolio companies in order to conduct on-going due diligence and to meet obligations if the Investment Manager holds a board seat.

BENEFITS OF ENGAGEMENT

Honesty, fairness and integrity of the management teams of the portfolio companies are vital to the long-term success of the Group's investments.

HM Government

METHODS OF ENGAGEMENT

The Group funds assets developed in UK academic and private sector laboratories, from conception to commercialisation.

BENEFITS OF ENGAGEMENT

By supporting the local biotech ecosystem in the country where the Group is listed, UK government policy initiatives are supported and promoted.

Community & environment

The Company does not have any direct employees and does not anticipate any material impact to its business model from climate change but aims to to be a good steward, in line with its socially-aligned investment objective.

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.

METHODS OF ENGAGEMENT

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.

BENEFITS OF ENGAGEMENT

Climate change impact

The Group and the Directors minimise air travel by making maximum use of video conferencing for Company related matters.

RTW Charitable Foundation

Acting and investing responsibly provides the necessary foundation for the long-term sustainability of investment success.

To research grant recipients, RTW Charitable Foundation offers financial support and guidance gleaned from the Investment Manager's experience in drug development and company building. The Foundation also offers support to humanitarian causes, initiatives that raise disease awareness, and programmes with direct local community impact, including days of action and youth mentorship.

Responsible Investment

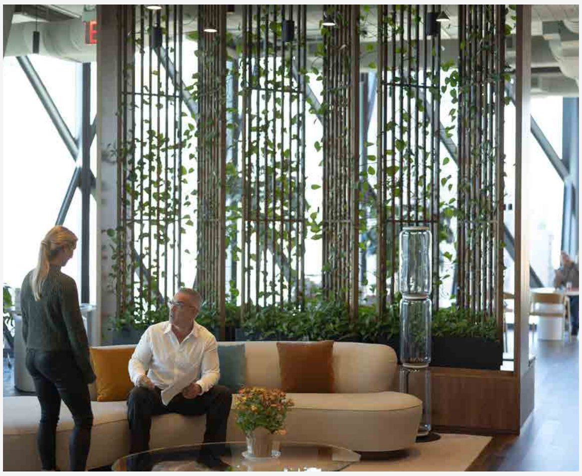
The Group aims to achieve positive absolute performance and superior long-term capital appreciation, focusing on forming, building, and supporting world-class life sciences, biopharmaceutical, and medical technology companies supporting their pursuit of superior pharmacological or medical therapeutic assets to enhance quality of life or extend patient life. The Investment Manager's team of scientists and researchers work tirelessly to evaluate the science behind thousands of treatments and potential cures for diseases and conditions in order to improve quality of life across the globe. As a guiding principle, they prioritise overall positive impact on patients and long-term meaningful outcomes to society and believe this is the foundation of the Group's success.

The Group's social investment objective directly aligns with Goal 3 of the UN Sustainable Development Goals ("SDG") whilst having regard to broader sustainability considerations.

As an investor in novel therapies, supporting biotech, medical device, and diagnostics development, the implementation of the above objective occurs in the context of environmental and social risks and opportunities specific to the sector.

The Group has adopted a Responsible Investment policy outlining the Investment Manager's approach to incorporating environmental and social characteristics into the investment process, on behalf of the Group. It was designed in line with guidance from the Principles of Responsible Investment and is built around the pillars of Governance, Strategy, Risk Management, and Metrics, which are the pillars of the Taskforce on Climate-related Financial Disclosures and the International Sustainability Standards Board. The Board has established a Sustainability Committee to oversee the Investment Manager's implementation of the policy.

RTW headquarters ▶



▼ UN SDG goal 3

As a long-term investor, the Group (via the Investment Manager) seeks to meet regularly with the management teams of portfolio companies. This approach fosters long-term relationships with company management teams. This ongoing dialogue enables open discussions on issues that could affect long-term returns. Management may be engaged on a variety of issues, including sustainability matters that present a potential material risk or an opportunity for the Group.

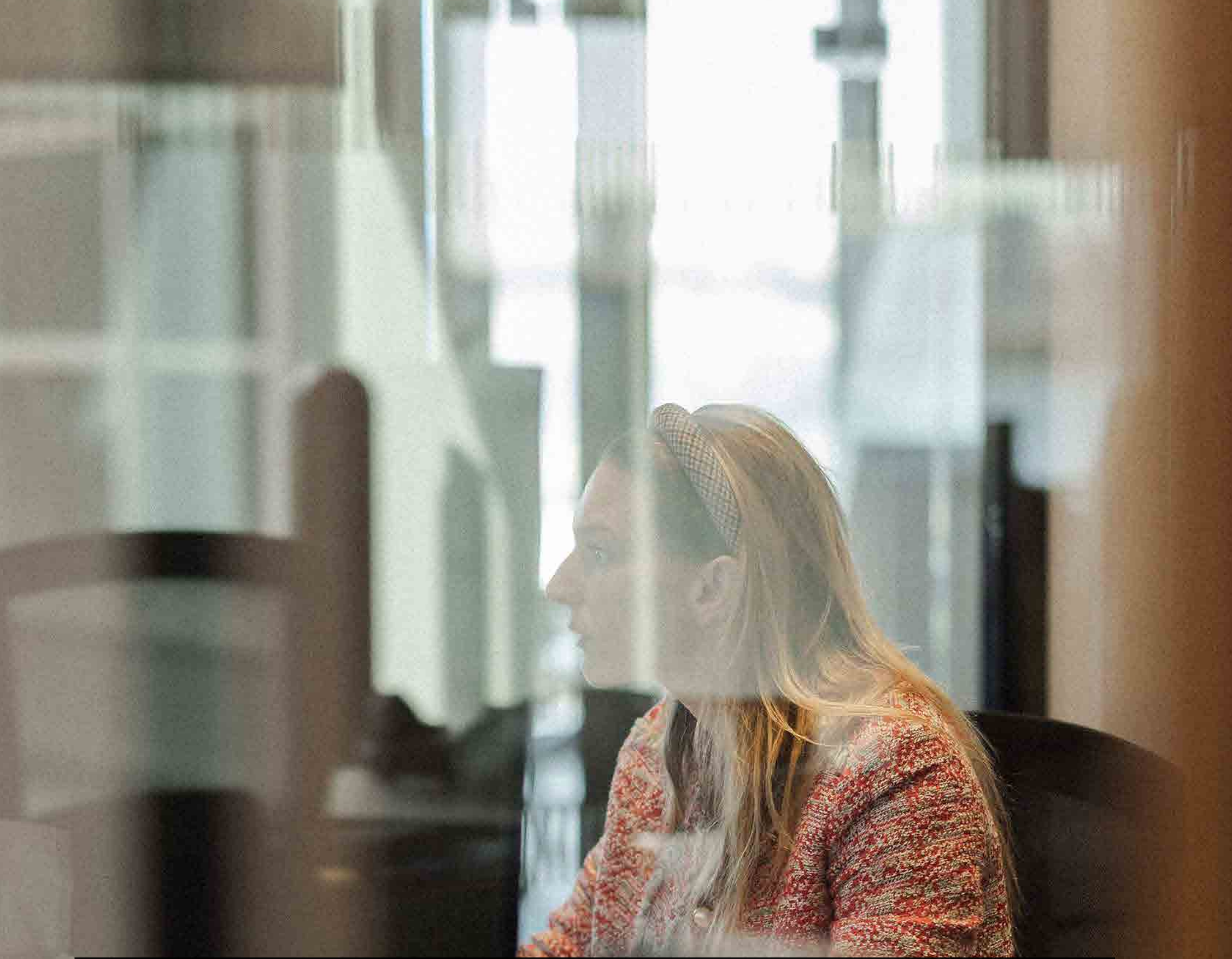
The Group adopts a positive screening methodology, implemented by the Investment Manager. At the origination stage, potential investments are thematically screened to ensure they align with the sustainable investment objective and adopted strategy.

Monitoring is also in place such that the Company can understand the core portfolio's sustainability impact periodically and inform the engagement strategy to address it.

The core portfolio of investments typically makes use of outsourced providers (such as contract research organisations), as this reduces the scale of physical presence (e.g., laboratory space). The direct use of natural resources is therefore limited.

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 always to 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.



Governance Report

The Board has overall responsibility for maximising the Group'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 Group and also ensuring the protection of investors.

02 // GOVERNANCE REPORT

Our collective power builds success around brilliant ideas

William Simpson
Chair and Independent Non-Executive Director

Resident	Guernsey, British Isles
Appointed	2 October 2019
Committees	Chair of the Management Engagement Committee Chair of the Sustainability Committee Member of the Audit Committee Member of the Nomination Committee Member of the Remuneration Committee
Board meetings attended	12/12
Roles and responsibilities	William Simpson is the Chair 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
Independent Non-Executive Director

Resident	Guernsey, British Isles
Appointed	2 October 2019
Committees	Chair of the Audit Committee Member of the Nomination Committee Member of the Remuneration Committee Member of the Management Engagement Committee Member of the Sustainability Committee
Board meetings attended	12/12
Roles and responsibilities	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 was formerly Audit Committee Chair of Bluefield Solar Income Fund Limited, UK Mortgages Limited, Thames River Multi Hedge PCC Limited and Cazenove Absolute Equity Limited. Mr. Le Page has 20 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. Mr Le Page is a director of two other LSE premium-listed companies NextEnergy Solar Fund Limited and TwentyFour Income Fund Limited.

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
Member of the Sustainability Committee

12/12

William Scott has served continuously as an independent non-executive director of a number of London-listed investment companies and funds for over 20 years and has been involved in the sector more widely for 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 Worsley Investors Limited, which is listed on the Premium Segment of the London Stock Exchange.

Stephanie Sirota

Non-Executive Director

Non-UK resident

2 October 2019

Member of the Sustainability Committee

8/12

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 is a member of the New York Philharmonic Advisory Counsel and serves as President of RTW Charitable Foundation.

Report of the Directors

The Directors hereby submit the annual report and audited consolidated financial statements for the Group for the year ended 31 December 2023.

Chair's Statement
page 08

Investment Manager's Report
page 10

More on results for the year
page 65

Section 172
page 38

Principal activities

Further information on the principal activities of the Group can be found on pages 06 to 07.

Change of name

On 22 June 2023, the Company changed its name from RTW Venture Fund Limited to RTW Biotech Opportunities Ltd. The Board believes that this name better places it amongst its listed healthcare and biotech investment company peers and more accurately reflects the Group's full life cycle approach to biotech investing, as a partner that can invest in both the private and public domains and across the capital structure with the flexibility to focus on where the most attractive opportunities exist. The Subsidiary, RTW Biotech Opportunities Operating Ltd, also changed its name from RTW Venture Fund Operating Limited. Shareholders were unaffected by the change of name, and the Company's TDIMs, ISIN and SEDOLs all remained the same.

Business review

On 1 November 2023, the Company announced it had made a bid to acquire Arix Bioscience plc's assets. On 29 January 2024, the shareholders of Arix voted to accept the offer, with 92.22% of votes cast voting in favour, and the acquisition completed on 13 February 2024. Further details are provided on page 09.

A review of the Group's business and its likely future development is provided in the Chair's Statement on pages 08 to 09. The underlying investments of the Group are reviewed in the Investment Manager's Report on pages 10 to 23.

Results and distributions

The results of the Group for the year are shown in the audited consolidated statement of operations on page 76.

The Net Asset Value of the Group as at 31 December 2023 was US$429.0 million (2022: US$347.9 million).

For the year ended 31 December 2023, the Group recorded a net total return based on NAV per Ordinary Share of +23.5 per cent (2022: -10.2 per cent).

No dividends were paid during the years ended 31 December 2023 and 31 December 2022. The Company does not anticipate paying any dividends on its Ordinary Shares, as it intends generally 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.

During the year ended 31 December 2023, the Company bought back 1,753,791 Ordinary Shares at an average price of US$1.19 for a total cost of US$2,093,411, including transaction costs of $4,178. At the date of approval of these consolidated financial statements, all 1,753,791 of the Ordinary Shares were held as treasury shares (31 December 2022: nil).

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 the Group'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 2023, the Company's issued share capital was 212,389,138 Ordinary Shares (2022: 212,389,138 Ordinary Shares and 1 Performance Allocation Share), of which 1,753,791 Ordinary Shares were held in treasury (2022: no shares held in treasury). Therefore, the total number of voting rights in the Company as at 31 December 2023 was 210,635,347 (2022: 212,389,138).

On 13 February 2024, 181,901,165 new Ordinary Shares were issued to satisfy the acquisition of the Arix assets, of which 48,322,863 were issued to the Subsidiary in respect of its shareholding in Arix. Approval to cancel those Ordinary Shares issued to the Subsidiary will be sought at the Company's 16 May 2024 AGM. In addition, the Company bought back 5,550,000 Ordinary Shares from 1 January 2024 to 26 March 2024, and 394,290,303 Ordinary Shares were in issue, of which 7,303,791 were held in Treasury, at the time of signing this Annual Report.

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 2023. At the AGM scheduled to take place on 16 May 2024, 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. At 31 December 2023, 1,753,791 Ordinary Shares were held in treasury, representing 0.83 per cent of the issued share capital (2022: no shares held as treasury).

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 Chair 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 (https://www.rtwfunds.com/rtw-biotech-opportunities-ltd), 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 16 May 2024 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 Chair and the Audit Committee Chair, will be in attendance at the AGM and will be available to answer shareholder questions.

Details of voting rights
page 95

Principal and Emerging Risks and Uncertainties
page 34

Longer Term Viability Statement
page 37

Major shareholders

As at 31 December 2023 and 26 March 2024, 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:

	31 December 2023			26 March 2024		
Shareholder	Shareholding (Ordinary Shares)	% Holding	Nature of Holding	Shareholding (Ordinary Shares)	% Holding[1]	Nature of Holding
Bluestem Partners, LP	34,093,156	16.19%	Direct	34,093,156	8.81%	Direct
Roderick Wong	29,693,872	14.10%	Indirect	29,693,872	7.67%	Indirect
Ducasse Group Limited	18,361,456	8.72%	Direct		<5%	

1 The percentage shareholdings have been diluted following the issue of 181,901,165 new Ordinary Shares on 13 February 2024 to satisfy the acquisition of the Arix assets.

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

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.

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

The Group has appointed Elysium Fund Management Limited to undertake the administration, corporate secretarial, corporate governance and compliance services. Morgan Stanley Fund Services USA LLC has been appointed to serve as the Group's Sub-Administrator.

Corporate Brokers

BofA Securities and Numis Securities have been appointed as joint corporate brokers and financial advisers to the Group on 11 February 2022 and 5 April 2023 respectively.

Distribution Partner

In order to increase the liquidity of the Company's Ordinary Shares and to improve communication with shareholders, on 17 April 2023, Cadarn Capital was appointed as distribution partner 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 (https://www.rtwfunds.com/rtw-biotech-opportunities-ltd) 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 Group'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
Chair
27 March 2024

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 would comply 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, https://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 Chair 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 cognisant of the FCA's target to have 40% of board positions held by women and notes that it currently only achieves 25% female representation. Considering the increase in scale achieved by the Arix acquisition, the Board believes it an appropriate time to recruit an additional independent Director with relevant industry expertise and is in the process of reviewing potential candidates. Both gender and ethnic diversity factors will be considered by the Board when making any new appointments or replacing current Board members (see the Directors' Remuneration Report on page 53).

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 on page 53).

The Directors of the Company at the date of this report are William Simpson (Chair of the Board, Chair of the Management Engagement Committee and Chair of the Sustainability Committee), Paul Le Page (Chair of the 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 page 42 to 43.

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, Nomination and Remuneration Committee and Sustainability 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.

Biographies of Directors **page 42**

Directors' Remuneration Report **page 53**

The roles and responsibilities of the Committees are set out in the terms of reference and are summarised below.

Items are discussed and, as appropriate, matters are endorsed, approved or recommended to the Board by the Committees. The chair 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 https://www.rtwfunds.com/rtw-biotech-opportunities-ltd. Further information on the Audit Committee is included in the Report of the Audit Committee on pages 56 to 59.

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 https://www.rtwfunds.com/rtw-biotech-opportunities-ltd.

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 https://www.rtwfunds.com/rtw-biotech-opportunities-ltd.

Further information of the Nomination and Remuneration Committee, Board diversity and Directors' remuneration are provided in the Directors' Remuneration Report on pages 53 to 55.

Sustainability Committee

During the year, the Board considered it appropriate to form a Sustainability Committee to consider responsible investing, ESG matters and reporting, and regulatory updates, amongst other things. On 6 June 2023, Terra Instinct was appointed to advise the Group with respect to ESG matters. The Sustainability Committee is chaired by William Simpson.

A summary of the Group's approach to environmental and social matters is provided in Responsible Investment on page 40.

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	12/12	7/7	1/1	1/1
Paul Le Page	12/12	7/7	1/1	1/1
William Scott	12/12	7/7	1/1	1/1
Stephanie Sirota [2]	8/12	n/a	n/a	n/a

(1) Two ad hoc Board meetings that were held in the year have not been included in this total. All of the Directors attended the two ad hoc Board meetings in the year.
(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 most meetings held during the year. Due to the matter to be discussed at one Board meeting during the year, Ms Sirota recused herself from attending that meeting.

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 Chair 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 has concluded that William Simpson, Paul Le Page, and William Scott remain independent under provision 10 of the AIC Code. The Board considers Messrs Simpson, Le Page and Scott as independent of each other and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The Board when taken as a whole is independent of the Investment Manager. Ms Sirota is a Board representative of the Investment Manager and is therefore not considered independent.

The Chair 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 its subsidiaries) for which the Investment Manager provides services.

Duties and responsibilities

The Board has overall responsibility for maximising the Group'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 Group 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 Group.

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 Statement of Directors' Responsibilities on page 52. 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.

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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 ("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 and (with effect from 8 January 2024) Belgium.

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 Company and its Subsidiary are closed-ended investment companies 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
Chair
27 March 2024

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 (https://www.rtwfunds.com/rtw-biotech-opportunities-ltd). 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 27 March 2024 and was signed on behalf of the Board.

On behalf of the Board

William Simpson
Chair
27 March 2024

Paul Le Page
Director
27 March 20244

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

The Director's biographies can be found on page 42 to 43. 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, the Board is cognisant of the FCA's target to have 40% of board positions held by women and notes that it currently only achieves 25% female representation. Both gender and ethnic diversity factors will be considered by the Board when making any new appointments or replacing current Board members.

The future growth of the Board will be linked to the growth of the Group's shareholder base as the Board has been mindful of the need to manage the Group's fixed costs whilst it was relatively small. The Board believes the current Board members have the appropriate qualifications, experience and expertise to manage the Group. However, following the enlargement of the Group in 2024 with the Arix deal, the Board considers that the Group could benefit from the appointment of an additional Board member with the appropriate skills, knowledge and experience, and has begun the search for a new Director.

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 Chair 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 Chair, 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 Chair 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 **page 42**

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 Chair (or, if the Chair is taking on the external directorship, the Chair 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 Chair'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 (or the applicable currency equivalent thereof). 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. The Board believes that the Fee Cap of US$500,000 provides appropriate headroom to accommodate any future market-based adjustments to Directors' fees and increases to the size and composition of the Board and ensures that the Group maintains the ability to pay competitive fees and attract and retain high calibre Directors. The Board does not expect to utilise the full amount of the proposed Fee Cap in the short to medium term and has not to date made any changes to remuneration levels of any Director. The Board benchmarks against comparable investment companies to ensure that any future 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.

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 2023 the US Dollar equivalent of Directors' remuneration that was paid was as follows:

	31 December 2023 (US$)	31 December 2022 (US$)
William Simpson	62,121	53,889
Paul Le Page	49,697	43,111
William Scott	43,485	37,722
Stephanie Sirota	42,000	42,000
Total	**197,303**	**176,722**

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 table on page 54) 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 2023 are detailed below:

	Number of Shares			% Holding	% Holding	% Holding
Director	26 March 2024	31 December 2023	31 December 2022	26 March 2024	31 December 2023	31 December 2022
William Simpson	200,000	200,000	200,000	0.05%	0.09%	0.09%
Paul Le Page	128,000	128,000	128,000	0.03%	0.06%	0.06%
William Scott	400,000	350,000	305,003	0.10%	0.17%	0.14%
Stephanie Sirota	1,010,000	1,010,000	1,010,000	0.26%	0.48%	0.48%

On behalf of the Board

William Scott
Chair of the Nomination and Remuneration Committee
27 March 2024

Report of the Audit Committee

Paul Le Page
Independent
Non-Executive Director
Chair of the Audit Committee

"I present the Audit Committee's report for financial year ended 31 December 2023, setting forth the Audit Committee's structure, duties, and activities during the reporting period."

Member	Meetings attended
Paul Le Page Independent Non-Executive Director	7/7
William Simpson Chair and Independent Non-Executive Director	7/7
William Scott Independent Non-Executive Director	7/7

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 Chair of the Board 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 of the Committee is a chartered accountant.

The performance of the Chair 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 Chair 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 2023 (2022: 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.

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Directors' responsibilities **page 52**

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 2023 was US$367.6 million (2022: US$350.1 million), of which US$123.9 million (2022: US$85.9 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 and approved by the Board. 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 in attendance at an Audit Committee meeting held on 6 February 2024, and the Independent Valuers, as appointed by the Investment Manager, carry out valuations 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.

Please see Private Portfolio Valuations and Cash Runway Analysis Information on page 20 for information on the valuation of private company investments.

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 and was used to form the basis of the Company's principal and emerging risk disclosures in the Strategic Report on pages 34 to 36.

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 Chair of the Audit Committee in order that the Chair 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 requires the consent of the Audit Committee before being initiated.

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

	2023	2022
Audit fee	GBP 191,000	GBP 246,300
Review of interim financial statements	GBP 50,300	GBP 46,575
Other non-audit services(1)	GBP 82,800	–
Total	GBP 324,100	GBP 292,875

(1) During the year ended 31 December 2023, KPMG charged fees of GBP 82,800 in respect of its work on the Arix deal. These services were preapproved by the Audit Committee and work was performed by a separate team within KPMG from those working on the Group's audit.

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.

In addition, a KPMG member firm was paid EUR12,750 for the audit of 4010 Royalty Offshore FNT Fund, LP.

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. 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 2024.

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 approve the Statement of Directors' Responsibilities on page 52.

Key activities of the Audit Committee

During the year, the Audit Committee worked with the Investment Manager to simplify the Group's financial reporting and to provide enhanced disclosures on the Group's valuation procedures. The Committee was pleased to note the implementation of a revised pricing model, which it had requested for the Group's audit, that shared the costs of auditing commonly held positions across multiple RTW entities. The Committee also reviewed the impact of a revised fee structure that compensated the Group's administrator for the additional work associated with their oversight of the Group's financial reporting process. The Committee also reviewed the reports prepared by KPMG's corporate finance team in connection with the issue of a new prospectus to support the Arix acquisition. In addition to these activities, in February 2024, the Committee held video conference calls with the Group's two valuation service providers during the year end reporting process to satisfy itself on their capabilities in the biotech sector.

On behalf of the Audit Committee,

Paul Le Page
Chair of the Audit Committee
27 March 2024

Consolidated Financial Statements

03 // CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report to the Members of RTW Biotech Opportunities Ltd

Our opinion is unmodified

We have audited the consolidated financial statements of RTW Biotech Opportunities Ltd (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 2023, 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 2023, 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 2022):

	The risk	Our response
Valuation of investments in securities, at fair value $367,611,231; (2022: $350,125,577) Refer to the Report of the Audit Committee on pages 56 to 59, the Consolidated Condensed Schedule of Investments as at 31 December 2023 on pages 66 to 70, 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 (2023: 86%; 2022: 101%). The investment portfolio is composed of publicly quoted and private unquoted life science investments (together the "Investments"). Publicly quoted life science investments, representing 66.3% of the fair value of Investments, are valued using third party data sources. Private unquoted life science investments, representing 33.7% 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:** **Publicly quoted life science investments** For a value driven selection of the publicly quoted life science investments, we independently priced 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; • Assessed the appropriateness of the valuation methodology used to estimate fair value; • 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 private investment company life science investments we obtained independent confirmation, from the administrator of those private investment companies, 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 those private investment companies 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 $8.6m, determined with reference to a benchmark of group net assets of $429.0m, of which it represents approximately 2.0% (2022: 2.0%).

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% (2022: 75%) of materiality for the consolidated financial statements as a whole, which equates to $6.4m. 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 $0.43m, 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 Company's financial forecasts.

We considered whether the going concern disclosure in note 1 to the 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 52, 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.

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

27 March 2024

Consolidated Statement of Assets and Liabilities as at 31 December 2023 and 31 December 2022

(Expressed in United States Dollars)

	2023	2022
ASSETS:		
Investments in securities, at fair value (cost at 31 December 2023: $244,056,637; 31 December 2022: $259,472,596)	367,611,231	350,125,577
Derivative contracts, at fair value (cost at 31 December 2023: $6,271,193; 31 December 2022: $2,614,659)	15,463,820	21,467,649
Cash and cash equivalents	2,721,553	6,966,168
Due from brokers	57,887,214	22,195,456
Receivable from unsettled trades	–	439,798
Other assets	2,550,609	345,750
TOTAL ASSETS	**446,234,427**	**401,540,398**
LIABILITIES:		
Securities sold short, at fair value (proceeds at 31 December 2023: $1,399,242; 31 December 2022: $15,407,927)	1,197,921	12,438,334
Derivative contracts, at fair value (proceeds at 31 December 2023: $nil; 31 December 2022: $nil)	8,390,327	8,926,743
Due to brokers	5,329,681	25,823,016
Payable for unsettled trades	–	5,561,560
Accrued expenses	2,293,541	866,756
TOTAL LIABILITIES	**17,211,470**	**53,616,409**
TOTAL NET ASSETS	**429,022,957**	**347,923,989**
NET ASSETS attributable to Ordinary Shares (31 December 2023: 210,635,347; 31 December 2022: 212,389,138)	**399,283,811**	**326,079,521**
NET ASSETS attributable to Non-Controlling Interest	**29,739,146**	**21,844,468**
NAV per Ordinary Share	**1.8956**	**1.5353**

The audited consolidated financial statements of the Group were approved and authorised for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:

William Simpson
Chair

Paul Le Page
Director

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments as at 31 December 2023
(Expressed in United States Dollars)

Descriptions	Number of Shares	Cost	Fair Value	Percentage of Net Assets
Investments in securities, at fair value				
Common stocks				
United States				
Healthcare				
Rocket Pharmaceuticals, Inc.	2,400,755	8,188,796	71,950,627	16.77
Others*		87,817,542	121,224,790	28.26
Total United States		**96,006,338**	**193,175,417**	**45.03**
Netherlands				
Healthcare		5,570,915	6,878,343	1.60
Ireland				
Healthcare		6,090,973	3,974,203	0.93
China				
Healthcare				
Ji Xing Pharmaceuticals Ltd.	541,205	216,482	798,382	0.19
Others*		402,213	677,342	0.16
Total China		**618,695**	**1,475,724**	**0.35**
Canada				
Healthcare		2,953,012	646,323	0.15
British Virgin Islands				
Healthcare		776,929	477,179	0.11
Cayman Islands				
Financials		46,790	51,001	0.01
Total common stocks		**112,063,652**	**206,678,190**	**48.18**
Convertible preferred stocks				
China				
Healthcare				
Ji Xing Pharmaceuticals Ltd.	14,177,776	25,664,114	33,052,656	7.70
Others*		4,110,584	4,168,056	0.97
Total China		**29,774,698**	**37,220,712**	**8.67**
United States				
Healthcare*		40,654,612	36,321,860	8.47
Ireland				
Healthcare		1,093,042	1,854,238	0.43

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

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued) as at 31 December 2023

(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				
Switzerland				
Healthcare		1,729,518	1,723,249	0.40
United Kingdom				
Healthcare		774,317	760,071	0.18
Total convertible preferred stocks		**74,026,187**	**77,880,130**	**18.15**
Investment in private investment companies				
Cayman Islands				
Healthcare				
4010 Royalty Offshore FNT Fund, LP		23,892,852	25,982,258	6.06
Ireland				
Healthcare		11,814,933	15,873,635	3.70
Total investment in private investment companies		**35,707,785**	**41,855,893**	**9.76**
American depository receipts				
United Kingdom				
Healthcare				
Immunocore Holdings plc	462,249	11,872,691	31,580,852	7.36
Netherlands				
Healthcare		1,331,626	1,434,221	0.33
Ireland				
Healthcare		161,953	198,555	0.05
Total American depository receipts		**13,366,270**	**33,213,628**	**7.74**

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued)
as at 31 December 2023
(Expressed in United States Dollars)

Descriptions	Number of Shares	Cost	Fair Value	Percentage of Net Assets
Investments in securities, at fair value (continued)				
Convertible notes				
Canada				
Healthcare		7,512,664	7,566,259	1.76
United States				
Healthcare		1,380,079	417,131	0.10
Total convertible notes		**8,892,743**	**7,983,390**	**1.86**
Total investments in securities, at fair value		**244,056,637**	**367,611,231**	**85.69**

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued)
as at 31 December 2023
(Expressed in United States Dollars)

Descriptions	Number of contracts	Cost	Fair Value	Percentage of Net Assets
Derivative contracts – assets, at fair value				
Equity swaps				
United States				
Healthcare			7,185,030	1.67
United Kingdom				
Healthcare				
Immunocore Holdings plc	12,498		280,979	0.07
British Virgin Islands				
Healthcare			9,793	0.00
Total equity swaps			**7,475,802**	**1.74**
Warrants				
United States				
Healthcare				
Rocket Pharmaceuticals, Inc.	170,764	2,565,561	4,800,495	1.12
Others*		1,242,926	1,764,580	0.41
Total United States		**3,808,487**	**6,565,075**	**1.53**
Canada				
Healthcare		2,462,706	881,237	0.21
Total warrants		**6,271,193**	**7,446,312**	**1.74**
Contingent value rights				
United States				
Healthcare			541,706	0.13
Total contingent value rights			**541,706**	**0.13**
Total derivative contracts – assets, at fair value		**6,271,193**	**15,463,820**	**3.61**

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

See accompanying notes to the consolidated financial statements.

Consolidated Condensed Schedule of Investments (continued)
as at 31 December 2023
(Expressed in United States Dollars)

Descriptions	Proceeds	Fair Value	Percentage of Net Assets
Securities sold short, at fair value			
Common stocks			
United States			
Healthcare	1,353,107	1,146,920	0.28
Cayman Islands			
Financials	46,135	51,001	0.01
Total common stocks	**1,399,242**	**1,197,921**	**0.29**
Total securities sold short, at fair value	**1,399,242**	**1,197,921**	**0.29**

Descriptions	Fair Value	Percentage of Net Assets
Derivative contracts – liabilities, at fair value		
Equity swaps		
United States		
Healthcare	8,390,327	1.96
Total United States	**8,390,327**	**1.96**
Total derivative contracts – liabilities, at fair value	**8,390,327**	**1.96**

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 per cent 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 per cent 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 Statement of Operations
For the year ended 31 December 2023 and 31 December 2022
(Expressed in United States Dollars)

	2023	2022
Investment income		
Interest (net of withholding taxes of $nil; 31 December 2022: $nil)	2,419,117	635,860
Dividends (net of withholding taxes of $2,537; 31 December 2022: $123,149)	571,473	332,103
Other	1,179,964	1,199,296
Total investment income	**4,170,554**	**2,167,259**
Expenses		
Management fees	4,269,757	3,751,464
Interest	1,560,429	779,988
Professional fees	749,328	1,008,629
Administrative fees	673,422	312,003
Research costs	474,511	742,738
Audit fees	341,500	329,557
Directors' fees	177,011	176,722
Other expenses	687,805	357,429
Total expenses	**8,933,763**	**7,458,530**
Net investment income/(loss)	**(4,763,209)**	**(5,291,271)**
Realised and change in unrealised gain/(loss) on investments, derivatives and foreign currency transactions		
Net realised gain/(loss) on securities and foreign currency transactions	69,546,080	8,357,014
Net change in unrealised gain/(loss) on securities and foreign currency translation	29,962,442	(44,355,779)
Net realised gain/(loss) on derivative contracts	(2,428,987)	(2,748,269)
Net change in unrealised gain/(loss) on derivative contracts	(9,123,947)	4,601,568
Net realised and unrealised gain/(loss) on investments, derivatives and foreign currency transactions	**87,955,588**	**(34,145,466)**
Net increase/(decrease) in net assets resulting from operations	**83,192,379**	**(39,436,737)**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Assets
For the year ended 31 December 2023
(Expressed in United States Dollars)

	Ordinary Share Class	Non-Controlling Interest
Net assets, beginning of year	**326,079,521**	**21,844,468**
Operations		
Net investment income/(loss)	(4,763,209)	–
Net realised gain/(loss) on securities and foreign currency transactions	69,546,080	–
Net change in unrealised gain/(loss) on securities and foreign currency translation	29,962,442	–
Net realised gain/(loss) on derivative contracts	(2,428,987)	–
Net change in unrealised gain/(loss) on derivative contracts	(9,123,947)	–
Income/(loss) attributable to Non-Controlling Interest	(7,894,678)	7,894,678
Net change in net assets resulting from operations	**75,297,701**	**7,894,678**
Share buyback (Gross of $4,178 transaction costs; 31 December 2022: $nil) (Note 9)	**(2,093,411)**	**–**
Net assets, end of year	**399,283,811**	**29,739,146**

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 Cash Flows
For the year ended 31 December 2023 and 31 December 2022
(Expressed in United States Dollars)

	2023	2022
Cash flows from operating activities		
Net increase/(decrease) in net assets resulting from operations	83,192,379	(39,436,737)
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	(69,546,080)	(8,357,014)
Net change in unrealised (gain)/loss on securities and foreign currency translation	(29,962,442)	44,355,779
Net realised (gain)/loss on derivative contracts	2,428,987	2,748,269
Net change in unrealised (gain)/loss on derivative contracts	9,123,947	(4,601,568)
Effect of exchange rate changes on cash and cash equivalents	(80,371)	149,875
Purchases of investments in securities	(147,986,641)	(116,361,329)
Proceeds from sales of investments in securities	203,554,346	127,814,762
Proceeds from securities sold short	27,233,184	27,488,465
Payments for securities sold short	(11,938,063)	(12,916,667)
Proceeds from derivative contracts	15,512,690	1,971,402
Payments for derivative contracts	(21,598,211)	(4,986,268)
Changes in operating assets and liabilities:		
Other assets	(2,204,859)	(154,185)
(Receivable from)/payable for unsettled trades	(5,121,762)	4,830,450
Due to brokers	(20,493,335)	(12,196,843)
Accrued expenses	1,426,785	5,211
Net cash provided by/(used in) operating activities	**33,540,554**	**10,353,602**
Cash flows from financing activities		
Share buyback	(2,093,411)	–
Net cash provided by/(used in) financing activities	**(2,093,411)**	**–**
Net change in cash and cash equivalents	31,447,143	10,353,602
Cash, cash equivalents, and restricted cash, beginning of the year	**29,161,624**	**18,808,022**
Cash, cash equivalents, and restricted cash, end of the year	**60,608,767**	**29,161,624**
At 31 December, the amounts categorised in cash, cash equivalents, and restricted cash include the following:		
Cash and cash equivalents	2,721,553	6,966,168
Due from brokers	57,887,214	22,195,456
Total	**60,608,767**	**29,161,624**
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	1,620,709	724,317

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023
(Expressed in United States Dollars)

1. Nature of operations and summary of significant accounting policies

RTW Biotech Opportunities Ltd, formerly known as 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 22 June 2023, the Company changed its name from "RTW Venture Fund Limited" to "RTW Biotech Opportunities Ltd."

In 2022, the Company has transferred its right to the profits and losses attributable to the Group's portfolio of assets to its wholly owned subsidiary, RTW Biotech Opportunities Operating Ltd (the "Subsidiary"). All the income and expenses of the Subsidiary are consolidated with the income and expenses of the Group. On 14 July 2023, the Subsidiary changed its name from "RTW Venture Fund Operating Limited" to "RTW Biotech Opportunities Operating Ltd".

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 consider 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 LLC, holds an interest in the Subsidiary. The Non-Controlling Interest captures both Performance Allocation and mark to market movements on the New Performance Allocation Share held by RTW Venture Performance LLC in the Subsidiary. For the year ended 31 December 2023, $5,137,836 of the income attributable to the Non-Controlling Interest was comprised of mark to market movements of Notional Ordinary Shares (31 December 2022: $1,883,515), with $2,756,842 of the income related to an allocation of uncrystallized performance allocation from Ordinary Shareholders to the Performance Allocation Share Class (31 December 2022: $nil).

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 2023 and 31 December 2022, 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.

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

Fair value – definition and hierarchy (continued)

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.

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 categorised 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.

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 Independent Valuers to challenge their assessed fair value on certain unlisted investments. The Investment Manager's unlisted investment valuation policy applies 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. A combination of the valuation techniques mentioned may also be utilised. 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. Where appropriate, a probability-weighted expected return method ("PWERM") may be employed when different potential outcomes (e.g. IPO, round of financing, stay private, dissolution, etc.) are utilised to derive the value of investments held.

The market approach utilises 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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023
(Expressed in United States Dollars)

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

Fair value – valuation techniques and inputs (continued)

Investments in securities and securities sold short (continued)

Unlisted investments (continued)

The income approach utilises 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.

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 2023, 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 2023, 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. Such securities traded on inactive markets or valued by reference to similar instruments or where a discount may be applied are generally categorised in Level 2. 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.

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.

Contingent value rights

Contingent value rights that are not traded on an organized facility are valued using a market approach or such other analysis and information as the Group may determine.

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

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 third-party valuation firms, the Independent Valuers, 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.

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 2023, the Group had cash collateral receivables of $23,793,429 (31 December 2022: $16,384,706) (see Note 3) with derivative counterparties under the same master netting arrangement.

Income taxes

The Company and Subsidiary are exempt from taxation in Guernsey and were each charged an annual exemption fee of GBP1,200, which has increased to GBP1,600 per annum with effect from 1 January 2024. 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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023
(Expressed in United States Dollars)

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

Income taxes (continued)

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 the Subsidiary 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 2023 or 31 December 2022.

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 15 December 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 has chosen to early adopt ASU 2022-03 as of 1 January 2023.

At 31 December 2023, the fair value of the equity securities subject to contractual sale restrictions is $30,232,777. In accordance with ASU 2022-03, the fair value of these securities was not adjusted to reflect the contractual sale restrictions.

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 2023:

	Level 1	Level 2	Level 3	Investments measured at net asset value*	Total
Assets (at fair value)					
Investments in securities					
Common stocks	204,773,131	1,000,720	904,339	–	206,678,190
Convertible preferred stocks	1,854,238	2,836,628	73,189,264	–	77,880,130
Investment in private investment companies	–	–	–	41,855,893	41,855,893
American depository receipts	33,213,628	–	–	–	33,213,628
Convertible notes	–	–	7,983,390	–	7,983,390
Total investments in securities	**239,840,997**	**3,837,348**	**82,076,993**	**41,855,893**	**367,611,231**
Derivative contracts					
Equity swaps	–	7,475,802	–	–	7,475,802
Warrants	5,247	6,743,593	697,472	–	7,446,312
Contingent value rights	–	–	541,706	–	541,706
Total derivative contracts	**5,247**	**14,219,395**	**1,239,178**	**–**	**15,463,820**
	239,846,244	**18,056,743**	**83,316,171**	**41,855,893**	**383,075,051**
Liabilities (at fair value)					
Securities sold short					
Common stocks	1,146,920	51,001	–	–	1,197,921
Total securities sold short	**1,146,920**	**51,001**	**–**	**–**	**1,197,921**
Derivative contracts					
Equity swaps	–	8,390,327	–	–	8,390,327
Total derivative contracts	**–**	**8,390,327**	**–**	**–**	**8,390,327**
	1,146,920	**8,441,328**	**–**	**–**	**9,588,248**

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

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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 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.

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 2023, the Group had net transfers into Level 2 of $161,322 from Level 3 (for the year ended 31 December 2022: $4,555,194) and transfers into Level 1 of $12,846,527 from Level 3 due to conversion into publicly traded common stocks (for the year ended 31 December 2022: $nil). Transfers between levels are deemed to occur at year end.

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 2023 and 31 December 2022:

	Fair value at 31 December 2023	Valuation techniques	Significant unobservable inputs	Range of inputs
Assets (at fair value)				
Investments in securities				
Convertible preferred stocks	44,732,084	Recent transaction price	n/a	n/a
	19,614,346	Discounted cash flow	WACC	13% – 30%
		and/or market approach	Revenue multiples	2.8x – 4.0x
			Market rate of returns	(18%) – 10%
	8,727,481	Probability-weighted expected return method ("PWERM")	WACC Revenue multiples Market step-up multiple	12% – 20% 4.0x 0.7x – 1.8x
			Market rate of returns	(23)% – 10%
			Recovery rate	50%
	115,353	Liquidation value	n/a	n/a
Convertible notes	7,566,258	PWERM	Discount rate	5% – 7%
			Expected volatility	60%
	352,904	Discounted cash flow	WACC	26%
		and/or market approach	Revenue multiples	4.0x
			Market rate of returns	(3%)
	64,228	Recent transaction price	n/a	n/a
Common stocks	798,531	Recent transaction price	n/a	n/a
	105,808	Market approach	Revenue multiples	0.5x – 0.6x
Total investments in securities	**82,076,993**			
Derivative contracts				
Warrants	697,472	Recent transaction price	Expected volatility	38% – 43%
		and option pricing model		
Contingent value rights	541,706	Recent transaction price	n/a	n/a
Total derivative contracts	**1,239,178**			

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2. Fair value measurements (continued)

	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	PWERM	Market rate of returns	-30%
			Recovery rate	0% – 50%
Common stocks	1,208,299	Discounted cash flow	WACC	13%
		and/or market approach	Revenue multiples	0.2x – 4.0x
			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**			

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.

2. Fair value measurements (continued)

The below table presents additional information about Level 3 assets and liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the 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 2023 were as follows:

	Balance beginning 1 January 2023	Realised gains/ (losses)[a]	Change in Unrealised gains/ (losses)[a]	Purchases	Sales	Transfers into/ (from) Level 3*	Ending balance 31 December 2023
Assets (at fair value)							
Investments in securities							
Common stocks	3,364,557	–	(304,109)	–	–	(2,156,109)	904,339
Convertible preferred stocks	57,932,949	–	6,114,014	7,595,169	–	1,547,132	73,189,264
Convertible notes	10,052,833	–	(1,329,981)	11,536,901	–	(12,276,363)	7,983,390
Total investments in securities	**71,350,339**	**–**	**4,479,924**	**19,132,070**	–	**(12,885,340)**	**82,076,993**
Derivative contracts							
Warrants	476,911	–	21,813	321,257	–	(122,509)	697,472
Contingent value rights	–	–	541,706	–	–	–	541,706
Total derivative contracts	**476,911**	**–**	**563,519**	**321,257**	–	**(122,509)**	**1,239,178**

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

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[b]	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**

(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.
(b) 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:

	2023	2022
Common stocks	116,949	(664,647)
Convertible notes	(919,115)	420,628
Convertible preferred stocks	6,199,338	(13,404,700)
Contingent value rights	541,706	–
Warrants	21,813	76,306
Change in unrealised gains and losses during the year for assets still held at year end	**5,960,691**	**(13,572,413)**

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2. Fair value measurements (continued)

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:

	2023	2022
Realised gains	127,739,248	47,604,728
Realised losses	(60,622,155)	(41,995,983)
Net realised gain on securities, derivative contracts and securities sold short	**67,117,093**	**5,608,745**

	2023	2022
Change in unrealised gains	132,672,225	112,585,347
Change in unrealised losses	(111,833,730)	(152,339,558)
Net change in unrealised gain/(loss) on securities, derivative contracts and securities sold short	**20,838,495**	**(39,754,211)**

As at 31 December 2023 the Group had commitments (subject to completion of certain parameters) to certain investments totalling $59,732,160 (31 December 2022: $2,544,486), which was mainly comprised of a $58,078,670 commitment to Acacia Research Corporation for a stake of Arix and a $1,107,148 uncalled commitment related to the Group's investment in 4010 Royalty Fund.

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 2023, due from brokers totalled $57,887,214 (31 December 2022: $22,195,456). Included within due from brokers is $34,093,785 (31 December 2022: $5,810,750) which can be used for investment. The Group pledged cash collateral to counterparties to over-the-counter derivative contracts of $23,793,429 (31 December 2022: $16,384,706) 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, Jefferies & 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 utilises 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 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.

4. Derivative contracts (continued)

Contingent value rights

The Group may receive contingent value rights during mergers, acquisitions, or divestitures. Contingent value rights are designed to provide the Group with additional compensation or benefits contingent upon the occurrence of specific future events, such as regulatory approvals, milestones related to product development or commercialization, or the achievement of certain financial targets. Contingent value rights are subject to the uncertainty of payout, as their value hinges on the occurrence of specific events. The Group considers the uncertainty when determining the fair value of its investments in contingent value rights.

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 2023:

	2023		2022	
	Long exposure	Short exposure	Long exposure	Short exposure
Primary underlying risk	Notional amounts	Notional amounts	Notional amounts	Notional amounts
Equity price				
Equity swaps	64,032,939	56,046,951	48,774,292	56,273,944
Warrants[a]	3,963,562	–	4,024,470	–
Contingent value rights	541,706	–	–	–
	68,538,207	**56,046,951**	**52,798,762**	**56,273,944**

(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 2023 and 31 December 2022. 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 2023 and 31 December 2022.

	2023			
Primary underlying risk	Derivative assets	Derivative liabilities	Realised gain/ (loss)	Change in unrealised gain/ (loss)
Equity price				
Equity swaps	7,475,802	8,390,327	(2,428,614)	(11,074,111)
Warrants	7,446,312	–	(373)	1,408,458
Contingent value rights	541,706	–	–	541,706
	15,463,820	**8,390,327**	**(2,428,987)**	**(9,123,947)**

	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**

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 2023 and 31 December 2022, no securities were loaned and no collateral was received.

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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 2023 and 31 December 2022, 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 2023 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						
Cowen Financial Products, LLC	6,235,319	–	6,235,319	(286,396)	–	5,948,923
Jefferies & Co.	1,058,293	–	1,058,293	(758,677)	–	299,616
Morgan Stanley & Co. LLC	129,527	–	129,527	(129,527)	–	–
Bank of America Merrill Lynch	52,663	–	52,663	(52,663)	–	–
	7,475,802	**–**	**7,475,802**	**(1,227,263)**	**–**	**6,248,539**

				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)	–	–
Jefferies & Co.	119,868	–	119,868	(119,868)	–	–
	19,086,329	**–**	**19,086,329**	**(8,125,510)**	**–**	**10,960,819**

(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.

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 2023 and audited consolidated statement of assets and liabilities 31 December 2022:

				31 December 2023 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	4,382,764	–	4,382,764	(52,663)	(4,320,957)	9,144
Morgan Stanley & Co. LLC	2,962,490	–	2,962,490	(129,527)	(2,832,963)	–
Jefferies & Co.	758,677	–	758,677	(758,677)	–	–
Cowen Financial Products, LLC	286,396	–	286,396	(286,396)	–	–
	8,390,327	**–**	**8,390,327**	**(1,227,263)**	**(7,153,920)**	**9,144**

				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)	–	–
Jefferies & 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)**	**–**

(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 programme. 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 Medtech and Biotech 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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023
(Expressed in United States Dollars)

8. Risk factors (continued)

Biotech/healthcare companies

The Portfolio Companies are biotechnology and medical technology companies, which 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 Medtech and Biotech 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 Medtech and Biotech 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.

9. Share capital

During the year ended 31 December 2023 the Company did not issue any Ordinary Shares:

	2023 Number of Ordinary Shares	2023 Number of Treasury Shares	2022 Number of Ordinary Shares	2022 Number of Treasury Shares
As at 1 January	212,389,138	-	212,389,138	-
Share buyback	(1,753,791)	1,753,791	-	-
As at 31 December	**210,635,347**	**1,753,791**	**212,389,138**	**-**

During the year ended 31 December 2023, the Company bought back 1,753,791 Ordinary Shares at an average price of US$1.19 for a total cost of US$2,093,411, including transaction costs of $4,178. At the date of approval of these consolidated financial statements, all 1,753,791 of the Ordinary Shares were held as treasury shares (31 December 2022: nil).

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 LLC 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 has been allocated at the Subsidiary level, and 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 LLC. As at 31 December 2023, there were no Performance Allocation Shares of the Company in issue (31 December 2022: nil) and one New Performance Allocation Share of the Subsidiary in issue (31 December 2022: one).

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 2023 amounted to $4,269,757 (year ended 31 December 2022: $3,751,464) of which $nil (31 December 2022: $nil) was outstanding at the year end.

Performance Allocation

The Performance Allocation Share held by RTW Venture Performance LLC 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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023
(Expressed in United States Dollars)

10. Related party transactions (continued)

Performance Allocation (continued)

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 2023 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 gain of $5,137,836 in 2023 (31 December 2022: mark to market loss of $2,476,036), which is included in Performance Allocation within the consolidated statement of changes in net assets. There was an allocation of uncrystallized performance allocation from Ordinary Shareholders to the Performance Allocation Share Class of $2,756,842 related to the Group's performance in the period (31 December 2022: $nil).

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 LLC 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.

RTW Venture Performance LLC, an affiliate of 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 2023, the Board did not approve a cash distribution to the Performance Allocation Share Class (year ended 31 December 2022: $nil). At the year end the Performance Allocation Share Class of the Subsidiary is reflected within the Non-Controlling Interest balance of $29,739,146 (31 December 2022: $21,844,468).

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

On 6 July 2023, the Group signed a $25,000,000 commitment to 4010 Royalty Fund, a private fund created and managed by RTW Investments, LP. The Group subsequently funded $23,892,852 of this commitment on 20 July 2023 and had a remaining commitment of $1,107,148 at 31 December 2023. No management or performance fees are charged to the Group at the 4010 Royalty Fund.

One of the Directors of the Group, Stephanie Sirota, is also a partner and the Chief Business Officer of the Investment Manager.

As at 31 December 2023, the number of Ordinary Shares held by each Director was as follows:

	2023	2022
	Number of Ordinary Shares	Number of Ordinary Shares
William Simpson	200,000	200,000
Paul Le Page	128,000	128,000
William Scott	350,000	305,003
Stephanie Sirota	1,010,000	1,010,000

Roderick Wong is a major shareholder and a member of the Investment Manager. Roderick Wong serves on the boards of the following investments: Rocket, Ji Xing, and Yarrow Biotechnology. As at 31 December 2023, he held 29,693,872 Ordinary Shares in the Group (14.10% of the Ordinary Shares in issue) (31 December 2022: 29,593,872, 13.93% of the Ordinary Shares in issue).

10. Related party transactions (continued)

Performance Allocation (continued)

The total Directors' fees expense for the year amounted to $177,011 (31 December 2022: $176,722) of which $50,369 was outstanding at 31 December 2023 (31 December 2022: $48,281) and is included within accrued expenses.

All of the Directors of the Company are also directors of the Subsidiary and each has served since the Subsidiary's 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 2023, EFML and MSFS charged administration fees of $421,468 (including $212,000 (GBP165,000) in respect of one-off work and compensation for work performed in prior years) and $251,954 respectively (31 December 2022: EFML charged $93,469 and MSFS charged $218,534), of which $18,465 and $94,250 (31 December 2022: EFML $6,484, MSFS $91,099) were outstanding at 31 December 2023, and were included within accrued expenses.

12. Financial highlights

Financial highlights for the year ended 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
Per Ordinary Share operating performance		
Net Asset Value, beginning of year	$ 1.54	$ 1.71
Share buybacks	-	-
Income from investments		
Net investment income/(loss)	(0.02)	(0.02)
Net realised and unrealised gain/(loss) on securities, derivatives and foreign currency transactions	0.42	(0.15)
Income/(loss) attributable to Non-Controlling Interest	(0.04)	–
Total from investment operations	**0.36**	**(0.17)**
Net Asset Value, end of year	**$1.90**	**$ 1.54**
Total return		
Total return before Performance Allocation	24.27 %	(10.18)%
Performance Allocation (excluding mark to market)	(0.80) %	– %
Total return after Performance Allocation	**23.47 %**	**(10.18)%**
Ratios to average net assets*		
Expenses	2.58 %	2.47%
Performance Allocation (including mark to market)	2.28 %	(1.44)%
Expenses and Performance Allocation	**4.86 %**	**1.03%**
Net investment income/(loss)	(1.38) %	(1.75)%
NAV total return for the year	**23.47 %**	**(10.18)%**

* Ratios are not annualised.

Financial highlights are calculated for Ordinary Shares. An individual shareholder's financial highlights may vary based on the timing of capital share transactions. Net investment income/loss does not reflect the effects of the Performance Allocation.

13. Subsequent events

On 13 February 2024, the Group completed the acquisition of Arix's assets. The transaction was announced on 1 November 2023 and was effected through a scheme of reconstruction and the voluntary winding-up of Arix under section 110 of the Insolvency Act 1986 (see page 09 for further details).

On 1 February 2024, RTW Biotech UK Limited, a wholly owned subsidiary of RTW Biotech Opportunities Operating Limited, was incorporated in the United Kingdom, and has been used to hold Arix's assets.

From 31 December 2023 to the date of approval of these consolidated financial statements, the Company bought back 5,550,000 Ordinary Shares at an average price of $1.33 for a total cost of $7,405,181, including transaction costs of $14,806. At the point of signing these consolidated financial statements, all 5,550,000 of the Ordinary Shares were held as treasury shares.

These consolidated financial statements were approved by the Board of Directors on 27 March 2024. Subsequent events have been evaluated through this date.

Additional Information

04 // ADDITIONAL INFORMATION

General Company Information

General Company Information

Structure	Closed-end Investment Fund
Domicile	Guernsey
Listing	London Stock Exchange, Premium Segment
Launch date	30 October 2019
Dividend policy	To be reinvested
Management fee	1.25%
Performance fee	20% with an 8.0% annualised and compounded-since-inception hurdle
ISIN	GG00BKTRRM22
SEDOLs	BKTRRM2 and BNNXVW5
Tickers	RTW (USD) and RTWG (GBP)
LEI	549300Q7EXQQH6KF7Z84
Website	www.rtwfunds.cwom/rtw-biotech-opportunities-ltd

Anticipated capital toward early-stage and de novo company formations

1/3

(2022: 1/3)

Listing of portfolio company abbreviations used throughout this report

Shorthand Company Name	Legal Company Name
Abdera	Abdera Therapeutics, Inc.
Acelyrin	Acelyrin, Inc.
Alcyone	Alcyone Therapeutics, Inc.
Allurion	Allurion Technologies, Inc.
Ancora	Ancora Heart, Inc.
Apogee	Apogee Therapeutics, Inc.
Artios	Artios Pharma, Inc.
Artiva	Artiva Biotherapeutics, Inc.
Athira	Athira Pharma, Inc.
Avidity	Avidity Biosciences, Inc.
Basking	Basking Biosciences, Inc.
Biomea	Biomea Fusion, Inc.
C4 Therapeutics	C4 Therapeutics, Inc.
Cargo	Cargo Therapeutics, Inc.
CinCor	CinCor Pharma, Inc.
Encoded	Encoded Therapeutics, Inc.
Frequency	Frequency Therapeutics, Inc.
GH Research	GH Research PLC
HSAC2	Health Sciences Acquisition Corporation 2
Immunocore	Immunocore Limited
Iteos	iTeos Therapeutics, Inc.
Ji Xing or JIXING	Ji Xing Pharmaceuticals Limited
Kyverna	Kyverna Therapeutics, Inc.
Landos	Landos Biopharma, Inc.
Lenz	Lenz Therapeutics
Lycia	Lycia Therapeutics, Inc.
Magnolia	Magnolida Medical Technologies, Inc.
Milestone	Milestone Pharmaceuticals, Inc.
Mineralys	Mineralys Therapeutics, LLC
Monte Rosa	Monte Rosa Therapeutics, Inc.
Neurogastrx	Neurogastrx, Inc.
Nikang	Nikang Therapeutics, Inc.
Nuance	Nuance Pharma
Numab	Numab Therapeutics, Inc.
Orchestra	Orchestra BioMed, Inc.
OriCell	OriCell Therapeutics (Shangha) Co., Ltd
Prometheus	Prometheus Biosciences, Inc.
Prometheus Labs	Prometheus Laboratories, Inc.
Pulmonx	Pulmonx Corporation
Pyxis	Pyxis Oncology, Inc.
Rocket	Rocket Pharmaceuticals, Inc.
RTW Royalty 1	RTW Royalty Holdings LLC (royalty deal for Mavacamten)
RTW Royalty 2	RTW Fund 2 (royalty deal for Jelmyto)
RTW Royalty Fund	4010 Royalty Fund, a private fund created and managed by RTW Investments, LP.
InBrace	Swift Health, Inc.
Tarsus	Tarsus, Pharmaceuticals, Inc.
Tenaya	Tenaya Therapeutics, Inc.
Third Harmonic	Third Harmonic Bio, Inc.
Tourmaline	Tourmaline Bio, Inc.
Umoja	Umoja Biopharma, Inc.
Ventyx	Ventyx Biosciences, Inc.
Visus	Visus Therapeutics, Inc.
Yarrow	RTW Holdings LLC

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;
"Admission"	means admission of the Ordinary Shares to trading on the Main Market of the London Stock Exchange on 30 October 2019;
"AIC"	the Association of Investment Companies;
"AIC Code"	the AIC Code of Corporate Governance dated February 2019;
"AIFM"	means Alternative Investment Fund Manager;
"AIFMD"	the Alternative Investment Fund Managers Directive;
"Annual Report"	the Annual Report and audited financial statements;
"Antibody"	a large Y-shaped blood protein that can stick to the surface of a virus, bacteria, or receptor on a cell;
"Antibody-Oligonucleotide Conjugates" or "AOC"	molecules that combine structures of an antibody and an oligo;
"Autoimmune diseases"	conditions, where the immune system mistakenly attacks a body tissue;
"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;
"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);
"the Company" or "RTW Bio"	RTW Biotech Opportunities Ltd, a company incorporated in 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;
"Core portfolio"	Private companies and public companies that were initially added to the portfolio as private investments;
"Corporate Brokers"	Bank of America and Numis;
"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;
"EU" or "European Union"	the European Union first established by the treaty made at Maastricht on 7 February 1992;
"Fanconi Anaemia"	a rare genetic blood condition in young children;
"FATCA"	the Foreign Account Tax Compliance Act;
"FCA"	the Financial Conduct Authority;
"FDA"	the United States Food and Drug Administration;
"FRC"	the Financial Reporting Council;
"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;
"Greater China"	Encompasses mainland China, Macau, Hong Kong and Taiwan;
"the 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;
"Independent Valuers"	Alvarez & Marsal Valuation Services, LLC and Houlihan Lokey, Inc.;
"Infantile Malignant Osteopetrosis" or "IMO"	a rare genetic bone disease in young children, manifesting in an increased bone density;
"Investigational New Drug" or "IND"	the FDA's investigational New Drug programme is the means by which a pharmaceutical company obtains permission to start human clinical trials;

"Investment Manager"	RTW Investments, LP;
"IPEV"	the International Private Equity and Venture Capital Valuation Guidelines that set out recommendations, intended to represent current best practice, on the valuation of private capital investments;
"IPO"	an initial public offering;
"IRA"	Inflation Reduction Act of 2022;
"IRR"	internal rate of return;
"ISDA"	International Swaps and Derivatives Association;
"Latest Practicable Date"	31 December 2022, being the latest practicable date for valuing an asset for inclusion in this report;
"Lentiviral vector or "LVV"	based gene therapy – a type of viral vector used to deliver a gene;
"Leukocyte adhesion deficiency" or "LAD-I"	a rare genetic disorder of immunodeficiency in young children;
"LifeSci Companies"	companies operating in the life sciences, biopharmaceutical, or medical technology industries;
"Listing Rules"	the listing rules made under section 73A of the Financial Services and Markets Act 2000 (as set out in the FCA Handbook), as amended;
"London Stock Exchange"	London Stock Exchange plc;
"LSE"	London Stock Exchange's main market for listed securities;
"MAGE-A4"	a protein expressed on certain types of tumours;
"Medtech"	medical technology sector within healthcare;
"Menin"	a target for the treatment development in oncology;
"Merck"	Merck & Co., Inc.;
"MOC"	multiple on capital is the ratio of realised and unrealised gains divided by the acquisition cost of an investment;
"Myotonic Dystrophy"	a genetic condition that affects muscle function;
"Nasdaq Biotech" or "NBI"	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;
"New Performance Allocation Shares"	performance allocation shares of no-par value in the capital of the Subsidiary;
"NewCo"	a company incubated by RTW Investments, LP;
"Notional Ordinary Shares"	Performance Ordinary Shares, in which receipt of such shares has been deferred;
"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;
"Ophthalmic conditions"	conditions affecting the eye;
"Ordinary Shares"	the Ordinary Shares of the Company;
"Other public portfolio"	an invested liquidity pool, selected to match, on a pro-rated basis, the long investments held in the Investment Manager's private funds and designed to mitigate the drag of setting aside cash for future deployment into core positions;
"Performance Allocation Amount"	an allocation connected with the performance of the Company to be allocated to the Performance Allocation Share Class Fund in such amounts and as such times as shall be determined by the Board;
"Performance Allocation Period"	the First Performance Allocation Period and/or a subsequent Performance Allocation Period, as the context so requires;
"Performance Allocation Share Class Fund"	a class fund for the Performance Allocation Shares 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;
"PIPE"	Stands for private investment in public equity, 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;

"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;
"Prospectus"	the prospectus of the Company, most recently updated in January 2024 and available on the Company's website (www.rtwfunds.com/rtw-biotech-opportunities-ltd/documents/);
"Pulmonary conditions"	pathologic conditions that affect lungs;
"Pyruvate Kinase Deficiency" or "PKD"	a rare genetic disorder affecting red blood cells;
"Radiopharmaceuticals"	Pharmaceuticals consisting of a radioactive compound used in radiation therapy;
"Rare disease"	a disease that affects a small percentage of the population;
"Registrar"	Link Market Services (Guernsey) Limited;
"RMAT"	Regenerative Medicine Advanced Therapy, an FDA-granted designation for a drug, designed to expedite development and review processes for promising pipeline products;
"RNA medicines"	a type of biotechnology that uses RNA to treat a disease;
"RTW"	RTW Investments, LP, also referred to as the Investment Manager;
"RTWCF"	RTW Charitable Foundation;
"Russell 2000 Biotechnology Index"	a stock index of small cap biotechnology and pharmaceutical companies;
"SEC Rule 144"	selling restricted and control securities;
"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;
"the Subsidiary" or "OpCo"	RTW Biotech Opportunities Operating Ltd;
"Tachycardia"	a heart rhythm disorder;
"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 AIFMD"	refers to a domestic regime of laws regulating the management and marketing of alternative investment funds and fund managers in the UK, which generally maintains the rules set out in the European Union's AIFMD as implemented at the end of the transition period following Brexit;
"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;
"US GAAP"	US Generally Accepted Accounting Principles;
"Uveal melanoma"	a type of eye cancer;
"Valuation Committee"	Valuation Committee of the Investment Manager;
"WACC"	weighted average cost of capital;
"XBI"	the SPDR S&P Biotech ETF;

Alternative Performance Measures (unaudited)

APM	Definition	Purpose	Calculation
Available Cash	Cash held by the Group's Bankers, Prime Brokers and an ISDA counterparties.	A measure of the Group's liquidity, working capital and investment level.	Cash and cash equivalents, Due from brokers, Receivable from unsettled trades and other miscellaneous current assets, less Due to brokers, Payable for unsettled trades and other miscellaneous current liabilities on the Statement of Assets & Liabilities.
NAV per Ordinary Share	The Group'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$399.3 million) divided by the number of Ordinary Shares in issue (210,635,347) 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$1.90) and the NAV per share at the beginning of the period (US$1.54) 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$1.40) and the price per share at the beginning of the period (US$1.21) 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$1.40) and the NAV per share at the end of the period (US$1.90) 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 2023) 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 2023).
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 Group 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/AICOngoingChargescalculation.pdf

Ongoing Charges	2023 US$	2022 US$
Fees to Investment Manager	4,269,757	3,751,464
Legal and professional fees	749,328	1,008,629
Administration fees[1]	673,422	312,003
Research costs	474,511	742,738
Audit fees	341,500	329,557
Directors' remuneration	177,011	176,722
Other expenses	687,805	357,429
Total expenses	**7,373,334**	**6,678,542**
Non-recurring expenses	(453,231)	(487,786)
Total ongoing expenses	**6,920,103**	**6,190,756**
Average NAV	369,419,055	322,418,512
Annualised ongoing charges (using AIC methodology)	**1.87%**	**1.92%**

1 The Administration fees include US$212,000 (GBP 165,000) in respect of one-off work and compensation for work performed in prior years (see note 11), which is included in the non-recurring expenses.

AIFMD Disclosures (unaudited)

Report on remuneration and quantitative remuneration disclosure

Under the Alternative Investment Fund Managers Regulations ('UK AIFMD'), we are required to make disclosures relating to remuneration of staff working for the Investment Manager for the year to 31 December 2023.

Amount of remuneration paid

The Investment Manager paid the following remuneration to staff in respect of the financial year ending on 31 December 2023 in relation to work on the Group.

	2023 US$'000	2022 US$'000
Fixed remuneration	814	771
Variable remuneration	1,332	1,010
Total remuneration	2,146	1,780
Number of beneficiaries	77	76

The amount of the aggregate remuneration paid (or to be paid) by the Investment Manager to its partners which has been attributed to the Group in respect of the financial year ending on 31 December 2023 was US$77.8 million (2022: US$26.8 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 Group which has been attributed to the Group in respect of financial year ending on 31 December 2023 was US$69.1 million (2022: US$23.6 million).

Leverage

The Group 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 Group's investment portfolio may be subject. For the purposes of this disclosure, leverage is any method by which the Group'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 Group is detailed in the table below:

	Commitment leverage as at 31 December		Gross leverage as at 31 December	
	2023	2022	2023	2022
Leverage ratio	115%	134%	100%	139%

Other risk disclosures

The risk disclosures relating to risk framework and risk profile of the Group are set out in note 8 to the Financial Statements on pages 93 to 94 and the principal 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 financial statements) to this information requiring disclosure. .

Schedule of Key Service Providers

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

Investment Manager and AIFM
RTW Investments, LP
40 10th Avenue
Floor 7
New York
NY 10014
United States of America

Registered office
1st Floor, Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 3JX

Administrator and Company Secretary
Elysium Fund Management Limited
1st Floor, Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 3JX

Sub-Administrator
Morgan Stanley Fund Services USA LLC
2000 Westchester Avenue, 1st Floor
Purchase
NY 10577
United States of America

Registrar
Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Independent Valuer
Alvarez & Marsal Valuation Services LLC
600 Madison Avenue
8th Floor
New York
NY 10022
United States of America

Houlihan Lokey, Inc.
245 Park Avenue, 20th Floor
New York
NY10167
United States of America

Guernsey Advocates to the Company
Carey Olsen (Guernsey) LLP
Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

UK Legal Advisers to the Company
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG

Corporate Brokers and Financial Advisers
BofA Securities*
2 King Edward Street
London
EC1A 1HQ

Numis Securities*
45 Gresham Street
London
EC2V 7BF

Public Relations
Buchanan
107 Cheapside
London
EC2V 6DN

Distribution Partner
Cadarn Capital*
c/o WeWork
1 Fore Street Avenue
London
EC2Y 9DT

Independent Auditor
KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 1WR

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

Identifiers:
ISIN: GG00BKTRRM22
SEDOL: BKTRRM2 / BNNXVW5
Ticker: RTW / RTWG
LEI: 549300Q7EXQQH6KF7Z84

www.rtwfunds.com/rtw-biotech-opportunities-ltd/

* On 5 April 2023, Numis Securities was appointed as a corporate broker and financial adviser to the Group, and on 17 April 2023, Cadarn Capital was appointed as distribution partner.

rtw Biotech Opportunities

RTW Biotech Opportunities Ltd

1st Floor, Royal Chambers,
St Peter Port, Guernsey, GY1 3JX
United Kingdom

RTW Investments, LP

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

(646) 597-6980

rtwfunds.com

Find more information at:
rtwbio.com

biotechopportunities@rtwfunds.com