

INVESTMENT ADVISER BROCHURE

HEALTH EVOLUTION MANAGEMENT COMPANY, LLC

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Health Evolution Management Company, LLC, a Delaware limited liability company (“HEMCo”). If you have any questions about the contents of this Brochure, please contact us at (415) 362-5800. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

HEMCo is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding HEMCo is also available on the SEC’s website at www.adviserinfo.sec.gov.

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ADVISORY BUSINESS

Health Evolution Partners is a private investment management firm, including several other entities and other affiliated organizations affiliated with Health Evolution Management Company, LLC, a Delaware limited liability company (“**HEMCo**” and, together with such affiliated organizations, collectively, “**Health Evolution Partners**”), that as of December 2011 managed approximately \$710.2 million in private fund assets.

HEMCo is a registered investment adviser that commenced operations in May 2007. HEMCo and its affiliated investment advisers, Series A of Health Evolution Investments LLC (“**HEI Series A**”) and Series B of Health Evolution Investments LLC (each as more fully described below) (“**HEI Series B**” and together with HEI Series A, “**HEI**”, and HEI, together with HEMCo, the “**Advisers**”), provide investment advisory services to private investment funds.

HEI is registered under the Advisers Act pursuant to HEMCo’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each Adviser, which operate as a single advisory business together with HEMCo.

As more fully described below, HEI Series A has delegated the management of the business and affairs of Spectrum Fund (defined below), HEI Series B has delegated to HEMCo the business and affairs of HEP Growth Fund (defined below) and Health Evolution Principals Growth, LLC has delegated the management of the business and affairs of HEP Growth Co-Investment Fund (defined below), in each case, to HEMCo. (For purposes of this Brochure, HEP Growth Fund, HEP Growth Co-Investment Fund and Spectrum Fund, each a “**Fund**,” collectively, the “**Funds**” and together with any future private investment fund managed by HEMCo, the “**Private Investment Funds**”).

HEI is composed of two series of interests established by the HEI limited liability company agreement, as amended (the “**HEI Agreement**”): HEI Series A and HEI Series B. Health Evolution Principals, LLC (“**HEI-A Manager**”) holds the controlling interest in, and is the manager of, HEI Series A. Health Evolution Principals Growth, LLC (“**HEI-B Manager**”) holds the controlling interest in, and is the manager of, HEI Series B.

The Funds and any other Private Investment Funds are private equity funds and invest through negotiated transactions in operating entities. HEMCo’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted subject to certain limitations set forth in the applicable Fund’s limited liability company agreement or limited partnership agreement, as the case may be (each a “**Fund Agreement**” and collectively, the “**Fund Agreements**”). From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of HEMCo or its affiliates may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over the management of a Fund’s portfolio companies.

HEI Series A is the manager of Health Evolution Partners, LLC, a Delaware limited liability company (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, “**Spectrum Fund**”).

HEI Series B is the general partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, “**HEP Growth Fund**”).

- Health Evolution Partners Growth, L.P., a Delaware limited partnership
- Health Evolution Partners Growth (AIV I), L.P., a Delaware limited partnership

Additionally, Health Evolution Principals Growth, LLC serves as the manager of Health Evolution Partners Co-Invest, LLC, a Delaware limited liability company (“**HEP Growth Co-Investment Fund**”). HEP Growth Co-Investment Fund was formed for the purpose of investing side-by-side with HEP Growth Fund in each portfolio company on a *pro rata* basis (based on the same portion of the Growth Fund’s aggregate available capital commitments invested in each such portfolio company).

HEMCo’s advisory services for the Private Investment Funds are further detailed in the applicable private placement memoranda and the supplements thereto (each, a “**Private Placement Memorandum**” and, collectively, the “**Private Placement Memoranda**”) and the Fund Agreements and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Private Investment Funds participate in the overall investment program for the applicable fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints.

HEMCo is controlled by its principal owner, Health Evolution Management Principals, LLC, a Delaware limited liability company (“**HEMCo Manager**”). HEMCo Manager is controlled by its principal owner, Dr. David J. Brailer (the “**Chairman**”).

FEES AND COMPENSATION

In general, HEMCo receives a management fee (“**Management Fee**”) paid by the Funds in connection with advisory services it provides. HEMCo or other Health Evolution Partners entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds (*e.g.*, HEI Series A and HEI Series B each receives carried interest, discussed in detail below) and such additional compensation will offset in whole or in part the Management Fee otherwise payable to HEMCo. Limited Partners in the Funds also bear certain fund expenses.

Management Fees

Spectrum Fund

Spectrum Fund pays HEMCo a Management Fee equal to .70% of the anchor member’s capital commitment until November 18, 2012, payable quarterly in advance. For each year subsequent to November 18, 2012, the Management Fee will equal 90% of the Management Fee

for the previous year until the termination of the Commitment Period (as defined in the Spectrum Fund Limited Liability Agreement).

The Management Fee is reduced, but not below zero, by the aggregate amount of fees received in the prior calendar quarter by any of Dr. David J. Brailer or any Health Evolution Partners entity from any portfolio company (“**Offset Fees**”), provided that if any other managed entity has any interest in such portfolio company or proposes to own any interest in such portfolio company, the amount of Offset Fees that will be utilized to reduce the Management Fee will be equal to the portion of such fees obtained by dividing Spectrum Fund’s interest or proposed interest in such portfolio company by the sum of Spectrum Fund’s interest or proposed interest in such portfolio company plus the interests or proposed interests of all such other managed entities.

If in any calendar quarter, the amount of Offset Fees received by Spectrum Fund exceeds the Management Fee for the subsequent quarter, the amount of such excess Offset Fees will be carried forward to the next calendar quarter and will be treated as if received in such subsequent quarter and, in the event that any excess Offset Fees remain upon the final distribution of assets of Spectrum Fund, HEI will contribute the amount thereof to Spectrum Fund and such amount will be distributed to the members.

HEP Growth Fund

Until November 17, 2013, HEP Growth Fund pays HEMCo a Management Fee equal to 2.00% on an annual basis of capital commitments, payable quarterly in advance and prorated in the event of any partial year. After November 17, 2013, and until November 17, 2015, HEP Growth Fund will pay HEMCo a Management Fee equal to 1.5% on an annual basis of the aggregate cost basis of HEP Growth Fund’s portfolio securities (excluding money market investments and portfolio securities written down to zero). After November 17, 2015, HEP Growth Fund will pay HEMCo a Management Fee of 1.25% on an annual basis of the aggregate cost basis of HEP Growth Fund’s portfolio securities (excluding money market investments and portfolio securities written down to zero).

The Management Fee payable by HEP Growth Fund will be reduced by 80% of the amount of directors’ fees or consulting fees, break-up fees or equivalent compensation (in cash or securities) received by HEMCo, HEI Series B or HEI-B Manager from a HEP Growth Fund portfolio company, unless waived by the advisory board of HEP Growth Fund. However, to the extent HEI Series B or HEMCo or a managing member thereof has an interest in, or hereafter forms or acquires a direct or indirect interest in, another entity that provides for a different arrangement with respect to directors’ fees or consulting fees or a similar offset against management fees, then the amount to be so offset or otherwise dealt with shall be equitably allocated between HEP Growth Fund and such other entities based on the relative size of the investment made by each such entity. In no event will such directors’ fees or consulting fees be carried forward as an offset to the Management Fee payment for more than thirty-six consecutive months.

HEP Growth Co-Investment Fund

HEP Growth Co-Investment Fund does not pay a Management Fee.

Other Information

The Funds and any other Private Investment Funds invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Fund Agreements over the term of the Funds (or the relevant Private Investment Funds, as applicable) and Fund limited partners (“**Limited Partners**”) and members (“**Members**”), as applicable, are generally not permitted to withdraw or redeem interests in the Funds (or other relevant Private Investment Funds, as applicable). The Advisers reserve the right to waive all or a portion of any Management Fee and/or Carried Interest payable by Limited Partners or Members of their respective Funds or other Private Investment Funds.

In addition to the Management Fee and Carried Interest, the Funds bear certain expenses. As set forth in their Fund Agreements, the Funds bear all expenses to the extent not paid by portfolio companies, including legal, accounting, auditing, investment banking, travel, printing, consulting, research, brokerage, finder’s fees, custody, transfer, government and registration, insurance, advisory board, interest, taxes and other similar fees and expenses. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

HEMCo does not receive a carried interest allocation (“**Carried Interest**”) for its advisory services to the Funds. However, HEI Series A and HEI Series B do receive Carried Interest.

HEI Series A receives a Carried Interest equal to 6% of all aggregate realized profits, on a transaction-by-transaction basis, from Spectrum Fund after the satisfaction of an 8% preferred return to the Spectrum Fund Members, as more fully described in the applicable Fund Agreement.

HEI Series B receives a Carried Interest equal to (i) 18% of all aggregate realized profits from HEP Growth Fund until the HEP Growth Fund Limited Partners as a group have received aggregate distributions equal to two times the aggregate capital contributions of all such Limited Partners, and (ii) 23% of all aggregate realized profits from HEP Growth Fund, in each case after the satisfaction of a 7% preferred return, compounded annually, to the HEP Growth Fund Limited Partners as a group have received aggregate distributions equal to two times the aggregate capital contributions of all such Limited Partners, in each case as more fully described in the applicable Fund Agreement. If at the time HEP Growth Fund is liquidated HEI Series B’s cumulative distributions (exclusive of the HEI Series B’s distributions in respect of the HEI Series B’s committed capital) exceed that amount of HEP Growth Fund’s profits to which HEI Series B would be entitled, the HEI Series B will refund such excess distributions; provided that HEI Series B shall not be required to refund an amount in excess of the cumulative distributions (exclusive of HEI Series B’s distributions in respect of the HEI Series B’s committed capital)

received by HEI Series B less taxes paid or deemed paid by HEI Series B in respect of its carried interest.

Additionally, HEMCo provides investment advisory services to HEP Growth Co-Investment Fund, and such Fund is not subject to Carried Interest. This practice could present a conflict of interest because HEMCo has an incentive to favor accounts that are subject to Carried Interest. HEMCo seeks to address this potential conflict of interest by causing HEP Growth Co-Investment Fund to invest, to the extent practicable, in the same portfolio companies at the same time and on the same terms on a *pro rata* basis, based on relative commitment size of HEP Growth Co-Investment Fund, with HEP Growth Fund.

TYPES OF CLIENTS

HEMCo provides investment advice to Private Investment Funds, including the Funds. Private Investment Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of HEMCo and its affiliates.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES

HEP Growth Fund

HEP Growth Fund invests in fast growing companies that HEMCo believes are commercial leaders in the health care industry. The HEP Growth Fund seeks to invest in commercially proven companies through buyouts, control investments or shared control investments. The HEP Growth Fund's investments are structured with a priority on minimizing downside risks.

The HEP Growth Fund's mandate is to build a portfolio of health care companies. HEMCo intends to realize this mandate through three strategies. First, invested capital is diversified across sectors of the health care industry, including companies that deliver health care services, that provide health information technology and that provide life sciences products and services. Second, the HEP Growth Fund targets its sourcing toward profitable health care companies that offer commercially accepted solutions addressing what HEMCo believes are unmet needs in the industry. Third, the HEP Growth Fund seeks to add value to portfolio companies by working closely with management to expand commercial capacity and accelerate revenue growth.

Spectrum Fund

Spectrum Fund is a managed portfolio of investments in healthcare-focused private capital funds diversified by stage, asset class, region and sub-sector. In addition, Spectrum Fund invests directly by selectively co-investing. Spectrum Fund is constructed with the goal of

providing investors with broad portfolio exposure to the global healthcare market, while optimizing investment performance through economic, reimbursement and capital market cycles. Finally, Spectrum Fund seeks to blend current income and capital appreciation strategies while focusing on achieving capital preservation through diversification.

Spectrum Fund formulates an asset allocation model to define target portfolio weightings by asset class and stage. Additionally, based on the market knowledge of Health Evolution Partners, the Spectrum Fund team identifies market segments that are potentially well-positioned to deliver attractive risk-adjusted returns. In turn, Spectrum Fund screens for investment funds managed by experienced and dedicated healthcare investors with long-standing industry relationships and market-leading track records. Finally, Spectrum Fund completes detailed sector, fund and manager diligence to evaluate the team's strategy, aptitude and organizational soundness.

Spectrum Fund has a target multiple of invested capital above 2.0x and analyzes fund portfolios for return attribution, sourcing methodology, transaction expertise and health care industry knowledge. Spectrum Fund expects that fund managers will employ moderate asset and portfolio leverage. Generally, Spectrum Fund will invest \$10 million to \$30 million in any single limited partnership interest and between \$5 million to \$15 million in any single co-investment opportunity.

Risks of Investment

The Funds and their investors bear the risk of loss that the Advisers' investment strategy entails. Below is a summary of certain risks involved with the Advisers' investment strategy and an investment in the Funds. Investors should review each Fund's Governing Documents for further information regarding risks specific to a Fund.

General Risks

Competition for investments. The Funds will compete with other entities for the acquisition of investments. Such competition may come from groups such as institutional investors, investment managers, industrial groups and merchant banks, which may have greater resources than a Fund and are owned by large and well-capitalized investors. There may be intense competition for investments of the type in which the Funds intend to invest, and such competition may result in less favorable investment terms than would otherwise be the case. A Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. Therefore, there can be no assurance that a Fund's investments will meet the investment objectives, or that such Fund will be able to invest all of its available capital.

No assurance of investment return. The task of identifying opportunities in private operating companies, managing such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage, and realize such investments successfully. There is no assurance that a Fund will be able to invest capital on attractive terms or generate returns. There is no assurance that a Fund's investments will be profitable and there is a risk that its losses and expenses will

exceed income and gains. As such, there is no assurance of any distribution to a Fund Limited Partners or Members, as applicable, prior to, or upon, liquidation of such Fund.

Economic interest. Because the percentage of profits allocated to HEI will exceed the capital contribution percentage of HEI, and because certain net losses otherwise allocable to the Funds will be specially allocated to all the partners (up to the point that the Limited Partners' and Members' capital account balances reach zero), HEI may have an incentive to make investments that are riskier or more speculative than if HEI were to receive allocations on a basis identical to that of the Limited Partners and Members.

Impact of Economic Conditions. As a result of current economic conditions, the United States and many other countries have entered economic recessions. As the result of such recessions, the business, operating results, financial condition and prospects of many of a Fund's portfolio companies could be materially and adversely affected, as could the value of each Fund investment in such companies. Additionally, a period of deteriorating general economic conditions could negatively impact a Fund's ability to dispose of its portfolio company investments by adversely affecting the market for acquisitions and public offerings.

Legal, tax, and regulatory risks. Legal, tax, and regulatory changes could occur during the term of a Fund that may adversely affect it, its portfolio companies or its investors. For example, changes in laws and regulations applicable to taxation of carried interest may result in certain types of investments and/or investment returns being treated differently and accordingly may influence HEI's decisions as to how to best structure the investment profile. A Fund may have limited legal recourse in the event of a dispute, and remedies might have to be pursued in the courts of a variety of countries. There can be no assurance that regulations promulgated in countries where a Fund invests will not adversely affect a Fund or its portfolio investments.

Healthcare Regulation, Reimbursement and Reform. Various segments of the healthcare industry are (or may become) (i) highly regulated at both the state and federal levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. The U.S. healthcare industry continues to undergo significant changes designed to increase access to medical care, improve safety and contain costs. Generally, Medicare and Medicaid reimbursement levels have declined; the use of managed care has increased; distributors, manufacturers, healthcare providers and pharmacy chains have consolidated; and large purchasing groups are more prevalent. In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively the "**Healthcare Reform Acts**") were enacted. Among other things, the Healthcare Reform Acts seek to expand health insurance coverage to approximately 32 million uninsured Americans. Many of the significant changes in the Healthcare Reform Acts do not take effect until 2014, including a requirement that most Americans carry health insurance. While expansion of access to health insurance may increase the demand for various healthcare products and services, other provisions of the Healthcare Reform Acts could affect the Fund and its investments adversely. The Healthcare Reform Acts contain many provisions designed to generate the revenues necessary to fund the coverage expansions and to reduce costs of Medicare and Medicaid. Beginning in 2013, each medical device manufacturer will have to pay a tax in an amount equal to 2.3 percent of the price for

which the manufacturer sells its medical devices. A Fund's portfolio companies may be subject to this tax. Additionally, the Healthcare Reform Acts changed the federal upper payment limit for Medicaid reimbursement to no less than 175 percent of the average weighted manufacturer's price from 250 percent of the lowest average manufacturer's price for generic pharmaceuticals. A Fund and its investments could be adversely affected by, among other things, changes in the delivery or pricing of or reimbursement for pharmaceuticals, medical devices or healthcare services.

Healthcare Research and Innovation. The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which a Fund invests.

HEP Growth Fund Risks and Spectrum Fund Direct Investment Risk

Lack of diversification. To the extent HEP Growth Fund or Spectrum Fund concentrates investments in a particular company, sector, country, or region, such investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, country or region. As a consequence, the aggregate return of such Fund may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which such Fund has invested. In certain cases, such Fund may acquire majority or 100% interests in portfolio companies, which could further increase the vulnerability of such Fund's portfolios.

Availability of investment capital. Portfolio company investments may require several rounds of capital infusions before the portfolio company reaches maturity. If a private equity investor does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the face value of the private equity investor's original investment. Although it will be the policy of HEP Growth Fund and Spectrum Fund to maintain sufficient liquidity to allow participation in follow-on rounds of financings, each Fund does not intend to provide all necessary follow-on financing. Accordingly, third-party sources of financing will be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to such Fund. Furthermore, each such Fund's capital is limited and may not be adequate to protect each from dilution in multiple rounds of portfolio-company financing.

Lack of liquidity within investment portfolio. The marketability and value of each investment will depend upon many factors beyond HEP Growth Fund's or Spectrum Fund's control. Generally, the investments made by such Fund will be illiquid and difficult to value, and there may be little or no collateral to protect an investment once made. At the time of a Fund's investments, a portfolio company may lack one or more key attributes (e.g., sophisticated operations infrastructure, complete management team or strategic alliances) necessary for success. There may be no readily available market for the investments, many of which will be difficult to value, and the disposal of a portfolio investment by such Fund may be prohibited or

delayed many years from the date of initial investment for legal and/or regulatory reasons. The public market for health care and other emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of HEP Growth Fund or Spectrum Fund to dispose of investments and the value of investment securities on the date of sale or distribution by such Fund.

Risks of certain dispositions. In connection with the disposition of an investment in a portfolio company or otherwise, HEP Growth Fund or Spectrum Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate, and under certain circumstances described in the Fund Agreement, such Fund may make distributions of cash or securities to its Limited Partners that remain subject to recall for the payment (in whole or in part) of such contingent liabilities. These arrangements may result in contingent liabilities, which may ultimately have to be funded by HEP Growth Fund or Spectrum Fund, as applicable.

Non-controlling investments. HEP Growth Fund or Spectrum Fund may hold a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect the position in such portfolio companies. However, as a condition to an investment in a portfolio company, it is expected that appropriate rights generally will be sought to protect HEP Growth Fund's or Spectrum Fund's interests to the extent possible. There can be no assurance that such minority shareholder rights will be available.

Spectrum Fund Private Capital Fund Investment Risks

Nature of Spectrum Fund's Investments. Spectrum Fund may make investments in investment funds (1) with short investment histories, (2) that rely on a few key principals, (3) that invest in companies with short operating histories, (4) that rely on a few key managers, (5) that are organized and/or operate outside the United States, and/or (6) that are highly leveraged and/or that operate in rapidly changing markets. Once Spectrum Fund makes such an investment, Spectrum Fund will be a limited partner of the portfolio fund and will have no management authority and will be relying on the management skills of the underlying portfolio fund's general partner or manager.

Business Risk. The investment portfolio of Spectrum Fund will consist primarily of securities issued by privately held funds, and the operating results of their portfolio companies in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Fund Conflicts of Interest

Investors should be aware that there will be situations where the Advisers and their respective affiliates may encounter potential conflicts of interest in connection with the Funds' investment activities. The following discussion details certain potential conflicts of interest that should be carefully considered before making an investment in any of the Funds:

During each Fund's commitment period, all appropriate investment opportunities will be pursued by HEMCo through such Fund, subject to certain limited exceptions. Such other investments that HEMCo may control may potentially compete with companies acquired by a Fund. Following the commitment period of each Fund, HEMCo may, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, HEMCo will be presented with investment opportunities that would be suitable not only for one Fund, but also for other Private Investment Funds and other investment vehicles operated by advisory affiliates of HEMCo. In determining which investment vehicles should participate in such investment opportunities, HEMCo and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. HEMCo attempts to resolve such conflicts of interest in light of its obligations to investors in its Private Investment Funds and the obligations owed by HEMCo's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among each Fund, other Private Investment Funds and such investment vehicles in a fair and equitable manner. Where necessary, HEMCo consults and receives consent to conflicts from the advisory board of HEP Growth Fund and Spectrum Fund, as applicable.

Because HEMCo's carried interest is based on a percentage of net realized profits, it may create an incentive for HEMCo to cause the Funds to make riskier or more speculative investments than would otherwise be the case.

The Chairman and such person's affiliates will devote only such portion of their time to the affairs of HEP Growth Fund and Spectrum Fund as they consider appropriate in their respective judgment for effective management. Other activities of affiliates of the Funds with which such personnel are associated, or with which they may become associated in the future, may require them to devote substantial amounts of their time to matters unrelated to the business of the Funds.

DISCIPLINARY INFORMATION

HEMCo and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

HEMCo is affiliated with other Health Evolution Partners investment advisers registered with the SEC under the Advisers Act pursuant to HEMCo's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with HEMCo and serve as managers or general partners of private investments funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Advisers have adopted the Health Evolution Partners Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of Health Evolution Partners principals and employees and addresses conflicts that arise from personal trading. The Code requires Health Evolution Partners personnel to report their personal securities transactions, requires pre-clearance for Health Evolution Partners personnel to directly or indirectly acquire beneficial ownership of securities in an initial public offering, and prohibits Health Evolution Partners personnel from directly or indirectly acquiring beneficial ownership of securities in any limited offering without first obtaining approval from the Health Evolution Partners Chief Compliance Officer and compliance with other applicable procedures. A copy of the Code will be provided to any Limited Partner or prospective limited partner upon request to Kay Yun, the Health Evolution Partners Chief Compliance Officer, at (415) 362-5800. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

The Advisers and their affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers.

Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers’ personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds, including the Fund or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

The Funds and other Private Investment Funds may invest together with other funds advised by an affiliated adviser of HEMCo in the manner set forth in their Fund Agreements. The Advisers will determine the allocation of investment opportunity in a manner that it believes is fair and equitable to its clients consistent with the Advisers’ obligations and may take into consideration factors such as the following: the client’s investment restrictions and objectives (including those set forth in the relevant client’s governing documents, where applicable), investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for the Funds even though their investment objectives may be the same or similar.

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Advisers sell publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Advisers’ Private Investment Funds. However, each and every research service may not be used for the benefit of each and every Private Investment Fund managed by the Advisers, and brokerage commissions paid by one Private Investment Fund may apply towards payment for research services that might not be used in the service of such Private Investment Fund. Research services may be shared among the Advisers and their affiliates.

The Advisers do not employ any agreement or formula for the allocation of brokerage business on the basis of research services; however, the Advisers may, in their discretion, cause the Private Investment Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Advisers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Advisers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Advisers will periodically determine which brokers have provided research that has been helpful in the management of Private Investment Funds. To the extent consistent with the Advisers' goal to obtain best execution for the Funds, the Advisers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Adviser allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Private Investment Funds' interest in receiving most favorable execution.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose

of securities. However, HEMCo closely monitors companies in which the Funds invest, and the Health Evolution Partners Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

HEP Growth Fund and Spectrum Fund will provide to each of its Limited Partners or Members, as applicable, (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

CLIENT REFERRALS AND OTHER COMPENSATION

HEMCo and/or its affiliates may provide certain business or consulting services to companies in each Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Fund Agreements, this compensation may, in many cases, offset a portion of the Management Fees paid by Funds. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. See "Fees and Compensation."

From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential Limited Partner becoming a Limited Partner in a Fund or other Private Investment Fund. Any fees and expenses payable to any such placement agents will be borne by HEMCo or, alternatively, HEI Series A in the case of any such fees and expenses payable in respect of Spectrum Fund and HEI Series B in the case of any such fees and expenses payable in respect of HEP Growth Fund.

CUSTODY

HEMCo maintains custody of the Funds' assets held in each Fund's name with JP Morgan Chase Bank NA.

INVESTMENT DISCRETION

HEMCo has discretionary authority to manage the investments on behalf of each Fund pursuant to the Fund Agreements described under "Advisory Business." As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Fund Agreements, however, the Advisers may enter into "side letter" arrangements with certain Limited Partners or Members whereby the terms applicable to such Limited Partners' or Members' investment in the Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. HEMCo assumes this non-discretionary authority pursuant to the terms of the Fund Agreements and powers of attorney executed by the Limited Partners and Members of the Funds.

VOTING CLIENT SECURITIES

The Advisers have adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for each Fund's (and any Private Investment

Fund's) portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Each of the Advisers generally believes its interests are aligned with those of Funds' Limited Partners and Members through the principals' beneficial ownership interests in the Funds and therefore will not seek Limited Partner or Member approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Funds' advisory boards on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Funds' advisory boards may approve the Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by Health Evolution Partners personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Funds. If you would like a copy of the Adviser's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Kay Yun, the Health Evolution Partners Chief Compliance Officer, at (415) 362-5800 and it will be provided to you at no charge.

FINANCIAL INFORMATION

HEMCo does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.

SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF HEMCO

David J. Brailer, MD, PhD

Educational Background and Business Experience

David J. Brailer, MD, PhD, born 1959, established Health Evolution Partners in 2007 and serves as its Chairman. Prior to founding Health Evolution Partners, Dr. Brailer founded CareScience, Inc. and served as Chairman and CEO from its inception through its IPO, and until its sale in 2002. In 2004, Dr. Brailer was appointed by President George W. Bush as the first National Coordinator for Health Information Technology. In this role, Dr. Brailer was tasked with developing and leading the nation's strategy for ushering health care into the digital era. Additionally, Dr. Brailer taught in The Wharton School's MBA program for ten years. Currently, Dr. Brailer is on the Board of Directors of Optimal IMX. Dr. Brailer earned his MD at West Virginia University, completed his internal medicine residency at the University of Pennsylvania School of Medicine, and earned his PhD in health economics at The Wharton School.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Dr. Brailer.

Other Business Activities

Dr. Brailer serves on the board of directors of Optimal IMX, a privately-held company, and Walgreen Co., a publicly-traded company.

Additional Compensation

Dr. Brailer does not receive any additional compensation that is required to be disclosed.

Supervision

As Chairman of Health Evolution Partners, Dr. Brailer is responsible for implementing and overseeing the investment strategy of the clients of Health Evolution Partners. Dr. Brailer is not subject to the supervision of any other individual.