



Hillhouse Capital Management, Ltd.

Form ADV, Part 2A – Brochure

This Brochure provides information about the qualifications and business practices of Hillhouse Capital Management, Ltd. (“HCM”). If you have any questions about the contents of this Brochure, please contact HCM at +852 2179-1988 or at hcminfo@hillhousecap.com.

HCM is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser. Registration as an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

February 1, 2019

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ITEM 2: MATERIAL CHANGES

Hillhouse Capital Management, Ltd. (“HCM”) last filed an annual update to its Brochure on March 31, 2018, and since then it has filed an other-than-annual amendment on October 26, 2018.

Effective January 1, 2019, the “Hillhouse Capital Group,” a term which describes a multinational group of related advisory entities affiliated with HCM, completed an internal realignment of its advisory businesses. As part of this realignment, the investment management agreements of several clients of HCM were transferred to Hillhouse Capital Advisors, Ltd. (“HCA”), an SEC-registered investment adviser that is under common control with HCM.

While this update to HCM’s Brochure contains numerous changes and updates to certain information, HCM believes that the following changes to Item 4 may be considered to be material changes since the last annual update of its Brochure:

- HCM’s business now focuses, to a larger degree, on providing investment advisory services with respect to private (or otherwise less liquid) investment opportunities, including venture capital, private equity, private debt and buyout transactions; and
- HCM’s assets under management, as a result of the internal re-alignment, have materially decreased.

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ITEM 4: ADVISORY BUSINESS

Overview

Founded in June 2005, Hillhouse Capital Management, Ltd. (“HCM”) provides investment advice to clients organized as privately-offered pooled investment vehicles or similar structures (the “Funds”) and from time to time may also advise managed accounts or similar relationships. The Funds and all such HCA-advised managed accounts are referred to herein as “clients.” HCM is a wholly-owned subsidiary of Hillhouse Capital Group Limited, which itself is a wholly owned subsidiary of Hillhouse Capital Group Holdings Limited. Mr. Lei Zhang directly owns 100% of Hillhouse Capital Group Holdings Limited. HCM is part of the “Hillhouse Capital Group,” a multinational group of related advisory entities.

To comply with local operational requirements (including the issuance of local work visas), HCM has engaged local affiliates based in Hong Kong, the People’s Republic of China (the “PRC”), and Singapore (Hillhouse Capital Management Limited, Hillhouse (Beijing) Advisory Limited, and Hillhouse Capital Management Pte. Ltd., respectively). While these local entities are not registered as investment advisers with the United States Securities and Exchange Commission (the “SEC”), because these entities are under common control with HCM and share certain personnel and resources, HCM subjects these affiliates’ personnel to all of its compliance policies and deems these affiliates’ books, records, and personnel to be within the scope of HCM’s books and records retention and production obligations. Accordingly, certain information on HCM contained in this Brochure, including information regarding personnel, is presented on an aggregate basis for HCM and these affiliates.

Another HCM affiliate, Hillhouse Capital Advisors, Ltd. (“HCA”), which is discussed in Item 10, is registered as an investment adviser with the SEC. While HCA and HCM may, from time to time, invest in similar strategies or companies, HCA-advised clients generally focus on publicly-listed (or similarly liquid) investment opportunities, while HCM-advised clients largely focus on private (or otherwise less liquid) investment opportunities, including venture capital, private equity, private debt and buyout transactions.

Investment Philosophy

HCM’s investment philosophy is to seek long-term, risk-adjusted returns through bottom-up analysis and fundamental proprietary research. As part of HCM’s bottom-up analysis, it performs both qualitative and quantitative assessments of potential investments with a particular focus on opportunities upon which it can gain insights and discover value in an ever-changing world. HCM believes that this fundamental research persistence allows it to be a patient, long-term investor.

Markets and Investment Opportunities

HCM primarily invests in equity and debt securities of private companies, but may invest in a wide range of securities and other financial instruments including, without limitation: share capital; common and preferred stock (privately-placed and exchange-traded); shares of beneficial

interest; partnership interests and similar financial instruments; bonds, notes, debentures and other debt instruments (whether subordinated, convertible, or otherwise); commodities; currencies; interest rate, currency, commodity, equity, debt, and other derivative products (including, without limitation, (i) futures contracts (and options on futures contracts) relating to stock indices, currencies, other financial instruments, and all other commodities, (ii) swaps, options, warrants, caps, collars, floors, and forward rate agreements, (iii) spot and forward currency transactions, and (iv) agreements relating to or securing such transactions); equipment lease certificates; equipment trust certificates; loans; accounts and notes receivable and payable held by trade or other creditors; trade acceptances; contract and other claims; executory contracts; participations; mutual funds; money market funds; structured securities; repurchase agreements; obligations of governments and instrumentalities; commercial paper; certificates of deposit; bankers' acceptances; trust receipts; choses in action; real estate, including fee interests, leaseholds, mortgages, or other real estate assets; and any other obligations and instruments or evidences of indebtedness of whatever kind or nature; in each case, of any person, corporation, government, or other entity whatsoever, whether or not publicly traded or readily marketable. Some investments that HCM makes for client accounts may have no readily available market.

HCM invests client assets in a wide range of countries, markets and exchanges in Asia and throughout the world, including, without limitation, markets in the PRC, Hong Kong, the United States ("U.S."), Singapore, Taiwan, Korea, Japan, Indonesia, India, Vietnam, Malaysia, Thailand, Australia, the United Kingdom, and elsewhere. Clients may also face indirect exposure to all of the instruments and investments listed above through investment in special purpose vehicles and similar entities.

Advisory Services

HCM manages the Funds and any client accounts on a discretionary basis, subject to any investment policies and restrictions established by its clients. HCM may in the future provide advisory services on a non-discretionary basis. HCM manages the Funds and any other managed client accounts in accordance with the investment guidelines set forth in the offering documents for each Fund and manages other client accounts in accordance with the authority delegated to it (including any limits on that authority) under the applicable client's investment management agreement or governing documents. HCM consults with each client on its investment objectives and tailors its services and advice to those objectives.

HCM had approximately \$16.237 billion of assets under management as of January 1, 2019, all of which is managed on a discretionary basis. The amount of assets under management reported in this Brochure is lower than the amount of "regulatory assets under management" that HCM reports in Part 1, Item 5 of its Form ADV because Item 5 requires an adviser to report assets under management *inclusive* of any uncalled commitments and *without deducting* any outstanding indebtedness or other accrued but unpaid liabilities. To prevent the appearance of an overstatement of HCM's assets under management, HCM has calculated assets under management in this Brochure *exclusive* of uncalled commitments and *taking into account* certain unpaid liabilities and outstanding indebtedness.

Fund Structures

While HCM does not limit the kinds of Funds and other clients that it may advise or the composition of its clients' portfolios, HCM's client portfolios generally focus on investing in illiquid or less-liquid investments, although certain Funds may invest in exchange-traded or more liquid instruments (either as their primary focus or as portions of their portfolios).

The Funds are often organized into master-feeder structures. A master-feeder structure is commonly used to accumulate capital raised from U.S. taxable, U.S. tax-exempt, and non-U.S. investors into one central vehicle – a master fund – in order to enhance the critical mass of investable assets, improve economies of scale under which the fund arrangements operate and enhance operational efficiencies, thereby reducing costs. HCM commonly serves as, or controls, or is under common control, with an entity that serves as, the general partner of those Funds organized as partnerships. The general partner of any Fund may also act as the general partner of other Funds or investment vehicles.

Co-Investments

HCM or its affiliates may also, from time to time, form, sponsor, manage, arrange, offer or advise investment vehicles or accounts in connection with a particular strategy or theme, or may establish, sponsor or advise, on a transaction-by-transaction basis, an investment vehicle or account through which certain persons may invest alongside or independently of one or more clients (each such vehicle or account, a "Co-Investment Arrangement"). Co-Investment Arrangements may participate in individual investments or a series of related or unrelated investments alongside one or more other clients of HCM and its affiliates. Co-Investment Arrangements may also make investments independently of (and not alongside) other clients of HCM and its affiliates. In addition, certain Funds (and other HCM clients) may from time to time co-invest with each other. HCM's fee and compensation practices for Co-Investment Arrangements are subject to a case-by-case agreement with the applicable investor.

The allocation of co-investment opportunities can be both discretionary or non-discretionary, and HCM takes into account various facts and circumstances deemed relevant for determining allocations relating to co-investment opportunities and establishing co-investment structures. Such factors are likely to include, among others, the strategic value that the potential co-investor may bring to the investment or transaction, whether a potential co-investor has expressed interest in co-investment opportunities, the market or opportunity size, the amount of capital needed for the potential investment, the number of investors that can practically participate in the transaction, HCM's assessment of the potential co-investor's ability to invest in an amount and within the timeframe required by the investment, regulatory or tax considerations in the investment, the portfolio company's requirements or preferences, and such other factors that HCM may deem relevant. Please see "Investment Allocations" below for additional information relating to investment allocations.

Investment Allocations and Related Conflicts

HCM faces a number of conflicts in allocating investment opportunities among its various clients, including clients with similar or identical investment programs and clients that have

separate and distinct, but overlapping, investment programs. HCM may also face additional allocation conflicts in connection with certain proprietary vehicles owned or controlled by HCM and its affiliates. These conflicts are heightened by the fact that the various Funds and other clients sponsored, advised, or managed by HCM and its various affiliates have different management and incentive fee structures.

Not all of the opportunities that may be suitable for a given client will be presented to such client. In some circumstances, HCM may allocate the same or similar trade or investment opportunities among clients and proprietary vehicles. In other circumstances, HCM may allocate investment opportunities to certain clients or to proprietary vehicles and not to other clients. Where investment opportunities fall within the investment programs of more than one client, HCM's policy is to allocate investment opportunities among eligible clients fairly and equitably, to the extent possible, over a period of time, taking into account certain considerations, including (i) any applicable investment parameters, (ii) contractual obligations, (iii) legal, tax, regulatory and other considerations, and (iv) internal allocation policies. In an effort to ensure fairness in the allocation of investment opportunities among HCM's clients, HCM has adopted allocation policies and procedures that take into account various factors, including: the suitability of the investment for each of HCM's clients; HCM's clients' investment objectives and strategies; lifespans and closing dates of HCM's Funds or client mandates; existing portfolio composition and existing holdings; net asset value; liquidity and reserve levels; risk profile; actual or projected future capacity for investment and the timing thereof; eligibility; the portfolio company's requirements or preferences; targeted rate of return; the stage of development of the prospective portfolio company or other investments; legal, tax, contractual, regulatory or other considerations; cash levels and cash availability; anticipated holding period and remaining investment periods; market exposure; market or opportunity size; currency exposure; and industry sector exposure. To the extent that all or a portion of an investment opportunity is deemed inappropriate for HCM's clients, such as but not limited to investments in pooled investment vehicles or similar structures managed by third parties that assess management fees or performance fees/allocations, HCM, its employees and its affiliates may participate in such opportunities as described in HCM's policies and procedures.

ITEM 5: FEES AND COMPENSATION

General

Clients typically compensate HCM, in part, on the basis of asset management fees calculated as a percentage of the funded and unfunded capital commitments of the client, or in certain instances, a client's assets under management. HCM generally deducts or charges asset management fees from or to client accounts on a quarterly basis and such fee rates are individually negotiated with HCM's clients. Asset management fees are generally payable by clients in advance of the beginning of each calendar quarter.

HCM also enters into arrangements to receive performance-based fees/allocations. In such cases, HCM generally assesses performance-based fees/allocations primarily based on realized investment profits, but may also assess performance-based fees/allocations based on unrealized capital appreciation. In certain instances, such performance fees/allocations are subject to a hurdle or preferred return. HCM generally receives a portion of its clients' realized investment

profits as performance fees/allocations upon disposition of the relevant investment, but may deduct or receive performance-based fees/allocations from client accounts annually, or collect them directly from clients on an annual basis. HCM's fee and compensation practices for Co-Investment Arrangements are subject to a case-by-case agreement with the applicable client. Performance-based fee/allocation rates are individually negotiated with HCM's clients.

Neither HCM nor any of its "supervised persons" (as defined in the glossary of terms to the SEC Form ADV) accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Performance-Based Compensation

HCM receives performance-based fees and allocations, as described above. HCM negotiates or arranges such fees/allocations with clients before entering into advisory relationships. The receipt of performance-based compensation may create an incentive for HCM to make investments that are riskier or more speculative than those HCM would otherwise make in the absence of such incentive compensation. HCM addresses this conflict by focusing on long-term relationships with its clients and Fund investors, and by managing the Funds in accordance with the applicable advisory agreement and/or governing documents.

HCM charges clients both asset-based fees and performance-based fees/allocations. However, fees and other economic terms can be negotiated on a client-by-client basis and may vary. Charging asset-based fees and performance-based fees/allocations may create a conflict of interest because it creates an incentive to allocate the best-performing assets into client accounts on which HCM charges performance-based fees/allocations. Additionally, the allocation of performance fees and allocations at different rates, or subject to different hurdle rates or preferred returns, may create an incentive for HCM or its affiliates to disproportionately allocate time, services, or functions to accounts or vehicles with higher fees/allocations (or subject to a lower hurdle rate or preferred return), or to allocate investment opportunities to such accounts or vehicles.

HCM and its advisory affiliates recognize the possibility of such a conflict and address it through HCM's allocation policies and procedures and other relevant measures. Please see Item 4, "Investment Allocations" for additional information on HCM's investment allocation policies and procedures. HCM does not charge performance-based fees where such an arrangement would violate Section 205 of the U.S. Investment Advisers Act of 1940 (the "Advisers Act") pursuant to Rule 205-3 thereunder.

Valuation of Assets

The asset management fees and the performance-based fees/allocations charged to or made by a client may be calculated based on valuations ascribed to the client's holdings by HCM, which presents a potential conflict. Valuations are also used for determining the prices at which interests in Funds are redeemed or purchased, which underscores the importance of the need to address any such conflict. HCM addresses this conflict by adhering to its valuation practices, which include:

- Engaging third party administrators, auditors, pricing sources, and valuation agents, from time to time, to assist in certain valuation processes and confirmations; and
- A Valuation Committee that seeks to implement HCM's valuation policies and procedures and to make determinations and recommendations regarding the valuations ascribed to the client holdings.

HCM's valuation policies and procedures (i) seek to ensure that HCM's determination of fair value of client assets is appropriate, (ii) require all such determinations to be made in good faith, and (iii) address relevant accounting standards.

Specific valuation procedures may differ based on the type of security and/or instrument and the observability of market inputs. Certain terms related to HCM's valuation policies and procedures are incorporated into written investment management agreements entered into with its clients and/or the Funds' governing documents. There can be no assurance that the value assigned to an investment at a certain time will equal the value that the client is ultimately able to realize.

Expenses and Other Fees

Each client bears its own expenses and HCM's general policy is that it will only assess expenses against client accounts to the extent that such expenses are permissible client expenses under the applicable client agreements. Allocable client expenses generally include: management fees and performance fees/allocations; organizational and administration fees and expenses; taxes; costs incurred in connection with the researching, evaluation, acquisition, monitoring and disposition of investments (whether or not consummated); transaction costs; financing costs; insurance costs; certain regulatory and tax compliance costs; and fees relating to service providers engaged for the client's business and operations, including, without limitation, attorneys, auditors, accountants, valuation services, consultants, and custodians; and such other fees and expenses as are provided for under the arrangement with each client.

Certain expenses may be charged to more than one client, in which case HCM will determine the appropriate allocation of expenses among each client depending on the nature of the expense. Certain expenses may be allocated between clients on a pro rata basis (as appropriate) while others may be allocated more specifically based on other factors, such as the relevant clients that have incurred the cost or received the benefit arising from the expenses.

Clients will incur brokerage and other transaction costs. Please see Item 12, "Brokerage Practices," below for a discussion of certain brokerage expenses. HCM has no affiliated broker-dealers.

HCM or its affiliates may receive or be eligible to receive other fees or service payments (including directors' fees, transaction fees, break fees, or similar fees) from client portfolio investments, which may be in addition to management fees. As set forth in the investment advisory agreement or governing documents of the applicable client, HCM may, in some circumstances, be obligated to reduce the amount of management fees paid by the relevant client

based on such fees received. In addition, HCM may forgo such fees or ensure such fees are received by the applicable client.

Refunds and Fee Waivers

In the event of the termination of a client's advisory contract during a quarterly period, the client, without request, will receive a pro rata refund of the portion of the asset management fee paid in advance for the remaining balance of the quarter. Additionally, HCM assesses a pro rata asset management fee to any client account created on any date other than the first day of any calendar quarter.

HCM may, in its sole discretion, waive all or part of any fees or expenses payable by or attributable to the Funds, Fund investors, or other clients.

HCM, its affiliates and/or each of their personnel may invest in one or more of the Funds directly or indirectly through vehicles established by HCM for personnel. HCM, its affiliates and/or its affiliates' personnel are not generally subject to asset management fees or performance-based fees/allocations with respect to their investments in the Funds.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

HCM receives performance-based compensation as described in Item 5, "Fees and Compensation" above. As described above, HCM does not engage in side-by-side management practices.

ITEM 7: TYPES OF CLIENTS

HCM serves as an investment adviser to pooled investment vehicles whose underlying investors are exclusively "accredited investors" (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933) and "qualified purchasers" (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940). Underlying investors in the pooled investment vehicles HCM advises are generally endowments, foundations, non-profit organizations, pensions, corporates, government entities, family offices, trusts, and other businesses or institutions.

HCM may also provide investment advice to institutional clients such as endowments, foundations, non-profit organizations, pensions, corporates, government entities, family offices, trusts, and other businesses or institutions.

Minimum Account Size

Certain of the Funds require an initial minimum capital contribution of \$10,000,000, but the general partners of such Funds may accept contributions in lesser amounts in their sole and absolute discretion, with an absolute minimum initial capital contribution of \$100,000 (except with respect to certain Funds and/or affiliated investors). HCM generally does not require clients or investors to maintain a minimum investment to continue an advisory relationship or to remain invested in the Funds.

Advisory Agreements

All clients must enter into a written investment management, advisory, or similar agreement before establishing an advisory relationship with HCM. HCM may not assign such agreements without client consent.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Methods of Analysis

HCM's research process employs fundamental, quantitative, and qualitative analysis, including cyclical analysis. HCM focuses on developing a deep, fundamental understanding of investment opportunities through rigorous due diligence and analysis. HCM's bottom-up approach to analysis and research is generally conducted on a company-by-company basis, but may extend to competitors and industries. HCM evaluates the upside and downside of the companies and opportunities identified and monitor them closely. HCM also conducts on-site visits, cross-checks, and detailed financial analysis of investment opportunities. HCM's analysis includes vigilant monitoring that continues the due diligence process after an investment is entered into the client's portfolio. HCM's extensive due diligence process also assists it in discovering and exploring previously unknown investment opportunities.

Sources of Information

HCM incorporates local expertise stemming from grassroots research to generate powerful independent and proprietary views that drive its investment strategy. HCM generally adheres to an exhaustive research framework, including face-to-face communication with management, analysis of publications and other media, site visits, and dialogue with suppliers, customers, and competitors.

Investment Strategies

General Strategy. HCM's investment decisions are based on bottom-up analysis and research. HCM generally focuses on private (or otherwise less liquid) investment opportunities, including venture capital, private equity, private debt and buyout transactions, across multiple industries, but it may also participate in publicly-listed (or similarly liquid) investment opportunities. HCM invests primarily in reasonably priced companies that provide substantial long-term growth prospects. Although HCM monitors macro-economic factors and market trends, HCM generally avoids market-timing strategies and focuses primarily on bottom-up opportunities.

HCM invests globally with a particular focus on companies or assets having substantial relations with Asia. HCM focuses on understanding fundamental risks, uncovering long-term growth potential, and targeting industries that it understands and can monitor.

Short Strategy and Hedging. HCM may, from time to time, utilize short sales and maintain short positions in order to hedge risks that are present in or that could affect a client portfolio, to generate returns for a client account, or to structure and manage risks in an investment strategy.

HCM is cognizant of the risks of trading short and monitors exposure carefully. HCM is cognizant of the risks of trading short and monitors exposure carefully.

Risk Factors

Clients should be aware that any investment with HCM involves a high degree of risk and is suitable only for investors of substantial means who have no need for liquidity with respect to the amount invested and can afford to lose all of their investment. There can be no assurances that HCM's clients will receive a return of, or on, their capital.

Investors are advised to review the applicable Fund offering materials for a more extensive description of the risks of investing in the Funds.

Investment risks include, but are not limited to, the following:

Risk of Loss. HCM does not guarantee the future performance of any client portfolio, the success of any investment decision, strategy, or advice that HCM may employ or provide, or the success of HCM's overall management of any client. Any investment made in connection with HCM's advice or management involves significant risk, including the risk of loss of all or substantially all capital invested. Investors should be prepared to bear the loss of the entire amount of their investment.

International Investments Risk. HCM's investments include equity and debt securities in a number of international jurisdictions including securities with a substantial relationship with Asia. International investments involve a broad range of political, economic, legal, tax, and financial risks. Many of these risks are not typically associated with investments in securities of companies in economies that have developed and been regulated over a longer period. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) foreign exchange controls.

Moreover, non-U.S. companies may not be subject to uniform accounting, auditing, and financial reporting standards, practices, and requirements comparable to those applicable to U.S. companies. Further, investing in securities of non-U.S. entities that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the U.S. government or entities organized or domiciled in the U.S. These considerations include changes in exchange rates and exchange control regulations; political and social instability; expropriation; imposition of foreign taxes; less liquid markets and less available information than is generally the case in the U.S.; higher transaction costs; foreign government restrictions; less government supervision of exchanges, brokers and issuers; greater risks associated with counterparties and settlement; difficulty in enforcing contractual obligations; and greater price volatility.

Further, income or proceeds received by a client from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a client will reduce its net income or return from such investments.

Emerging Markets Risk. Investing in an emerging market involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Emerging economies differ from other large economies in many respects, including the level of development, growth rate, and allocation of resources.

Such risks may include: (i) increased risk of nationalization, expropriation of assets, or confiscatory taxation; (ii) greater social, economic, and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity, and smaller capitalization of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (ix) differences in auditing and financial reporting standards, which may result in the unavailability of material information about issuers; (x) less extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; (xii) less protection through registration of assets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of shareholders and other interest holders; and (xiv) less developed laws regarding internal controls designed to ensure the accuracy of financial reporting and third-party attestation of the effectiveness of those controls.

Moreover, the value of HCM's investments may be adversely affected by uncertainties associated with international political developments. Changes in political, economic, and social conditions and government policies in the PRC and elsewhere in Asia may have a substantial detrimental impact on HCM's clients' investments. These changes may include: (i) promulgation of new laws, regulations, and economic policies; (ii) changes in the interpretation or enforcement of laws or regulations; (iii) introduction of measures to control inflation or stimulate growth; (iv) changes in the rate or method of taxation; and (v) the imposition of additional restrictions on currency conversion and remittances abroad.

Availability of Suitable Investment Opportunities and Investment Risk. For HCM's investment strategies to be successful, it must be able to identify and select appropriate investment opportunities. Additionally, HCM competes for investment opportunities with operating companies, financial institutions, and other institutional investors, including private equity, hedge, and other investment funds, which may negatively impact HCM's ability to take advantage of suitable investment opportunities. Successful implementation of the investment strategy adopted by HCM requires accurate assessments of general economic conditions, the detailed analysis of individual companies or industries, the relationship between a security and its derivatives, the risk correlation between a wide variety of investments, and the future behavior of other financial market participants. Even with the most careful analysis, the direction of the financial markets is often driven by unforeseeable economic, political, and other events and the reaction of market participants to these events. HCM's clients should be aware that the value of their investments and the return derived from them may fluctuate. There can be no assurance that HCM's strategy will be successful and an unsuccessful strategy may result in significant losses to HCM's clients' investments. Further, there can be no assurance that the investments HCM chooses will achieve HCM's clients' investment objectives. Additionally, though investments are monitored in accordance with HCM's policies, as well as risk

management policies and restrictions in prospectuses, investment advisory agreements or governing documents, there can be no guarantee that losses will be avoided at all times. There is a risk that HCM's clients' investments will be lost entirely or in part. Past performance should not be construed as an indication of the future results of an investment that HCM monitors, recommends, or trades for its clients.

Strategy Risk. Fundamental analysis, by itself, does not attempt to anticipate market movements. This presents a potential risk and, although HCM considers overall market conditions in its investment strategies, the price of a security may move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the investment. Likewise, HCM's long-term growth strategy may not take advantage of short-term gains that could be profitable. If HCM's predictions are incorrect, a security may decline sharply in value before client investments are sold.

Hedging Policies/Risks. In connection with the consummation of investments, HCM's client may or may not employ hedging techniques designed to protect such clients against adverse movements in currency or prices. In the event as client does employ hedging techniques, it will do so in order to: (i) protect against possible changes in the market value of the client's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the client's securities; (vii) protect against any increase in the price of any securities the client anticipates purchasing at a later date; or (viii) act for any other reason that HCM deems appropriate. HCM's clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. HCM may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While HCM's clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for HCM's clients than if they had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Leverage and Borrowing.

Leverage for Investment Purposes. HCM's clients may employ leverage in their investment activities. The use of leverage will allow HCM's clients to make additional investments, thereby increasing their exposure to assets, such that their total assets may be greater than their capital. However, leverage will also magnify the volatility of changes in the value of the clients' portfolio. The effect of the use of leverage by HCM's clients in a market that moves adversely to their investments could result in losses to such clients, which would be greater than if such clients were not leveraged.

Collateral. HCM's clients may pledge their securities to counterparties in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to counterparties to secure HCM's clients' margin accounts decline in value, the clients could be subject to a "margin call," pursuant to which the clients must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate

for the decline in value. The banks and dealers that provide financing to HCM's clients can apply essentially discretionary margin, "haircut," financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices.

HCM's clients also may borrow money from and/or enter into guarantees, pledges or financing arrangements with third-parties or investors to make investments or satisfy other obligations outside of a brokerage arrangement. The terms of any such borrowings, guarantees, pledges or financing arrangements may require HCM's Funds and other clients to pledge or encumber their assets to provide security to any such counterparty. Borrowing arrangements involve costs and expenses, which are generally for the account of the relevant client. Such counterparties that provide other types of asset-based or secured financing to HCM's clients may have rights similar to those of brokers providing leverage. There can be no assurance that the clients will be able to secure or maintain adequate financing.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the clients' portfolios.

Equity Risk. Because of the nature of HCM's investment strategies, clients are subject to the risk that prices will fall over short or extended periods of time, and clients could lose all, or a substantial portion, of the value of their investments.

Business Risk. Investments made by HCM's clients may report poor results and industry and/or economic trends and developments could have a greater impact on certain companies in comparison to the market as a whole. The prices of these companies' securities may decline in response.

Market Risk and Disruptions. The price of a security may decline in response to certain tangible and intangible events and conditions, including, but not limited to: conditions directly involving the issuers of the securities; general economic conditions; overall market changes; local, regional, or global political, social, or economic instability; governmental responses to economic conditions; and currency, interest rate, and commodity price fluctuations. Such events are beyond HCM's control and may be independent of a security's particular underlying circumstances. Further, the global financial markets have undergone and may further undergo pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has, in certain cases, been implemented on a sudden and "emergency" basis. This has substantially limited the ability of market participants to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action, these interventions may be perceived as unclear in scope and application and such perceptions can contribute to general uncertainty in the markets. Clients may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships (on which HCM may base its advice) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market

disruptions may from time to time cause dramatic losses for HCM's clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on HCM's strategies.

Interest Rate Fluctuations Risk. The prices of some of the financial derivative instruments in which HCM may invest client assets may be sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of HCM's clients' long and short positions to move in directions that were not initially anticipated. Additionally, interest rate increases generally will increase the costs of borrowing. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose HCM's clients to losses.

Investment Regulations Risk. The laws and regulations of various jurisdictions related to securities markets, investment advisers, and pooled investment vehicles have undergone substantial change in recent years, and such change may continue in the foreseeable future. The effect of regulatory change on HCM and its clients, while impossible to predict, could be substantial and adverse.

Securities Markets Risk. The PRC securities markets, including the Shanghai Stock Exchange and Shenzhen Stock Exchange, are undergoing a period of growth and change that may lead to difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations. In addition, there is regulation and enforcement activity in the PRC securities markets that may not be equivalent to markets in countries that are members of the Organization for Economic Co-operation and Development ("OECD"), including the U.S. There may not be regulation and monitoring of the PRC securities markets and activities of investors, brokers, and other participants equivalent to that in certain OECD markets. Client investments may be disrupted if changes are adopted in any applicable laws or regulations such that it becomes illegal for the issuers to issue certain instruments. Such changes, if implemented, may cause HCM's clients to suffer substantial losses.

PRC Laws and Regulations Risk. Under HCM's current investment program, clients will have exposure to investments in the PRC. The PRC legal system is a civil law system based on written statutes. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organization and governance, foreign investment, commerce, taxation, and trade. Therefore, some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain events or circumstances and, if so, the manner of such application. Precedents on the interpretation, implementation, and enforcement of PRC laws and regulations are somewhat limited and the binding nature of decisions of PRC courts may vary. The administration of PRC laws and regulations may be subject to a certain degree of discretion by executive authorities. In particular, as mentioned below, new investment regulations have a shorter operating history. Because these laws, regulations, and legal requirements are relatively recent, their interpretation and enforcement involve some uncertainty. In addition, PRC laws governing business organizations, bankruptcy, and insolvency have less of an operating history, which may lead to

less certainty on protections for security holders than that provided by the laws of some other countries.

PRC Enterprise Income Tax. According to the Enterprise Income Tax Law of the PRC, which became effective on January 1, 2008 (the “Enterprise Income Tax Law”), dividends, interest, rents, royalties, capital gains, and other income from PRC sources recognized by non-PRC tax resident enterprises are generally subject to PRC Enterprise Income Tax (“EIT”) at a rate of 20%, provided that (i) the non-PRC tax resident enterprise does not have an establishment or place of business or a permanent establishment (the establishment/place of business and permanent establishment are collectively referred to as “PE”) within China or (ii) although the non-PRC tax resident enterprise has a PE within China, the income received by such non-PRC tax resident enterprise has no actual connection with such PE. The implementation regulations of the Enterprise Income Tax Law reduced the rate of EIT imposed by the Enterprise Income Tax Law from 20% to 10% for PRC-sourced income recognized by non-PRC tax resident enterprises under “non-PE” situations. In addition, the EIT rate may be reduced or exempted if there is any applicable tax treaty or arrangement.

PRC Stamp Duty. PRC stamp duty may be imposed on the making of certain investments in the PRC. According to regulations effective September 19, 2008, the purchase of shares of PRC-listed companies will not be subject to PRC stamp duty and only the selling party will be subject to the PRC stamp duty for the transfer of shares. A person licensed as a Qualified Foreign Institutional Investor (“QFII”) by the China Securities Regulatory Commission (the “CSRC”) is subject to PRC stamp duty on each sale made in PRC-listed shares, which may adversely affect investment returns.

PRC Value-added Tax (“VAT”) Risk. Pursuant to the *Circular on Full Implementation of Transferring Business Tax to Value Added Tax Reform* (Caishui [2016] No. 36) issued by the MOF and the SAT on March 23, 2016 (the “VAT Circular”), VAT was introduced to replace Business Tax for all business activities effective from May 1, 2016. VAT is applicable where entities or individuals provide services within the PRC. The VAT Circular specifically provides that QFIIs are exempt from VAT with respect to gains derived from their securities trading activities in China via PRC trading agents. Furthermore, the *Supplementary Notice of the MOF and the SAT on VAT Policies for Interbank Dealings of Financial Institutions* (Caishui [2016] No. 70), which came into effect retroactively on May 1, 2016 (the “Interbank VAT Circular”), further clarifies that income derived from the investment in interbank local currency market (i.e., the interbank bond market) by a foreign institution which is duly recognized by the People’s Bank of China shall be exempted from VAT. Therefore, once the conditions set forth by the Interbank VAT Circular are satisfied, a QFII will also be exempted from VAT for its income from certain interbank transactions. According to Circular 108, during the time period between November 7, 2018 and November 6, 2021, interests derived from a foreign institution’s (including a QFII’s) investments in PRC debt securities market are also exempted from PRC VAT. If certain gains are exempted from VAT, they shall also be exempted from local surcharges calculated based on VAT. According to the VAT Circular, interests received from government bonds and local government bonds are exempt from VAT.

Liquidity Risk. Some companies or investments in which HCM’s clients invest may not be well known, may have few shares outstanding, may have contractual or regulatory restrictions on

disposal, or may be particularly susceptible to political and economic events. Securities issued by such companies may be difficult to buy or sell and the value of such securities may rise and/or fall substantially before such securities may be bought or sold.

Currency Risk; Liquidity and Exchange Controls. Changes in currency prices may adversely affect the base currency value of a client's portfolio investments and gains and losses on the sale of portfolio investments. Clients may also incur costs in converting investment proceeds from one currency to another. At present, renminbi ("RMB") and certain other relevant currencies are restricted currencies and are not freely convertible. Remittances or conversion of RMB and certain other relevant currencies may be subject to approval from competent authorities. HCM's clients may be exposed to exchange control risk in connection with their investments. Relevant authorities may change the current exchange control such that it may adversely impact the liquidity of HCM's clients' investments and an active secondary market may not be developed or maintained.

Uncertain Exit Strategies. Due to the illiquid nature of many investments that clients are expected to make, HCM is unable to predict with confidence what the exit strategy will ultimately be for any investment, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Although investments by clients occasionally generate some current income, private equity and similar investment transaction structures typically will not provide for liquidity of such clients' investments prior to that time. It is unlikely there will be a public market for such investments at the time of their acquisition. In the case of privately negotiated transactions that involve equity or equity-linked investments in private companies, clients generally will not be able to sell their securities or instruments publicly unless the issuer has gone public and such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases a client will be prohibited by contract or other limitation from selling certain securities or instruments for a period of time (e.g., due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result may not be permitted to sell an investment at a time it might otherwise desire to do so. Further, disposition of such investments may require a lengthy time period or result in distributions in kind to investors. Thus, the range of disposal strategies available to clients would be further limited.

A client may invest in investments which cannot be advantageously disposed of prior to the date that such client will be dissolved, either by expiration of such client's term or otherwise. Although HCM expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, it may be necessary or advisable for such client to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Valuation of Investments. Clients' investments may include securities or other financial instruments or obligations that are very thinly traded or for which no market exists and which may be difficult to value accurately. Although HCM will determine the fair value of such investments based on various factors and may engage an independent third party to review such

valuations, the valuation of such investments is inherently subjective and subject to increased risk that the information utilized to value the investment or to create price models may be inaccurate or subject to other errors. In addition, securities which HCM believes are fundamentally undervalued or overvalued may not ultimately be valued in the capital markets at prices and / or within the time frame HCM anticipates. Because of this significant uncertainty as to the valuation of illiquid investments, the values of such investments may not necessarily reflect the values that could actually be realized by clients. Under certain conditions a client may be forced to sell its investments at lower prices than it had expected to realize or defer – potentially for a considerable period of time – sales that it had planned to make. In addition, under limited circumstances, HCM may not have access to all material information relevant to a valuation analysis with respect to an investment. As a result, the valuation of an investment, may be based on imperfect information and is subject to inherent uncertainties.

Risk of Early Stage Companies. Investments in the equity of private companies at an early stage of development involves a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Additional Capital Requirements of Portfolio Companies. Certain of the clients' portfolio companies or pooled investment vehicle holdings, especially those in a development, acquisition, or "platform" phase, may require additional financing to satisfy working capital requirements or acquisition strategies. Following its initial investment in a company, a client may be called upon to provide additional capital to, or have the opportunity to increase its investment in, an investment opportunity. Although clients may make a follow-on investment, there is no assurance that those clients and their co-investors (if any) will provide all necessary follow-on capital. The amount of such additional financing will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from a Fund or other investors) is typically intended to provide enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including the relevant client, or there may be severe penalties for a failure to fund required contributions. In addition, a client or such other investor may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in a portfolio company in order to preserve the Fund's proportionate ownership when a subsequent financing is planned, or to protect the investor's investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of an investor or any portfolio company. There can be no assurance that a portfolio company will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Bridge Financings. From time to time, a client may lend with respect to an investment or a potential investment on a short-term, unsecured basis in anticipation of a future issuance of

equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security. However, for reasons not always in such client's control, such long-term securities may not be issued 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 that client.

Nature of Investment. Certain clients may invest in companies that are experiencing or are expected to experience severe financial difficulties, which difficulties may never be overcome. Clients may also make investments in companies in a conceptual or early stage of development that may not have a proven operating history on which to judge future performance. Such investments are considered highly speculative and may result in the loss of the relevant clients' entire investment. Since certain clients may only make a limited number of investments and since many of HCA's investments may involve a high degree of risk, poor performance by a few of its investments could significantly reduce the total returns to such clients.

Third Party Involvement. HCM's clients may co-invest in portfolio companies with one or more third parties. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial, legal, or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with the relevant clients, or may be in a position to take or block action in a manner contrary to such clients' investment objectives. In addition, the clients may, in certain circumstances, be liable for the actions of such third-party co-investors. In circumstances where a management group is included as a third-party co-investor, such third party may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Reliance on the Management of Portfolio Companies. Although it is HCM's intention to ensure that portfolio companies have strong management teams, there can be no assurance that any portfolio company's management team will be able to operate successfully. With respect to early-stage or recently developed investment opportunities, HCM may have limited ability to evaluate the management of such companies based on past performance, and such companies may rely more on individual members of the management team than would be the case for more established companies. Instances of fraud and other deceptive practices committed by the management teams of portfolio companies in which a client has an investment may undermine HCM's due diligence efforts with respect to such companies. If such fraud is discovered, it could materially adversely affect the valuation of a client's investments and may contribute to overall market volatility that could negatively impact a client's investments.

Uncertainty of Financial Projections. Projected operating results provided by companies or generated internally will normally be based primarily on management or internal judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

Due Diligence Risk. Before making an investment in a private company, due diligence that is deemed reasonable and appropriate based on the facts and circumstances applicable to each asset or company will be conducted. Due diligence generally entails evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties are involved from time to time in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to reduced control of the functions that are outsourced. In addition, if third-party providers are unable to be engaged in a timely manner, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, HCM will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that HCM carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment in a company being successful.

Control Issues. Although HCM may seek protective provisions, including possible board representation in connection with certain of its private equity or similar investments, to the extent a client takes minority positions in companies in which it invests, HCM may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies.

Controlling Interests. Because of its equity ownership, representation on the board of directors and/or contractual rights, a client may often be considered to control, participate in the management of, or influence the conduct of portfolio companies. The designation of HCM's professionals as directors and exercise of control over a portfolio company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of fiduciary duties, violation of laws and governmental regulations (including securities laws), and other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, a client may suffer a significant loss, exposing the assets of such client to claims by a portfolio company, its other security holders, its creditors, or governmental agencies, which may exceed the value of such client's initial investment in that portfolio company.

Difficulty of Bringing Suit. The ability of a client to bring suit against a portfolio company or its directors, executive officers, or other shareholders may be limited. Portfolio companies are likely to be organized under the laws of countries other than the U.S., their directors and officers are likely to reside outside of the U.S., and substantially all of their assets may be located outside of the U.S. As a result, it is likely that a client will be unable to effect service of process within the U.S. upon such entities or their directors and officers. Even where an entity is successfully sued in the U.S., enforcement of the judgment in certain jurisdictions is impossible and in other jurisdictions may be difficult.

Local Intermediary Risk. Client transactions may be undertaken through local brokers, banks, or other organizations, and the clients will be subject to the risk of default, insolvency, or fraud of such organizations. Such local brokers, banks, and other organizations are subject to various

laws and regulations in various jurisdictions that are designed to protect their customers in the event of insolvency. However, the practical effect of these laws and their application to clients' assets are subject to substantial limitations and uncertainties. There can be no assurance that any money advanced to such organizations will be repaid or that the clients would have any recourse in the event of default. The collection, transfer, and deposit of bearer securities and cash expose clients to a variety of risks including theft, loss, and destruction.

Derivative Instruments Risk. HCM may invest client assets in derivative instruments. The prices of derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and national and international political and economic events and policies. The value of futures, options, and swap agreements also depends upon the price of the assets underlying them. In addition, such instruments are subject to counterparty risk. Certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks of creditworthiness of the counterparty, market risk, liquidity risk, and operations risk. If a counterparty's creditworthiness declines, the value of any agreements with such counterparty can be expected to decline, potentially resulting in loss. In connection with exchange-listed or centrally-cleared instruments, clients are subject to the risk of failure of any of the clearing houses or clearing members through which their positions are cleared.

Short-Selling Risk. HCM may engage in short-selling securities on behalf of its clients, which involves: (i) selling securities which may or may not be owned by the short seller; and (ii) borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short-selling allows a client to profit from a decline in market price to the extent such decline exceeds the transactions costs and the costs of borrowing the securities.

A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit. This would in turn increase the cost to the client of buying those securities to cover the short position. There can be no assurance that a client will be able to maintain the ability to borrow securities sold short. In such cases, the client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, short-selling activities are subject to restrictions imposed by other foreign governmental and regulatory authorities and various securities exchanges. Such restrictions may inhibit or prevent HCM from entering into a short position on behalf of a client.

ITEM 9: DISCIPLINARY INFORMATION

To HCM's knowledge, after due inquiry, none of HCM, its affiliates, or any of their respective management personnel has been involved in, or subject to, any disciplinary events or legal actions that would be material to a client's or prospective client's evaluation of HCM's advisory business or the integrity of HCM's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither HCM nor any member of its management is registered, or has an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant (an “FCM”), a commodity pool operator (a “CPO”), a commodity trading advisor (“CTA”), or an associated person of a registered FCM, CPO, or CTA. HCM and certain of its affiliates act as CPOs for their clients, but they are exempt from registration with the Commodity Futures Trading Commission (the “CFTC”) pursuant to CFTC Rule 4.13(a)(3) under the U.S. Commodity Exchange Act. This exemption is based primarily upon the clients’ limited commodity interest trading. Unlike registered CPOs, HCM and its relevant affiliates are not required to deliver to investors disclosure documents or certified annual reports contemplated by CFTC rules applicable to registered CPOs. Likewise, HCM and certain of its affiliates act as CTAs for some of their clients, but are exempt from registration as CTAs and therefore are not required to satisfy certain requirements contemplated by CFTC rules applicable to registered CTAs.

Certain members of HCM’s management constitute and/or serve as the directors of general partners of certain of the Funds. Such relationships create a potential conflict of interest, which HCM seeks to address in a number of ways, including by disclosing the terms of the relevant partnership agreement to the Funds’ investors.

All qualifying HCM personnel (and qualifying personnel of the non-U.S. affiliates discussed in Item 4) are treated as “access persons” by HCM within the meaning of Rule 204A-1 under the Advisers Act, and are subjected to HCM’s Code of Ethics. Please see Item 11, “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” below for additional information about HCM’s Code of Ethics.

An HCM affiliate, Hillhouse Capital Advisors, Ltd., (“HCA”) is also an SEC-registered investment adviser. While HCA and HCM may, from time to time, invest in similar strategies or companies, HCA-advised clients generally focus on publicly-listed (or similarly liquid) investment opportunities, while HCM-advised clients largely focus on private (or otherwise less liquid) investment opportunities, including venture capital, private equity, private debt and buyout transactions. Therefore, investment results may differ as between HCM’s clients and HCA’s clients. To address these potential conflicts of interests, HCM has adopted policies and procedures, including a Code of Ethics. Please see Item 11, “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading,” below for additional information about HCM’s Code of Ethics.

HCM and HCA use shared personnel for certain services, including personnel of certain non-U.S. affiliates, as discussed in Item 4 above. Shared personnel may include back office personnel as well as professionals who provide portfolio advice. Such shared personnel may have conflicts of interest in allocating their time and resources between HCM and HCA. Different performance or management compensation structures or incentives may apply to shared personnel, which may also create a conflict of interest. HCM has adopted policies and procedures, including a Code of Ethics, to address these potential conflicts of interest.

Different performance and management fees may be charged for substantially similar products HCM manages or advises, which may also create a conflict of interest. Please see Item 5, “Fees and Compensation” above for information regarding how HCM is compensated by its clients, the potential conflict of interest created by allocating investment opportunities among clients, and how HCM addresses the potential conflict of interest.

HCM does not recommend or select third-party investment advisers for its clients. None of HCM, HCA, or any other affiliate receives compensation, directly or indirectly, from any of the others for any recommendation of the other. In addition, none of HCM, HCA, or any other affiliate, directly or indirectly, pays or receives compensation to or from third parties in connection with recommending advisory services.

Other conflicts not discussed above may arise in connection with HCM’s advisory business.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

General Code of Ethics

HCM expects its employees to be responsible for maintaining the highest ethical standards when conducting business. In keeping with these standards, HCM’s employees must always place its clients’ interests ahead of their own. Moreover, HCM’s employees should adhere to the spirit as well as the letter of the law and be vigilant in guarding against anything that could inappropriately skew their judgment.

Pursuant to Rule 204A-1 under the Advisers Act, HCM has adopted a Code of Ethics (the “Code”) which sets forth standards of business and personal conduct for all HCM employees, and addresses conflicts of interest that may arise from personal trading by employees or gifts and entertainment received or provided by employees. The Code sets forth, among other things, standards for the purpose of deterring wrongdoing and promoting: (i) honest and ethical reporting; (ii) full, fair, accurate, timely, and understandable disclosure in reports and documents; (iii) compliance with applicable laws, rules, and regulations; (iv) prompt internal reporting of violations of the Code; and (v) accountability for adherence to the Code. Clients or potential clients may obtain a copy of the Code free of charge by writing to HCM’s Chief Compliance Officer at the address on the cover page of this Brochure.

As discussed in Item 10, qualifying personnel of the non-U.S. affiliates discussed in Item 4 are treated as “access persons” by HCM within the meaning of Rule 204A-1 under the Advisers Act, and are subjected to HCM’s Code of Ethics.

Interest in Client Transactions

Clients of HCM and its affiliates (such persons, the “Other Hillhouse Investors”) may hold investments similar to or the same as those made or proposed to be made by other of HCM’s clients. Investments held by Other Hillhouse Investors may be in the same or similar securities as those held by HCM’s other clients, but acquired at different times, at lower or higher prices or valuations, and on different terms than those upon which HCM’s clients acquire an investment.

The different prices paid for, or terms of, securities held by the Other Hillhouse Investors may create conflicts of interest. HCM has adopted an aggregation and allocation policy to help assure investment opportunities are recommended or allocated in a fair and equitable manner. As described more fully in Item 5 under “Fees and Compensation,” HCM takes various factors into account in making recommendation and allocation decisions.

Please see Item 5, “Fees and Compensation,” and Item 10, “Other Financial Industry Activities and Affiliations,” above for a discussion of the potential conflict of interest created by allocating investment opportunities among client accounts and how HCM addresses the potential conflict of interest.

Personal Trading

The Code is designed to assure that the personal securities transactions, activities, and interests of HCM’s employees do not interfere with their judgment in advising HCM’s clients. HCM discourages its employees from personal trading due to the conflicts of interest (real and apparent) that such trading may present. Employees must seek pre-clearance for all reportable personal securities transactions and provide post-trading details of all approved personal trades. Employees also must provide HCM with detailed information regarding their reportable personal securities holdings, which they must update on a quarterly basis. Although employees are not prohibited from personal trading, employees are prohibited from short-term trading or speculation, and employees must present any investment opportunities suitable for any investment strategy of HCM’s clients to such clients prior to engaging in any transaction related thereto for personal benefit. To minimize the risk of potential conflicts of interests, employees and their immediate family members may not, directly or indirectly, make personal trades in any security, company, asset, or investment product (i) located in or having a substantial business relation to Asia, or (ii) under research, traded in, or contemplated to be traded in by HCM, in each case without the consent of the Chief Compliance Officer.

Service on Boards of Directors

Representatives of HCM, HCA, or their other affiliates may, from time to time, serve on the boards of directors of portfolio and other companies. A HCM representative serving as a director for a company has fiduciary duties to the company, as well as to HCM’s clients. These separate fiduciary obligations may create conflicts of interest that must be mitigated to ensure the HCM representative serving as director does not breach his or her fiduciary obligations. In addition, if HCM obtains material, non-public information by virtue of a representative serving as a director of a company, HCM may be precluded from trading or making a recommendation with respect to the securities of such company. HCM has adopted internal policies and procedures to address conflicts of interest that may arise in connection with service on the board of directors of a company.

Other Business Ventures

HCM, its affiliates, and its clients may engage in other business ventures to the extent not prohibited by agreements with its clients, independently or with others, including ventures involving investing in securities or managing or participating in other investment funds, or

pursuing co-investments with HCM's clients or otherwise investing in portfolio companies independently of its clients. Other ventures undertaken by HCM and its affiliates may be competitive with its clients. Conflicts of interest may arise as a result of such activities, including in allocating management time, services or functions and allocating investment opportunities.

In addition, as discussed above, HCM and its affiliates may provide investment advisory services to Co-Investment Arrangements or portfolio companies, and may also invest directly or indirectly in investment opportunities. HCM recognizes the potential for conflicts in these situations and relies upon its allocation and other internal policies and procedures to ensure fair and equitable allocation of investment opportunities, and to address other potential conflicts of interest.

Other conflicts not discussed above may arise in connection with the management and operation of HCM's clients.

ITEM 12: BROKERAGE PRACTICES

HCM has discretionary authority to invest client assets under its management and thereby direct trades. HCM chooses various brokers for more efficient and/or less expensive transactions, or for non-financial relationship reasons. HCM endeavors to select brokers that provide the best execution for securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances ("Best Execution"). In selecting brokers to effect portfolio transactions, HCM considers various factors, including, without limitation: price; quality of execution, including the reliability, promptness, level of accuracy and confidentiality in executing orders; extensiveness of the broker's distribution network; commission rates or other transaction costs; HCM's access to the broker's trading desk; the broker's familiarity with HCM's investment practices; and the value of certain brokerage or research services. HCM does not consider whether it receives referrals from a broker-dealer or third party in selecting a broker.

Directed Brokerage

Clients may sometimes request that HCM use a particular broker-dealer to effect transactions in recognition of services the clients receive from the broker-dealer or from a third party. Agreement to any such request by a client must be pre-approved by HCM's Chief Compliance Officer. A client's direction of brokerage services may cost the client more money and may prevent the client from receiving the most favorable execution of the client's transactions.

Soft Dollar Arrangements

HCM or its affiliates may enter into arrangements whereby HCM receives research or other products or services (other than execution) from a broker or other third party in connection with client securities transactions, known as "soft dollar benefits." These soft dollar benefits would be received in connection with commission fees paid to those brokers to execute client transactions. These research products and services would be intended to provide HCM with valuable research and services that HCM would otherwise have to produce or purchase from third parties with its own funds.

Any transaction in which soft dollar benefits are being received will be carefully evaluated to determine that the transaction complies with HCM's duty to seek Best Execution. However, as a result of any soft dollar benefits HCM receives, HCM may have an incentive to select or recommend a broker based on receipt of soft dollar benefits.

Section 28(e) of the Securities Exchange Act of 1934 establishes a safe harbor allowing investment managers to use client funds, by way of commission dollars, to purchase certain "brokerage and research" services. Pursuant to this safe harbor, the brokerage and research services must provide HCM with lawful and appropriate assistance in the performance of its investment decision-making responsibilities. Further, HCM will make a good faith determination that the amount of commissions paid by clients is reasonable in light of the value of the brokerage or research services received. This means that clients may pay commissions to a broker in an amount greater than the amount another broker might charge.

HCM believes that the products or services it may obtain through soft dollar arrangements would benefit all of its relevant client accounts, rather than benefitting just one account. HCM currently does not require soft dollar benefits to be allocated proportionately to the amount of soft dollar benefits generated by each client account. Therefore, it is possible that such soft dollar benefits may provide a benefit to some clients who have not generated a proportionate share of commissions used to pay for these benefits. However, it is also possible that clients may benefit from these arrangements to a greater extent than the commissions they generated.

HCM has instituted certain procedures governing soft dollar benefits. Soft dollar benefits may be received from a broker in consideration of directing transaction business on behalf of a client to the broker only if:

- The soft dollar products or services fall within the Section 28(e) safe harbor;
- The soft dollar products or services are of demonstrable benefit to HCM's clients;
- HCM seeks to affirm that the soft dollar product or service assists in the investment decision-making process and the commissions paid are reasonable in relation to the products or services received;
- Transaction execution is consistent with Best Execution standards and brokerage rates are not in excess of customary full-service brokerage rates;
- Disclosure is made to clients of HCM's practices for receiving the soft dollar products or services; and
- The client(s) has consented in writing to the receipt of soft dollar products or services.

Trade Aggregation

On occasions where a security is being traded for more than one client,, HCM may aggregate its client orders when doing so will result in a better overall price for its clients' trades and as otherwise consistent with the terms of its allocation policies. Aggregation or "bunching" describes a procedure whereby an investment manager combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, net asset value, available cash, lifespan of HCM's clients and other factors. HCM will not aggregate orders among clients of

HCM and/or its affiliates where such activity is inconsistent with or is prohibited by local law, regulations or exchange rules.

ITEM 13: REVIEW OF ACCOUNTS

HCM reviews and evaluates its clients' investment objectives and performance on a quarterly basis. HCM also reviews strategies to ensure compliance with investment objectives and restrictions. Reviews are primarily conducted by the relevant portfolio manager and may periodically be conducted by an Investment Committee that is comprised of HCM's Chief Investment Officer and other senior members of HCM's research team.

Client Reports

Fund investors receive an annual report containing audited financial statements following the end of the Fund's fiscal year. Fund investors also receive relevant tax information for the Fund in which they are invested. In addition, HCM's third-party administrator delivers to investors an unaudited statement of an estimate of the account and account balance(s) and any capital contributions or withdrawals since the preceding month-end generally within 60 days after the end of each calendar quarter, or as soon thereafter as is reasonably possible. These written financial statements and reports typically do not include a listing of portfolio investments.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Neither HCM nor a related person of HCM, directly or indirectly, compensates any person for client referrals. Should HCM determine to enter into a solicitation arrangement for client referrals, HCM will disclose the arrangement in writing as required by Rule 206(4)-3 under the Advisers Act and will comply with all other applicable requirements of the Rule.

No person, other than HCM's clients, provides HCM with an economic benefit for providing advisory services to its clients. Please see Item 12, "Brokerage Practices," above for a discussion of certain soft dollar benefits that HCM may receive in connection with certain brokerage relationships.

A related person of HCM may, from time to time, serve as a director on the board of a public or private company in which one or more of HCM's clients invest. HCM may receive director's fees in connection with such service. Item 11, "Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading," further describes HCM's process for addressing conflicts of interest created by its related persons serving as directors.

ITEM 15: CUSTODY

HCM may be deemed to have custody over certain of its clients' assets under Rule 206(4)-2 of the Advisers Act (the "Custody Rule") because of its authority to access client assets and its role as a general partner of a Fund. The term "custody" is defined under the Custody Rule as holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. HCM does not physically hold client assets. Instead, HCM maintains client securities and funds with a "qualified custodian" in accordance with the Custody Rule. Client

funds and securities are held with a bank, broker-dealer, or other independent, qualified custodian. HCM's Chief Compliance Officer is responsible for ensuring that any qualified custodian with custody of client assets is properly qualified. Further, HCM may satisfy the audit provision of Rule 206(4)-2 under the Advisers Act - the Custody Rule - through an annual audit of the relevant clients. Where required, audited financial statements are prepared and delivered to underlying investors in accordance with the Custody Rule. Item 13, "Review of Accounts" above describes the content and frequency of other reports delivered to underlying investors.

ITEM 16: INVESTMENT DISCRETION

HCM serves as an investment adviser to the Funds pursuant to written investment management agreements. As noted above under Item 7, "Types of Clients," all clients must enter into written investment advisory agreements with HCM before establishing an advisory relationship with HCM. Any limitation on HCM's authority is described in the written investment management agreements and/or the Funds' governing documents.

Pursuant to HCM's existing Fund agreements, HCM has discretionary authority to manage assets on behalf of the Funds, including authority to determine which investments are bought and sold and the amounts appropriate for each client. HCM also may enter into written investment management or advisory agreements with managed account clients on a discretionary or non-discretionary basis.

ITEM 17: VOTING CLIENT SECURITIES

HCM has and will accept proxy voting authority to vote client securities. This creates a potential conflict of interest because of the possibility of HCM voting client securities to further its own interests at the expense of its clients' interests. HCM takes seriously its responsibility to exercise proxies on behalf of clients and have adopted written policies and procedures to do so in a manner consistent with Rule 206(4)-6 promulgated under the Advisers Act. These policies and procedures are reasonably designed to ensure that proxies are voted in the best interest of HCM's clients, which generally means voting proxies with a view to enhancing the value of client securities.

The financial interest of HCM's clients is the primary consideration in determining how proxies should be voted. Further, as the decision to invest in a company normally represents confidence in the company's management, HCM will typically give serious consideration to management recommendations. HCM will generally support management recommendations regarding internal operations and those without significant economic effects. Conversely, management proposals that are likely to have significant economic effects, involve management interests or where HCM lacks confidence in the management team will be subject to greater scrutiny on a case-by-case basis. The following is a brief summary of principles, rather than rules, that reflect the long-term approach that guides (but does not obligate) HCM's investment and proxy voting decisions regarding common proxy proposals.

1. Board of Directors: HCM will generally support resolutions that promote the effectiveness of boards in acting in the best interest of shareholders. HCM generally supports the election of a majority of independent directors.

2. Auditors and Auditor Compensation: Where all members of a company audit committee are independent, HCM will generally support the election of directors, the appointment of auditors, and the approval of the auditor compensation recommended by the board of directors.
3. Changes in Capitalization: HCM recognizes the need for the management of a company to have flexibility to issue or repurchase shares to meet changing financial conditions. HCM will generally support changes in capitalization when a reasonable need for change is demonstrated. HCM is, however, aware that new shares may dilute the ownership interest of shareholders, and HCM will not generally support changes resulting in excessive dilution of existing shareholder value.
4. Corporate Restructuring, Mergers, and Acquisitions: HCM believes proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, HCM will analyze such proposals on a case-by-case basis, weighing heavily the views of its research analysts that cover the company and its investment professionals managing the portfolios in which the stock is held.
5. Management Compensation: HCM's goal is to support compensation arrangements that are tied to long-term corporate performance and shareholder value. These arrangements should better align management's interests with those of shareholders and should induce management to purchase and hold equity in the company. Stock option plans that are overly generous or excessively dilutive to other shareholders generally will not be supported.
6. Other Issues: HCM will address business issues specific to a company or those raised by shareholders of a company on a case-by-case basis with a focus on the potential impact of the vote on value for its clients.

Procedurally, HCM will take reasonable measures under the circumstances to obtain knowledge of meetings and other events giving rise to solicitation of proxies, assure that proxies are received in sufficient time for HCM to take action, vote proxies, and return the proxies to the parties soliciting them in time to be counted. Clients may direct (in certain cases) the vote of HCM in a particular solicitation, obtain information from HCM about how it voted clients' securities, and obtain a copy of HCM's proxy voting policies and procedures by writing to Hillhouse Capital Management, Ltd., Attn: Chief Compliance Officer, at the address on the cover page of this Brochure.

If a HCM representative serves on the board of directors for a portfolio company in which a client invests, unique conflicts of interest in relation to proxies may exist. In such circumstances, HCM's Chief Compliance Officer or its designee will undertake a review prior to any vote by the proxy recipient to determine whether a material conflict of interest exists between the applicable HCM representative and the interests of the client, or between the HCM representative and the client and company shareholders. In the event a material conflict of interest is identified, the Chief Compliance Officer or his or her designee will take such steps as he or she deems necessary to determine how to vote the proxy in the best interests of the relevant client. In each

instance, when exercising their voting discretion, HCM's representatives will seek to avoid any direct or indirect conflict of interest between the client(s) and their voting decisions.

ITEM 18: FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair HCM's ability to meet its contractual commitments to clients.