

Item 1 – Cover Page

**Part 2A of Form ADV
Brochure for:**

Redmile Group, LLC

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This brochure provides information about the qualifications and business practices of Redmile Group, LLC (“Redmile”). If you have any questions about the contents of this brochure, please contact us at 415.489.9980 or via email at redmile_legal@redmilegrp.com. 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 securities authority.

Redmile is a registered investment adviser. Registration of an investment adviser does not imply any certain level of skill or training.

Additional information about Redmile is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated March 29, 2019, serves as Redmile’s annual updating amendment to its last Brochure, which was filed on March 1, 2018. We have not updated this Brochure since that annual update. While this update to our Brochure contains changes and updates to certain information, we do not believe the changes and updates since we last filed an annual update to our Brochure are material. Please note that this updated Brochure reflects certain new Funds that we have formed as well as the restructure of certain existing Funds since the last annual update to our Brochure.

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Item 4 – Advisory Business

Description of Advisory Firm. Redmile Group, LLC (the “Firm” or “Redmile”), a Delaware limited liability company, was formed in March 2007 and became operational shortly thereafter. Jeremy Green is the managing member and principal owner of the Firm. The Firm generally provides investment management and advisory services to private investment funds (“Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended, and separately managed accounts. The Firm focuses primarily on making investments in U.S. and non-U.S. healthcare companies.

The Firm provides investment management and advisory services to two types of Funds: pooled investment vehicles (the “Pooled Investment Vehicles”) and Delaware limited partnerships that are structured similarly to venture capital investment vehicles (the “VC Partnerships”).

The Pooled Investment Vehicles consist of U.S. and non-U.S. private investment funds. They include a Delaware limited partnership and a Cayman Islands exempted company that invest directly, as well as a Delaware limited partnership and Cayman Islands exempted companies that invest substantially all of their assets in a Cayman Islands exempted limited partnership or a Cayman Islands exempted company via a master-feeder or mini-master feeder structure. One of the Cayman Islands exempted companies that invests directly (the “ERISA Fund”) is designed to accept subscriptions from pension and profit-sharing plans maintained by U.S. corporations and unions, individual retirement accounts and Keogh plans, entities that invest the assets of such accounts or plans and other entities investing plan assets (“Benefit Plan Investors”). Redmile Group (GP), LLC and Redmile Group (GP) II, LLC (each, a “General Partner” and together, the “General Partners”), both Delaware limited liability companies and affiliates of Redmile, serve as the general partner or special shareholder of certain of these Pooled Investment Vehicles.

The VC Partnerships are organized as Delaware limited partnerships or Cayman Islands limited partnerships. Redmile Private Investments I (GP), LLC (the “VC General Partner I”), Redmile Private Investments II (GP), LLC (the “VC General Partner II”), Redmile Biopharma Investments I (GP), LLC (previously doing business as Redmile Biotechnologies Investments I (GP), LLC) (the “VC Biopharma I General Partner”) and Redmile Biopharma Investments II (GP), LLC (the “VC Biopharma II General Partner”) are Delaware limited liability companies and RAF GP, LLC is a Cayman Islands limited liability company (the “RAF General Partner”, and collectively with the VC General Partner I, the VC General Partner II, the VC Biopharma I General Partner and the VC Biopharma II General Partner, the “VC General Partners”) that each serve as general partner to a VC Partnership.

Description of Advisory Services. The Firm manages the portfolios of the Pooled Investment Vehicles and other clients on a discretionary or non-discretionary basis according to the investment objectives and restrictions of each Pooled Investment Vehicle or client. The investment objective and strategy for each Pooled Investment Vehicle is described in more detail in its respective offering materials. Please see Item 8 for a more detailed description of the strategies pursued by the Pooled Investment Vehicles.

Redmile provides portfolio management and advisory services for the VC Partnerships. Redmile manages the VC Partnerships in accordance with the investment objective and investment strategy described in their respective offering documents, which may include a confidential private placement memorandum, limited partnership agreement, subscription agreement and subscription questionnaire.

Redmile also serves as the investment manager to separately managed accounts. In this capacity, Redmile provides portfolio management and advisory and other services to specific accounts. Redmile works with each of its separately managed account clients to develop investment guidelines based upon the client’s specific investment objectives. Separately managed accounts are typically governed by a written agreement between the separately managed account client that may provide more favorable terms than those of the Pooled Investment Vehicles, including with respect to management fees, performance fees and liquidity, among other terms. Separately managed account clients may amend their investment guidelines as their needs change or impose restrictions on investing in certain securities or types of securities.

Client Tailored Services and Client Imposed Restrictions. Redmile does not tailor its portfolio management services to the individual needs of investors in the Funds.

Wrap Fee Programs. Redmile does not participate in wrap fee programs.

Assets Under Management. As of January 31, 2019, Redmile had client net assets under management of approximately \$3.8 billion.

Item 5 – Fees and Compensation

Pooled Investment Vehicles

Management Fee (Generally). For its services in evaluating, selecting and, where appropriate, negotiating investments for the Pooled Investment Vehicles, and otherwise managing and administering the Pooled Investment Vehicles' activities and affairs, the Pooled Investment Vehicles will pay Redmile a management fee as of the beginning of each quarter. The management fee is generally between 0.25% and 0.50% per quarter (between 1% and 2% per year) of the net assets of a limited partner's capital accounts or a shareholder's common shares, as applicable, before accrual of any applicable incentive allocation or fee. For Pooled Investment Vehicles that are part of a mini-master or master-feeder structure, the management fee generally will be paid at the master fund level (but with net assets reduced by feeder-fund level expenses). However, the Firm may elect to have the management fee paid at the feeder-fund level. If the management fee is paid at the feeder-fund level, there will be no management fee paid at the master fund level.

The General Partner and the Firm, each in its sole discretion, have in the past agreed, and may in the future agree, to waive or reduce the management fee charged to investors that are members, directors, principals, employees or affiliates of the General Partner or the Firm, relatives of such persons and certain large, strategic or initial investors.

Designated Investments. Certain Pooled Investment Vehicles are authorized to acquire securities for which there is no ready market, such as private or restricted securities. In the event that such Pooled Investment Vehicles make such investments, the General Partner or the Firm may, each in its sole discretion, designate such investment a "Designated Investment." Investors may elect to participate or not participate in Designated Investments, if applicable. Participation in Designated Investments by investors is limited to the percentage of the net asset value of an investor's capital account or common shares provided in the relevant Pooled Investment Vehicle's offering documents. Such investments, however, may exceed the stated percentage in certain circumstances. For Pooled Investment Vehicles that are Delaware limited partnerships (the "Partnerships"), a designated capital account will be issued for each Designated Investment made by the Partnership. For Pooled Investment Vehicles that are Cayman Island exempted companies ("the Companies"), Designated Investments will be held in a separate class of common shares and a separate series of such common shares will be issued for each Designated Investment.

For purposes of determining the management fee, Designated Investments will be valued at fair value, until such investments are liquidated or otherwise realized or deemed realized, unless the Firm or the General Partner, each in its sole discretion, determines that a different valuation is more appropriate.

Co-Investments. In certain instances, after all of Redmile's clients have been allocated what Redmile believes to be the appropriate amount an investment, given such clients' capacity, restrictions, investment objectives and risk profile, among other considerations, excess capacity may be available. If Redmile determines, based on the above investment allocation principles, and any other relevant investment allocation criteria, that allocating the full amount of an investment opportunity to the client(s) is inappropriate, the excess portion of such investment opportunity may be offered as a co-investment opportunity (a "Co-Investment") to any persons selected by the Firm ("Co-Investors"). Such Co-Investors may include the principals, employees or affiliates of the Firm, whether or not such persons are investors in the Funds. Co-Investments may not bear fees. The Firm may find that an investment opportunity is inappropriate for the Funds as a Designated Investment or otherwise, but may still be appropriate for a Co-Investment. There is no guarantee for any Fund investor that it will be offered Co-Investment opportunities. As a general matter, the allocation of Co-Investment opportunities is entirely discretionary and it is expected that many investors who have expressed an interest in Co-Investment opportunities may not be allocated any Co-Investment opportunities or may receive a smaller amount of a Co-Investment opportunity than the amount requested. The Firm will take into account various facts and circumstances in allocating Co-Investment opportunities.

Further, the Firm has entered into agreements with certain investors that may include terms and conditions applicable to such investor and its investment in the Funds that would not apply to other investors' investment in any of the Funds. Other investors will not receive a copy of the agreement memorializing such terms and conditions (even if in the form of a side letter) and may be unable to elect to receive any rights or benefits granted to such investor. Specific examples of such additional rights and benefits include discounts on fees or performance-based compensation, as well

as the presentation of Co-Investment opportunities. The existence of any such arrangements could result in fewer Co-Investment opportunities being made available to other investors. The Funds may bear their share of expenses for unconsummated transactions, and Redmile will endeavor to treat all Funds and any Co-Investors fairly and equitably in allocating such expenses.

Generally, Co-Investments are available via one of the Companies to which Redmile provides investment management and advisory services. Co-Investments may also be available via the VC Partnerships. Additional information with regard to Co-Investments, as related to the VC Partnerships, can be found in the offering documents of the VC Partnerships. In connection with any Co-Investment by third-party Co-Investors, the Firm may establish one or more investment vehicles managed or advised by the Firm to facilitate such Co-Investors' investment alongside a Fund. An investor may not redeem a Co-Investment until that particular Co-Investment is liquidated or otherwise realized or deemed realized.

Co-Investments will be valued at fair value, until such investments are liquidated or otherwise realized or deemed realized, unless the Firm, in its sole discretion, determines a different valuation is more appropriate. The Firm may elect not to receive a management fee with respect to certain Co-Investments.

Performance/incentive based fees and allocations are discussed in Item 6, "Performance-Based Fees and Side-By-Side Management" below.

Expenses. The General Partner and/or the Firm will render the services set forth in the applicable partnership or investment management agreement at their own expense, including the salaries of employees necessary to render such services and all general overhead expenses attributable to their employees.

The Pooled Investment Vehicles will pay for or reimburse the General Partner and/or the Firm for their own expenses, including the fees payable to the General Partner or the Firm, the registrar and transfer agent and the administrator, directors' fees, legal, accounting (including outsourced accounting), auditing and other professional expenses, insurance costs (including D&O and E&O insurance for the Firm and directors), research expenses and investment expenses such as commissions, trading and support services including payments to assisting brokers, interest on margin accounts and other indebtedness, custodial fees, direct fees and expenses such as legal fees and due diligence expenses related to the analysis, purchase or sale of investments (including Designated Investments and Co-Investments) whether or not the investment is consummated, proxy voting service fees, expenses of regulatory compliance, filings and reporting (including but not limited to Form PF, Section 13 and 16 filings) that are in connection with, relate to or derive from the Pooled Investment Vehicle or its investment activities, and other expenses related to the purchase, sale or transmittal of the Pooled Investment Vehicles' assets. To the extent applicable, the ERISA Fund will pay insurance costs (including D&O and E&O insurance for the Firm and directors) in accordance with the requirements of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Generally, expenses directly attributable to a particular Designated Investment or Co-Investment, as determined by the General Partner and/or the Firm, will be charged as follows (if applicable): (a) with regard to the Partnerships, such charges will be attributed to the basic capital account of those limited partners participating in Designated Investments, and (b) with regard to the Companies, such charges will be attributed to that class/series of common shares not representing Designated Investments or Co-Investments (where applicable), held by those shareholders participating in such Designated Investment or Co-Investment. Co-Investors, for purposes of this paragraph, may be in a unique position of not holding a class of common shares beyond that class of common shares representing a Co-Investment (or Co-Investments). As such, the Firm may attribute such charges/expenses to the reserve that the Firm is entitled to retain out of the capital contributions of such Co-Investors.

The Pooled Investment Vehicles will pay their own organizational expenses, including expenses of the initial offer and sale of common shares. Organizational expenses may be amortized over a period of up to 60 months from the date the Pooled Investment Vehicles commence operations, which is a departure from U.S. generally accepted accounting principles ("GAAP"). Please see the additional disclosure related to the Pooled Investment Vehicles' expenses in the section entitled "Conflicts of Interest."

VC Partnerships

Management Fee (Generally). The VC Partnerships will pay the VC General Partners, or an affiliate designated thereby, an annual management fee of an amount between 0% and 2% of the aggregate capital commitments of the partners, per annum, payable on a semi-annual basis in advance. The management fee may be waived or reduced as described in the offering documents and limited partnership agreements of the VC Partnerships.

Furthermore, the VC General Partners have entered into and may, in the future, enter into a side letter or similar agreement with a limited partner of any of the VC Partnerships, without the approval of any other limited partner in any of the VC Partnerships, which has the effect of establishing rights under, or altering or supplementing the terms of a VC Partnerships' offering documents. Certain limited partners, including (i) those who provide strategic and/or technical advice to a VC General Partner, the Firm or their affiliates; (ii) VC General Partner members or Firm employees, and (iii) investors in one or more Funds who have a certain collective minimum capital commitment/investment may have a reduced or zero management fee.

The management fee paid by each VC Partnership will be offset by an amount equal to one hundred percent (100%) of the amount of any cash or other compensation paid as directors, consulting, management service, advisory, consultant, transaction, commitment, breakup or broken deal fees or similar fees to the applicable VC General Partner, the Firm or any of their respective members, employees or affiliates during the immediately preceding semi-annual period by any portfolio company in which the VC Partnership holds an investment or any portfolio company in which the VC Partnership expected to invest but issuance of securities was not consummated (net of any unreimbursed expenses of the VC General Partner, the Firm or any of their respective members, employees or affiliates, and as adjusted for any similar reductions with respect to any related entities (if applicable) pro rata in proportion to the amounts invested by such entities in the portfolio company paying any such fees to prevent double counting), and with respect to organizational expenses as described below.

Organizational Expenses. Each VC Partnership will bear all expenses associated with its organization and the offering of the limited partner interests, including, but not limited to, out-of-pocket costs incurred by or on behalf of the VC General Partners or their affiliates in connection with the marketing, formation, and organization of the VC Partnerships and the VC General Partners including legal, accounting, travel, meeting, printing and other fees and expenses incident thereto, up to a maximum of \$500,000 or \$1 million in the aggregate. For certain VC Partnerships, the management fee will be reduced by (i) an amount equal to any private placement or finder's fees or other similar fees paid by the VC Partnership during the prior semi-annual period in connection with the formation and organization of the VC Partnership and (ii) organizational expenses paid by VC Partnerships in excess of \$500,000 or \$1 million, as applicable. For other VC Partnerships, the partnership shall bear all private placement fees, finder's fees or other similar fees paid to an independent third party in connection with the sale of interests in the applicable VC Partnership.

Operating Expenses. The VC General Partners, the Firm or an affiliate thereof will be responsible for all of the normal day-to-day overhead expenses of managing the VC General Partners and the Firm, including, without limitation, wages and salaries of employees, rent, utilities and expenses for administrative, clerical and related support services, except to the extent that legal, accounting or other specialized consulting, advisory or professional services are required that the VC General Partners, the Firm or an affiliate thereof would not normally be expected to render with their own professional staff (the costs of which services will be borne by the applicable VC Partnership pursuant to the following paragraph).

The VC Partnerships shall bear all costs and expenses incurred in connection with the purchase, holding, sale or proposed sale of any VC Partnerships investment (whether or not any such purchase or sale is consummated), including, but not by way of limitation, interest on and fees and expenses arising out of all permitted borrowing made by the VC Partnerships, real property or personal property taxes on investments, including documentary, recording, stamp and transfer taxes, brokerage fees or commissions, legal fees, investment related travel expenses, expenses incurred in performing due diligence with respect to a purchase, sale or exchange of securities (whether or not ultimately consummated), expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the VC Partnerships, including claims by or against a governmental authority, audit and accounting fees, consulting fees relating to investments or proposed investments, taxes applicable to the VC Partnerships on account of its operations, expenses associated with the preparation and filing of tax returns, any sales or other taxes, fees or government charges which may be assessed against the VC Partnerships, fees incurred in connection with the

maintenance of bank or custodian accounts, and all expenses incurred in connection with the registration of the VC Partnerships' securities under applicable securities laws or regulations. The VC Partnerships shall also bear expenses incurred by the applicable VC General Partner in serving as the partnership represent, the management fee, any fees or other compensation payable to placement agents or selling agents, the cost of liability and other premiums for insurance protecting the VC Partnerships, the applicable VC General Partner, its managers, and the Firm and its managers and employees from liability to third parties that relates to the VC Partnerships and their activities and investments, all out-of-pocket expenses of preparing and distributing reports to partners, fees and expenses relating to outsourced finance and accounting services, fees and expenses relating to specialized consulting, advisory or professional services, fees and expenses relating to regulatory compliance of the VC Partnerships, the applicable VC General Partner and/or the Firm, meeting expenses, expenses associated with VC Partnerships' communications with partners, including preparation and distribution of financial statements and annual or other reports to the limited partners, out-of-pocket costs associated with VC Partnership meetings or Advisory Committee matters, expenses of members of the Advisory Committee (including travel-related costs and expenses), all legal, custodial, audit, appraisal, administration and accounting fees relating to the VC Partnerships and their activities, all expenses relating to litigation and threatened litigation involving the VC Partnerships, including indemnification expenses, premiums for insurance to protect the VC Partnerships, the applicable VC General Partner, the members of the VC General Partner, the Firm, the members of the Firm, the members of the Advisory Committee and any of their respective partners, members, stockholders, managers, managing directors, officers, directors, trustees, employees, consultants, agents or affiliates in connection with the activities of the VC Partnerships, and all other expenses properly chargeable to the activities of the VC Partnerships.

Additional information with regard to management fees and expenses can be found in the Funds' offering documents. Offering documents contain a complete description of each of the Funds' management fees and expenses.

Item 6 - Performance-Based Fees and Side-By-Side Management

Pooled Investment Vehicles

Redmile charges an incentive allocation or incentive fee where applicable with regard to the Pooled Investment Vehicles and its clients other than the VC Partnerships. The amount of such incentive allocation or incentive fee is generally 20% of each limited partner's share of net profits of the Pooled Investment Vehicles (including realized and unrealized gains and losses), subject to a loss carryforward provision, allocated or charged as of the end of each Pooled Investment Vehicle's fiscal year and upon withdrawal or redemption of interests or shares during the year. For this purpose, net profits shall include net unrealized gains and losses on investments other than Designated Investments and net profits or losses from the liquidation, realization or deemed realization of Designated Investments.

For Pooled Investment Vehicles that are part of a mini-master or master-feeder structure, an investment allocation generally will be made at the master fund level (but with net profits reduced by feeder-fund level expenses). However, the amount of an incentive allocation may alternatively be paid, without affecting the fund investors' economics, as a fee at the feeder-fund level, but the investors will not be subject to paying incentive compensation at both levels.

The General Partner or the Firm, as applicable, in its sole discretion, has in the past agreed, and may in the future agree, to waive or reduce the incentive compensation charged to investors that are members, directors, principals, employees or affiliates of the General Partner or the Firm, relatives of such persons and certain large, strategic or initial investors.

The Firm generally will receive an incentive fee or allocation upon the liquidation, realization or deemed realization of a Co-Investment. Generally, this Co-Investment incentive compensation will be calculated separately with respect to each Co-Investment and will not be subject to a "loss carryforward" provision or "claw back" provision.

VC Partnerships

A portion of each VC Partnership's net investment proceeds will be distributed, if earned, to Redmile or its affiliates as carried interest distributions. Generally, Redmile or an affiliate is entitled to receive 20% of the investment profits of the applicable VC Partnership, pursuant to a distribution waterfall described in the offering documents of the VC Partnership.

The VC General Partners have entered into and may, in the future, enter into a side letter or similar agreement with a limited partner, without the approval of any other limited partner, which has the effect of establishing rights under, or altering or supplementing the terms of any of the VC Partnerships' offering documents. Finally, the Firm has in the past agreed, and may in the future agree, to waive or reduce any carried interest allocated to the applicable VC General Partner with respect to investments in the VC Partnerships by investors that are members, directors, principals, employees or affiliates of the Firm, relatives of such persons and certain large, strategic or initial investors.

Each Fund's offering documents contain a complete description of the performance-based fees (i.e., the incentive allocation, incentive fee or carried-interest) associated with such Fund.

Item 7 – Types of Clients

Redmile serves as investment manager to Pooled Investment Vehicles, VC Partnerships and separately managed accounts. In certain limited circumstances, Redmile may provide certain consulting services to clients.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Pooled Investment Vehicles

Investment Objective. Redmile will implement the investment objectives of the Pooled Investment Vehicles described in each Pooled Investment Vehicles' offering documents. There can be no assurance that the investment objectives of the Pooled Investment Vehicles will be achieved. Furthermore, an investment in the Pooled Investment Vehicles may be deemed speculative and is not intended as a complete investment program. The Pooled Investment Vehicles are designed for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Pooled Investment Vehicles.

Types of Investments. The Firm will seek to achieve the objectives of the Pooled Investment Vehicles stated in their respective offering documents, by investing primarily in U.S. and non-U.S. healthcare companies. The Firm anticipates that the Pooled Investment Vehicles will generally invest in public equities, which may include investments in illiquid, publicly-quoted securities. The Pooled Investment Vehicles may also invest in private companies and non-equity asset classes where the Firm believes such investments offer a superior risk-reward. The Firm may also invest in fields related to healthcare where due diligence shows that healthcare assets are the driving force behind value creation and in other sectors from time to time.

Notwithstanding the foregoing, the Firm generally has broad and flexible investment authority. In order to maintain flexibility and to capitalize on investment opportunities as they arise, the Firm is not required to invest any particular percentage of the Pooled Investment Vehicles in any type of investment or region, and the amount of the portfolios which is invested in any type of investment or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities. Accordingly, investments may at any time include long or short positions, if applicable, in U.S. or non-U.S. publicly-traded or privately-issued common stocks, preferred stocks, stock warrants and rights, bonds, notes or other debentures or debt participations, convertible bonds, convertible preference shares, fund interests, swaps, options (including options on stock market indices), futures contracts, commodities, forward contracts and other securities or financial instruments including those of investment companies.

Investment Approach/Strategy. The following are key principles behind the Firm's investment approach and strategy:

- The Firm has a broad healthcare focus.
- Healthcare is a truly global market.
- Generally, the Firm has a longer-term investment horizon.
- Fundamentals are key and drive real value.
- Patience is a virtue. While the Firm's process is based on fundamental research, it recognizes that specific knowledge may not be useful for years.

Research Process. "Fundamental research" is at the heart of the Firm's investment process. The Firm seeks to recognize product cycles and investment themes before they become the focus of mainstream investors. As part of this process, the Firm utilizes a number of different avenues to provide information leading to an investment decision. The following are sources for the Firm's ideas: (a) contacts with physicians; (b) focus outside of the United States; (c) dialogue with companies; (d) attendance at medical conferences; (e) meetings with private companies; and (f) regular dialogue within the team. The Firm utilizes a note and model process. The following are the Firm's protocols:

- Company Financial Models: The Firm maintains proprietary models on a broad range of companies, including investments by the Pooled Investment Vehicles and potential future investments.
- Market Models: The Firm also builds and maintains market models for a number of key medical markets.
- Investment Theses: Investments are generally preceded by a research note explaining the thesis, the expected fair value and the risks inherent in such investment.
- Regular Dialogue: The Firm shares findings from its research process with its team in brief research notes in order for it to internally leverage its information and ideas.

Risk Management. The Firm's risk Management protocols include the following: (a) single product/market risk analysis; (b) longs and shorts, if applicable, are not necessarily matched; (c) no pre-defined views on exposure; and

(d) stop-loss rules. Investing in securities involves risk of loss that clients and limited partners and shareholders of clients should be prepared to bear. Redmile cannot assure clients or limited partners and shareholders of clients that (a) the Funds will achieve their investment objectives, (b) its investment strategies will prove successful; or (c) they will not lose all or part of their investment.

THE FOLLOWING IS A BRIEF SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH THE FIRM'S MANAGEMENT AND INVESTMENTS. FOR A MORE COMPREHENSIVE DISCUSSION OF RISK, ELIGIBLE INVESTORS SHOULD REFER TO EACH POOLED INVESTMENT VEHICLE'S OFFERING DOCUMENTS.

While the following summary of certain of these risks should be carefully evaluated before making an investment in the Pooled Investment Vehicles, the following does not intend to describe all possible risks of such an investment. Risks of investment in the Pooled Investment Vehicles include, but are not limited to, the following:

- Investment/Certain Risk: The Pooled Investment Vehicles are speculative investments and are not intended as a complete investment program. Investment in the Pooled Investment Vehicles is suitable only for persons who can bear the economic risk of the loss of their investment, who have limited need for liquidity in their investment and who meet the conditions set forth in each of the Pooled Investment Vehicles' offering documents. There can be no assurance that the Pooled Investment Vehicles will achieve their investment objectives. Investment in the Pooled Investment Vehicles involves significant risks.
- Future and Past Performance: The past performance of the Pooled Investment Vehicles as well as the performance of other funds advised by the Firm is not necessarily indicative of the Pooled Investment Vehicles' future results. While the Firm intends for the Pooled Investment Vehicles to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the Pooled Investment Vehicles' objectives will be achieved. Loss of principal is possible on any given investment.
- Market Risks: There can be no assurance that the Firm will be able to predict accurately the price movements of securities and other investments. Although the Firm may attempt to mitigate market risk through the use of long and short positions, if applicable, or other methods, there may be a significant degree of market risk.
- Non-Diversification: The Pooled Investment Vehicles' portfolios are invested primarily in equities and equity-related securities, with an emphasis on healthcare companies and may not be widely diversified among a wide range of issuers, geographic areas, capitalizations or types of securities. Accordingly, the investment portfolio of the Pooled Investment Vehicles may be subject to more rapid change in value than if the Pooled Investment Vehicles were required to maintain wide diversification. Further, if a Designated Investment becomes freely tradable, and the Firm or the General Partner continues to hold the security as a Designated Investment and also makes an additional investment in the relevant security in the Pooled Investment Vehicles' portfolio, an investor participating in such Designated Investment will have greater exposure to such security than an investor not participating in such Designated Investment.
- Investing in Healthcare Companies: Investing in securities and other instruments of healthcare companies involves substantial risks including, but not limited to, the following: change in government policies; companies having limited or no operating histories, or limited products, markets and financial resources; rapidly changing technologies; unanticipated problems in connection with the development of new products; scarcity of management and marketing personnel with appropriate technological or medical training; the possibility of lawsuits, regulatory changes and/or governmental action; changing investors' sentiments and preferences with regard to investments in healthcare companies; volatility in the global stock markets; extensive government regulation; substantial and ongoing capital needs of companies; length, expense and uncertainty of process for obtaining government approval for new products; and delays in generating products (as well as more general ongoing capital requirements), which may result in the need for companies to seek additional capital, potentially diluting the interest of existing investors, such as the relevant Pooled Investment Vehicles.
- Technological Obsolescence: Certain healthcare and medical technology related businesses are characterized by single product focus and rapidly changing technologies. Success in a business with a single product focus is particularly sensitive to technological changes and the development of alternative competing products. These changes and developments may render existing products and technologies obsolete or less effective compared with newly introduced products and technologies.
- Unanticipated Delays and Uncertainty of Product Development: Unanticipated problems may arise in connection with the development of new products or technologies, and many of such efforts could ultimately be unsuccessful. For example, regulatory approval is often required to market or sell, drugs, devices, medical

technologies or other healthcare-related products. The approval process typically takes many years, and is extremely expensive and uncertain. In addition, as part of the regulatory approval process, companies may need to conduct preclinical studies involving animals, and clinical trials involving humans. Even if results from preclinical studies are favorable, the results in clinical trials on humans may differ, and results from initial clinical trials may not reflect those obtained in later stage trials. Preclinical studies and clinical trials are costly and lengthy and the results of these studies and trials are highly uncertain. Delays in commercializing products may therefore result in the need to seek additional capital, potentially diluting the interests of investors. These various factors may result in abrupt advances and declines in the securities prices and/or valuation of particular companies in the healthcare industry and, in some cases, may have a broad effect on the prices of securities of companies in particular segments of the healthcare industry generally.

- **Minority Investments:** A significant portion of the Pooled Investment Vehicles' investments may represent minority stakes in companies. Minority stakes that the Pooled Investment Vehicles hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. The Pooled Investment Vehicles may also invest in companies for which the Pooled Investment Vehicles have no right to appoint a director or otherwise exert significant influence. In such cases, the Pooled Investment Vehicles will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Pooled Investment Vehicles are not affiliated and whose interests may conflict with the interests of the Pooled Investment Vehicles.
- **Short Sales:** Short selling exposes the Pooled Investment Vehicles to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit.
- **Leverage:** The Pooled Investment Vehicles may leverage their capital. The Pooled Investment Vehicles may also leverage their investment return with options, short sales (if applicable), swaps, forwards and other derivative instruments. The amount of borrowing which the Pooled Investment Vehicles may have outstanding may be substantial in relation to their capital. While leverage presents opportunities for increasing the Pooled Investment Vehicles' total return, it has the effect of potentially increasing losses as well. The anticipated use of short-term margin borrowings results in certain additional risks to the Pooled Investment Vehicles. In an unsettled credit environment, the Firm may find it difficult or impossible to obtain leverage for the Pooled Investment Vehicles and implement their strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Firm being forced to unwind positions quickly and at prices below what the Firm deems to be fair value for the positions.
- **Non-U.S. Securities:** Investing in securities of non-U.S. governments and companies, and utilization of currency forward contracts and options on currencies involves the following risks: changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and generally less available information, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards, and greater price volatility.
- **Currency Risks:** In general, the Pooled Investment Vehicles' investments denominated in currencies other than the U.S. dollar are subject to the risk that the value of the particular currency will change in relation to the U.S. dollar. Further, investments in euro class shares of the Companies, where applicable, are subject to the risk of change in value of the euro in relation to the U.S. dollar.
- **Small Cap Stocks:** The Pooled Investment Vehicles may invest a portion of their assets in stocks of companies with small to medium sized market capitalizations which may involve higher risks than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks and investments in these stocks may be more illiquid than those in larger, better known companies. Further, investments in these companies often involve higher risks because the companies lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies. In addition, in many instances, the frequency and volume of the trading activity in their stock is substantially less than is typical of larger companies. Therefore, the securities of smaller companies may be subject to wider price fluctuations. The spreads between the bid and asked prices of the securities of these companies in the U.S. over-the-counter market typically are larger than the spreads for more actively traded securities. As a result, the Pooled Investment Vehicles could incur a loss if they were to sell such a security a short time after its acquisition. When making a large sale, the Pooled Investment Vehicles may have to sell a portfolio holding at a discount

from quoted prices or may have to make a series of small sales over an extended period of time because of the limited trading volume of smaller company securities.

- Investments in Undervalued Securities: One of the primary objectives of the Pooled Investment Vehicles is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task and there is no assurance that such opportunities will be successfully recognized or acquired. The Pooled Investment Vehicles may be required to hold such securities for a substantial period of time before realizing their anticipated value, thus possibly preventing them from investing in other opportunities. In addition, the Pooled Investment Vehicles may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.
- Special Situations: The Pooled Investment Vehicles may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies or sovereign debt involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. These investment opportunities involve a potential risk of loss by the Pooled Investment Vehicles of their entire investment in such companies.
- Lack of Liquidity of Assets: The Pooled Investment Vehicles' assets may include securities and other financial instruments or obligations which are restricted as to sale or which are very thinly traded. The sale of any such investments may be possible only at substantial discounts. Finally, if a substantial number of investors were to redeem their interests/shares and the Pooled Investment Vehicles did not have a sufficient amount of cash or liquid securities, the Pooled Investment Vehicles might have to meet such withdrawal/redemption requests through distributions of illiquid securities.
- Convertible Securities: As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increases as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.
- Counterparty Risk: The Pooled Investment Vehicles may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default.
- Custody and Prime Brokerage Risk: There are risks involved in dealing with the custodians or prime brokers who settle the Pooled Investment Vehicles' trades, as well as with any sub-custodian the Pooled Investment Vehicles or their prime brokers appoint.
- Portfolio Company Directorships: Firm personnel may serve on boards of directors or executive committees or in other management capacities at companies in which the Pooled Investment Vehicles invest, either directly or indirectly. Serving in such a capacity may expose such personnel, and by association the Firm and the Pooled Investment Vehicles, to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest and may subject the Pooled Investment Vehicles to certain risks. For example, the Pooled Investment Vehicles may be unable to sell or buy securities or enter into transactions that may benefit the Pooled Investment Vehicles if a representative of the Firm is in possession of material, non-public information relating to such portfolio investment. Furthermore, such individual board members may become subject to substantial liability arising out of claims against them and any liability in connection therewith may be borne by the Pooled Investment Vehicles through indemnification obligations. The Firm and the Pooled Investment Vehicles may also be subject to Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), including the disclosure requirements, the restrictions on purchases and sales, and the disgorgement of profits in certain circumstances. An employee or principal of the Firm serving as a director of a company owned, directly or indirectly, by the Pooled Investment Vehicles may also face a conflict between the fiduciary duties owed by such employee to the Pooled Investment Vehicles and the duties owed to such company. In such circumstances, such person may act in ways that are in the best interests of such company but not the Pooled Investment Vehicles. The Firm intends to prevent its personnel from taking such positions when, in the Firm's determination, the potential risks to the Pooled Investment Vehicles outweigh the potential benefits. However, there can be no assurance that permitting board membership will not result in less favorable results for the Pooled Investment Vehicles than if Firm personnel were not permitted to serve in such capacity. In addition to Firm personnel serving on the board of directors of certain portfolio companies, the Pooled Investment Vehicles may take some positions that exceed 10% of the voting shares of a company or in which the market value of the Pooled Investment Vehicles' position in the company exceeds certain thresholds required for notice under the Hart-Scott-Rodino premerger notification program. As a result of any such positions, the Pooled Investment Vehicles may be subject to various U.S. and non-U.S. regulatory and legal requirements.

- Commodities and Futures Contracts: Commodity futures markets (including financial futures) are highly volatile. In addition, because of the low margin of deposit normally required in commodity futures trading, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in a particular type of future beyond certain set limits, which could prevent prompt liquidation of unfavorable positions and result in substantial losses.
- High Growth Industry Related Risks: Securities of companies in high growth industries (e.g., healthcare) may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, and may operate at a loss or with substantial variations in operating results from period to period. Furthermore, these companies may have no proven profit-making history, limited access to capital and/or be in the developmental stages of their businesses, or limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets. These companies may also be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.
- Risks Relating to Designated Investments: The Pooled Investment Vehicles may invest in Designated Investments. The types of Designated Investments that the Pooled Investment Vehicles anticipate making may involve a high degree of risk. In general, financial and operating risks confronting certain investments can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Pooled Investment Vehicles will be adequately compensated for risks taken. A loss of an investor's entire investment in the Designated Investments is possible. The timing of profit realization with respect to Designated Investments is highly uncertain.
- Potential Dilution of Designated Investments: Investing in Designated Investments is subject to the risk of material dilution. This dilution can result from an investment's unanticipated need of additional financing, foreclosure by creditors, adverse litigation outcomes draining the investment's resources and numerous other factors. Because certain investments may have limited financial resources, events which could be easily absorbed by larger capitalization investments can force certain investments to take steps which result in the positions of existing investors being severely compromised, and often without existing investors having the opportunity to maintain their investments by making an additional investment. The Firm may correctly identify and successfully invest in an investment through a Designated Investment with significant profit potential but then be "squeezed out" of their position by subsequent financing activity.
- Limitations on Ability to Exit Designated Investments: The Firm expects to exit from its Designated Investments in two principal ways: (i) private sales and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to the Pooled Investment Vehicles, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate Designated Investments may be constrained at any particular time, and the likelihood of such transactions occurring will be materially affected by prevailing market conditions. Further, even if an investment in which the Pooled Investment Vehicles invest is ultimately enormously successful, such success may not occur during a timeframe in which it is feasible for the Pooled Investment Vehicles to maintain its investment.
- Down Round and Cram Down Financings of Designated Investments: A company in which a Pooled Investment Vehicle invests may experience a down round financing, where the company raises capital that is based on the company's valuation that is lower than the company's valuation in its prior financing round in which a Pooled Investment Vehicle may have invested. As a result of the lower valuation, the equity outstanding immediately prior to the down round will suffer dilution. A company may also engage in a "cram down" financing. A cram down financing is a term that is often used to describe a down round financing in which existing investors lead a new financing that includes terms that may be severely dilutive to non-participating investors and that may include other features, such as forced conversions and "pay-to-play" mechanisms, that may have the perceived effect of punishing non-participating stockholders. In a severe cram down, existing stockholders who do not participate in the round may end up with little or no meaningful ownership stake in the company. In addition to further consolidating ownership of the company, investors willing to participate in a cram down may often also receive ancillary deal terms and preferred stock rights and preferences (such as super-priority liquidation preferences, "drag along" rights and special voting rights) that are superior to the prior rounds. If a Pooled Investment Vehicle does not participate in a cram down financing, a Pooled Investment Vehicle's equity ownership could be significantly reduced.
- Interests/Shares Subject to Liabilities of Other Classes: Although the assets and liabilities of each of the Pooled Investment Vehicles' tranches or classes of common shares are segregated, there is a risk that the assets of a solvent tranche or class may be at risk with respect to, and may be used to satisfy, the liabilities

of an insolvent tranche or class.

- Reliance on Principal: If Jeremy Green no longer participated in the management of the Pooled Investment Vehicles, it is possible that a significant number of investors would exercise their right to redeem at the next applicable withdrawal/redemption date, and investors could experience losses. In this situation, it may no longer be feasible to continue to manage the portfolio.
- Non-Disclosure of Positions: The Pooled Investment Vehicles may not disclose all of their positions to investors on an ongoing basis, although the Pooled Investment Vehicles may permit such disclosure on a select basis to certain investors if sufficient confidentiality agreements and procedures are in place.
- Limited Withdrawal/Redemption and Transfer Rights; In Kind Distributions: Investors are subject to significant restrictions on withdrawals/redemptions and transfers. In addition, investors in different sub-classes/tranches are subject to different liquidity terms. Also, only certain investors are subject to lock-up restrictions and those not subject to such restrictions may have an advantage in exiting the Pooled Investment Vehicle. Furthermore, investments in Designated Investments or Co-Investments cannot be redeemed until the investment is liquidated, realized or deemed realized. Accordingly, investments in the Pooled Investment Vehicles are relatively illiquid. In the event of substantial withdrawals/redemptions, the Pooled Investment Vehicles might have to meet withdrawals/redemptions through distributions of illiquid securities (either directly or through a liquidating account mechanism). As a result, the interests/shares should only be acquired by investors willing and able to commit their assets for an appreciable period of time. In addition, certain Other Clients (as defined below) may pursue strategies that are the same as or similar to the strategy implemented by a Pooled Investment Vehicle, and such Other Clients may therefore have substantially similar portfolios to that of the Pooled Investment Vehicle and any redemption/withdrawal by investors in such Other Clients, if applicable, may be permitted on terms that are preferential; therefore such redemptions/withdrawals may adversely affect such Pooled Investment Vehicle and may present certain risks and conflicts of interest.
- Managed Accounts Pursuing Substantially the Same Strategy: The Firm and/or its affiliates may manage separate accounts pursuing all or some of the Pooled Investment Vehicles' investment strategy or implementing the same strategies as the Pooled Investment Vehicles. With respect to managed accounts, the agreement between the Firm and the holder of any such account may limit the ability of such holder to terminate the agreement, however, such holder always has the ability to assume control over the account and to liquidate positions in the account. In the case of a large managed account, such liquidations could have an adverse effect on the Pooled Investment Vehicles. In addition, the holder of a managed account has an inherent ability to see all positions in the account. Accordingly, the Firm's advising a managed account pursuing the same or substantially the same strategies as the Pooled Investment Vehicles involves some of the same risks as having an investor of the Pooled Investment Vehicles with immediate liquidity.
- Valuation: The Pooled Investment Vehicles' assets may be invested in privately placed securities of publicly traded or private companies or in securities which are illiquid or very thinly traded, and the Pooled Investment Vehicles may determine not to treat such investments as Designated Investments. It is noted that these investments may be extremely difficult to value accurately and could result in redeeming/withdrawing investors being overpaid or underpaid relative to the actual value of the company. There may also be risks associated with dilution and liquidation of these investments.
- Regulatory Restrictions on Investments: To the extent that any of the Pooled Investment Vehicles owns a controlling stake in or is deemed an affiliate of a particular company, it may be subject to certain additional securities law restrictions which could affect both the liquidity of its interest and its ability to liquidate interests without adversely impacting the stock price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Act, and the disclosure requirements of Sections 13 and 16 of the Exchange Act. To the extent that affiliates of the Firm are subject to such restrictions, the Pooled Investment Vehicles, by virtue of their affiliation with such entities, may be similarly restricted, regardless of whether any Pooled Investment Vehicle stands to benefit from such affiliate's stock ownership. Additionally, the Firm may have access (through representation on boards of directors, creditors' committees or otherwise) to nonpublic information regarding issuers of securities that are investments or potential investments of the Pooled Investment Vehicles. While such representation or access to nonpublic information is important to the Pooled Investment Vehicles' investment strategy and may enhance the Firm's ability to manage the Pooled Investment Vehicles' investments, it may also have the effect of impairing the ability of the Pooled Investment Vehicles to purchase or sell the related investments when, and upon the terms, it might otherwise desire, including as a result of applicable securities laws or standstill provisions in nondisclosure agreements

entered into by the Firm or the Pooled Investment Vehicles in connection with obtaining such representation or access. Furthermore, material nonpublic information may be obtained for the benefit of one Client of the Firm, yet result in the restriction of trading by another Client, for example, a Pooled Investment Vehicle.

- **Absence of Regulatory Oversight:** While the Pooled Investment Vehicles may be considered similar to investment companies, they do not intend to register as such under the Investment Company Act of 1940, as amended (the “Investment Company Act”), in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person or marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable.
- **Incentive Allocation/Fee:** The payment of the incentive allocation/fee to the General Partner and/or the Firm or its affiliate(s), as noted in Item 6 above, may create an incentive for the General Partner and/or the Firm to cause the Pooled Investment Vehicles to make investments that are riskier or more speculative than would otherwise be the case. Since the incentive allocation/fee is calculated on a basis which includes unrealized appreciation, such fee may be greater than if it were based solely on realized gains. In addition, because the incentive allocation/fee is calculated separately with respect to each sub-class and each series of shares of certain Pooled Investment Vehicles and shareholders who subscribe at different times for shares in such a Pooled Investment Vehicle will own more than one series of shares in the Pooled Investment Vehicle, a shareholder could be subject to an incentive allocation even though such shareholder’s overall investment in the Pooled Investment Vehicle has been unprofitable. In addition, upon a complete withdrawal/redemption by an investor that continues to hold shares/interests that represent Designated Investment(s), any loss carryforward applicable to such shares/interests will be extinguished and will not be taken into account with respect to calculating the incentive allocation on Designated Investments realized or deemed realized thereafter.
- **Diverse Investors:** The investors may have conflicting investment, tax, and other interests with respect to their investments in the Pooled Investment Vehicles. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Pooled Investment Vehicles, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Firm with respect to the nature or structuring of investments that may be more beneficial for some investors than for others, particularly with respect to investors’ individual tax situations. In selecting and structuring investments appropriate for the Pooled Investment Vehicles, the Firm will consider the investment and tax objective of the Pooled Investment Vehicles and the investors as a whole, not the investment, tax or other objective of any investor individually.
- **Side Letters:** The Pooled Investment Vehicles have entered into and may, in the future, enter into agreements with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the applicable offering documents.
- **No Operating History:** Although the Firm has experience in the securities industry, certain of the Pooled Investment Vehicles are newly-formed entities and have no or limited operating history upon which investors can evaluate their likely performance. Accordingly, an investment in these Pooled Investment Vehicles entails a significant degree of risk.
- **No Separate Counsel; No Responsibility or Independent Verification:** Counsel to the Firm, General Partner and the Pooled Investment Vehicles does not represent and has not represented current or prospective investors. Counsel does not undertake to monitor the compliance of the Firm and its affiliates with the investment program, valuation procedures, and other guidelines, nor does it monitor compliance with applicable laws. Counsel relied upon information furnished to it by the Pooled Investment Vehicles and the Firm and did not investigate or verify the accuracy and completeness of the information. There may be situations in which there is a “conflict” between the interests of the Firm and those of the Pooled Investment Vehicles. In these situations, the Firm and the Pooled Investment Vehicles will determine the appropriate resolution thereof, and may seek advice from counsel in connection with such determinations.
- **Business and Regulatory Risks of Hedge Funds:** Legal, tax and regulatory changes could occur that may adversely affect the Pooled Investment Vehicles. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. Furthermore,

cyber-security presents a prevalent and real business risk and a cyber-security breach could negatively affect the Firm and the Pooled Investment Vehicles.

- **ERISA Risks:** It is anticipated that the assets of the ERISA Fund will at all times be deemed to be “plan assets” subject to Title I of ERISA and/or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”). The Firm, therefore, will be a fiduciary with respect to plans or accounts subject to Title I of ERISA and/or Section 4975 of the Code investing in the ERISA Fund directly or indirectly through a Benefit Plan Investor and will be prohibited from causing the ERISA Fund to engage in certain transactions. While the Firm believes that it can effect the ERISA Fund’s investment strategies utilizing various statutory and class exemptions to ERISA’s prohibited transaction regime, there may be particular transactions which ERISA and/or the Code will prevent the ERISA Fund from entering into or investments which the ERISA Fund must sell before it might otherwise do so.
- **Accounting for Uncertainty in Income Taxes:** The Financial Accounting Standards Board’s Accounting Standards Codification Topic 740 could have a material adverse effect on the periodic calculations of the net asset value of the Pooled Investment Vehicles, including reducing the net asset value of the Pooled Investment Vehicles to reflect reserves for income taxes that may be payable in respect of prior periods by the Pooled Investment Vehicles. This could adversely affect certain investors.
- **Cybersecurity Risks:** The Firm as well as its service providers, counterparties and other market participants on whom it relies increasingly depends on complex information technology and communications systems to conduct business functions. A number of different threats or risks to these systems exist and could adversely affect the Pooled Investment Vehicles and/or its investors. A successful penetration or circumvention of the security of the Firm’s systems or the systems of any of its service providers, counterparties or other market participants could result in the loss or theft of an investor’s data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate/scientific data, physical damage to a computer or network system as well as the costs associated with system repairs and updating. Such incidents could cause the Pooled Investment Vehicles, the Firm, their service providers, their counterparties and other market participants on whom the Firm relies to incur regulatory penalties, reputational damage, additional compliance costs and/or financial loss.
- **Redmile’s Other Activities:** Redmile manages portfolios for multiple clients, and may invest on behalf of a client in transactions without presenting these opportunities to other clients, as discussed further below.

Conflicts of Interest. This section is to be considered alongside the discussion of the VC Partnerships’ conflicts of interest described below in the section entitled “Conflicts of Interest,” which may be applicable from time to time. While discussed separately, the conflicts of interest of the Pooled Investment Vehicles and the VC Partnerships should be considered together. The following is not intended as an exhaustive list of the potential conflicts. Among others, investors should consider the following conflicts of interest:

- **Other Clients of the Firm:** As noted in Item 4 above, the Firm serves as the investment manager of the Pooled Investment Vehicles and separately managed accounts. In addition, the Firm, its affiliates, including the General Partner and the VC General Partners, and their respective principals, affiliates and employees (collectively, the “Management Group”) may serve as investment adviser, investment manager, general partner or consultant to other client accounts (including the VC Partnerships, separately managed accounts, etc.) and conduct investment activities for their own accounts, or form or operate other funds or entities engaged in the healthcare industry. Such other entities or accounts (collectively, the “Other Accounts”) may have investment objectives or may implement investment strategies similar to those of the Pooled Investment Vehicles. Accordingly, it is likely that the Pooled Investment Vehicles and the Other Accounts (including proprietary accounts of the Management Group) may co-invest in many of the same securities and issuers. Redmile Ventures, LLC, for example, is a Delaware limited liability company that resides within a trust set-up by Jeremy Green. Typically, Redmile Ventures, LLC invests in private companies (with the exception of those investments that have ultimately gone public after being purchased as a private investment).
- **Allocation of Investments:** The Management Group may give advice or take action with respect to the Other Accounts that differs from the advice given with respect to the Pooled Investment Vehicles. To the extent a particular investment is suitable for both the Pooled Investment Vehicles and the Other Accounts, such investments will be allocated between the Pooled Investment Vehicles and the Other Accounts in a manner that the Firm determines is fair and equitable to all clients under the circumstances, including the Pooled Investment Vehicles, and which is consistent with the investment mandates and restrictions of the Pooled Investment Vehicles and the Other Accounts as well as with the allocation policies of the Firm. From the

standpoint of the Pooled Investment Vehicles, and where applicable, simultaneous identical portfolio transactions for the Pooled Investment Vehicles and the Other Accounts may tend to decrease the price received, and increase the price required to be paid, by the Pooled Investment Vehicles for their portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Pooled Investment Vehicles and the Other Accounts in an equitable manner as determined by the Firm.

- **Co-Investments:** Where applicable and unless otherwise obligated, to the extent the Firm, General Partner or VC General Partners, each in their sole discretion, determine that the Funds have received their full allocation of a particular investment or that a particular investment is not an appropriate investment for a Fund the Firm may allocate such investment or designate such investment as a Co-Investment (as discussed in Item 5) and allocate such Co-Investment or a portion thereof to any Other Accounts selected by the Firm (including certain members of the Management Group and/or underlying investors in any Fund or Other Account). Co-Investment opportunities are determined in the sole discretion of the Firm, and an investor that desires to participate in Co-Investments may not be offered such opportunity or may not receive the full amount, or any amount, of a desired Co-Investment. As members of the Management Group may also participate, directly or indirectly, in Co-Investments, this may reduce the availability of Co-Investment opportunities for others. All such opportunities will be allocated in accordance with the Firm's co-investment allocation policy. For the sake of clarification, the Firm may find that an investment opportunity is inappropriate for the Pooled Investment Vehicles as a Designated Investment (including that Company organized to hold Co-Investments) and/or the VC Partnerships (where applicable), but may still be acceptable as a Co-Investment. Co-Investment opportunities may be offered to any persons selected by the Management Group, whether or not such persons are investors in the Funds at the time of such allocation. As a result, the Management Group may have conflicts of interest in allocating such investments as Co-Investments.
- **Capital Structure Conflicts:** A Fund may, from time to time, make multiple investments in a portfolio company whether in different parts of the capital structure (e.g., equity and debt) or otherwise. Additionally, a Fund may, from time to time, make an investment in a portfolio company in which one or more Other Accounts may have or make investments whether in different parts of the capital structure of such company or otherwise. To the extent that a Fund holds securities in a portfolio company with rights, preferences and privileges that are different than those held by Other Accounts in the same portfolio company, the Firm may be presented with decisions when the interests of such Fund and the Other Accounts are in conflict. It is possible that in a bankruptcy proceeding, out-of-court restructuring or other corporate action, a Fund's interest may be subordinated or otherwise adversely affected by virtue of the Other Accounts' involvement and actions relating to its investment. As a result, the Firm may have a conflict with respect to voting the securities of such issuers and other matters relating to various investments. In addition, situations may arise where the Management Group is conflicted with respect to their contractual and/or fiduciary obligations to the Pooled Investment Vehicles, on the one hand, and their contractual and/or fiduciary obligations to Other Accounts, on the other. Such conflicts may be exacerbated where the Other Accounts or the Management Group own a significant portion of an issuer or if such an issuer is in competition with one or more of the Pooled Investment Vehicles' investments. The Firm seeks to address such conflicts in a manner that it believes to be fair and reasonable to the applicable Fund and its Other Accounts over time and based on the particular factual circumstances.
- **Management Group Conflicts:** Additional conflicts of interest related to investments may arise from the overall activities of the Management Group. The Pooled Investment Vehicles may benefit from these activities and the relationships that arise incidental to such activities, which could generate investment opportunities and wider industry expertise. However, these activities could also give rise to certain inherent and potential conflicts of interest between one or more of the members of the Management Group, on the one hand, and the Pooled Investment Vehicles and other Funds, on the other. As a result, activities undertaken by the Firm for other client accounts, its own accounts and other similar activities may conflict with activities undertaken for, and have an adverse impact on, the Pooled Investment Vehicles. The Management Group may hold investments, or conduct investment activities, for their own personal accounts and the Management Group may, from time to time, give advice with respect to securities in which such parties have a financial interest, directly or indirectly. Accordingly, the Management Group may be subject to significant conflicts of interest related to any such securities, including conflicts related to the timing of any purchases or sales of the securities by a client account or the members of the Management Group, preferential rights that may be applicable to the securities owned by the Management Group and the economic incentive of the Management

Group to invest the client's assets in such securities. The Management Group has adopted policies and procedures that it believes are reasonably designed to identify and mitigate the principal conflicts of interest described above. In addition, a VC General Partner has agreed to provide a portion of carried interest with regard to a VC Partnership to a third party in connection with a general research and consulting arrangement.

- Cross Transactions: Purchase and sale transactions (including using swaps) may be effected between certain of the Pooled Investment Vehicles and the Other Accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, (ii) no extraordinary brokerage commission fee (except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction, and (iii) the Management Group believes that such transaction would be in the best interests of both accounts. The ERISA Fund will not engage in cross trades with the Other Accounts.
- Principal Transactions: From time to time, certain transactions undertaken by the Firm or the Funds may constitute principal transactions within the meaning of Section 206(3) of the Advisers Act, or may constitute related-party transactions. The Firm may form an independent committee (the "Independent Committee"), the purpose of which shall be to consider and, on behalf of investors, approve or disapprove, to the extent required by applicable law (including Section 206(3) of the Advisers Act), principal transactions and certain other related-party transactions. The Independent Committee may approve of such transactions prior to or contemporaneously with, or ratify such transactions subsequent to, the consummation of such transactions.
- Expenses: The Pooled Investment Vehicles will bear their own expenses as described in their respective offering documents. Each Other Account bears its own expenses as set forth in its respective offering documents or investment management agreement with the Firm or its affiliates. Expenses borne by the Other Accounts may differ from the expenses borne by any of the Pooled Investment Vehicles. In certain instances, the Pooled Investment Vehicles may bear expenses that the Firm has agreed to bear for one or more Other Accounts. In other instances, the Other Accounts may bear expenses that the Firm has agreed to bear for the Pooled Investment Vehicles. Common expenses frequently are incurred on behalf of the Pooled Investment Vehicles and one or more Other Accounts. The Firm seeks to allocate those common expenses among the Pooled Investment Vehicles and the Other Accounts in a manner that is fair and reasonable over time. However, expense allocation decisions involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Firm may use a variety of methods to allocate common expenses among the Pooled Investment Vehicles and the Other Accounts, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by the Pooled Investment Vehicles and the Other Accounts from a product or service, or other relevant factors. Nonetheless, the portion of a common expense that the Firm allocates to the Pooled Investment Vehicles for a particular product or service may not reflect the relative benefit derived by any of the Pooled Investment Vehicles from that product or service in any particular instance. The Firm's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Firm in good faith will be final and binding on the Pooled Investment Vehicles.
- Fees: While Morgan Stanley Fund Services, the Pooled Investment Vehicle's administrator, typically calculates the value of the Pooled Investment Vehicles portfolios based on pricing information from independent sources such as pricing services and brokers, including the prime broker, it may also rely on information furnished by the Firm or the General Partner. Because the General Partner, the Firm or its affiliate(s) are paid a management fee, and an incentive fee or allocation based on a percentage of the net profits of each shareholder's common shares or each limited partner's capital account (which includes unrealized gains on the Pooled Investment Vehicles' securities and also includes, for purposes of the management fee, the fair value of Designated Investments), the Firm's or the General Partner's involvement regarding valuation may present a potential conflict of interest.
- Other Conflicts and Activities of the Management Group: As a result of the foregoing, the Management Group may have conflicts of interest in (i) allocating their time and activity between each of the Pooled Investment Vehicles and the Other Accounts, (ii) allocating investments and expenses among the Pooled Investment Vehicles and the Other Accounts and (iii) effecting transactions between the Pooled Investment Vehicles (except for the ERISA Fund) and the Other Accounts, including ones in which the Management Group may have a greater financial interest whether through the receipt of compensation, such as a management fee or incentive fee or allocation that the Management Group may receive, or through personal investments. The Management Group will use their best efforts in connection with the purposes and objectives of the Pooled Investment Vehicles and will devote so much of their time and effort to the affairs

of the Pooled Investment Vehicles as may, in their judgment, be necessary to accomplish the purposes of the Pooled Investment Vehicles. The partnership agreement and/or relevant investment management agreement specifically provide that the Management Group may conduct any other business including any business within the securities industry, whether or not such business is in competition with the Pooled Investment Vehicles. Without limiting the generality of the foregoing, the Management Group may act as investment adviser or investment manager for others, may manage funds or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. The partnership agreement and/or relevant investment management agreement also recognize that it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Pooled Investment Vehicles for the same investment positions to be taken or liquidated at the same time or at the same price.

- **Service Providers:** Certain advisors, vendors or other service providers to or in respect of the Pooled Investment Vehicles may also provide goods or services to – or have business, personal, financial or other relationships with – the Management Group. Such advisors, vendors and service providers may include accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms (“Service Providers”) and have a conflict of interest in advising investors as to the purchase and redemption of shares. In certain circumstances, Service Providers or their affiliates may charge different rates or have different arrangements for services provided in respect of one or more members of the Management Group as compared to services provided in respect of the Pooled Investment Vehicles. In certain circumstances, such different arrangements may result in one or more members of the Management Group paying more favorable rates, or being subject to more favorable arrangements, than those to which the Pooled Investment Vehicles are subject. In particular, the Firm and/or its principals may receive legal services at more favorable rates than the rates applicable to legal services performed by the same legal counsel in respect of investment funds managed by the Firm. The Firm does not have any obligation to obtain similar benefits (e.g., rate reductions or discounts from Service Providers) for the Pooled Investment Vehicles as it obtains for the Management Group. As selling agents and brokers may receive compensation in respect of selling shares/interests, they have a conflict of interest in doing so.
- **Tax Treatment and the Incentive Allocation:** Non-corporate U.S. persons are subject to U.S. federal income tax on long-term capital gain at rates that are substantially lower than the rates applicable to ordinary income or short-term capital gain. In general, gain from the disposition of an investment held by the Pooled Investment Vehicles for more than one year will be treated as long-term capital gain. However, under the new tax law enacted in 2017, gain in respect of the incentive allocation will be treated as short-term capital gain unless the Pooled Investment Vehicles’ holding period in the relevant investment is for more than three years. As a consequence, conflicts of interest may arise between the interests of the Firm and the interests of the investors in connection with the Firm’s investment-related determinations, particularly with respect to Designated Investments. Such determinations include, but are not limited to, decisions with respect to the discovering, evaluating, developing, negotiating, structuring, making, acquiring, holding, carrying, restructuring, monitoring, managing, disposing and monetizing the Pooled Investment Vehicles’ investments. Prospective investors should be aware of the potential conflicts that may arise in connection with the Firm’s investment decisions and expect that certain of those determinations may be influenced, in part, by the tax treatment of capital gain in respect of the incentive allocation.

VC Partnerships

Investment Objective. The objective of the VC Partnerships is to generate significant returns through the long-term capital appreciation of private equity investments made by the VC Partnerships. These investments will be structured as equity and equity-related investments principally in healthcare related businesses.

Types of Investments and Risks Inherent in Private Capital Investments. The VC Partnerships will seek to achieve their stated objectives, as described in the offering documents and limited partnership agreements of the VC Partnerships, by investing substantially all of their available capital in securities of portfolio companies. The types of investments that the VC Partnerships anticipate making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the VC Partnerships will be adequately

compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in each of the VC Partnerships' terms, while successes often require a long maturation.

All investments in private companies involve substantial risks, including, without limitation: (i) adverse or ineffective, as well as inconsistent, alignment of interests among management (including as a result of personal/family rather than business issues); (ii) technological obsolescence; (iii) financial planning misjudgment; (iv) employee or management misconduct; (v) lack of reliable financial information; and (vi) any number of general economic conditions that are beyond the control of both management and the VC General Partners, such as: changing market sentiment; changes in economic conditions, competition and technology; changes in interest rates; changing political conditions or events; and changes in tax laws and governmental regulation.

Development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

The VC Partnerships may invest a substantial portion of their assets in companies with modest capitalization. While the VC General Partners believe that small and medium-sized companies can provide greater growth potential than larger, more mature companies, investing in the securities of such companies also involves greater risk, potential price volatility and cost. Investments in these companies often involve higher risks because the companies lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies. In addition, in many instances, the frequency and volume of the trading activity in their stock is substantially less than is typical of larger companies. Therefore, the securities of smaller companies may be subject to wider price fluctuations. The spreads between the bid and asked prices of the securities of these companies in the U.S. over-the-counter market typically are larger than the spreads for more actively traded securities. As a result, the VC Partnerships could incur a loss if they were to sell such a security a short time after their acquisition. When making a large sale, the VC Partnerships may have to sell a portfolio holding at a discount from quoted prices or may have to make a series of small sales over an extended period of time because of the limited trading volume of smaller company securities.

THE FOLLOWING IS A BRIEF SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH THE FIRM'S MANAGEMENT AND INVESTMENTS. FOR A MORE COMPREHENSIVE DISCUSSION OF RISK, ELIGIBLE INVESTORS SHOULD REFER TO THE VC PARTNERSHIP'S OFFERING DOCUMENTS.

While the following summary of certain of these risks should be carefully evaluated before making an investment in the VC Partnerships, the following does not intend to describe all possible risks of such an investment. Risks of investment in the VC Partnerships include, but are not limited to, the following:

- **Early Stage Investments:** Certain VC Partnerships focus on emerging biopharmaceutical companies typically raising Series A through pre-IPO mezzanine stage investments. While the VC Partnerships may invest in newly-formed companies under unique circumstances, certain VC Partnerships will principally focus on companies that offer a strong scientific foundation with established leadership. To the extent that the VC Partnerships do invest a portion of their assets in newly-formed or prerevenue portfolio companies, the following risks may apply. Most of these types of investments are made at an early point in a company's life cycle. These "early stage" or "seed" investments can create value inherent in particular companies or situations that can be realized only with substantial effort or expense. Often the success of the investment will depend not only on the efforts of its management team, but also upon actions of other key individuals, or extraneous factors including political or economic developments over which the Firm has little or no

control. Many early stage companies face significant competition from other firms, both established and start-up. Early stage investments are typically made in firms that are seeking to develop and bring to market new, unproven technology. This endeavor is subject to a number of risks, including: failure to develop or perfect the technology as planned; obsolescence; patent infringement and similar claims that prevent the technology from being used or licensed; lack of market acceptance of the technology; and loss of key personnel. These companies are typically dependent on the abilities of key individuals, including founding entrepreneurs, owners or employees with critical technological skills or ownership of important patents or other intellectual property, and marketing and financial professionals. The growth and development of early stage companies may depend on the regular injection of additional capital and financing beyond that which the VC Partnerships are prepared or able to invest; such financing may not be available from other sources. Venture stage companies are typically thinly staffed and may lack the internal resources or procedures and controls to detect and prevent accounting errors, or more serious losses caused by the misconduct or negligence of officers, employees or agents. The very significant returns that have been earned in a small portion of venture capital investments have in large part resulted from the completion of highly successful initial public offerings or acquisitions that have permitted the venture investors to sell their equity interests at multiples of original cost. There can, of course, be no assurance that, at the time a given venture investment matures, the public securities markets will support an initial public offering to permit such returns or that the venture-backed company's fundamentals will warrant such returns.

- **High-Growth Company-Related Risks:** The VC Partnerships may invest in high-growth companies, which may allocate, or may have allocated an unusually high percentage of their available capital to research and product development. The securities of these companies may experience outlier material price movements associated with the perceived prospects of success of their research and development programs. In addition, companies in which the VC Partnerships invest could be adversely affected by the lack of commercial acceptance of a new product or products or by technological change and obsolescence. Many of these companies may participate in undeveloped or limited markets, have limited products, rely on proprietary technology that may be difficult to protect from competitors, have no proven profit-making history, operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or are in the (highly unpredictable) developmental stages of their businesses. The U.S. Food and Drug Administration ("FDA") approval process is inherently unpredictable and in many cases the success or failure of the companies in which the VC Partnerships invest will depend on the outcome of this process.
- **Investments in Companies Dependent Upon Scientific Developments and Technologies:** The VC Partnerships plan to focus their investing primarily on healthcare companies. The value of any of the VC Partnerships' interests may be susceptible to factors affecting such companies and to a greater risk and market fluctuation than an investment in a fund that invests in a broader range of securities. The specific risks faced by such companies include: (a) rapidly changing science and technologies; (b) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (c) exposure, in certain circumstances, to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals; (d) exposure to the outcome of clinical trials; (e) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (f) actual or perceived safety and efficiency of their products; (g) the possibility of lawsuits related to intellectual property rights; and (h) rapidly changing investor sentiments and preferences with regard to healthcare sector investments (which are generally perceived as risky).
- **Legal and Regulatory Risks in Medical Technology and Biopharmaceutical Portfolio Companies:** Legal and regulatory changes could occur during the term of the VC Partnerships that may adversely affect the VC Partnerships. The products and compounds of portfolio companies and some of the VC Partnerships' assets may be subject to extensive and rigorous regulation by U.S. local, state and federal regulatory authorities and by foreign regulatory bodies. There can be no assurance that products developed by each of the VC Partnerships' portfolio companies will ever be approved by such governmental authorities. Discovery of previously unknown problems with a product, manufacturer or facility can result in restrictions on the use or the manufacture of such product. Such event would likely have a significant and adverse effect on the performance of a particular product or associated royalty interest and could have a material adverse effect on the aggregate performance of the VC Partnerships.
- **Risks Associated with the Healthcare Industry:** The healthcare industry is dominated by large multi-national corporations, which may be better able to adapt to the challenges presented by continuing rapid and major

scientific, regulatory and technological changes as well as related changes in governmental and third party reimbursement policies than the VC Partnerships' portfolio companies. Many of the VC Partnerships' portfolio companies will be at least partially dependent for their success upon governmental and third party reimbursement policies, and any change to such policies could adversely affect the viability of a portfolio company. Further, many healthcare-related companies offer products and services that are subject to governmental regulation and may be adversely affected by changes in governmental policies or laws. The healthcare sector has been the subject of an especially high level of legislative and regulatory scrutiny and often contrary initiatives in recent years in preparation for and in response to the Patient Protection and Affordable Care Act of 2010 (the "Affordable Care Act"), the focus on the level of drug prices, the election of the Trump administration and ongoing initiatives to amend or repeal the Affordable Care Act. Within the biopharmaceutical industry, the development of products generally is a costly and time consuming process. Many highly promising products ultimately fail to prove safe and effective. Products under development and pre-clinical testing generally will require extensive clinical testing prior to application for commercial use. There can be no assurance that the research or product development efforts of any of the VC Partnerships' portfolio companies or those of their collaborative partners will be successfully completed, that specific products can be manufactured in adequate quantities at an acceptable cost and with appropriate quality, or that such products can be successfully marketed or achieve customer acceptance. There can be no assurance that the VC Partnerships' portfolio companies will be able to obtain patents for key inventions or uphold any challenges thereto, which may be costly and distracting to the portfolio companies' management.

- Technological Obsolescence: Certain healthcare and medical technology related businesses are characterized by single product focus and rapidly changing technologies. Success in a business with a single product focus is particularly sensitive to technological changes and the development of alternative competing products. These changes and developments may render existing products and technologies obsolete or less effective compared with newly introduced products and technologies.
- Volatility in Market Value: The market value of healthcare-related companies in general has been highly volatile, with significant price fluctuations that are often unrelated to the operating performance of particular companies.
- Unanticipated Delays and Uncertainty of Product Development: Unanticipated problems may arise in connection with the development of new products or technologies, and many of such efforts could ultimately be unsuccessful. For example, regulatory approval is often required to market or sell, drugs, devices, medical technologies or other healthcare-related products. The approval process typically takes many years, and is extremely expensive and uncertain. In addition, as part of the regulatory approval process, companies may need to conduct preclinical studies involving animals, and clinical trials involving humans. Even if results from preclinical studies are favorable, the results in clinical trials on humans may differ, and results from initial clinical trials may not reflect those obtained in later stage trials. Preclinical studies and clinical trials are costly and lengthy and the results of these studies and trials are highly uncertain. Delays in commercializing products may therefore result in the need to seek additional capital, potentially diluting the interests of investors. These various factors may result in abrupt advances and declines in the securities prices and/or valuation of particular companies in the healthcare industry and, in some cases, may have a broad effect on the prices of securities of companies in particular segments of the healthcare industry generally.
- Dependence on Patents and Proprietary Rights: Some companies in the healthcare industry are highly dependent on the strength of patents or other proprietary intellectual property for maintenance of revenues and market share. The complex nature of the technologies involved can lead to patent disputes, including litigation that could result in a company losing an exclusive right to a patent. Patent litigation could result in substantial cost and diversion of effort. In addition, competitors may be able to design around a company's technology or develop competing technologies. Intellectual property rights may also be unavailable or limited in some foreign countries.
- Investments in Royalty Interests: The VC Partnerships may purchase royalty interests. Royalty interests are generally derived from long-term contractual agreements between licensors and licensees, and there may be provisions in such agreements that restrict each of the VC Partnerships' ability to transfer such royalty interests without the express written consent of the licensors or licensees. Distributions to limited partners of any of the VC Partnerships from royalty interests, if any, will be tied to the revenue levels achieved by the products underlying each royalty interest. Although the variations in revenue are typically gradual and cyclical, in certain cases they could be material and adverse.

- Investment in Publicly Traded Securities: The VC Partnerships may invest in publicly traded securities, which can entail certain risks, including extreme volatility of markets for publicly traded securities, access to potentially less available information than for privately held companies, and wider price fluctuations and spreads between bid and ask prices for thinly traded publicly traded securities than for more actively traded securities. There can be no assurance that the VC Partnerships' investments in publicly traded securities will be profitable, and there is a material risk that the VC Partnerships could incur losses from their investments in publicly traded securities.
- Investments in PIPE Transactions: The VC Partnerships may be involved in private investments in public equities ("PIPEs") or private financing of public companies. In a PIPE transaction, the VC Partnerships may bear the price risk from the time of pricing until the time of closing. In addition, the VC Partnerships may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC's preparedness to declare effective a resale registration statement covering the resale of the shares sold in the private financing.
- No Assurance of Returns: There can be no assurance that the limited partners of the VC Partnerships will receive distributions from the VC Partnerships in an amount equal to their investment in any of the VC Partnerships. The timing of profit realization, if any, is highly uncertain.
- Use of Projections and Models: In evaluating whether, and how much, to invest in a particular prospective portfolio company, the Firm will often take into account projections and financial models produced by such prospective portfolio companies, as well as financial models implemented by the Firm itself. In certain instances the Firm will have limited ability to evaluate the validity or accuracy of projections and models used by the prospective portfolio companies. In addition, the Firm's own financial models are dependent on a number of assumptions which, in turn, are dependent on general economic, industry and portfolio company-specific factors which the Firm may materially misjudge.
- Potential Failure of the VC General Partners' Investment Approach: The VC General Partners' investment approach for selecting companies in which to invest, as well as determining the amount of capital to be invested in particular companies, may prove unsuccessful in generating profits or avoiding losses. Expectations as to future economic conditions can prove materially inaccurate. One of the inherent risks of investing in private companies is the difficulty of ensuring that one has accurate financial information relating to the management of such companies. Often there can be unexpected dysfunctions among the management of such companies which are not economically rational and which result in often accurate assessments of the company's true value never being realized in the market. Another inherent risk of investing in private companies is that once an investment is made, should market conditions or the state of the company change adversely or the VC General Partners' view of the investment otherwise deteriorates, the VC General Partners will have little, if any, ability to exit the investment. Once an investment in a company is made, such investment often must run its course — irrespective of whether such investment continues to have any prospects for profitability.
- Difficulty in Valuing Portfolio Investments: Generally, there will be no readily available market for a substantial number of a VC Partnerships' investments and hence, most of the investments by any of the VC Partnerships will be difficult to value. Prospective investors should be aware that as a result of these difficulties, as well as other uncertainties, any valuation made by the VC General Partners and the Firm may not represent the fair market value of the securities acquired by the VC Partnerships.
- Regulation of the Healthcare Sector: The healthcare field is particularly subject to the risk of regulatory delay or adverse action. For example, the FDA must approve all new drugs, and in many cases regulates the means by which research and testing can be conducted. Delays, or failure, in obtaining the necessary FDA approvals could adversely affect many of the issuers in which the VC Partnerships invest. Often, the success or failure of a company in which the VC Partnerships invest will be "binary" — dependent on the approval of such company's single major drug.
- Changing Economic Conditions: The success of the investment strategy of the VC General Partners and the Firm could be significantly impacted by changing external economic conditions in the United States and global economies. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.
- Political Uncertainty: Some of the results of recent elections and referenda in the United States, the United Kingdom, Italy and other developed market countries in the European Union and elsewhere have been unexpected and resulted in material market changes and increases in market uncertainty. Given recent changes in administrations and applicable law following these votes, the future of current regulations, or the

adoption of new regulations, is also uncertain. These uncertainties may have adverse impacts on, or alternatively create investment opportunities for, the VC Partnerships.

- Minority Investments: A significant portion of a VC Partnerships' investments may represent minority stakes in privately held companies. Such minority stakes that the VC Partnerships may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. The VC Partnerships may also invest in companies for which they have no right to appoint a director or otherwise exert significant influence. In such cases, the VC Partnerships will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the VC Partnerships are not affiliated and whose interests may conflict with the interests of the VC Partnerships.
- Material Non-Public Information: From time to time, the VC General Partners, the Firm, their affiliates and/or their members, officers and employees may come into possession of material non-public information concerning specific portfolio companies. Under applicable securities laws, this may limit the VC General Partners' or the Firm's flexibility to buy or sell portfolio securities issued by such companies. The VC Partnerships' investment flexibility may be constrained as a consequence of the VC General Partners' or the Firm's inability to use such information for investment purposes. Alternatively, each of the VC General Partners and the Firm and their affiliates may decline to receive material non-public information which it is entitled to receive on behalf of the funds each manages, in order to avoid investment restrictions for such funds, even though access to such information might have been advantageous to such funds and other market participants are in possession of such information.
- No Assurance of Additional Capital for Investments: After the VC Partnerships have financed a company, continued development and marketing of products may require that additional financing be provided. The VC Partnerships expect to invest in companies that have substantial capital needs that are typically funded over several stages of investment. No assurance can be given that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained. Alternatively, the VC Partnerships, either directly or through one of their portfolio companies, may elect to sell developed or undeveloped technologies to existing companies. No assurance can be made that buyers for such technologies can be located or that the terms of any such sales will be advantageous. Access to "deal flows" — being introduced to, and having a chance to invest in, select issuers — is crucial to the success of any venture capital fund such as the VC Partnerships. In many cases, private companies will not seek competitive bids for their securities or solicit more than a strictly limited number of investors to invest in such companies. Many market participants will have much greater access to private deal flows than will the VC General Partners or the VC Partnerships. Further, the healthcare sector has attracted substantial investment interest, which appears to have increased since the Affordable Care Act was enacted. The VC Partnerships compete with numerous other private investment funds (as well as large public investment companies) and other investors, many of which have resources substantially greater than the VC Partnerships. The greater resources available to the Firm's competition may be particularly significant given the importance in the healthcare sector of being able to apply an in-depth understanding of the potential of chemical developments and prototype drugs as well as evaluating the existing patents (dormant or undeserved) with significant potential. The required analysis is labor intensive and can be very expensive.
- Bridge Financing: The VC Partnerships may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in a VC Partnership's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the VC Partnerships. The VC Partnerships will bear the risk of any changes in the capital markets, which may adversely affect the ability of a portfolio company to refinance any bridge investments. If such portfolio company were unable to complete a refinancing, the VC Partnerships could have a long-term investment in a junior security or that junior security might be converted to equity.
- Portfolio Company Leverage: To the extent that any investment is made in a portfolio company with a leveraged capital structure or any portfolio company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to

meet principal and interest payments on its indebtedness, the value of any equity investment by the VC Partnerships in such company could be significantly reduced or even eliminated.

- Potential Dilution of VC Partnership Investments: Investing in private companies is subject to the risk of material dilution. This dilution can result from the company's unanticipated need of additional financing, foreclosure by creditors, adverse litigation outcomes draining the company's resources and numerous other factors. Because private companies typically have limited financial resources, events which could be easily absorbed by larger capitalization public companies can force private companies to take steps which result in the positions of existing investors being severely comprised, and often without existing investors having the opportunity to maintain their investments by making an additional investment. The VC General Partners may correctly identify and successfully invest in a company with significant profit potential but then be "squeezed out" of their position by subsequent financing activity.
- Limitations on Ability to Exit Investments: The VC General Partners expect to exit from their investments in two principal ways: (i) private sales (including acquisitions of their portfolio companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to the VC Partnerships, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time, and the likelihood of such transactions occurring will be materially affected by prevailing market conditions. Further, even if a company in which the VC Partnerships invest is ultimately enormously successful, such success may not occur during a timeframe in which it is feasible for the VC Partnerships to maintain their investment in such company.
- Down Round and Cram Down Financings: A company in which a VC Partnership invests may experience a down round financing, where the company raises capital that is based on the company's valuation that is lower than the company's valuation in its prior financing round in which a VC Partnership may have invested. As a result of the lower valuation, the equity outstanding immediately prior to the down round will suffer dilution. A company may also engage in a "cram down" financing. A cram down financing is a term that is often used to describe a down round financing in which existing investors lead a new financing that includes terms that may be severely dilutive to non-participating investors and that may include other features, such as forced conversions and "pay-to-play" mechanisms, that may have the perceived effect of punishing non-participating stockholders. In a severe cram down, existing stockholders who do not participate in the round may end up with little or no meaningful ownership stake in the company. In addition to further consolidating ownership of the company, investors willing to participate in a cram down may often also receive ancillary deal terms and preferred stock rights and preferences (such as super-priority liquidation preferences, "drag along" rights and special voting rights) that are superior to the prior rounds. If a VC Partnership does not participate in a cram down financing, a VC Partnership's equity ownership could be significantly reduced.
- Certain Litigation Risks: The VC Partnerships will be subject to a variety of litigation risks, particularly if one or more of their portfolio companies face financial or other difficulties during the life of any of the VC Partnerships. Legal disputes may arise from a VC Partnership's activities and investments and could have a significant adverse effect on the VC Partnerships.
- Board Participation: The VC Partnerships' investment program may from time to time enable them to place representatives on the boards of certain portfolio companies. While such representation may enable such representative to enhance the sale value of the VC Partnerships' investment in such portfolio company, such representation may also prevent the VC Partnerships from freely disposing of their investment while also exposing them to additional liability. Serving in such a capacity, especially with respect to portfolio companies that are publicly-traded, may expose such personnel, and by association the VC General Partners, the Firm and the VC Partnerships, to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest and may subject the VC Partnerships to certain risks. While the VC General Partners and the Firm intend to manage the VC Partnerships in a way that will minimize exposure to these risks, the possibility of successful claims or lawsuits or adverse regulatory action cannot be eliminated, and such events could have significant adverse effects on the VC Partnerships.
- General Government Intervention Risk: In addition to the general legislative focus on the healthcare and pharmaceuticals industries (in particular, drug prices), the level of government intervention in the economy in general since the 2008 "Financial Crisis" has been extraordinary. It seems likely that this level of intervention will decline significantly (a process of reduced intervention which began in earnest in 2016). Although this government trend would not be directed specifically at the healthcare industry, the healthcare sector historically has tended to incur major losses during stock market "corrections" — which could be one

of the results of reduced government economic intervention. Further, when the liquidity of the equity markets diminishes (as is typical during major equity market corrections), the liquidity in small and medium-capitalization healthcare issuers can effectively disappear, making it financially infeasible for the VC Partnerships to limit losses on their outstanding positions. The VC Partnerships' performance may be materially adversely affected by general government economic policies — irrespective of policies directed specifically at the healthcare sector.

- **Affordable Care Act Risks:** The Affordable Care Act represents comprehensive healthcare reform. The Affordable Care Act includes provisions that, among other things, reduce and/or limit Medicare reimbursement, require all individuals to have health insurance (with limited exceptions) and impose new and/or increased taxes. Specifically, the law imposes a 2.3% excise tax on U.S. sales of medical devices. The Affordable Care Act also includes numerous provisions that limit Medicare spending through reductions in various fee schedule payments and by instituting more sweeping payment reforms, such as bundled payments for episodes of care and the establishment of “accountable care organizations” under which hospitals and physicians will be able to share savings that result from cost control efforts. The implementation of the Affordable Care Act is uncertain. It is difficult to predict the impact of the Affordable Care Act on the VC Partnerships and the healthcare industry in which they invest. In addition, the Affordable Care Act includes provisions known as the Physician Payments Sunshine Act, or PPSA, which requires manufacturers of drugs, biologics, devices and medical supplies covered under Medicare and Medicaid to record any transfers of value to physicians and teaching hospitals and to report this data to The Centers for Medicare & Medicaid Services, for subsequent public disclosure. Similar reporting requirements have also been enacted in several states, and an increasing number of countries worldwide either have adopted or are considering similar laws requiring transparency of interactions with healthcare professionals. Particularly, some states such as Massachusetts and Vermont impose an outright ban on certain gifts to physicians. Failure to report appropriate data may result in civil or criminal fines and/or penalties. Recent changes in U.S. administration may precipitate federal health care reform. Various healthcare reform proposals have also emerged at the state level. The Firm cannot predict the impact that these federal and state healthcare reforms will have on the VC Partnerships or their portfolio companies. The Affordable Care Act and other reforms may lower reimbursements for the products approved for sale in the United States, reduce medical procedure volumes relating to such approved products, impact demand for such products or the prices at which such products may be sold, which could have a material adverse effect on a portfolio company's business, financial condition and results of operations, which may, in turn, negatively impact the VC Partnerships' returns.
- **Lack of Operating History:** The VC Partnerships and the VC General Partners are recently formed entities, and, accordingly have little operating history, historical results or investments upon which investors can evaluate the potential performance of the VC Partnerships. The prior performance of the managing directors or their investments is not necessarily indicative of any of the VC Partnerships' future results. There can be no assurance that investments by the VC Partnerships will achieve returns comparable to historical performance, and the returns will be subject to the management fee and carried interest. Any given investment made by the VC Partnerships may prove to be worthless, and there is a risk that investors could lose money.
- **Reliance on the VC General Partners:** The VC General Partners will have sole discretion over the investment of the funds committed to the VC Partnerships as well as the ultimate realization of any profits. Investors in the VC Partnerships will be relying on the VC General Partners to identify, structure, and implement investments consistent with each of the VC Partnerships' investment objectives and policies and to conduct the business of the VC Partnerships as contemplated by their respective offering documents and/or limited partnership agreements.
- **Reliance on the Managing Directors:** The loss of one or more of the managing directors could have a significant adverse impact on the business of the VC Partnerships and their financial performance. No assurances can be given that each of the managing directors will continue to be affiliated with the VC Partnerships throughout their respective terms. There can be no assurance that the managing directors will be able to duplicate prior levels of success.
- **Concentrated Investment Strategy:** The VC Partnerships will be focused on investments in certain healthcare companies and may not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to limited partners by the VC Partnerships.

- Competitive Marketplace: The marketplace for private equity investing has become increasingly competitive. There can be no assurances that the VC General Partners and the Firm will locate an adequate number of attractive investment opportunities and the VC General Partners and the Firm may not be able to identify and successfully close a sufficient number of high quality investments to utilize all of the VC Partnerships' capital. Such competition may adversely impact the length of time required to fully invest the VC Partnerships' capital and may adversely impact returns to limited partners in the VC Partnerships.
- Substantial Fees and Expenses: The VC Partnerships are subject to substantial fees (including the management fee payable to the Firm and the carried interest allocable to the VC General Partners) and transaction costs as well as other costs and expenses, regardless of whether it realizes any profits, and will have to earn substantial profits to avoid depletion of its capital due to such fees, costs and expenses. In addition, certain VC Partnerships bear placement fees. Further, the VC Partnerships indirectly bear their allocable share of the costs and expenses of the portfolio companies as these costs and expenses adversely impact the performance of such portfolio companies as well as the value of the VC Partnerships' investments in such portfolio companies.
- No Assurance of Investment Opportunities: There can be no assurance that investment opportunities for any of the VC Partnerships will materialize and that companies select any one of the VC Partnerships as an investor, or that the VC General Partners and the Firm will locate an adequate number of attractive investment opportunities that meet the VC Partnerships' investment objectives.
- Nature of Direct Investments: Many of the VC Partnerships' investments will be highly illiquid, and there can be no assurance that the VC Partnerships will be able to realize such investments in a timely manner. In addition, the realization of value for any investments will not be possible or known with any certainty until they are sold or distributed as securities to limited partners in lieu of cash. Also, since the VC Partnerships may only make a limited number of investments and since many of the VC Partnerships' investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the limited partners. Additionally, it should be noted that past performance of the managing directors and their affiliates is not a guarantee of future results.
- Future and Past Performance: The performance of the prior funds is not necessarily indicative of a VC Partnerships' future results. There can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.
- Contingent Liabilities on Disposition of Investments: In connection with the disposition of an investment in a portfolio company, the VC Partnerships may be required to make representations about the business and financial affairs of such company. To the extent that any such representations are inaccurate, the VC Partnerships may be required to indemnify the purchasers of such investment and may be liable to the purchasers for breach of contract. These arrangements may result in the incurrence of contingent liabilities for which the VC General Partners may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires. The partners may also be required to return distributions previously made to them to satisfy a VC Partnership's obligations with respect to the foregoing.
- Reserves: Estimating the appropriate amount of reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could impair the investment returns to the limited partners of the VC Partnerships.
- No Hedging: The VC Partnerships take long positions in private companies. These companies will either succeed or fail, but the VC General Partners will have no obligation to "hedge" the risk of its investments. In the case of publicly-traded companies, investors can attempt to hedge their risk by taking short positions, investing in comparable issuers, implementing "portfolio hedges" against overall stock movements, etc. In investing in private companies, none of these tools to protect against the risk of loss are available. The success of the VC Partnerships will depend entirely on the success of the private, high risk issuers in which they invest.
- Absence of Liquidity and Public Markets: Investments of the VC Partnerships will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the VC Partnerships and no readily available liquidity mechanism at any particular time for any of the investments held by the VC Partnerships. In addition, the realization of value from any investments will not be possible or known with any certainty until the investments are sold or securities are distributed to investors in lieu of cash.

- No Market; Illiquidity of Limited Partner Interests: An investment in the VC Partnerships will be illiquid and involves a high degree of risk. There is no public market for the interests in the VC Partnerships, and it is not expected that a public market will develop. The transferability of interests in the VC Partnerships will be restricted by the relevant partnership agreement of the VC Partnerships and by U.S. federal and state securities laws. In general, sales or transfers require the consent of the relevant VC General Partner. Consequently, limited partners of the VC Partnerships will bear the economic risks of their investment for the term of the VC Partnerships. Prospective investors will be required to represent and agree that they are purchasing the interests for their own account for investment only and not with a view to the resale or distribution thereof.
- Liability for Return of Distributions: Limited partners may be obligated to return distributions previously received by them to the extent such distributions shall be deemed to have been wrongfully paid to them as further set forth in the applicable partnership agreement. In addition, a limited partner may be liable under applicable federal and state bankruptcy or insolvency laws to return a distribution made during the VC Partnerships' insolvency. The liability to return distributions would reduce the return of capital to such limited partner.
- In-Kind Distributions: Certain debt securities and loans may not mature or be susceptible of sale or other realization by the VC Partnerships before the end of their term. If the relevant VC General Partner does not extend the VC Partnership's term, there may be in-kind distributions to the limited partners, which may be illiquid; provided that distributions made prior to the termination of the VC Partnership of restricted securities or other non-marketable securities or assets may only be made with the consent of each limited partner in the VC Partnership. Even for those investments for which a liquid market exists or develops, there is no guarantee that such market will be sustained. There can be no assurance that any limited partner would be able to realize an amount equal to the value attributed by the relevant VC General Partner to the distribution in accordance with the valuation policies set forth in the applicable partnership agreement.
- Reinvestment of Capital: The VC General Partners will have the option to reinvest or recall, as applicable, certain proceeds of investments. Accordingly, to the extent that capital is reinvested in investments, a limited partner will remain subject to investment and other risks associated with such investments.
- Legal, Regulatory and Business Risks: There can be no assurance that, under certain conditions, changed circumstances, or changes in the law, the VC Partnerships may not become subject to the Investment Company Act, or other burdensome regulation. Furthermore, cyber-security presents a prevalent and real business risk and a cyber-security breach could negatively affect the Firm, the VC General Partners and/or the VC Partnerships.
- Tax Risks: No assurances can be given that current tax laws, rulings and regulations will not be changed during the life of the VC Partnerships.
- Accounting for Uncertainty in Income Taxes: Accounting Standards Codification Topic No. 740, "Income Taxes" (in part formerly known as "FIN 48") ("ASC 740"), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculation of the net asset value of the VC Partnerships' investments, including reducing the net asset value to reflect reserves for income taxes, such as foreign withholding taxes, that may be payable by the VC Partnerships. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from the VC Partnerships.
- Tax Considerations: The VC Partnerships may take positions with respect to certain tax issues that depend on legal conclusions not yet addressed by the courts. Should any such positions be successfully challenged by the Internal Revenue Service (the "IRS"), a limited partner might be found to have a different tax liability for that year than that reported on its U.S. federal income tax return. In addition, an audit of a VC Partnership's U.S. federal income tax information return may result in adjustments to the tax consequences initially reported by the VC Partnership and may affect items not related to a limited partner's investment in the VC Partnership. If audit-related adjustments result in an increase in a limited partner's U.S. federal income tax liability for any year, that limited partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of a VC Partnership's tax return will be borne by the VC Partnership. Absent an election by a VC Partnership under rules to be finalized by the IRS, the VC Partnership will be required to determine and pay an imputed

underpayment of tax (plus interest and penalties) resulting from an adjustment of the VC Partnership's items of income, gain, loss, deduction or credit at the VC Partnership level without the benefit of partner-level tax items that could otherwise reduce tax due on any adjustment and, where the adjustment reallocates any such item from one limited partner to another, without the benefit of any corresponding decrease in any item of income or gain (or increase in any item of deduction, loss or credit). The VC Partnerships may not be able to provide final Schedules K-1 to limited partners for any given calendar year until after April 15 of the following year, although it will attempt to provide them as soon as practicable. Limited partners should be prepared to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local level. The VC Partnerships will be required to disclose identifying information to the IRS regarding each of its limited partners, including each limited partner's name, address and taxpayer identification number. Dividend and interest payments on foreign securities may be subject to foreign withholding taxes, which could reduce net proceeds to the VC Partnerships. The taxation of partnerships and partners is complex. Potential investors are strongly urged to review the discussion below under "Certain United States Federal Income Tax Considerations" and to consult their own tax advisors.

- **Withholding and Other Taxes:** There can be no assurance that the structure of any investment will be tax efficient for any particular investor or that any particular tax result will be achieved. In addition, tax reporting requirements may be imposed on investors under the laws of the jurisdictions in which investors are liable for taxation or in which any of the VC Partnerships make portfolio investments. Furthermore, a VC Partnership's returns in respect of its investments may be reduced by withholding or other taxes.
- **Benefit Plan Regulatory Risks:** Prospective investors should take into consideration that it is anticipated that the assets of the VC Partnerships will not constitute the "plan assets" of an investing Benefit Plan Investor under the plan asset rules. Accordingly, it is not anticipated that any of the VC Partnerships, the VC General Partners, the Firm or their respective officers, employees, agents or affiliates, will be a fiduciary under ERISA or the Code with respect to any such investing plan. Further, if the VC General Partners anticipate that investment from Benefit Plan Investors will equal or exceed 25% of the value of any class of equity interests in any of the VC Partnerships as calculated under the plan asset rules, the relevant VC General Partner and the Firm intend to use commercially reasonable efforts to qualify such VC Partnership as a "venture capital operating company" or "VCOC." As a result, the provisions of ERISA regarding fiduciary standards of conduct, the prohibited transaction rules of ERISA and the Code and any other related requirements of ERISA and the Code should not apply directly to the assets of the VC Partnerships. However, neither the VC Partnerships, the VC General Partners, the Firm nor the VC Partnerships' counsel can make any definite assurance that the VC Partnerships will indeed qualify as a VCOC or that the assets of the VC Partnerships will otherwise not be treated as plan assets. Furthermore, in order for the VC Partnerships to qualify as a VCOC should the VC Partnerships endeavor to do so, the VC Partnerships could be precluded from making certain investments that would otherwise count negatively towards the VCOC requirements, or could be required to liquidate investments at a disadvantageous time, resulting in lower proceeds to the VC Partnerships than might have been the case without the need for such compliance. In the event the VC Partnerships were at any point deemed to hold plan assets for purposes of ERISA or the Code, the VC General Partners and/or the Firm could be considered fiduciaries under ERISA and the Code, the activities of the VC Partnerships would become subject to the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code, and the operations and investments of the VC Partnerships may be limited as a result, resulting in a lower return to the VC Partnerships than might otherwise be the case. In addition, unless the VC General Partners and the Firm operated the VC Partnerships and their investments in accordance with ERISA and the prohibited transaction provisions of the Code, the VC General Partners and the Firm could be exposed to litigation, penalties and liabilities which might adversely affect their ability to fully satisfy their obligations to the VC Partnerships. See "Certain ERISA Considerations" below for a discussion of these issues in greater detail.
- **Diverse Investors:** Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the VC Partnerships. As a consequence, conflicts of interest may arise in connection with decisions made by the VC General Partners and the Firm with respect to the nature or structuring of investments that may be more beneficial for some limited partners of the VC Partnerships than for others, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the VC Partnerships, the VC General Partners and the Firm will consider the investment and tax objective of the VC Partnerships and the partners as a whole, not the investment, tax or other objective of any limited partner individually.

- Credit Facilities: The VC Partnerships are authorized to borrow money through one or more secured or unsecured credit facilities, to fund investments in advance of drawdowns from the partners or for other purposes in the discretion of the VC General Partners. In connection therewith, Partners may be required to execute such documents as may be required by the providers of indebtedness to acknowledge such security interest, transfer and/or pledge and to provide representations, warranties and undertakings in relation to commitments and capital contributions and to effect any other matters in connection with the provision of such indebtedness. The use of credit facilities will cause the VC Partnerships to incur interest and other expenses. In the event that a credit facility is materially reduced or terminated, there can be no assurance that the VC Partnerships would be able to find suitable replacement credit arrangements. Certain terms of credit facilities may have the effect of imposing constraints on the VC Partnerships' investment program, including requiring the lender's consent to make new or additional investments or remove cash from the VC Partnerships even if the VC Partnerships are not in default. Although the VC General Partners do not believe these restrictions will influence or delay their investment decisions, there can be no assurance that this will be the case.
- Bridge Financing: The VC Partnerships may provide bridge financing in connection with one or more of their investments in portfolio companies. As a result, the VC Partnerships will bear the risk of any changes in the capital markets, which may adversely affect the ability of a portfolio company to refinance any bridge investments. If such portfolio company were unable to complete a refinancing, the VC Partnerships could have a long-term investment in a junior security or that junior security might be converted to equity.
- Risk of Dilution of Limited Partners: Limited partners subscribing for interests at subsequent closings will participate in existing investments of the VC Partnerships, diluting the interest of existing limited partners therein. Although such limited partners will contribute their pro rata share of prior capital contributions previously drawn down by the VC Partnerships (plus an additional amount thereon), there can be no assurance that such payment will reflect the fair value of a VC Partnership's existing investments at the time such additional limited partners of the VC Partnerships subscribe for such interests.
- Failure to Make Capital Contributions: If a limited partner of any of the VC Partnerships fails to pay when due installments of its capital commitment to the VC Partnerships, and the contributions made by non-defaulting limited partners and borrowings by the VC Partnerships are inadequate to cover the defaulted capital contribution, the VC Partnerships may be unable to pay their obligations when due. As a result, the VC Partnerships may be subjected to significant penalties that could materially and adversely affect the returns to the limited partners of the VC Partnerships (including non-defaulting limited partners). If a limited partner of any of the VC Partnerships defaults, it may be subject to various remedies as provided in the relevant VC Partnership's partnership agreement.
- Foreign Investments: The VC Partnerships may invest in companies that are based outside of the United States or the operations of which are primarily outside of the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability; the risk of adverse social and political developments; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient financial information; risks related to foreign laws and legal systems; risks related to the fact that some investments or portfolio company operations may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties. The profits or losses of the VC Partnerships on any investment, as measured in U.S. dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. In addition, the VC Partnerships may incur costs in connection with conversions between various currencies.
- AIFMD: The European Union ("EU") Alternative Investment Fund Managers Directive ("AIFMD") regulates the activities of private fund managers undertaking fund management activities or marketing fund interests to investors within the EU. If a VC Partnership is marketed to EU-based investors: (i) the VC Partnership will be subject to certain reporting, disclosure and other compliance obligations under AIFMD, which may result in the VC Partnership incurring additional costs and expenses; and (ii) AIFMD will also restrict certain activities of the VC Partnership in relation to EU portfolio companies including, in some circumstances, the VC Partnership's ability to recapitalize, refinance or potentially restructure an EU portfolio company within the first two years of ownership. Related risks may also be present for the Pooled Investment Vehicles.

- **Confidential Information:** The partnership agreements of the VC Partnerships will contain confidentiality provisions intended to protect proprietary and other information relating to the VC Partnerships and their portfolio companies. To the extent that such information is publicly disclosed, competitors of the VC Partnerships and/or competitors of their portfolio companies, and others, may benefit from such information, thereby adversely affecting the VC Partnerships, their portfolio companies, the VC General Partners and the economic interests of limited partners of the VC Partnerships.
- **Cybersecurity Risks:** The VC General Partners and the Firm as well as their service providers, counterparties, other market participants on whom they rely as well as the VC Partnerships' portfolio companies increasingly depend on complex information technology and communications systems to conduct business functions. A number of different threats or risks to these systems exist and could adversely affect the VC Partnerships and/or their investors. A successful penetration or circumvention of the security of the VC General Partners' or Firm's systems or the systems of any of its service providers, counterparties or other market participants could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate/scientific data, physical damage to a computer or network system as well as the costs associated with system repairs and updating. Such incidents could cause the VC Partnerships, the VC General Partners, the Firm, their service providers, their counterparties and other market participants on whom the VC General Partners and Firm rely to incur regulatory penalties, reputational damage, additional compliance costs and/or financial loss.
- **Counsel to the VC Partnerships Does Not Represent the Limited Partners:** Counsel to the VC Partnerships will not represent any limited partner or prospective limited partner of any of the VC Partnerships. Any limited partner or prospective limited partner will, if it wishes, retain its own independent counsel.
- **Use of Alternative Investment Vehicles:** To the extent necessary to address tax or regulatory considerations, the VC General Partners have the authority to structure, and to cause investors to participate in, particular investments through alternative investment vehicles. While the economic and other substantive provisions governing any alternative investment vehicles are intended to be materially the same as those of the VC Partnerships in light of the tax, regulatory or similar objectives sought to be achieved, the rights of the limited partners in, and the obligations and duties of the VC General Partners as manager of, the alternative investment vehicle may differ from those applicable to the VC Partnerships by virtue of the specific terms, or jurisdiction of establishment, of the alternative investment vehicle. In addition, the structural attributes of certain alternative investment vehicles may result in divergent return characteristics for certain investors.
- **Side Letters and Other Written Agreements:** The VC Partnerships, the VC General Partners and the Firm have entered, and will be authorized in the future, without the approval of any limited partner of the VC Partnerships, to enter into side letters or similar written agreements with limited partners of the VC Partnerships that have the effect of establishing rights under, or altering or supplementing the terms of the offering documents, the partnership agreement or other related agreements of any of the VC Partnerships.
- **Redmile's Other Activities:** Redmile manages portfolios for multiple clients, and may invest on behalf of a client in transactions without presenting these opportunities to other clients, as described further below, as well as in the section entitled "Conflicts of Interest" above under "Pooled Investment Vehicles".

Conflicts of Interest. This section is to be considered alongside the discussion of the Pooled Investment Vehicles' conflicts of interest described above in the section entitled "Conflicts of Interest," which may be applicable from time to time. While discussed separately, the conflicts of interest of the Pooled Investment Vehicles and the VC Partnerships should be considered together.

The following discussion lists certain potential conflicts of interest that should be carefully evaluated before making an investment in any of the VC Partnerships. The following is not intended as an exhaustive list of the potential conflicts. Instances may arise where the interests of the VC General Partners (or their members), the Firm and/or their affiliates may potentially or actually conflict with the interests of the VC Partnerships and their limited partners. Among others, investors should consider the following conflicts of interest:

- **Management Time:** The Firm will use its best efforts in connection with the purposes and objectives of the VC Partnerships and will devote so much of its time and effort to the affairs of the VC Partnerships as may in its judgment, be necessary to accomplish the purposes of the VC Partnerships. Subject to the applicable partnership agreement, the Management Group may conduct any other business, including any business within the securities and healthcare industries, whether or not such business is in competition with the VC Partnerships. Without limiting the generality of the foregoing, the Management Group may act as investment

adviser, investment manager or consultant for others, may manage funds or capital for others, may have, make and maintain investments in its own name or through other entities, may form and/or operate healthcare-related funds and/or entities, including, without limitation, any companies or entities in the target sector that are sponsored, formed or otherwise controlled by a VC General Partner, the Firm, or any of their respective affiliates or any fund or platform that invests exclusively or substantially in such companies (“Controlled Companies”) and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms.

- **Other Management Group Clients:** The Firm or its affiliates also serve as the investment manager of other investment funds and separately managed accounts. Further, the Management Group may serve as investment adviser, investment manager, general partner or consultant to other client accounts and conduct investment activities for its own accounts, or form and operate other funds or entities engaged in the healthcare industry. Such other entities or accounts (collectively, the “Other Clients”) may have investment objectives or may implement investment strategies similar to those of the VC Partnerships. Accordingly, it is likely that the VC Partnerships and the Other Clients (including proprietary accounts of the Management Group) may co-invest in many of the same securities and issuers. For example, the Firm expects that the VC Partnerships and the Other Clients will each seek to participate in the initial public offering (if any) of the shares of one or more of the VC Partnerships’ portfolio companies even if the Other Clients were not invested in the applicable portfolio company prior to the initial public offering of such company’s shares. Conflicts may arise where the VC Partnerships and parallel or co-investment entities invest in an earlier or future round of financing of a portfolio company owned by a prior or future investment fund or vehicle or other entities organized in accordance with the applicable partnership agreement or other fund(s) advised by the Firm, or its affiliates. In such a circumstance, the VC General Partners may cause the VC Partnerships to invest in such portfolio company at a higher valuation or lower valuation than such other investment funds, and may earn lower profit, or realize higher loss, as a result.
- **Allocation of Investment Opportunities:** The Management Group may give advice or take action with respect to the Other Clients that differs from the advice given with respect to the VC Partnerships. To the extent a particular investment is suitable for both the VC Partnerships and the Other Clients, such investments will be allocated among the VC Partnerships and the Other Clients in a manner which the Firm determines is fair and equitable under the circumstances to all clients, including the VC Partnerships and which is consistent with the investment mandates and restrictions of the VC Partnerships and the Other Clients as well as with the allocation policies of the Firm. From the standpoint of the VC Partnerships, simultaneous identical portfolio transactions for the VC Partnerships and the Other Clients may tend to decrease the prices received, and increase the prices required to be paid, by the VC Partnerships for their portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the VC Partnerships and the Other Clients in an equitable manner as determined by the Firm.
- **Other Activities:** The Management Group may hold investments, or conduct investment activities, for their own personal accounts. As a result, the Management Group may, from time to time, give advice with respect to securities in which such parties have a financial interest, directly or indirectly. The Management Group may provide general research and consulting services to third parties and in connection with such services, members of the Management Group may have investments in certain companies in the healthcare sector or related to the healthcare sector (the “Consulting Companies”) and/or seats on the boards of such Consulting Companies. The Management Group may also sponsor and/or operate Controlled Companies. Situations may arise where the Management Group is conflicted with respect to their contractual and/or fiduciary obligations to the VC Partnerships, on the one hand, and their contractual and/or fiduciary obligations to the Consulting Companies or Controlled Companies, on the other. Such conflicts may be exacerbated in the case of the Controlled Companies given the Management Group’s control of such companies’ operations. Consulting Companies and/or Controlled Companies may be in competition with one or more of the VC Partnerships’ portfolio companies. Also, the Management Group’s confidentiality obligations to the VC Partnerships’ portfolio companies, Consulting Companies and Controlled Companies may limit or prevent certain actions that the Management Group might otherwise have taken with respect to any such portfolio company, Consulting Company or Controlled Company, as the case may be. The VC General Partners may, in their discretion, offer the opportunity for the partners to invest (directly or indirectly) in the Controlled Companies. Such investment may be made by one or more of the partners through an investment vehicle managed by the VC General Partners or an affiliate of the VC General Partners. To the extent the Firm determines that any

such Consulting Company or Controlled Company is a suitable investment for a client account (including, potentially, a VC Partnership), the Firm may invest the assets of such client account in such Consulting Company or Controlled Company, although any investment in a Controlled Company would likely be in a later stage financing round and not upon the founding of any such company by the Management Group. Accordingly, the Management Group is subject to significant conflicts of interest related to any such investment, including conflicts related to the timing of any purchases or sale of shares of a Consulting Company or Controlled Company by the client account or the members of the Management Group, preferential rights that may be applicable to the Consulting Company or Controlled Company shares owned by the Management Group and the economic incentive of the Management Group to invest the client's assets in such Consulting Company or Controlled Company. In addition, if the VC Partnerships invest in any such company, this investment may provide the capital necessary for such company to continue its operations and may make such company more attractive to other investors (and thus increase the value of, and the Management Group's interest in, such company). In the case of the Controlled Companies, the Management Group may have information regarding such companies which is not available to limited partners or any of the advisory committees. Principal trades, such as an investment by the VC Partnerships in a Controlled Company, will only be made in compliance with applicable law and with consent of the relevant advisory committee. Members of the VC General Partners, employees of the Firm, any Managing Director or any of their respective affiliated personal entities or trusts, or their respective affiliates, may own interests in one or more portfolio companies of the VC Partnerships, including Consulting Companies and Controlled Companies. Such ownership may give rise to conflicts of interest with the VC Partnerships and the limited partners, such as where a VC Partnership invests in such a portfolio company at a higher valuation or lower valuation than it would in the absence of such ownership, causing the VC Partnership to earn a lower profit, or realize a higher loss, as a result. Additional conflicts of interest related to investments may arise from the overall activities of the Management Group, including, without limitation, activities in respect of Consulting Companies and Controlled Companies. The VC Partnerships may benefit from these activities and the relationships that arise incidental to such activities, which could generate investment opportunities and wider industry expertise. However, these activities could also give rise to certain inherent and potential conflicts of interest between one or more of the members of the Management Group on the one hand and the VC Partnerships on the other. As a result, activities undertaken by the Firm for other client accounts, its own accounts, Consulting Companies, Controlled Companies and other similar activities may conflict with activities undertaken for, and have an adverse impact on, the VC Partnerships. The Management Group has adopted policies and procedures that it believes are reasonably designed to identify and mitigate the conflicts of interest described above.

- Potential Conflicts in Calculation and Allocation of Certain Costs and Expenses: Common expenses frequently will be incurred on behalf of the VC Partnerships and one or more Other Clients. The Firm will seek to allocate those common expenses among the VC Partnerships and the Other Clients in a manner that is fair and reasonable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Firm may use a variety of methods to allocate common expenses among the VC Partnerships and the Other Clients, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by the VC Partnerships and the Other Clients from a product or service, or other relevant factors. Nonetheless, the portion of a common expense that the Firm allocates to a VC Partnership for a particular product or service may not reflect the relative benefit derived by the VC Partnership from that product or service in any particular instance. The Firm's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Firm in good faith will be final and binding on the VC Partnerships. Each VC Partnership will bear its own expenses as described in the relevant offering documents. Each Other Client generally bears its own expenses as set forth in its respective offering documents or investment management agreement with the Firm or its affiliates. Expenses borne by the Other Clients may differ from the expenses borne by the VC Partnerships. In certain instances, the VC Partnerships may bear expenses that the Firm has agreed to bear for one or more Other Clients. In other instances, the Other Clients may bear expenses that the Firm has agreed to bear for the VC Partnerships.
- Carried Interest: The existence of the VC General Partners' carried interest may create an incentive for the VC General Partners and their beneficial owners to make riskier or more speculative investments on behalf of the VC Partnerships than it would otherwise make in the absence of such performance-based arrangements.

- Management Fee: The VC Partnerships will pay the management fee to the VC General Partners or their delegate (either directly or indirectly via deemed contributions by the VC General Partners) regardless of the performance of the VC Partnerships' investments, although it is possible that the VC General Partners or their delegate ultimately will (i) not be entitled to receive waived management fees in the event the VC Partnerships does not generate sufficient profits to cover such amounts and/or (ii) be required to return certain distributions in respect of waived management fees in the event the VC Partnerships ultimately does not have sufficient gains to allocate to the VC General Partners or their delegate in respect of such waived amounts. Despite the application of any management fee waivers, the VC General Partners' or their delegate's entitlement to asset-based compensation might reduce the VC General Partners' and their affiliate's incentive to devote the time and effort of their professionals to seeking profitable opportunities for the VC Partnerships' investments.
- Holding Period Requirements for Long-Term Capital Gain: Non-corporate U.S. persons are subject to U.S. federal income tax on long-term capital gain at rates that are substantially lower than the rates applicable to ordinary income or short-term capital gain. In general, gain from the disposition of an investment held by the VC Partnerships for more than one year will be treated as long-term capital gain. However, under the new tax law enacted in 2017, gain in respect of a VC General Partner's carried interest will be treated as short-term capital gain unless the VC Partnership holding period in the relevant investment is for more than three years. As a consequence, conflicts of interest may arise between the interests of the VC General Partners and the interests of the limited partners in connection with the Firm's investment-related determinations. Such determinations include, but are not limited to, decisions with respect to the discovering, evaluating, developing, negotiating, structuring, making, acquiring, holding, carrying, restructuring, monitoring, managing, disposing and monetizing the VC Partnerships' investments. The Firm's strategy is designed to achieve gains over longer-term holding periods that, in the case of many positions, will exceed the foregoing three-year holding period. Nonetheless, prospective investors should be aware of the potential conflicts that may arise in connection with the Firm's investment decisions and expect that certain of those determinations may be influenced, in part, by the tax treatment of capital gain in respect of the VC General Partners' carried interest.
- Service Provider Discounts: Certain advisors, vendors or other service providers to or in respect of the VC Partnerships may also provide goods or services to – or have business, personal, financial or other relationships with – the Management Group. Such advisors, vendors and service providers may include accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms ("Service Providers"). In certain circumstances, Service Providers or their affiliates may charge different rates or have different arrangements for services provided in respect of one or more members of the Management Group as compared to services provided in respect of the VC Partnerships. In certain circumstances, such different arrangements may result in one or more members of the Management Group paying more favorable rates, or being subject to more favorable arrangements, than those to which the VC Partnerships are subject. In particular, the Firm and/or its principals may receive legal services at more favorable rates than the rates applicable to legal services performed by the same legal counsel in respect of investment funds managed by the Firm. The Firm does not have any obligation to obtain similar benefits (e.g., rate reductions or discounts from Service Providers) for the VC Partnerships as it obtains for the Management Group.
- Co-Investments: The Firm may have an incentive to offer co-investment opportunities in order to receive special expertise or to gain strategic value by virtue of allowing the participation of a certain co-investor. In addition, the Firm will be subject to a conflict of interest in making investment allocation decisions and determining that the size of a particular investment opportunity exceeds the aggregate desired allocation for the VC Partnerships. The Firm also has discretion in allocating co-investment opportunities among limited partners and third parties. Given such discretion, many investors may not have an opportunity to participate in co-investments. The Firm and its affiliates may receive fees, remuneration, or other benefits in respect of co-investment opportunities, and are not required to account to the VC Partnerships or any limited partner with respect to such benefits. Co-investment investors may also have greater access to information pertaining to the co-investment than limited partners.
- Selling Agents and other Service Providers: As selling agents and brokers receive compensation in respect of selling the interests of certain of the VC Partnerships, they have a conflict of interest in doing so. Certain of the VC Partnerships' providers of debt financing or their affiliates may also serve as selling agents or other service providers of the VC Partnerships. As a result, such providers face certain conflicts of interest. In

addition, it is possible that credit facility documentation may contain an event of default if a VC Partnership defaults under any agreement, contract or transaction with such credit provider or its affiliates. As a result, the VC Partnerships could be in default under such documents due to a default in a selling agreement or similar agreement entered into by the VC Partnerships, even though the VC Partnerships would not otherwise be in default under the leverage documentation. Certain credit providers or their affiliates may also serve as an investment adviser to certain investors in the VC Partnerships and in this capacity face certain conflicts of interest in advising clients to invest in the VC Partnerships when such investment could result in increased interest and fees paid to the credit provider or its affiliates.

While certain assurances are provided in the VC Partnerships' partnership agreements to address these potential conflicts, certain risks may remain.

The foregoing risks do not purport to be a complete enumeration or explanation of all the risks involved in investing in the Funds. Potential investors are urged to read the entire offering documents of the relevant Fund and consult their own advisers before making a determination whether to invest in any of the Funds.

Additional information with regard to the Methods of Analysis, Investment Strategies and Risk of Loss, among other items, can be found in the Funds' offering documents. The offering documents contain a complete description and information related to the Methods of Analysis, Investment Strategies and Risk of Loss utilized/posed by the Funds.

Item 9 – Disciplinary Information

There have been no legal or disciplinary events that would be material to a client's evaluation of Redmile or the integrity of Redmile's management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Redmile nor any of Redmile's management persons are registered, or have an application pending to register as:

- a) a broker-dealer or a registered representative of a broker-dealer; or
- b) a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entity.

Given the relationship between the Firm, the General Partner and the VC General Partners, it is likely that the General Partner and the VC General Partners are deemed related persons or affiliates of the Firm. As such, the Firm may recommend to clients the purchase or sale of securities which includes an investment in any of the Partnerships or the VC Partnerships. Notwithstanding any conflicts, the Firm will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be as fair and equitable as possible, considering suitability and each account's objectives, programs, limitations, restrictions, risk profiles and capital available for investments; however, even accounts with similar objectives will often have different investment portfolios.

Neither the Firm, the General Partner nor the VC General Partners recommend or select other investment advisers for their clients for compensation.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Redmile has adopted a Code of Ethics (“Code”) that describes the standards of business conduct that it requires of employees (and any others subject to the Code) and establishes procedures intended to prevent Redmile and its personnel from inappropriately benefiting from Redmile’s relationships with its clients. The Code is based on basic principles that govern personal and professional investment-related activities of employees: (i) the interests of Redmile’s clients come before Redmile’s interests or any employee’s interests; and (ii) each employee’s professional activities and personal investment activities must be consistent with the Code and avoid any actual or potential conflict between the interests of clients, on the one hand, and those of Redmile or the employee, on the other.

Furthermore, the Code and Redmile’s Policies and Procedures Manual strictly prohibit:

- Using any device, scheme or artifice to defraud, or engaging in any act, practice, or course of conduct that operates or would operate as a fraud or deceit upon, any client or prospective client or any party to any securities transaction in which Redmile or any of its clients is a participant;
- Making any untrue statement of a material fact or omitting to state to any person a material fact necessary in order to make the statements Redmile has made to such person, in light of the circumstances under which they are made, not misleading;
- Engaging in any act, practice, or course of business that is fraudulent, deceptive, or manipulative, particularly with respect to a client or prospective client; and
- Causing Redmile, acting as principal for its own account or for any account for which Redmile or any person associated with Redmile acts as a fiduciary, to make an investment in violation of any applicable law, rule or regulation of a governmental agency.

The Code generally prohibits employees from trading in any securities held by client accounts and requires employees to report personal securities holdings on an annual basis. In addition, Redmile monitors all employees’ securities transactions: employees must arrange for duplicate copies of their brokerage statements and trade confirmations to be sent to the Chief Compliance Officer (or his or her designee). The Code includes procedures for and restrictions (including a restriction with regard to purchase and/or sale of securities in the healthcare sector) on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement that may be caused by client transactions or Redmile’s recommendations regarding securities. Among other things, these include requirements that employees make a written request for and receive clearance from Redmile’s Chief Compliance Officer (or his or her designee) before they buy or sell any security (other than certain government securities, shares of mutual funds not managed by Redmile, and certain other types of securities that Redmile does not believe create the potential for conflicts of interest). The Code also contains restrictions on and procedures to prevent inappropriate trading while Redmile is in possession of material nonpublic information.

Redmile will provide a copy of its Code to any current or prospective client, limited partner or shareholder upon request. Such a request may be made by submitting a written request to Redmile at the address on the cover page of this brochure.

Item 12 – Brokerage Practices

Brokerage Selection (Generally). The Firm is authorized to determine the broker or dealer to be used for each securities transaction for managed portfolios. In selecting brokers or dealers to execute transactions, the Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Firm's practice to negotiate "execution only" commission rates, thus the clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. These services may include, among other things, research services, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, research conferences, general reports, consultations, performance measuring dates, on-line pricing, special execution capabilities, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, willingness to commit capital, knowledge of other buyers and sellers, order of call, offering to Redmile on-line access to computerized data regarding Redmile accounts, clearance, settlement, reputation, financial strength and stability, efficiency or execution and error resolution, the availability of stocks to borrow for short trades, confidentiality, custody, recordkeeping and similar services, and other matters involved in the receipt of brokerage services generally.

Research and Other Soft Dollar Benefits. As noted above, Redmile may cause a client to pay a brokerage commission in excess of that which another broker might charge for effecting the same transaction in recognition of the value of the brokerage, research and other services and soft dollar relationships. Although Redmile believes that clients benefit from many of the services obtained with soft dollars generated by client trades, clients do not benefit exclusively. Redmile, its affiliates and other client accounts also derive direct or indirect benefits from some or all of these services, particularly to the extent that Redmile uses "soft" or commission dollars to pay expenses that Redmile would otherwise be required to pay or produce itself.

Section 28(e) of the Exchange Act is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Where applicable and except for services that would be a client expense or as otherwise described below, the Firm will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between the Firm and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. If applicable, the use of commissions arising from clients' investment transactions for services other than research and brokerage will be limited to services that would otherwise be a client expense. The use of commissions to obtain such other services would be outside the parameters of Section 28(e).

In some instances, the Firm may receive a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system, trade analytical software or proxy services). In such instances, the Firm will make a good faith effort to determine the relative proportion of the product or service used to assist the Firm in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Firm in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Firm from its own resources unless it is attributable to items that would otherwise be a client expense in which case it will either be paid by the client or be paid through brokerage commissions generated by the client's transactions.

Research and brokerage services obtained by the use of commissions arising from clients' portfolio transactions may be used by the Firm in its other investment activities and thus, the client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although the Firm will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services create a potential conflict of interest between the Firm and its clients.

In selecting brokers and negotiating commission rates, the Firm will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. The Firm may place transactions with a broker or dealer that (i) provides the Firm (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by the Firm (or an affiliate), if otherwise consistent with seeking best execution; provided the Firm is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

The Firm may employ one or more firms to provide various trading services and support to the Firm, including the direct execution of trades and the direction and allocation of orders (such firms, the "Assisting Brokers"). Expenses related to such Assisting Brokers will be borne by the relevant Fund.

When appropriate, the Firm may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

Prime Brokerage Practices. Client accounts are established at prime brokers. Redmile may replace a client's prime broker or appoint an additional prime broker and custodian at any time. The services that Redmile and its clients receive from its clients' prime brokers may include custody, margin financing, clearing, settlement, stock borrowing, office space, and select technology services. Redmile may receive additional services from other brokers, including technology services, capital introduction services, portfolio reporting and access to electronic communications networks. Redmile will use a substantial portion of these services for research and trading on behalf of client accounts, but some may be used for administrative purposes, which would not be within the safe harbor of Section 28(e). Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if Redmile did not receive these services from its clients' prime brokers, Redmile would be required to pay for all or some portion of them. Redmile is not required to direct a particular number of trades to a prime broker or to continue to use any prime broker as a client's custodian, but it has an incentive to do so based on its prior and continued services.

The Funds may maintain accounts at Morgan Stanley & Co. and J.P. Morgan, their prime broker(s), through which the Funds may execute trades, borrow securities and maintain custody of its securities. Note, the primary prime broker with regard to the Pooled Investment Vehicles is Morgan Stanley & Co. In addition, the Pooled Investment Vehicles have custodial accounts with The Northern Trust International Banking Corporation and Goldman Sachs International, among others. The VC Partnerships have custodial accounts with Silicon Valley Bank and Morgan Stanley & Co, as applicable.

The Firm reserves the right, in its sole discretion, to change the brokerage and custodial arrangements, described above, without further notice to the investors.

Brokerage for Client Referrals. Redmile does not direct client transactions to a particular broker-dealer in return for client referrals.

Directed Brokerage. Redmile does not recommend, request, require or permit a client to direct Redmile to execute transactions through a specified broker-dealer.

Aggregation of Securities Transactions. Redmile generally aggregates sale and purchase orders of securities held by multiple clients if, in its judgment, the trade is appropriate for all such client accounts. These transactions may be made at slightly different prices, because of the volume of securities purchased or sold. As a result of aggregating trades, however, the price may be less favorable to a particular client than it would be if similar transactions were not being executed concurrently for other accounts. Redmile implements procedures intended to ensure that no account is favored over any other account in the aggregation process, and that over the course of a buying or selling program, all client accounts receive equitable treatment. If any order is not filled at the same price, orders may be allocated on an average price basis.

Principal Transactions. Please see the disclosure above related to principal transactions in the Pooled Investment Vehicles' section entitled "Conflicts of Interest."

Cross Transactions. Periodically, Redmile may seek to adjust or rebalance the portfolios of clients by effecting cross trades between or among those accounts (i.e., causing one or more of client accounts to sell securities to one or more other client accounts). The ERISA Fund will not engage in such cross trades. In effecting cross trades, Redmile seeks to reduce the transaction costs to its clients of such account adjustments. All cross trades will be consistent with the investment objectives and policies of each client account involved in the trades.

Information provided in this Item 12 may be further discussed in Item 8 of this brochure.

Item 13 – Review of Accounts

Client investment positions are actively monitored and are reviewed regularly.

Redmile, on behalf of each of the Pooled Investment Vehicles, sends to each investor an unaudited monthly net asset value statement (i.e., performance update) from the administrator or registrar and transfer agent. On behalf of each of the VC Partnerships, Redmile provides to each limited partner an unaudited quarterly net asset value statement (i.e., performance update) from the administrator or registrar and transfer agent. In addition, investors are provided audited financial statements of each of the Pooled Investment Vehicles and the VC Partnerships in which they are invested.

Item 14 – Client Referrals and Other Compensation

Redmile does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to Redmile's clients. Redmile has arrangements whereby Redmile directly compensates third-parties with a finder's fee. Prospective investors will be informed of the arrangement, if applicable, and will not be assessed any additional fees. Fees paid to the third-party are borne entirely by Redmile. In the future, Redmile may have additional arrangements of this type.

Item 15 – Custody

Generally, Redmile may obtain custodial, clearing, settlement and related services on behalf of its clients through what is known as “prime brokerage” and custodial arrangements. Under such an arrangement, a brokerage firm or bank, etc., maintains custody of client assets (either directly or through its clearing brokerage firm). Generally, the brokerage firm or bank, etc., is a “qualified custodian” and maintains custody of client funds and securities in a separate account for that client. The qualified custodian sends quarterly, or more frequent, account statements to clients. Typically, investors in the Funds managed by Redmile do not receive account statements from the custodian(s) as these statements are directed to Redmile as the investment manager of the Funds.

Although Redmile is deemed, under the “custody rule”, to have custody of the funds and securities of the Funds, Redmile is exempt from many of the provisions of such rule as Redmile undertakes to deliver to investors, within 120 days after the end of the fiscal year of the relevant Fund, financial statements of such fund that are: (i) prepared in accordance with GAAP, and (ii) audited by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

Item 16 – Investment Discretion

As the investment manager of the Funds, Redmile has broad discretion, without limitation, to determine:

- the securities to be bought or sold for the Funds;
- the amount and allocation of securities to be bought or sold for the Funds;
- where applicable, the broker or dealer to be used for a purchase or sale of securities for the Funds; and
- where applicable, the commission rates to be paid to a broker or dealer for the Funds' securities transactions.

Item 17 – Voting Client Securities

The Firm votes proxies for its Fund and separately managed account clients. The Firm has adopted and implemented policies and procedures that it believes are reasonably designed to ensure that proxies are voted in the best interest of its clients, in accordance with ERISA (as applicable), its fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). In situations where there may be a conflict of interest between the firm’s proxy voting policy and the interests of the client, the Firm will cast the vote in accordance with the client’s interests and directions.

Redmile’s authority to vote the proxies of its clients is established in its advisory contracts or comparable documents, and its proxy voting guidelines have been tailored to reflect these specific contractual obligations. In accordance with SEC Rule 206(4)-6 of the Advisers Act, clients may request information concerning how the Firm voted proxies on their behalf.

ERISA requires fiduciaries to act “solely in the interest of the participants and beneficiaries of the plan” and “for the exclusive purpose of providing benefits to and defraying reasonable expenses of administering the plan.” While ERISA is silent on proxy voting, the Department of Labor has held that the right to vote shares of stock owned by a pension plan is an asset of the plan. Therefore, the fiduciary’s responsibility to manage the assets includes proxy voting.

The Firm has engaged a third-party proxy voting service, Glass-Lewis & Co., to furnish proxy voting research and execution services on behalf of the Firm’s clients. In general, the Firm relies on Glass-Lewis to research proxy proposals and vote client proxies consistent with their guidelines without our prior review or input. In certain cases, we may review the Glass-Lewis recommendation before a proxy vote is cast. If we determine that the Glass-Lewis vote recommendation is not in the best interests of our clients or in cases where Glass-Lewis does not provide a vote recommendation, the Firm’s investment team will make an independent determination, consistent with our proxy voting policy, as to whether and how to vote the proxy.

The Pooled Investment Vehicles may engage in securities lending programs with third parties to enhance return on their investment assets, in which case the borrower of the security is entitled to vote the proxy. The Firm may decide whether to recall securities on loan to facilitate proxy voting on a case by case basis.

Item 18 – Financial Information

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about Redmile's financial condition. Redmile has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.