

# Investment Guidelines

## Investment objective

The objective of Venturetec, Inc. (the Company) is to achieve long-term capital appreciation through investments in venture companies which Madison Partners SA (the Investment Manager) believes offer significant growth opportunities.

## Investment policy

The Company invests in venture companies only. The risks of venture capital investments are 100% (see also risks).

## Geographic area

The Company's investments are predominately in the United States of America. Exceptional investments may be domiciled in Europe.

## Industry focus

The Company invests in companies in the areas of biotechnology and technology.

## Investment strategy

The Company invests in venture companies in all stages from seed to late stage. Investments are made mainly in private but also in public companies and in all classes of securities, including common and preferred equity, secured and unsecured debt, convertibles, options, warrants and combinations thereof. The Company mainly invests in securities which are illiquid and are not traded on any stock markets. The investment horizon may be up to 20 years.

## Investment allocation

The purpose to invest is to build companies over a long period of time. This might result in a portfolio with only a few investments, rather than many smaller positions. It therefore might enhance the risk of a portfolio which concentrates in a small number of investments.

## Leverage

The Company may borrow capital to pursue the investment objectives.

## Hedging

The Company does not hedge any positions, investments, currencies, interests and the like. The Company does not do short selling, use of derivative instruments for the purpose of securing its investments or security lending or borrowing.

## Currency

Investments are mainly done in US Dollars. The Company is not following any defined currency ratios.

## Disinvestments

Positions held by the Company are mostly illiquid or there are legal or market driven limitations for sale or transfer of the securities, such as low liquidity in the public market, large positions, board representations, insider regulations, lock-up's and contractual sales limitations. The Company acts in the best interest of the shareholders to structure and execute disinvestments together with other shareholders and the management of the portfolio companies.

## Carry of responsibilities

The Company contracted services to the Investment Manager which are among others investment allocation, investment management and process, structuring of investments, monitoring and the disinvestments of investments. There may be a conflict of interest due to the fact that the Investment Manager manages other investment companies and represents other investors. The Investment Manager or Peter Friedli may represent the Company and other investors on the board of directors of the portfolio companies. As a Member of the board he will represent all shareholders of each company. The Investment Manager may also supply investment banking services to the portfolio companies and may be compensated for such services. Such remuneration is explicitly authorized. The investment manager may also invest personally in Portfolio Companies.

## Risk

Most of the investees are in the development stage, disclosing accumulated deficits and little or no revenues. Their ability to continue as a going concern may depend on additional funding which may cause in a dilution for holdings of the Company. These investments are offer the opportunity of significant capital gains, but involve a high degree of business and financial risk, **that can result in a 100% loss of the investment**. The Company may be limited or restricted to make disinvestments or sell or transfer any positions at any specific time and thereof risks to lose momentum or favourable market conditions.

## Change of Investment Guidelines

The Company's investment guidelines may be changed by the Board of Directors of the Company at any time in whole or in part subject to terms and conditions of agreements and contracts.