TimesSquare Global Health Care Fund

To Our Investors,

As we mark the three-year anniversary of the Global Health Care Fund ("the fund"), we would like to thank you for your continued support. Through the end of March 31st, 2023, the Fund's gross performance was +0.79% for March (+0.77% Net), +1.26% QTD (+1.04% Net), and +25.51% (+15.54% net) cumulative since inception (April 1, 2020).

It was a rollercoaster ride for global equity markets for the first quarter, featuring considerable volatility. The year began with optimism fueled by China's reopening to tourists. A mild winter eased energy demand, and in turn prices, bringing welcomed relief to Europe. These signs of vigor were recognized by central banks, raising the concern that interest rates may remain elevated for longer than previously anticipated to bring inflation under control. Central bank actions to tighten money supply seem to be having the desired effect, as global manufacturing activity decelerated. A side effect of the Fed's action reared its head in March, when several bank failures in the U.S. led to concerns over the broader global banking industry. While the Fed stepped in to protect the affected banks' depositors, that turmoil rippled across the health care sector, especially within smaller, earlier stage companies.

Globally, most indexes ended the quarter positively in the mid-to-high single digits. For example, the MSCI World Index improved by 7.73% after last quarter's double-digit downturn. Market volatility remained elevated, especially around the March banking crisis. Momentum had a very tough quarter with a significant shift in market leadership. The Health Care sector underperformed the broader market with the MSCI World Health Care Index posting a return of -1.42%. Within the Health Care sector, Health Care Technology and Health Care Equipment and Supplies led performance while Health Care Providers and Services lagged. Small cap Health Care, where we tend to focus our attention, outperformed their larger cap peers but still significantly underperformed the overall small cap index with the MSCI World Health Care Small Cap Index returning 0.44% vs. the MSCI World Small Cap Index of 4.37%. The relative weakness in small cap Health Care was mostly driven by poor performance from small cap Biotechnology (-6.90%).

As a Fund, our approach and long-term view is unchanged. We continue to pursue investments in companies driving healthcare innovation and believe the greatest long-term alpha will be achieved by identifying these disruptive companies at an early stage.

1Q 2023 Commentary

In January and February, we cautiously began to loosen our net exposure as we started seeing signs of market stabilization. However, amid the banking turmoil in March, we once again tightened the net exposure from 16%

(as of the end of February) to 8%. We continue to focus on companies that we believe are high quality growth and less economically sensitive.

As discussed in previous investor letters, we excepted M&A activity to pick up in growth health care with a particular focus on biotech. So far, 2023 has been supportive of increased biopharma dealmaking. We are encouraged to see large pharma companies deploying more capital and point to recently announced deals such as Pfizer's $43 billion acquisition of Seagen, Merck's $10.8 billion deal with Prometheus, and Astella Pharma's $5.9B takeover of Iveric Bio. We were fortunate to benefit from both the Iveric Bio and Prometheus acquisitions. With patent cliffs approaching, we expect large pharma companies to continue to restock their pipelines through M&A.

We are pleased to see an uptick in health care utilization, which has benefited our medical device and health care provider positions. This increased level of utilization seems to be driven in part by lingering pent-up demand from the pandemic. Our focus remains on the innovators in the medical device space, whose products should drive demand well beyond any short-lived Covid related rebound.

Our enthusiasm for investing in innovative health care is unchanged. We believe the recent volatility and risk-off sentiment has created attractive entry points, particularly into growth stocks that have been punished beyond what their fundamentals would justify. However, as the ripple effect from the March banking crisis continues to unfold, we remain cautious in earlier stage companies, as well as companies that have exposure to early-stage companies (such as CROs and CMOs). Our alpha short positions are primarily focused on companies burning cash that are unlikely to achieve breakeven without raising additional capital.

Fund Performance

Small cap health care companies significantly underperformed during the quarter. The Fund enjoyed positive stock selection from our long positions in Pharmaceuticals, Health Care Equipment, and Health Care Technology, while holdings in Health Care Providers & Services and Life Sciences Tools & Services lagged. On the short side, our alpha shorts in Health Care Providers & Services were the largest contributors.

Novo Nordisk (NVO) was the largest long contributor to performance. NVO focuses on treatment for diabetes, obesity, and other chronic diseases. The company has several drugs that are commercially available. Most notable are Ozempic and Wegovy for type 2 diabetes and weight loss. Demand for weight-loss medications has exceeded expectations. NVO remains a top position as we believe we are in the early innings of the market opportunity for this drug class.

IDEXX Laboratories (IDXX) was another significant contributor to the fund. A global provider of diagnostic equipment and lab services for veterinary practices, IDXX bested investor expectations for recent revenues and earnings, and initial guidance ranges for 2023 bracketed projections. Delving further into IDXX's management outlook, the guidance appeared conservative.

Ascendis Pharma (ASND) develops treatments for rare indications in endocrinology and oncology. Skytrofa has recently started to take a more meaningful share in the pediatric growth hormone market. However, shares have been volatile around regulatory updates related to TransCon PTH. ASND is seeking approval for TransCon PTH for hypoparathyroidism. While they received a Complete Response Letter from the FDA at the end of April, the agency identified only a singular deficiency in the application, suggesting a fast turnaround and potential approval in the calendar year.

Charles River Laboratories (CRL) is a leading provider of outsourced services for drug discovery and preclinical research. In February, CRL shares were sold off due to a subpoena issued by the DoJ, calling into question the origin of several non-human primate (NHP) shipments. The company voluntarily suspended any use of NHPs from Cambodia, which will negatively impact their revenues. In March, the failure of Silicon Valley Bank weakened the already unstable funding environment for early-stage biopharma companies, partially impacting CRL's client base. We exited the position.

Conclusion

Coming into 2023, the macroeconomic environment remains the driving force of the market. The global economy continues to be resilient despite higher interest rates, while headline inflation showed signs of easing. Market turbulence was short lived following the collapse of Silicon Valley Bank. However, the shockwaves following the turmoil are still rippling through the system. As bottom-up investors, our attention zeroes in on a company's fundamentals and capital structure. While it will be hard to escape the macro drivers from the past year, we will remain focused on minimizing the factor exposure to reduce volatility.

Though rising interest rates remain challenging for funding in the sector, we are hopeful that the recent increase in M&A will continue, as large cap balance sheets remain healthy. Our biggest political concern revolves around the raising of the debt ceiling, which is an issue for the wider market and not just healthcare. Overall, despite some near-term headwinds, our long-term outlook for the healthcare sector remains bullish. Innovation in the sector and the structural themes we have been investing in are very much intact. We believe the Fund includes competitively advantaged growth companies with pricing power, strong management teams, and excellent balance sheets.

Our objective as a Fund is to deliver consistent positive returns in any market. We aim to achieve that goal by identifying healthcare innovation and building a diversified Fund through fundamental bottoms-up research.

We thank you for your continued confidence during these challenging market conditions. As always, we are available for any questions you might have as we endeavor to protect and grow the assets you have entrusted with us. Meanwhile, we hope that you, your family, and your colleagues remain in good health.

Best Regards,

David Ferreiro, Ph.D. Lead Portfolio Manager

Bret D. Jones, CFA Co-Portfolio Manager

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