

Item 1 – Cover Page

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

Redmile Group, LLC

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March 1, 2018

This brochure provides information about the qualifications and business practices of Redmile Group, LLC (“Redmile”). If you have any questions about the contents of this brochure, please contact us at 415.489.9980 or via email at redmile_legal@redmilegrp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

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

Item 2 – Material Changes

There have not been any material changes to this brochure since the last update.

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Item 4 – Advisory Business

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

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

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

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

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

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

Redmile also serves as the investment manager to separately managed accounts. In this capacity, Redmile provides portfolio management and advisory and other services to specific accounts. Managed accounts are typically governed by a sub-advisory agreement that may provide more favorable terms than those of the Pooled Investment Vehicles, including with respect to management fees, performance fees and liquidity, among other terms.

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

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

Assets Under Management. As of December 31, 2017, Redmile had client net assets under management of approximately \$2.8 billion.

Item 5 – Fees and Compensation

Pooled Investment Vehicles

Management Fee (Generally). For its services in evaluating, selecting and, where appropriate, negotiating investments for the Pooled Investment Vehicles, and otherwise managing and administering the Pooled Investment Vehicles' activities and affairs, the Pooled Investment Vehicles will pay Redmile a quarterly management fee. The management fee is generally between 0.25% and 0.50% per quarter (between 1% and 2% per year). The Firm is paid the management fee as of the beginning of each calendar quarter. With regard to the Pooled Investment Vehicles that are Delaware limited partnerships (the "Partnerships"), the management fee is based on the value of a limited partner's basic capital account and any designated capital accounts, without accrual of the incentive allocation. Designated capital accounts hold investments in private and/or illiquid companies; participation therein may be at the option of the limited partners and is further discussed below. With regard to the Pooled Investment Vehicles that are Cayman Islands exempted companies (the "Companies"), the management fee is based on the value of the net assets of common shares (or the applicable class/series of such common shares), including that class/series of common shares holding Designated Investments (further discussed below) or Co-Investments (further discussed below), where applicable, without accrual of the incentive fee.

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

Designated Investments. Where applicable, the Pooled Investment Vehicles are authorized to acquire securities for which there is no ready market, such as private or restricted securities. In the event that the Pooled Investment Vehicles make such investments, if applicable, the General Partner and/or the Firm may, each in their sole discretion, designate such investment a "Designated Investment." Investors, when making their initial investment in the Pooled Investment Vehicles, may be able to elect to participate or not participate in Designated Investments, if applicable. Participation in Designated Investments by investors may be limited to a certain percentage. Such investments, however, may exceed that stated percentage provided in the relevant Pooled Investment Vehicle's offering documents in certain circumstances. A designated capital account will be issued with regard to each Designated Investment made by the Partnerships. For the Companies, Designated Investments will be held in a separate class of common shares and a separate series of such common shares will be issued with regard to each Designated Investment made by the Companies, if applicable.

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

Co-Investments. In certain instances, after all of Redmile's clients have been allocated what Redmile believes to be the appropriate amount an investment, given such clients' capacity, restrictions, investment objectives and risk profile, among other considerations, excess capacity may be available. If Redmile determines, based on the above investment allocation principles, and any other relevant investment allocation criteria, that allocating the full amount of an investment opportunity to the client(s) is inappropriate, the excess portion of such investment opportunity may be offered as a co-investment opportunity (a "Co-Investment") to any persons selected by the Firm ("Co-Investors"). Such Co-Investors may include the principals, employees or affiliates of the Firm, whether or not such persons are investors in the Funds. Co-Investments may not bear fees. For the sake of clarification, the Firm may find that an investment opportunity is inappropriate for the Funds as a Designated Investment or otherwise, but may still be appropriate for a Co-Investment.

There is no guarantee for any Fund investor that it will be offered Co-Investment opportunities. As a general matter, the allocation of Co-Investment opportunities is entirely discretionary and it is expected that many investors who have expressed an interest in Co-Investment opportunities may not be allocated any Co-Investment opportunities or may receive a smaller amount of a Co-Investment opportunity than the amount requested. The Firm will take into account various facts and circumstances in allocating Co-Investment opportunities, including, but not limited, to whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities; whether the client in

which the prospective co-investor is invested has made, or will be making, an investment in the same investment opportunity that is being offered as a co-investment opportunity; size of a co-investment opportunity; strategic value of a prospective co-investor to the company to which a co-investment opportunity relates; the ability of a prospective co-investor to conduct its own due diligence, make an investment decision and fund a co-investment opportunity within the applicable timeline for completing the co-investment; whether a prospective co-investor has the sophistication and/or financial and other resources to make the co-investment; whether a prospective co-investor has previously indicated a desire to make investments of the type represented by the co-investment opportunity, including the sub-sector of the relevant company; whether a prospective co-investor is likely to prove to be a suitable partner to the company to which the co-investment opportunity relates (e.g., by demonstrating to Redmile's and/or such company's satisfaction that it: (i) will be able to meet future investment needs of such company on a timely basis and (ii) adequately understands the business plan and operations of such company); whether a potential co-investor has a history of participating in co-investment opportunities with Redmile, and any relevant considerations based on this prior experience; the size of a prospective co-investor's commitments to, and/or investment in, the client(s); whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Redmile, the clients, and/or other co-investments; the size of the potential co-investor's interest to be held in the underlying company as a result of the client's investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the client); any requirements or restrictions relating to the selection of co-investors set forth in the governing documents of the client(s) to which a co-investment opportunity relates and/or in any side letters granted to applicable investors; the likelihood that an investor may invest in a future fund sponsored by Redmile or its affiliates; tax, legal and/or regulatory considerations; and any other factors determined by Redmile, in its sole discretion, to be relevant to the co-investor selection process.

Further, the Firm has entered into agreements with certain investors that may include terms and conditions applicable to such investor and its investment in the Funds that would not apply to other investors' investment in any of the Funds. Other investors will not receive a copy of the agreement memorializing such terms and conditions (even if in the form of a side letter) and may be unable to elect to receive any rights or benefits granted to such investor. Specific examples of such additional rights and benefits include discounts on fees or performance-based compensation, as well as the presentation of Co-Investment opportunities. The existence of any such arrangements could result in fewer Co-Investment opportunities being made available to other investors. The Funds may bear their share of expenses for unconsummated transactions, and Redmile will endeavor to treat all Funds and any Co-Investors fairly and equitably in allocating such expenses.

Generally, Co-Investments are available via one of the Companies to which Redmile provides investment management and advisory services. Co-Investments may also be available via the VC Partnerships. Additional information with regard to Co-Investments, as related to the VC Partnerships, can be found in the offering documents of the VC Partnerships. In connection with any Co-Investment by third-party Co-Investors, the Firm may establish one or more investment vehicles managed or advised by the Firm to facilitate such Co-Investors' investment alongside a Fund.

Where applicable, Co-Investments will be held in a separate class of common shares, and a separate series of such common shares will be issued to represent each Co-Investment. Generally, Co-Investors will make a capital commitment to purchase a particular series of that class of common shares utilized to hold Co-Investment opportunities, and such capital commitment will be called down upon notice from Redmile. Finally, an investor may not redeem a Co-Investment until that particular Co-Investment is liquidated or otherwise realized or deemed realized.

Co-Investments will be valued at fair value, until such investments are liquidated or otherwise realized or deemed realized, unless the Firm, in its sole discretion, determines a different valuation is more appropriate.

Generally, with regard to the Partnerships, the portion of the management fee attributable to a particular Designated Investment will be charged to the relevant basic capital account of those limited partners participating in Designated Investments. Generally, with regard to the Companies, the portion of the management fee attributable to a particular Designated Investment or Co-Investment will be charged to the relevant class/series of common shares (i.e., that class/series of common shares not holding Designated Investments and/or Co-Investments) held by those shareholders participating in such Designated Investment or Co-Investment. However, with respect to a particular Co-Investment, the applicable Company (via instruction from the Firm) may retain a reserve out of the capital contributions by the applicable Co-Investors for payment of the management fee and any additional expenses for such Co-Investment.

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

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

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

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

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

VC Partnerships

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

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

Organizational Expenses. Each VC Partnership will bear all expenses associated with its organization and the offering of the limited partner interests, including, but not limited to, out-of-pocket costs incurred by or on behalf of the VC General Partners or their affiliates in connection with the marketing, formation, and organization of the VC Partnerships and the VC General Partners including legal, accounting, travel, meeting, printing and other fees and

expenses incident thereto, up to a maximum of \$500,000 in the aggregate. The management fee will be reduced by (i) organizational expenses paid by VC Partnerships in excess of this amount and (ii) any placement fees paid by the VC Partnerships with respect to the sale of limited partner interests in any of the VC Partnerships.

Operating Expenses. The VC General Partners, the Firm or an affiliate thereof will be responsible for all of the normal day-to-day overhead expenses of managing the VC General Partners and the Firm, including wages, salaries, rent, utilities and expenses for administrative, clerical and related support services. In addition, the VC General Partners, the Firm or an affiliate thereof will be responsible for expenses incurred in connection with the research and analysis of industry sectors in which any of the VC Partnerships invest and in identifying potential investment opportunities, except to the extent that legal, accounting or other specialized consulting, advisory or professional services are required that the VC General Partners or an affiliate thereof would not normally be expected to render with their own professional staff.

In addition to the management fee, the VC Partnerships will be responsible for all other costs and expenses of the VC Partnerships that are not reimbursed by third parties, including, but not limited to, all expenses incurred in connection with a VC Partnership's operations, including legal, custodial, audit, appraisal and accounting fees and expenses, fees and expenses relating to outsourced finance and accounting services, fees and expenses relating to specialized consulting, advisory or professional services, fees and expenses relating to regulatory compliance, meeting expenses, expenses associated with the VC Partnerships' communications with partners, including preparation and distribution of financial statements and annual or other reports to the partners, expenses associated with the preparation and filing of tax returns, any sales or other taxes, fees or government charges which may be assessed against any of the VC Partnerships, investment related travel expenses, expenses incurred in connection with the purchase, holding, sale or proposed sale of any of the VC Partnerships' investment (whether or not any such purchase or sale is consummated), interest on and fees and expenses arising out of all permitted borrowing made by the VC Partnerships, expenses of members of the advisory committee (including travel-related costs and expenses), all expenses relating to litigation and threatened litigation involving the VC Partnerships, including indemnification expenses; premiums for insurance to protect the VC Partnerships, the VC General Partners, the partners of the VC General Partners, the Firm, the members of the Firm, the members of the advisory committee and any of their respective partners, members, stockholders, managers, managing directors, officers, directors, trustees, employees, consultants, agents or affiliates in connection with the activities of the VC Partnerships, liquidation expenses of the VC Partnerships, and all other expenses properly chargeable to the activities of the VC Partnerships.

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

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

Pooled Investment Vehicles

Generally. Redmile charges an incentive allocation or incentive fee where applicable with regard to the Pooled Investment Vehicles and its clients other than the VC Partnerships. The amount of such incentive allocation or incentive fee is generally 20% of each limited partner's share of net profits of the Pooled Investment Vehicles (including realized and unrealized gains and losses), subject to a loss carryforward provision.

Incentive Allocation to the General Partner with regard to the Partnerships. Any net profits and net losses of the Partnerships (including realized and unrealized gains and losses) from investments held in the partner's basic capital account will be allocated to the partners in accordance with the ratio of their basic capital account balances. Generally, as of the end of each fiscal year, 20% of each limited partner's share of net profits, if any, shall be reallocated to the General Partner from the basic capital account of each limited partner, subject to a loss carry-forward provision. For this purpose, net profits shall include net unrealized gains and losses on investments other than Designated Investments and net profits or losses from the liquidation, realization or deemed realization of Designated Investments. The General Partner, in its sole discretion, has in the past agreed, and may in the future agree, to waive or reduce the incentive allocation charged to limited partners that are members, directors, principals, employees or affiliates of the General Partner or the Firm, relatives of such persons and certain large, strategic or initial investors.

Incentive Fee to the Firm or Incentive Allocation to the General Partner with regard to the Companies. The Firm receives an incentive fee or the General Partner receives an incentive allocation (at the master fund level), as applicable, at the end of the fiscal year of the Companies generally equal to 20% of the net profits, if any, attributable to each common share, subject to a "loss carryforward" provision. For this purpose, net profits shall include net unrealized gains and losses on investments other than Designated Investments or Co-Investments (only where applicable) and net profits or losses from the liquidation, realization or deemed realization of Designated Investments, if applicable. The Firm has in the past agreed, and may in the future agree, to waive or reduce the incentive fee charged to investors that are members, directors, principals, employees or affiliates of the Firm, relatives of such persons and certain large, strategic or initial investors.

Designated Investments and the Incentive Fee/Allocation (Generally). An incentive allocation or fee generally will be payable on Designated Investments held in designated capital accounts of a Partnership, or as a separate class of common shares of a Company, only upon the liquidation, realization or deemed realization of any Designated Investment. Any appreciation or depreciation of the Designated Investment will be taken into account at the end of the fiscal year such liquidation, realization or deemed realization occurs in calculating the incentive allocation or fee payable on the basic capital account (with regard to the Partnerships) or on that class of common shares not representing Designated Investments (with regard to the Companies) for which the designated shares were exchanged. The incentive allocation and incentive fee are paid on each of the Partnerships' and the Companies' fiscal year-ends, respectively, and upon withdrawal/redemption of interests/shares during the year.

Co-Investments and the Incentive Fee/Allocation (Generally). The Firm generally will receive an incentive fee upon the liquidation, realization or deemed realization of a Co-Investment equal to 20% of the net profits, if any, attributable to such Co-Investment. Generally, this Co-Investment incentive fee will be calculated separately with respect to each Co-Investment and will not be subject to a "loss carryforward" provision or "claw back" provision.

VC Partnerships

Generally. Redmile earns carried interest in connection with the investment management and administrative services it provides to the VC Partnerships. Such carried interest is generally 20%, which is allocated by way of distributions to the limited partners of a VC Partnership as follows: (i) first, 100% to the partners (in proportion to their capital commitments) until each partner has received cumulative distributions equal to such partner's aggregate capital contributions; and (ii) second, (a) 80% to the partners (in proportion to their capital commitments) and (b) 20% to the relevant VC General Partner.

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

Finally, the Firm has in the past agreed, and may in the future agree, to waive or reduce any carried interest allocated to the applicable VC General Partner with respect to investments in the VC Partnerships by investors that are members, directors, principals, employees or affiliates of the Firm, relatives of such persons and certain large, strategic or initial investors.

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

Item 7 – Types of Clients

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

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

Pooled Investment Vehicles

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

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

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

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

- The Firm has a broad healthcare focus.
- Healthcare is a truly global market.
- Generally, the Firm has a long investment horizon with regard to its investments.
- Fundamentals are key and drive real value.
- Patience is a virtue. The Firm anticipates rejecting 90% of its ideas during the investment process. When coupled with the Firm's investment timeframe, it is looking, on average, for one-to-two new ideas per month.

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

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

Risk Management. The Firm's risk Management protocols include the following: (a) single product/market risk analysis; (b) longs and shorts, if applicable, are not necessarily matched; (c) no pre-defined views on exposure; and (d) stop-loss rules. Investing in securities involves risk of loss that clients and limited partners and shareholders of clients should be prepared to bear. Redmile cannot assure clients or limited partners and shareholders of clients that (a) the Funds will achieve their investment objectives, (b) its investment strategies will prove successful; or (c) they will not lose all or part of their investment.

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

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

- **Dependence on Jeremy Green:** If Jeremy Green no longer participated in the management of the Pooled Investment Vehicles, it is possible that a significant number of investors would exercise their right to redeem at the next applicable withdrawal/redemption date, and investors could experience losses. In this situation, it may no longer be feasible to continue to manage the portfolio.
- **Investment/Certain Risk:** The Pooled Investment Vehicles may be deemed to be a speculative investment and are not intended as a complete investment program. Investment in the Pooled Investment Vehicles is suitable only for persons who can bear the economic risk of the loss of their investment, who have limited need for liquidity in their investment and who meet the conditions set forth in each of the Pooled Investment Vehicles' offering documents. There can be no assurance that the Pooled Investment Vehicles will achieve their investment objectives. Investment in the Pooled Investment Vehicles involves significant risks.
- **Market Risks:** There can be no assurance that the Firm will be able to predict accurately the price movements of securities and other investments. Although the Firm may attempt to mitigate market risk through the use of long and short positions, if applicable, or other methods, there may be a significant degree of market risk.
- **Non-Diversification:** The Pooled Investment Vehicles' portfolios are invested primarily in equities and equity-related securities, with an emphasis on healthcare companies and may not be widely diversified among a wide range of issuers, geographic areas, capitalizations or types of securities. Accordingly, the investment portfolio of the Pooled Investment Vehicles may be subject to more rapid change in value than if the Pooled Investment Vehicles were required to maintain wide diversification. Further, if a Designated Investment becomes freely tradable, and the Firm or the General Partner continues to hold the security as a Designated Investment and also makes an additional investment in the relevant security in the Pooled Investment Vehicles' portfolio, an investor participating in such Designated Investment will have greater exposure to such security than an investor not participating in such Designated Investment.
- **Investing in Healthcare Companies:** Investing in securities and other instruments of healthcare companies involves substantial risks including, but not limited to, the following: change in government policies; companies having limited or no operating histories, or limited products, markets and financial resources; rapidly changing technologies; unanticipated problems in connection with the development of new products; scarcity of management and marketing personnel with appropriate technological or medical training; the possibility of lawsuits, regulatory changes and/or governmental action; changing investors' sentiments and preferences with regard to investments in healthcare companies; volatility in the global stock markets; extensive government regulation; substantial and ongoing capital needs of companies; length, expense and uncertainty of process for obtaining government approval for new products; and delays in generating products (as well as more general ongoing capital requirements), which may result in the need for companies to seek additional capital, potentially diluting the interest of existing investors, such as the relevant Pooled Investment Vehicles.
- **Short Sales:** Short selling exposes the Pooled Investment Vehicles to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit.
- **Leverage:** The Pooled Investment Vehicles may leverage their capital. The Pooled Investment Vehicles may also leverage their investment return with options, short sales (if applicable), swaps, forwards and other derivative instruments. The amount of borrowing which the Pooled Investment Vehicles may have outstanding may be substantial in relation to their capital. While leverage presents opportunities for increasing the Pooled Investment Vehicles' total return, it has the effect of potentially increasing losses as

well. The anticipated use of short-term margin borrowings results in certain additional risks to the Pooled Investment Vehicles. In an unsettled credit environment, the Firm may find it difficult or impossible to obtain leverage for the Pooled Investment Vehicles and implement their strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Firm being forced to unwind positions quickly and at prices below what the Firm deems to be fair value for the positions.

- Non-U.S. Securities: Investing in securities of non-U.S. governments and companies, and utilization of currency forward contracts and options on currencies involves the following risks: changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and generally less available information, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards, and greater price volatility.
- Currency Risks: In general, the Pooled Investment Vehicles' investments denominated in currencies other than the U.S. dollar are subject to the risk that the value of the particular currency will change in relation to the U.S. dollar. Further, investments in euro class shares of the Companies, where applicable, are subject to the risk of change in value of the euro in relation to the U.S. dollar.
- Small Cap Stocks: The Pooled Investment Vehicles may invest a portion of their assets in stocks of companies with small to medium sized market capitalizations which may involve higher risks than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks and investments in these stocks may be more illiquid than those in larger, better known companies.
- Investments in Undervalued Securities: One of the primary objectives of the Pooled Investment Vehicles is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task and there is no assurance that such opportunities will be successfully recognized or acquired. The Pooled Investment Vehicles may be required to hold such securities for a substantial period of time before realizing their anticipated value, thus possibly preventing them from investing in other opportunities. In addition, the Pooled Investment Vehicles may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.
- Distressed Securities: The Pooled Investment Vehicles may invest in "distressed" securities, claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Distressed securities may result in significant returns to the Pooled Investment Vehicles, but also involve a substantial degree of risk. The Pooled Investment Vehicles may lose a substantial portion or all of their investment in a distressed environment or may be required to accept cash or securities with a value less than the Pooled Investment Vehicle's investment.
- Special Situations: The Pooled Investment Vehicles may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies or sovereign debt involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. These investment opportunities involve a potential risk of loss by the Pooled Investment Vehicles of their entire investment in such companies.
- Lack of Liquidity of Assets: The Pooled Investment Vehicles' assets may include securities and other financial instruments or obligations which are restricted as to sale or which are very thinly traded. The sale of any such investments may be possible only at substantial discounts. Finally, if a substantial number of investors were to redeem their interests/shares and the Pooled Investment Vehicles did not have a sufficient amount of cash or liquid securities, the Pooled Investment Vehicles might have to meet such withdrawal/redemption requests through distributions of illiquid securities.
- Convertible Securities: As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increases as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.
- Down Round and Cram Down Financings: A company in which a Pooled Investment Vehicle invests may experience a down round financing, where the company raises capital that is based on the company's valuation that is lower than the company's valuation in its prior financing round in which a Pooled Investment Vehicle may have invested. As a result of the lower valuation, the equity outstanding immediately prior to the down round will suffer dilution. A company may also engage in a "cram down" financing. A cram down financing is a term that is often used to describe a down round financing in which existing investors lead a new financing that includes terms that may be severely dilutive to non-participating investors and that may include other features, such as forced conversions and "pay-to-play" mechanisms, that may have the

perceived effect of punishing non-participating stockholders. In a severe cram down, existing stockholders who do not participate in the round may end up with little or no meaningful ownership stake in the company. In addition to further consolidating ownership of the company, investors willing to participate in a cram down may often also receive ancillary deal terms and preferred stock rights and preferences (such as super-priority liquidation preferences, “drag along” rights and special voting rights) that are superior to the prior rounds. If a Pooled Investment Vehicle does not participate in a cram down financing, a Pooled Investment Vehicle’s equity ownership could be significantly reduced.

- Dilution: Investing in private companies is subject to the risk of material dilution. This dilution can result from the company’s unanticipated need of additional financing, foreclosure by creditors, adverse litigation outcomes draining the company’s resources and numerous other factors. Because private companies typically have limited financial resources, events which could be easily absorbed by larger capitalization public companies can force private companies to take steps which result in the positions of existing investors being severely comprised, and often without existing investors having the opportunity to maintain their investments by making an additional investment. A Pooled Investment Vehicle may successfully invest in a company with significant profit potential but then be “squeezed out” of its position by subsequent financing activity.
- Counterparty Risk: The Pooled Investment Vehicles may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default.
- Custody and Prime Brokerage Risk: There are risks involved in dealing with the custodians or prime brokers who settle the Pooled Investment Vehicles’ trades, as well as with any sub-custodian the Pooled Investment Vehicles or their prime brokers appoint.
- Commodities and Futures Contracts: Commodity futures markets (including financial futures) are highly volatile. In addition, because of the low margin of deposit normally required in commodity futures trading, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in a particular type of future beyond certain set limits, which could prevent prompt liquidation of unfavorable positions and result in substantial losses.
- High Growth Industry Related Risks: Securities of companies in high growth industries (e.g., healthcare) may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, and may operate at a loss or with substantial variations in operating results from period to period. Furthermore, these companies may have no proven profit-making history, limited access to capital and/or be in the developmental stages of their businesses, or limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets. These companies may also be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.
- Interests/Shares Subject to Liabilities of Other Classes: Although the assets and liabilities of each of the Pooled Investment Vehicles’ tranches or classes of common shares are segregated, there is a risk that the assets of a solvent tranche or class may be at risk with respect to, and may be used to satisfy, the liabilities of an insolvent tranche or class.
- Non-Disclosure of Positions: The Pooled Investment Vehicles may not disclose all of their positions to investors on an ongoing basis, although the Pooled Investment Vehicles may permit such disclosure on a select basis to certain investors if sufficient confidentiality agreements and procedures are in place.
- Limited Withdrawal/Redemption and Transfer Rights; In Kind Distributions: Investors are subject to significant restrictions on withdrawals/redemptions and transfers. Furthermore, investments in Designated Investments or Co-Investments cannot be redeemed until the investment is liquidated, realized or deemed realized. Accordingly, investments in the Pooled Investment Vehicles are relatively illiquid. In the event of substantial withdrawals/redemptions, the Pooled Investment Vehicles might have to meet withdrawals/redemptions through distributions of illiquid securities (either directly or through a liquidating account mechanism). As a result, the interests/shares should only be acquired by investors willing and able to commit their assets for an appreciable period of time. In addition, certain Other Clients (as defined below) may pursue strategies that are similar to the strategy implemented by a Pooled Investment Vehicle, and such Other Clients may therefore have substantially similar portfolios to that of the Pooled Investment Vehicle and any redemption/withdrawal by investors in such Other Clients, if applicable, may be permitted on terms that are preferential; therefore such redemptions/withdrawals may adversely affect such Pooled Investment Vehicle and may present certain risks and conflicts of interest.
- Valuation: The Pooled Investment Vehicles’ assets may be invested in privately placed securities of publicly traded or private companies or in securities which are illiquid or very thinly traded, and the Pooled Investment

Vehicles may determine not to treat such investments as Designated Investments. It is noted that these investments may be extremely difficult to value accurately and could result in redeeming/withdrawing investors being overpaid or underpaid relative to the actual value of the company. There may also be risks associated with dilution and liquidation of these investments.

- Incentive Allocation/Fee: The payment of the incentive allocation/fee to the General Partner and/or the Firm, as noted in Item 6 above, may create an incentive for the General Partner and/or the Firm to cause the Pooled Investment Vehicles to make investments that are riskier or more speculative than would otherwise be the case. Since the incentive allocation/fee is calculated on a basis which includes unrealized appreciation, such fee may be greater than if it were based solely on realized gains. In addition, upon complete withdrawal/redemption from the Pooled Investment Vehicles at a time when an investor holds that class of common shares that represents Designated Investment(s), the incentive allocation/fee will be made or paid on each date that a Designated Investment is liquidated, realized or deemed realized.
- Side Letters: The Pooled Investment Vehicles have entered into and may, in the future, enter into agreements with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the applicable offering documents.
- No Operating History: Although the Firm has experience in the securities industry, certain of the Pooled Investment Vehicles are newly-formed entities and have no or limited operating history upon which investors can evaluate their likely performance. Accordingly, an investment in these Pooled Investment Vehicles entails a significant degree of risk.
- No Separate Counsel; No Responsibility or Independent Verification: The Pooled Investment Vehicles do not have U.S. counsel separate and independent from counsel to the General Partner and/or the Firm. No independent counsel has been retained to represent investors in the Pooled Investment Vehicles. Information provided by the General Partner and/or the Firm to counsel has not been independently verified.
- Regulatory Restrictions on Investments: To the extent that any of the Pooled Investment Vehicles owns a controlling stake in or is deemed an affiliate of a particular company, it may be subject to certain additional securities law restrictions which could affect both the liquidity of its interest and its ability to liquidate interests without adversely impacting the stock price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Act, and the disclosure requirements of Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). To the extent that affiliates of the Firm are subject to such restrictions, the Pooled Investment Vehicles, by virtue of their affiliation with such entities, may be similarly restricted, regardless of whether any Pooled Investment Vehicle stands to benefit from such affiliate's stock ownership. Additionally, the Firm may have access (through representation on boards of directors, creditors' committees or otherwise) to nonpublic information regarding issuers of securities that are investments or potential investments of the Pooled Investment Vehicles. While such representation or access to nonpublic information is important to the Pooled Investment Vehicles' investment strategy and may enhance the Firm's ability to manage the Pooled Investment Vehicles' investments, it may also have the effect of impairing the ability of the Pooled Investment Vehicles to purchase or sell the related investments when, and upon the terms, it might otherwise desire, including as a result of applicable securities laws or standstill provisions in nondisclosure agreements entered into by the Firm or the Pooled Investment Vehicles in connection with obtaining such representation or access. Furthermore, material nonpublic information may be obtained for the benefit of one Client of the Firm, yet result in the restriction of trading by another Client, for example, a Pooled Investment Vehicle.
- Business and Regulatory Risks of Hedge Funds: Legal, tax and regulatory changes could occur that may adversely affect the Pooled Investment Vehicles. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. Furthermore, cyber-security presents a prevalent and real business risk and a cyber-security breach could negatively affect the Firm and the Pooled Investment Vehicles.
- ERISA Risks: It is anticipated that the assets of the ERISA Fund will at all times be deemed to be "plan assets" subject to Title I of ERISA and/or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Firm, therefore, will be a fiduciary with respect to plans or accounts subject to Title I of ERISA and/or Section 4975 of the Code investing in the ERISA Fund directly or indirectly through a Benefit Plan Investor and will be prohibited from causing the ERISA Fund to engage in certain transactions. While the Firm believes that it can effect the ERISA Fund's investment strategies utilizing various statutory and class exemptions to ERISA's prohibited transaction regime, there may be particular transactions which

ERISA and/or the Code will prevent the ERISA Fund from entering into or investments which the ERISA Fund must sell before it might otherwise do so.

- Accounting for Uncertainty in Income Taxes: The Financial Accounting Standards Board's Accounting Standards Codification Topic 740 could have a material adverse effect on the periodic calculations of the net asset value of the Pooled Investment Vehicles, including reducing the net asset value of the Pooled Investment Vehicles to reflect reserves for income taxes that may be payable in respect of prior periods by the Pooled Investment Vehicles. This could adversely affect certain investors.
- Absence of Regulatory Oversight: While the Pooled Investment Vehicles may be considered similar to investment companies, they do not intend to register as such under the Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person or marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable.
- Redmile's Other Activities: Redmile manages portfolios for multiple clients, and may invest on behalf of a client in transactions without presenting these opportunities to other clients, as discussed further below.

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

- Other Clients of the Firm: As noted in Item 4 above, the Firm is responsible for managing the portfolios of the Pooled Investment Vehicles. Each of the Pooled Investment Vehicles may share a substantially similar investment objective and approach. In addition, the Firm, its affiliates, including the General Partner and the VC General Partners, and their respective principals, affiliates and employees (collectively, the "Management Group"), serve as investment adviser, investment manager or general partner to other client accounts (including the VC Partnerships, separately managed accounts, etc.) and conduct investment activities for their own accounts. Further, the Management Group may serve as investment adviser, investment manager, general partner or consultant to other client accounts and conduct investment activities for their own accounts. Such other entities or accounts (together with the Funds and separate accounts, etc., the "Other Clients") may have investment objectives or may implement investment strategies similar to those of the Pooled Investment Vehicles. Accordingly, it is likely that the Pooled Investment Vehicles and the Other Clients (including proprietary accounts of the Management Group) may co-invest in many of the same securities and issuers. Redmile Ventures, LLC, for example, is a Delaware limited liability company that resides within a trust set-up by Jeremy Green. Typically, Redmile Ventures, LLC invests in private companies (with the exception of those investments that have ultimately gone public after being purchased as a private investment).
- Allocation of Investments: The Management Group may give advice or take action with respect to the Other Clients that differs from the advice given with respect to the Pooled Investment Vehicles. To the extent a particular investment is suitable for both the Pooled Investment Vehicles and the Other Clients, such investments will be allocated between the Pooled Investment Vehicles and the Other Clients in a manner that the Firm determines is fair and equitable to all clients under the circumstances, including the Pooled Investment Vehicles, and which is consistent with the investment mandates and restrictions of the Pooled Investment Vehicles and the Other Clients as well as with the allocation policies of the Firm. From the standpoint of the Pooled Investment Vehicles, and where applicable, simultaneous identical portfolio transactions for the Pooled Investment Vehicles and the Other Clients may tend to decrease the price received, and increase the price required to be paid, by the Pooled Investment Vehicles for their portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Pooled Investment Vehicles and the Other Clients in an equitable manner as determined by the Firm.
- Co-Investments: Where applicable and unless otherwise obligated, to the extent the Firm, General Partner or VC General Partners, each in their sole discretion, determine that the Funds have received their full allocation of a particular investment or that a particular investment is not an appropriate investment for a

Fund the Firm may allocate such investment or designate such investment as a Co-Investment (as discussed in Item 5) and allocate such Co-Investment or a portion thereof to any Other Clients selected by the Firm (including certain members of the Management Group and/or underlying investors in any Fund or Other Client). Co-Investment opportunities are determined in the sole discretion of the Firm, and an investor that desires to participate in Co-Investments may not be offered such opportunity or may not receive the full amount, or any amount, of a desired Co-Investment. As members of the Management Group may also participate, directly or indirectly, in Co-Investments, this may reduce the availability of Co-Investment opportunities for others. For the sake of clarification, the Firm may find that an investment opportunity is inappropriate for the Pooled Investment Vehicles as a Designated Investment (including that Company organized to hold Co-Investments) and/or the VC Partnerships (where applicable), but may still be acceptable as a Co-Investment. Co-Investment opportunities may be offered to any persons selected by the Management Group, whether or not such persons are investors in the Funds at the time of such allocation. As a result, the Management Group may have conflicts of interest in allocating such investments as Co-Investments.

- Capital Structure Conflicts: A Fund may, from time to time, make multiple investments in a portfolio company whether in different parts of the capital structure (e.g., equity and debt) or otherwise. Additionally, a Fund may, from time to time, make an investment in a portfolio company in which one or more Other Clients may have or make investments whether in different parts of the capital structure of such company or otherwise. To the extent that a Fund holds securities in a portfolio company with rights, preferences and privileges that are different than those held by Other Clients in the same portfolio company, the Firm may be presented with decisions when the interests of such Fund and the Other Clients are in conflict. It is possible that in a bankruptcy proceeding, out-of-court restructuring or other corporate action, a Fund's interest may be subordinated or otherwise adversely affected by virtue of the Other Clients' involvement and actions relating to its investment. As a result, the Firm may have a conflict with respect to voting the securities of such issuers and other matters relating to various investments. The Firm will seek to address such conflicts in a manner that it believes to be fair and reasonable to the applicable Fund and its Other Clients over time and based on the particular factual circumstances.
- Management Group Conflicts: Additional conflicts of interest related to investments may arise from the overall activities of the Management Group. The Pooled Investment Vehicles may benefit from these activities and the relationships that arise incidental to such activities, which could generate investment opportunities and wider industry expertise. However, these activities could also give rise to certain inherent and potential conflicts of interest between one or more of the members of the Management Group, on one hand, and the Pooled Investment Vehicles and other Funds, on the other hand. As a result, activities undertaken by the Firm for other client accounts may conflict with activities undertaken for, and have an adverse impact on, the Pooled Investment Vehicles. The Management Group may hold investments, or conduct investment activities, for their own personal accounts. As a result, the Management Group may, from time to time, give advice with respect to securities in which such parties have a financial interest, directly or indirectly. Accordingly, the Management Group may be subject to significant conflicts of interest related to any such securities, including conflicts related to the timing of any purchases or sales of the securities by a client account or the members of the Management Group, preferential rights that may be applicable to the securities owned by the Management Group and the economic incentive of the Management Group to invest the client's assets in such securities. The Management Group has adopted policies and procedures that it believes are reasonably designed to identify these conflicts of interest. In addition, a VC General Partner has agreed to provide a portion of carried interest with regard to a VC Partnership to a third party in connection with a general research and consulting arrangement.
- Expenses: The Pooled Investment Vehicles will bear their own expenses as described in their respective offering documents. Each Other Client bears its own expenses as set forth in its respective offering documents or investment management agreement with the Firm or its affiliates. Expenses borne by the Other Clients may differ from the expenses borne by any of the Pooled Investment Vehicles. In certain instances, the Pooled Investment Vehicles may bear expenses that the Firm has agreed to bear for one or more Other Clients. In other instances, the Other Clients may bear expenses that the Firm has agreed to bear for the Pooled Investment Vehicles. Common expenses frequently are incurred on behalf of the Pooled Investment Vehicles and one or more Other Clients. The Firm seeks to allocate those common expenses among the Pooled Investment Vehicles and the Other Clients in a manner that is fair and reasonable over time. However, expense allocation decisions involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Firm may use a variety of methods to allocate common expenses

among the Pooled Investment Vehicles and the Other Clients, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by the Pooled Investment Vehicles and the Other Clients from a product or service, or other relevant factors. Nonetheless, the portion of a common expense that the Firm allocates to the Pooled Investment Vehicles for a particular product or service may not reflect the relative benefit derived by any of the Pooled Investment Vehicles from that product or service in any particular instance. The Firm's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Firm in good faith will be final and binding on the Pooled Investment Vehicles.

- Cross Transactions: Purchase and sale transactions (including using swaps) may be effected between certain of the Pooled Investment Vehicles and the Other Clients subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no extraordinary brokerage commission fee (except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction. The ERISA Fund will not engage in cross trades with the Other Clients.
- Fees: While Morgan Stanley Fund Services, the Pooled Investment Vehicle's administrator, typically will calculate the value of the Pooled Investment Vehicles portfolios based on pricing information from independent sources such as pricing services and brokers, including the prime broker, it may also rely on information furnished by the Firm or the General Partner. Because the Firm and/or the General Partner are paid a management fee, and an incentive fee or allocation based on a percentage of the net profits of each shareholder's common shares or each limited partner's capital account (which includes unrealized gains on the Pooled Investment Vehicles' securities), the Firm's or the General Partner's involvement regarding valuation may present a potential conflict of interest.
- Other Activities of the Management Group: The Management Group will use their best efforts in connection with the purposes and objectives of the Pooled Investment Vehicles and will devote so much of their time and effort to the affairs of the Pooled Investment Vehicles as may, in their judgment, be necessary to accomplish the purposes of the Pooled Investment Vehicles. The partnership agreement and/or relevant investment management agreement specifically provide that the Management Group may conduct any other business including any business within the securities industry, whether or not such business is in competition with the Pooled Investment Vehicles. Without limiting the generality of the foregoing, the Management Group may act as investment adviser or investment manager for others, may manage funds or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. The partnership agreement and/or relevant investment management agreement also recognize that it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Pooled Investment Vehicles for the same investment positions to be taken or liquidated at the same time or at the same price.
- Principal Transactions: From time to time, certain transactions undertaken by the Firm or the Funds may constitute principal transactions within the meaning of Section 206(3) of the Advisers Act, or may constitute related-party transactions. The Firm may form an independent committee (the "Independent Committee"), the purpose of which shall be to consider and, on behalf of investors, approve or disapprove, to the extent required by applicable law (including Section 206(3) of the Advisers Act), principal transactions and certain other related-party transactions. The Independent Committee may approve of such transactions prior to or contemporaneously with, or ratify such transactions subsequent to, the consummation of such transactions.

As a result of the foregoing, the Management Group may have conflicts of interest in (i) allocating their time and activity between each of the Pooled Investment Vehicles and the Other Clients, (ii) allocating investments and expenses among the Pooled Investment Vehicles and the Other Clients and (iii) effecting transactions between the Pooled Investment Vehicles (except for the ERISA Fund) and the Other Clients, including ones in which the Management Group may have a greater financial interest whether through the receipt of compensation, such as a management fee or incentive fee or allocation that the Management Group may receive, or through personal investments.

VC Partnerships

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

Types of Investments and Risks Inherent in Private Capital Investments. The VC Partnerships will seek to achieve their stated objectives, as described in the offering documents and limited partnership agreements of the VC Partnerships, by investing substantially all of their available capital in securities of portfolio companies. The types of investments that the VC Partnerships anticipate making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the VC Partnerships will be adequately compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in each of the VC Partnerships' terms, while successes often require a long maturation.

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

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

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

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

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

- **Investments in Companies Dependent Upon Scientific Developments and Technologies:** The VC Partnerships plan to focus their investing primarily on healthcare companies. The value of any of the VC Partnerships' interests may be susceptible to factors affecting such companies and to a greater risk and market fluctuation than an investment in a fund that invests in a broader range of securities. The specific risks faced by such companies include: (a) rapidly changing science and technologies; (b) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (c)

exposure, in certain circumstances, to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals; (d) exposure to the outcome of clinical trials; (e) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (f) the possibility of lawsuits related to intellectual property rights; and (g) rapidly changing investor sentiments and preferences with regard to healthcare sector investments (which are generally perceived as risky).

- Legal and Regulatory Risks in Medical Technology and Biopharmaceutical Portfolio Companies: Legal and regulatory changes could occur during the term of the VC Partnerships that may adversely affect the VC Partnerships. The products and compounds of portfolio companies and some of the VC Partnerships' assets may be subject to extensive and rigorous regulation by U.S. local, state and federal regulatory authorities and by foreign regulatory bodies. There can be no assurance that products developed by each of the VC Partnerships' portfolio companies will ever be approved by such governmental authorities. Discovery of previously unknown problems with a product, manufacturer or facility can result in restrictions on the use or the manufacture of such product. Such event would likely have a significant and adverse effect on the performance of a particular product or associated royalty interest and could have a material adverse effect on the aggregate performance of the VC Partnerships.
- Risks Associated with the Healthcare Industry: The healthcare industry is dominated by large multi-national corporations, which may be better able to adapt to the challenges presented by continuing rapid and major scientific, regulatory and technological changes as well as related changes in governmental and third party reimbursement policies than the VC Partnerships' portfolio companies. Many of the VC Partnerships' portfolio companies will be at least partially dependent for their success upon governmental and third party reimbursement policies, and any change to such policies could adversely affect the viability of a portfolio company. Within the biopharmaceutical industry, the development of products generally is a costly and time consuming process. Many highly promising products ultimately fail to prove safe and effective. Products under development and pre-clinical testing generally will require extensive clinical testing prior to application for commercial use. There can be no assurance that the research or product development efforts of any of the VC Partnerships' portfolio companies or those of their collaborative partners will be successfully completed, that specific products can be manufactured in adequate quantities at an acceptable cost and with appropriate quality, or that such products can be successfully marketed or achieve customer acceptance. There can be no assurance that the VC Partnerships' portfolio companies will be able to obtain patents for key inventions or uphold any challenges thereto, which may be costly and distracting to the portfolio companies' management.
- Investments in Royalty Interests: The VC Partnerships may purchase royalty interests. Royalty interests are generally derived from long-term contractual agreements between licensors and licensees, and there may be provisions in such agreements that restrict each of the VC Partnerships' ability to transfer such royalty interests without the express written consent of the licensors or licensees. Distributions to limited partners of any of the VC Partnerships from royalty interests, if any, will be tied to the revenue levels achieved by the products underlying each royalty interest. Although the variations in revenue are typically gradual and cyclical, in certain cases they could be material and adverse.
- Investment in Publicly Traded Securities: The VC Partnerships may invest in publicly traded securities, which can entail certain risks, including extreme volatility of markets for publicly traded securities, access to potentially less available information than for privately held companies, and wider price fluctuations and spreads between bid and ask prices for thinly traded publicly traded securities than for more actively traded securities. There can be no assurance that the VC Partnerships' investments in publicly traded securities will be profitable, and there is a material risk that the VC Partnerships could incur losses from their investments in publicly traded securities.
- Investments in PIPES: The VC Partnerships may be involved in private investments in public equities ("PIPES") or private financing of public companies. In a PIPE transaction, the VC Partnerships may bear the price risk from the time of pricing until the time of closing. In addition, the VC Partnerships may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC's preparedness to declare effective a resale registration statement covering the resale of the shares sold in the private financing.
- No Assurance of Returns: There can be no assurance that the limited partners of the VC Partnerships will receive distributions from the VC Partnerships in an amount equal to their investment in any of the VC Partnerships. The timing of profit realization, if any, is highly uncertain.

- Lack of Operating History: The VC Partnerships and the VC General Partners are recently formed entities, and, accordingly have little operating history, historical results or investments upon which investors can evaluate the potential performance of the VC Partnerships. The prior performance of the managing directors or their investments is not necessarily indicative of any of the VC Partnerships' future results. There can be no assurance that investments by the VC Partnerships will achieve returns comparable to historical performance, and the returns will be subject to the management fee and carried interest. Any given investment made by the VC Partnerships may prove to be worthless, and there is a risk that investors could lose money.
- Reliance on the VC General Partners: The VC General Partners will have sole discretion over the investment of the funds committed to the VC Partnerships as well as the ultimate realization of any profits. Investors in the VC Partnerships will be relying on the VC General Partners to identify, structure, and implement investments consistent with each of the VC Partnerships' investment objectives and policies and to conduct the business of the VC Partnerships as contemplated by their respective offering documents and/or limited partnership agreements.
- Reliance on the Managing Directors: The loss of one or more of the managing directors could have a significant adverse impact on the business of the VC Partnerships and their financial performance. No assurances can be given that each of the managing directors will continue to be affiliated with the VC Partnerships throughout their respective terms. There can be no assurance that the managing directors will be able to duplicate prior levels of success.
- Focused Investment Strategy: The VC Partnerships will be focused on investments in certain healthcare companies and may not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to limited partners by the VC Partnerships.
- Difficulty in Valuing Portfolio Investments: Generally, there will be no readily available market for a substantial number of a VC Partnerships' investments and hence, most of the investments by any of the VC Partnerships will be difficult to value. Prospective investors should be aware that as a result of these difficulties, as well as other uncertainties, any valuation made by the VC General Partners and the Firm may not represent the fair market value of the securities acquired by the VC Partnerships.
- Competitive Marketplace: The marketplace for private equity investing has become increasingly competitive. There can be no assurances that the VC General Partners and the Firm will locate an adequate number of attractive investment opportunities and the VC General Partners and the Firm may not be able to identify and successfully close a sufficient number of high quality investments to utilize all of the VC Partnerships' capital. Such competition may adversely impact the length of time required to fully invest the VC Partnerships' capital and may adversely impact returns to limited partners in the VC Partnerships.
- Changing Economic Conditions: The success of the investment strategy of the VC General Partners and the Firm could be significantly impacted by changing external economic conditions in the United States and global economies. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.
- Minority Investments: A significant portion of a VC Partnerships' investments may represent minority stakes in privately held companies. Such minority stakes that the VC Partnerships may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. The VC Partnerships may also invest in companies for which they have no right to appoint a director or otherwise exert significant influence. In such cases, the VC Partnerships will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the VC Partnerships are not affiliated and whose interests may conflict with the interests of the VC Partnerships.
- Down Round and Cram Down Financings: A company in which a VC Partnership invests may experience a down round financing, where the company raises capital that is based on the company's valuation that is lower than the company's valuation in its prior financing round in which a VC Partnership may have invested. As a result of the lower valuation, the equity outstanding immediately prior to the down round will suffer dilution. A company may also engage in a "cram down" financing. A cram down financing is a term that is often used to describe a down round financing in which existing investors lead a new financing that includes terms that may be severely dilutive to non-participating investors and that may include other features, such as forced conversions and "pay-to-play" mechanisms, that may have the perceived effect of punishing non-participating stockholders. In a severe cram down, existing stockholders who do not participate in the round

may end up with little or no meaningful ownership stake in the company. In addition to further consolidating ownership of the company, investors willing to participate in a cram down may often also receive ancillary deal terms and preferred stock rights and preferences (such as super-priority liquidation preferences, “drag along” rights and special voting rights) that are superior to the prior rounds. If a VC Partnership does not participate in a cram down financing, a VC Partnership’s equity ownership could be significantly reduced.

- **Dilution:** Investing in private companies is subject to the risk of material dilution. This dilution can result from the company’s unanticipated need of additional financing, foreclosure by creditors, adverse litigation outcomes draining the company’s resources and numerous other factors. Because private companies typically have limited financial resources, events which could be easily absorbed by larger capitalization public companies can force private companies to take steps which result in the positions of existing investors being severely comprised, and often without existing investors having the opportunity to maintain their investments by making an additional investment. A VC Partnership may successfully invest in a company with significant profit potential but then be “squeezed out” of its position by subsequent financing activity.
- **No Assurance of Additional Capital for Investments:** After the VC Partnerships have financed a company, continued development and marketing of products may require that additional financing be provided. The VC Partnerships expect to invest in companies that have substantial capital needs that are typically funded over several stages of investment. No assurance can be given that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained. Alternatively, the VC Partnerships, either directly or through one of their portfolio companies, may elect to sell developed or undeveloped technologies to existing companies. No assurance can be made that buyers for such technologies can be located or that the terms of any such sales will be advantageous.
- **No Assurance of Investment Opportunities:** There can be no assurance that investment opportunities for any of the VC Partnerships will materialize and that companies select any one of the VC Partnerships as an investor, or that the VC General Partners and the Firm will locate an adequate number of attractive investment opportunities that meet the VC Partnerships’ investment objectives.
- **Nature of Direct Investments:** Many of the VC Partnerships’ investments will be highly illiquid, and there can be no assurance that the VC Partnerships will be able to realize such investments in a timely manner. In addition, the realization of value for any investments will not be possible or known with any certainty until they are sold or distributed as securities to limited partners in lieu of cash. Also, since the VC Partnerships may only make a limited number of investments and since many of the VC Partnerships’ investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the limited partners. Additionally, it should be noted that past performance of the managing directors and their affiliates is not a guarantee of future results.
- **Future and Past Performance:** The performance of the prior funds is not necessarily indicative of a VC Partnerships’ future results. There can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.
- **Bridge Financing:** The VC Partnerships may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in a VC Partnership’s control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the VC Partnerships.
- **Leverage:** To the extent that any investment is made in a portfolio company with a leveraged capital structure or any portfolio company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the VC Partnerships in such company could be significantly reduced or even eliminated.
- **Limitations on Ability to Exit Investments:** The VC General Partners expect to exit from their investments in two principal ways: (i) private sales (including acquisitions of their portfolio companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to the VC Partnerships, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

- Certain Litigation Risks: The VC Partnerships will be subject to a variety of litigation risks, particularly if one or more of their portfolio companies face financial or other difficulties during the life of any of the VC Partnerships. Legal disputes may arise from a VC Partnership's activities and investments and could have a significant adverse effect on the VC Partnerships.
- Potential Liabilities: The VC Partnerships may negotiate the right to appoint managing directors or other employees or representatives of the Firm as members of a portfolio company's board of directors. Such membership on the board of directors of a company can result in any of the VC Partnerships or the individual director being named as a defendant in litigation or other disputes or investigations. In addition, disputes arising out of down-round financings may result in any of the VC Partnerships, the VC General Partners, the Firm, or their members being named as defendants. The VC Partnerships' indemnification obligations and other liabilities could be substantial. The limited partners of the VC Partnerships may also be required to return distributions previously made to them to satisfy a VC Partnership's indemnification obligations. The possibility of successful claims or lawsuits or adverse regulatory action cannot be eliminated, and such events could have significant adverse effects on the VC Partnerships.
- Contingent Liabilities on Disposition of Investments: In connection with the disposition of an investment in a portfolio company, the VC Partnerships may be required to make representations about the business and financial affairs of such company. To the extent that any such representations are inaccurate, the VC Partnerships may be required to indemnify the purchasers of such investment and may be liable to the purchasers for breach of contract. These arrangements may result in the incurrence of contingent liabilities for which the VC General Partners may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires. The partners may also be required to return distributions previously made to them to satisfy a VC Partnership's obligations with respect to the foregoing.
- Reserves: Estimating the appropriate amount of reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could impair the investment returns to the limited partners of the VC Partnerships.
- Absence of Liquidity and Public Markets: Investments of the VC Partnerships will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the VC Partnerships and no readily available liquidity mechanism at any particular time for any of the investments held by the VC Partnerships. In addition, the realization of value from any investments will not be possible or known with any certainty until the investments are sold or securities are distributed to investors in lieu of cash.
- No Market; Illiquidity of Limited Partner Interests: An investment in the VC Partnerships will be illiquid and involves a high degree of risk. There is no public market for the interests in the VC Partnerships, and it is not expected that a public market will develop. Consequently, limited partners of the VC Partnerships will bear the economic risks of their investment for the term of the VC Partnerships. Prospective investors will be required to represent and agree that they are purchasing the interests for their own account for investment only and not with a view to the resale or distribution thereof.
- Certain Limitations on Ability of Limited Partners to Transfer Their Interests in the VC Partnerships: The transferability of interests in the VC Partnerships will be restricted by the relevant partnership agreement of the VC Partnerships and by U.S. federal and state securities laws. In general, sales or transfers require the consent of the relevant VC General Partner.
- Legal, Regulatory and Business Risks: There can be no assurance that, under certain conditions, changed circumstances, or changes in the law, the VC Partnerships may not become subject to the Investment Company Act, or other burdensome regulation. Furthermore, cyber-security presents a prevalent and real business risk and a cyber-security breach could negatively affect the Firm, the VC General Partners and/or the VC Partnerships.
- Tax Risks: No assurances can be given that current tax laws, rulings and regulations will not be changed during the life of the VC Partnerships.
- Withholding and Other Taxes: There can be no assurance that the structure of any investment will be tax efficient for any particular investor or that any particular tax result will be achieved. In addition, tax reporting requirements may be imposed on investors under the laws of the jurisdictions in which investors are liable for taxation or in which any of the VC Partnerships make portfolio investments. Furthermore, a VC Partnership's returns in respect of its investments may be reduced by withholding or other taxes.
- Diverse Investors: Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the VC Partnerships. As a consequence, conflicts of interest may arise in connection

with decisions made by the VC General Partners and the Firm with respect to the nature or structuring of investments that may be more beneficial for some limited partners of the VC Partnerships than for others, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the VC Partnerships, the VC General Partners and the Firm will consider the investment and tax objective of the VC Partnerships and the partners as a whole, not the investment, tax or other objective of any limited partner individually.

- **Risk of Dilution:** Limited partners subscribing for interests at subsequent closings will participate in existing investments of the VC Partnerships, diluting the interest of existing limited partners therein. Although such limited partners will contribute their pro rata share of prior capital contributions previously drawn down by the VC Partnerships (plus an additional amount thereon), there can be no assurance that such payment will reflect the fair value of a VC Partnership's existing investments at the time such additional limited partners of the VC Partnerships subscribe for such interests.
- **Failure to Make Capital Contributions:** If a limited partner of any of the VC Partnerships fails to pay when due installments of its capital commitment to the VC Partnerships, and the contributions made by non-defaulting limited partners and borrowings by the VC Partnerships are inadequate to cover the defaulted capital contribution, the VC Partnerships may be unable to pay their obligations when due. As a result, the VC Partnerships may be subjected to significant penalties that could materially and adversely affect the returns to the limited partners of the VC Partnerships (including non-defaulting limited partners). If a limited partner of any of the VC Partnerships defaults, it may be subject to various remedies as provided in the relevant VC Partnership's partnership agreement.
- **Foreign Investments:** The VC Partnerships may invest in companies that are based outside of the United States or the operations of which are primarily outside of the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability; the risk of adverse social and political developments; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient financial information; risks related to foreign laws and legal systems; risks related to the fact that some investments or portfolio company operations may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties. The profits or losses of the VC Partnerships on any investment, as measured in U.S. dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. In addition, the VC Partnerships may incur costs in connection with conversions between various currencies.
- **Confidential Information:** The partnership agreements of the VC Partnerships will contain confidentiality provisions intended to protect proprietary and other information relating to the VC Partnerships and their portfolio companies. To the extent that such information is publicly disclosed, competitors of the VC Partnerships and/or competitors of their portfolio companies, and others, may benefit from such information, thereby adversely affecting the VC Partnerships, their portfolio companies, the VC General Partners and the economic interests of limited partners of the VC Partnerships.
- **AIFMD:** The European Union ("EU") Alternative Investment Fund Managers Directive ("AIFMD") regulates the activities of private fund managers undertaking fund management activities or marketing fund interests to investors within the EU. If a VC Partnership is marketed to EU-based investors: (i) the VC Partnership will be subject to certain reporting, disclosure and other compliance obligations under AIFMD, which may result in the Partnership incurring additional costs and expenses; and (ii) AIFMD will also restrict certain activities of the VC Partnership in relation to EU portfolio companies including, in some circumstances, the VC Partnership's ability to recapitalize, refinance or potentially restructure an EU portfolio company within the first two years of ownership. Related risks may also be present for the Pooled Investment Vehicles.
- **Counsel to the VC Partnerships Does Not Represent the Limited Partners:** Counsel to the VC Partnerships will not represent any limited partner or prospective limited partner of any of the VC Partnerships. Any limited partner or prospective limited partner will, if it wishes, retain its own independent counsel.
- **Written Agreements:** The VC Partnerships, the VC General Partners and the Firm have entered, and will be authorized in the future, without the approval of any limited partner of the VC Partnerships, to enter into side letters or similar written agreements with limited partners of the VC Partnerships that have the effect of

establishing rights under, or altering or supplementing the terms of the offering documents, the partnership agreement or other related agreements of any of the VC Partnerships.

- **Redmile's Other Activities:** Redmile manages portfolios for multiple clients, and may invest on behalf of a client in transactions without presenting these opportunities to other clients, as described further below, as well as in the section entitled "Conflicts of Interest" above under "Pooled Investment Vehicles".

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

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

- **Carried Interest:** The existence of the VC General Partners' carried interest may create an incentive for the VC General Partners to make riskier or more speculative investments on behalf of the VC Partnerships than they would otherwise make in the absence of such performance-based arrangements.
- **Investments of the Firm and its Affiliates:** Members of a VC General Partner, employees of the Firm, any managing director or any of their respective affiliated personal entities or trusts, or their respective affiliates, may own interests in one or more portfolio companies of a VC Partnership. Such ownership may give rise to conflicts of interest with a VC Partnership and the limited partners, such as where a VC Partnership invests in such a portfolio company at a higher valuation or lower valuation than it would in the absence of such ownership, causing the VC Partnership to earn a lower profit, or realize a higher loss, as a result. In accordance with the offering documents of a closed VC Partnership (after approval by its advisory committee), an investment was made in a portfolio company whereby a familial relationship exists with the Firm.
- **Allocation of Investments and Time:** Conflicts may arise in the allocation of investment opportunities and the managing directors' time among the VC Partnerships and parallel or co-investment entities, on the one hand, and any prior or future investment funds or vehicles or other entities organized in accordance with a VC Partnerships' partnership agreements or other funds advised by the Firm (such as the Pooled Investment Vehicles), on the other hand.
- **Different Financing Rounds of a Portfolio Company:** Conflicts may arise where the VC Partnerships and parallel or co-investment entities invest in an earlier or future round of financing of a portfolio company owned by prior or future investment funds or vehicles or other entities organized in accordance with a VC Partnerships' partnership agreement or other funds advised by the Firm or its affiliates. In such a circumstance, the VC General Partners may cause any of the VC Partnerships to invest in such portfolio company at a higher valuation or lower valuation than such other investment funds, and may earn lower profit, or realize higher loss, as a result.
- **Other Clients of the Firm:** As noted in Item 4 above, the Management Group serves as investment adviser, investment manager or general partner to other client accounts (including but not limited to the Pooled Investment Vehicles and separately managed accounts) and conducts investment activities for their own accounts. Accordingly, it is likely that the Pooled Investment Vehicles and the Other Clients (including proprietary accounts of the Management Group) may co-invest in many of the same securities and issuers. For example, one of the VC Partnerships is a single-investor Fund that (i) may co-invest in the same securities and issuers of another VC Partnership and of the Pooled Investment Vehicles and (ii) the investor in which has the right to remove the general partner and appoint a replacement general partner following the expiration of the Fund's investment period, which may end prior to the investment period of the other VC Partnerships. Potential conflicts of interest could arise as a result, such as (x) the timing of the single-investor Fund's, the other VC Partnerships' and the Pooled Investment Vehicle's dispositions of investments in portfolio companies, (y) to the extent that the single-investor Fund's investments in portfolio companies are not fully liquidated by the end of its investment period, the possibility that its investor and/or any replacement general partner may have economic or business interests or goals which are inconsistent with those of the other Funds, or the possibility that the investor and/or replacement general partner may be in a position to take action

contrary to the other Funds' best interests and (z) that the removed general partner may still earn carried interest in the event of (x) and (y) above.

- **Other Activities of the Management Group:** The Management Group may serve as investment adviser, investment manager or general partner to other client accounts (including the Pooled Investment Vehicles, separately managed accounts, etc.) and conduct investment activities for their own accounts. Such other entities or accounts may have investment objectives or may implement investment strategies similar to those of the VC Partnerships. Redmile Ventures, LLC, for example, is a Delaware limited liability company that resides within a trust set-up by Jeremy Green. Generally, Redmile Ventures, LLC only invests in private companies (with the exception of those investments that have ultimately gone public after being purchased as a private investment) and may invest in companies that are in a VC Partnership's target sector.

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

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

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

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

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

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

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

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

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

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

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

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

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

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

Item 12 – Brokerage Practices

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 13 – Review of Accounts

Client investment positions are actively monitored and are reviewed regularly.

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

Item 14 – Client Referrals and Other Compensation

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

Item 15 – Custody

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

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

Item 16 – Investment Discretion

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

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

Item 17 – Voting Client Securities

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

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

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

Item 18 – Financial Information

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