

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

**Redmile Group, LLC**

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

**Redmile Group, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any certain level of skill or training.**

**Additional information about Redmile Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 – Material Changes**

This Brochure is our initial brochure using the SEC’s new Form ADV Part 2A. As such, many of the sections and responses are new and different from the prior version of our Form ADV- Part II dated October 29, 2010.

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## Item 4 – Advisory Business

**Description of Advisory Firm.** Redmile Group, LLC, a Delaware limited liability company, serves as the investment manager (the “Investment Manager” or “Redmile”) and is responsible for managing the portfolios of the following pooled investment vehicles: a) Redmile Capital Fund, LP, a Delaware limited partnership (the “Partnership”), b) Redmile Capital Offshore Fund, Ltd., an exempted company formed under the laws of the Cayman Islands, c) Redmile Capital Offshore Fund II, Ltd., an exempted company formed under the laws of the Cayman Islands, and d) Redmile Ventures, Ltd., an exempted company formed under the laws of the Cayman Islands (together, the Cayman Islands entities, the “Funds”; together, the Partnership and the Funds, the “Pooled Investment Vehicles”). As such, the Investment Manager generally provides investment supervisory services to pooled investment vehicles, including limited partnerships and exempted companies. Redmile Group (GP), LLC, a Delaware limited liability company, is the General Partner of the Partnership (the “General Partner”). Services offered by the Investment Manager and/or General Partner, where applicable, are detailed below. The Investment Manager may also serve as the investment manager to separately managed account(s).

The Investment Manager and General Partner were formed in March 2007 and became operational shortly thereafter. The sole managing member and owner of both the Investment Manager and the Partnership's General Partner is Jeremy Green, who will be primarily responsible for all investment decisions. Bryan Crapo is the Chief Operating Officer of the Investment Manager while Josh Garcia serves as the Investment Manager's Chief Financial Officer and Chief Compliance Officer.

**Description of Advisory Services.** Redmile provides portfolio management services for the Partnership and the Funds. Redmile manages the portfolios of the Partnership and the Funds on a discretionary basis according to the investment objectives and investment strategies described in the Partnership and/or Funds offering documents, which include a confidential offering circular and/or memorandum, limited partnership agreement or investment management agreement (where applicable), subscription agreement, and subscription questionnaire.

Redmile may also serve as the investment manager to separately managed accounts. In this capacity, Redmile provides portfolio management services to a specific account. Managed accounts are typically governed by a sub-advisory agreement.

**Client Tailored Services and Client Imposed Restrictions.** Redmile does not tailor its portfolio management services to the individual needs of limited partners/shareholders in the Partnership and/or Funds.

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

**Assets Under Management.** As of December 31, 2010, Redmile had assets under management of approximately \$377m on a discretionary basis.

## Item 5 – Fees and Compensation

**Management Fee (Generally).** For its services in evaluating, selecting and, where appropriate, negotiating investments for the Partnership or the Funds, and otherwise managing and administering the Partnership's and Funds' activities and affairs, the Partnership and the Funds 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 Investment Manager is paid the Management Fee as of the beginning of each calendar quarter. With regards to the Partnership, the Management Fee is based on the value of limited partner's Basic Capital Account and any Designated Capital Accounts (Designated Capital Accounts hold investments in private and/or illiquid companies; participation in such may be at the option of the limited partners/shareholders and is further discussed below), without accrual of the Incentive Allocation. With

regards to the Funds, the Management Fee is based on the value of the net assets of Common Shares (or the Sub-Class of such Common Shares, including that Sub-Class of Common Shares holding Designated Investments or Co-Investments (Co-Investments are specific to Redmile Ventures, Ltd.) further discussed below), without accrual of the Incentive Fee, held by shareholders in the Funds.

The General Partner and/or Investment Manager may, in its sole discretion, waive or reduce the Management Fee charged to limited partners or shareholders that are members, directors, principals, employees or affiliates of the General Partner or the Investment Manager, relatives of such persons and certain large, strategic or initial investors.

**Designated Investments.** Note, the Partnership and/or Funds are authorized to acquire securities for which there is no ready market such as private or restricted securities. In the event that the Partnership and/or Funds make such investments, the General Partner and/or Investment Manager may, in its/their sole discretion, designate each such investment a “Designated Investment”. Limited partners and/or shareholders, when making their initial investment in the Partnership and/or Funds, may be able to elect to participate or not participate in Designated Investments. Participation in Designated Investments by limited partners and/or shareholders may be limited to a certain percentage of the Partnership and/or Funds net assets (measured at the time the investment is made or designated) and attributable to those limited partner(s) and/or shareholder(s) who have elected or must participate in Designated Investments. Such investments, however, may exceed that stated percentage provided in the Partnership and/or Funds offering circular and/or memorandum with regards to the value of a particular limited partner’s or shareholder’s capital account. Designated Investments, with regards to the Partnership, will be held in one of more Designated Capital accounts. Note, a Designated Capital account will be issued with regards to each Designated Investment made by the Partnership. Designated Investments, with regards to the Funds, will be held in a separate series of Class C Common Shares. Note, a separate series of Class C common share will be issued with regards to each Designated Investment made by the Funds.

For purposes of determining the Management Fee, Designated Investments will be valued at (i) cost or (ii) fair value on the date first designated as a Designated Investment if such date is after the date such investment was acquired, unless the Investment Manager and/or the General Partner, in its sole discretion, determines a different valuation is more appropriate.

**Co-Investments (Redmile Ventures, Ltd.).** Co-Investments, where mentioned in this document, are specific to Redmile Ventures, Ltd. To the extent the Investment Manager, in its sole discretion, determines that the Partnership and/or Funds (including Redmile Ventures, Ltd.) have received their full allocation of a particular investment or that a particular investment is not an appropriate investment for the Partnership and/or Funds (for the sake of clarification, the Investment Manager may find that an investment opportunity is inappropriate for Redmile Ventures, Ltd. as a Designated Investment but acceptable for Redmile Ventures, Ltd. as a Co-Investment), the Investment Manager may allocate such investment or a portion thereof (a “Co-Investment”) to any persons selected by the Investment Manager (including the principals, employees or affiliates of the Investment Manager), whether or not such persons are investors in the Partnership or the Funds (including Redmile Ventures, Ltd.) (collectively, “Co-Investors”). Co-Investments with regards to Redmile Ventures, Ltd., will be held in a separate series of Class D Common Shares. Note, a separate series of Class D Common Shares will be issued to represent each Co-Investment made by Redmile Ventures, Ltd. Each shareholder who is investing in Class D Common Shares generally will make a capital commitment to purchase such Class D Common Shares, and such capital commitment will be called down upon notice from Redmile Ventures, Ltd. Further, a shareholder may not redeem Class D Common Shares until the particular Co-Investment underlying such Class D Common Shares is liquidated or otherwise realized or deemed realized.

Co-Investments will be valued at (i) cost or (ii) fair value on the date first designated as a Co-Investment if such date is after the date such investment was acquired, until such investments are liquidated or otherwise realized or deemed realized, unless the Investment Manager, in its sole discretion, determines a different valuation is more appropriate.

In general, the portion of the Management Fee attributable to a particular Designated Investment or Co-Investment will be charged to the relevant Basic Capital Account with regards to the Partnership, and the relevant series of Class A or Class B Common Shares held by shareholders participating in the Designated Investment or Co-Investment with regards to the Funds, unless, with respect to a particular Co-Investment, the Fund has retained 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 are discussed in Item 6, “Performance-Based Fees and Side-By-Side Management” located below.

**Expenses.** The General Partner and/or Investment Manager will render the services set forth in the Partnership or Investment Management Agreement at its own expense, including the salaries of employees necessary to render such services and all general overhead expenses attributable to its employees.

The Partnership and/or Funds will pay for or reimburse the General Partner and/or Investment Manager for its own expenses including the fees payable to the General Partner or Investment Manager, the Registrar and Transfer Agent and the Administrator, Directors’ fees, legal, accounting (including outsourced accounting), auditing and other professional expenses, 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, and other expenses related to the purchase, sale or transmittal of the Partnership’s and/or Funds’ assets.

Expenses directly attributable to a particular Designated Investment or Co-Investment as determined by the General Partner and/or Investment Manager generally, and where applicable, will be charged as follows: a) with regards to the Partnership, such charges will be attributed to the Basic Capital Account of those limited partners participating in Designated Investments, and b) with regards to the Funds, such charges will be attributed to that series of Class A or B Common Shares 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 series of Class A or Class B Common Shares. As such, the Investment Manager may attribute such charges/expenses to the reserve that the Investment Manager is entitled to retain out of the capital contributions of such Co-Investors.

The organizational expenses of the Partnership and/or the Funds (including expenses of the initial offer and sale of Common Shares) will be paid by the Partnership and/or Funds. Organizational expenses may be amortized over a period of up to 60 months from the date the Partnership and/or Funds commence operations, which is a departure from U.S. generally accepted accounting principles (“GAAP”).

Additional information with regards to Management Fee(s)/Expenses can be found in the offering documents associated with each of the Pooled Investment Vehicles.

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

**Generally.** Redmile charges an incentive allocation or incentive fee where applicable with regards to the Partnership and the Funds. The amount of such incentive allocation or incentive fee is generally 20% of the net profits and net losses of the Partnership and/or Funds (including realized and unrealized gains and losses).

**Incentive Allocation to the General Partner with regards to the Partnership.** Any net profits and net losses of the Partnership (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. As of the end of each fiscal year, there shall be reallocated to the General Partner from the Basic Capital Account of each limited partner 20% of each limited partner’s share of net profits, if any (the “Incentive Allocation”), 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 sale or deemed sale of Designated Investments. The General Partner may, in its sole discretion, waive or reduce the Incentive Allocation charged to limited partners that are members, directors, principals, employees or affiliates of the General Partner or the Investment Manager, relatives of such persons and certain large, strategic or initial investors.

**Incentive Fee to the Investment Manager with regards to the Funds.** The Investment Manager receives an incentive fee at the end of the fiscal year, of the Funds, equal to 20% of the net profits, if any, attributable to each Common Share, subject to a "loss carryforward" provision (the "Incentive Fee"). 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 sale or deemed sale of Designated Investments. The Incentive Fee/Allocation with regards to Designated Investments and Co-Investments is further discussed below. The Investment Manager may, in effect, waive or reduce the Incentive Fee charged to shareholders that are members, directors, principals, employees or affiliates of the Investment Manager, relatives of such persons and certain large, strategic or initial investors.

Of notation, with regards to the Incentive Allocation/Incentive Fee, is the fact that offering circular and/or memorandum specific to Redmile Ventures, Ltd., in certain circumstances, provides for "claw back" rights. None of other Pooled Investment Vehicles for whom Redmile is the Investment Manager, namely: a) Redmile Capital Fund, LP, b) Redmile Capital Offshore Fund, Ltd., or c) Redmile Capital Offshore Fund II, Ltd. provide for "claw back" rights with respect to the Incentive Allocation/Incentive Fee.

**Designated Investments and the Incentive Fee/Allocation (Generally).** An Incentive Allocation or Fee generally will not be payable on Designated Investments (held in Designated Capital accounts with regards to the Partnership, and as Class C Common Shares with regards to the Funds), but instead upon the sale or deemed liquidation 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 sale or deemed liquidation occurs in calculating the Incentive Fee payable on the Basic Capital Account (with regards to the Partnership) or on the sub-class and series of Class A Common Shares or Class B Common Shares (with regards to the Funds) for which the Designated Shares were exchanged. The Incentive Fee is paid on each of the Partnership and the Funds fiscal year-end respectively, and upon withdrawal/redemption of Shares during the year.

**Co-Investments (Redmile Ventures, Ltd.) and the Incentive Fee/Allocation (Generally).** The Investment Manager 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 (the "Co-Investment Incentive Fee"). The 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.

Additional information with regards to the Incentive Allocation or Incentive Fee, where applicable, can be found in the offering documents associated with each of the Pooled Investment Vehicles.

## **Item 7 – Types of Clients**

Redmile's clients include pooled investment vehicles that it sponsors, including the Partnership and/or the Funds. Redmile is also the investment manager to a separately managed account.

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

**Investment Objective.** Redmile will implement the investment objectives of the Partnership and/or Funds as described in each of the Partnership and/or Funds offering circular and/or memorandum. There can be no assurance that the investment objectives of the Partnership and/or Funds will be achieved. Furthermore, an investment in the Partnership and/or Funds may be deemed speculative and is not intended as a complete investment program. The Partnership and/or Funds 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 Partnership and/or Funds.

**Types of Investments.** The Investment Manager will seek to achieve its stated objective(s), as described by the Partnership and/or Funds offering circular and/or memorandum, by investing primarily in U.S. and non-U.S. healthcare companies. While the Investment Manager anticipates that the Partnership and/or Funds will generally invest in public equities, these investments may be in illiquid, publicly-quoted securities. Furthermore, the Partnership and/or Funds may also invest in private companies and non-equity asset classes where the Investment Manager believes such investments offer a superior risk-reward. The Investment Manager may also invest in fields related to healthcare where due diligence shows that the healthcare assets are the driving force behind value creation and may also invest in other sectors from time to time.

While the Investment Manager will invest primarily in public equities of healthcare companies, the Investment Manager generally has broad and flexible investment authority. In order to maintain flexibility and to capitalize on investment opportunities as they arise, the Investment Manager is not required to invest any particular percentage of managed portfolios (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 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 Investment Manager's investment approach and strategy:

Broad healthcare focus:

By focusing on markets, the Investment Manager seeks to find investment ideas that fit its thesis, not a thesis to fit its ideas. The Investment Manager believes that keeping an open mind and not rushing to an investment conclusion gives it a better chance of identifying good investment opportunities. The Investment Manager's goal is to identify promising end markets through its thesis on industry trends and extensive analysis. Once a market has been identified, the Investment Manager will perform detailed due diligence on the opportunities it believes are of the highest quality in that market. Investments in a given market will be driven by the scale of the opportunity each company affords.

Healthcare is a truly global market:

An event in Sydney can impact a company in San Diego in a dramatic fashion – the Investment Manager believes being global in its outlook is key. The Investment Manager believes the United States is the most important healthcare market and will primarily invest in U.S. investment opportunities. The Investment Manager is also very cognizant of the relevance of non-U.S. markets. The Investment Manager views such markets not only as investment opportunities but as key markets for U.S. companies, and perhaps, most importantly, as a primary source of information on new technologies. The Investment Manager believes that ideas generated in one geographical market can translate into an investment opportunity in a different geographical market where the upside can be greater or the risk lower – or ideally both.

Longer investment horizon:

Getting it right in a given month is less important to the Investment Manager than getting it right over a longer timeframe. The Investment Manager believes the healthcare industry provides a unique opportunity to invest in product cycles and investment themes that play out over a sustained period of time. Such cycles and themes are often ignored by the broader market due to the focus on the more traditional quarterly



earnings cycle. As such, the Investment Manager's anticipated investment time-frame for each investment is generally twelve to twenty-four months.

In particular, the Investment Manager believes there are considerable opportunities within the healthcare market in which the outcome of a key event can be predicted but the timing is less visible. Such opportunities often result in apathy by the broader market and considerable opportunity for a more patient investor. This type of investment, however, does require an even more detailed analytical approach as capital can be tied up for a sustained period of time. The volatility in some of these investments can be considerable and such volatility in itself can provide opportunities.

#### Fundamentals are key:

Market forces can dictate short-term moves in stocks, but fundamentals will drive the real value.

Given the Investment Manager's long-term approach, the key aspect of its research process is a detailed understanding of the fundamental outlook for a business and the markets in which such business operates. This approach generates investment opportunities both on the "long" and "short" side as the Investment Manager seeks to exploit the impact of new competitive products that make an existing product obsolete or of reduced utility. The Investment Manager is not looking for a quick trade or an inventory-stocking based on the quarter, it is looking for fundamental changes in the outlook for a particular company.

While the Investment Manager aims to take a longer-term perspective, it recognizes that an understanding of a company's near-term prospects and the expectations of the market are also key in determining when to make an investment and when to wait.

#### Patience is a virtue:

Ninety percent of ideas should be rejected. While the Investment Manager's process is based around fundamental research, it also recognizes that specific knowledge may not be useful for years.

The Investment Manager anticipates rejecting 90% of its ideas during the investment process. When coupled with the Investment Manager's investment timeframe, it is looking, on average, for one-to-two new ideas per month.

### **Research Process**

#### Fundamental Research:

"Fundamental research" is at the heart of the Investment Manager's investment process. The Investment Manager seeks to recognize product cycles and investment themes before they become the focus of mainstream investors. As part of this process, the Investment Manager will utilize a number of different avenues to provide information leading to an investment decision.

The following are sources for the Investment Manager's ideas:

- **Contacts with physicians:** Given the Investment Manager's focus on healthcare technologies and the underlying healthcare markets, the Investment Manager seeks to remain up to date on the latest healthcare trends and, more specifically, how new products are being accepted by the medical community. As a result, the Investment Manager will have regular dialogue with doctors in a number of healthcare fields.
- **Focus outside of the US:** Outside of the United States, the Investment Manager will focus on medical markets in which products might be used several years before receiving FDA approval or even entering into U.S. clinical trials. Key markets are Europe, Brazil, India and, increasingly, China.

- **Dialogue with companies:** The Investment Manager anticipates that it will visit and interact regularly with prospective companies, companies in the Partnership's and/or Funds' portfolio(s), and companies that compete with portfolio investments. In some cases, the Investment Manager will meet with a company on a number of occasions over several years before making an investment decision.
- **Attendance at medical conferences:** Attending medical conferences, in particular smaller physician-focused conferences, provides the Investment Manager with insights that it cannot obtain solely by meeting with doctors and company management.
- **Meetings with private companies:** While the Investment Manager will invest in private companies, its primary reason for meeting with such companies is to research public companies and the markets in which they operate.
- **Regular dialogue within the team:** The Investment Manager seeks to encourage as much internal dialogue as possible. This will be done in formal and informal settings.

#### Research protocols:

While the Investment Manager's idea generation and analysis can be slightly ethereal, the Investment Manager seeks to be rigorous in its financial analysis and investment conclusions. For this reason, the Investment Manager utilizes a note and model process. The following are the Investment Manager's protocols:

- **Company Financial Models:** It is the Investment Manager's belief that investment ideas should be articulated in a financial model. While the Investment Manager is not focused on the impact of investment ideas for the next quarter, the Investment Manager will want to see the potential timing and scale of the impact of an investment idea. The Investment Manager will maintain proprietary models on a broad range of companies, including investments by the Partnership and/or Funds and potential future investments.
- **Market Models:** The Investment Manager will also build and maintain market models for a number of key medical markets. The Investment Manager anticipates that these will enable it to track market share shifts and to accurately forecast the impact of new technologies on a broad range of companies.
- **Investment Theses:** Investments are generally preceded by a research note explaining the thesis, the expected fair value and the risks inherent in such investment. While these notes are useful at the start of the investment, they are particularly useful as time progresses as they allow the Investment Manager to have an audit trail of its views. Such notes also help the Investment Manager prevent 'thesis shift'.
- **Regular Dialogue:** The Investment Manager 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 as much as possible.
- **Code Red, Inc.:** The Investment Manager utilizes the services of Code Red, Inc., and its software, RedAlerts RMS. This software allows Redmile to store important research information, including models, research, emails, contacts, etc. in one place. This information can then be categorized in a number of different manners via the RedAlerts RMS system; namely, this information can be categorized by symbol, sector, source, sentiment or type. The use of RedAlerts RMS provides Redmile access to research information in an efficient and effective manner.

#### **Risk Management**

Risk Management Protocols:

- **Single product/market risk analysis:** The Investment Manager believes the most important analysis it can carry out is its exposure to any single medical/health trend or issue. The Investment Manager will seek to monitor each portfolios' total exposure to any single product or market.

- **Longs and shorts are not necessarily matched:** While the Investment Manager will run long and short positions, it does not seek to pair one long against one short to ensure a flat total position. While one can find related longs and shorts that can be valid investment opportunities at the same time, the Investment Manager believes each position should earn its place in the portfolio on its own merits.

- **No pre-defined views on exposure:** As a fundamental investor, the Investment Manager does not have any pre-defined exposure expectations. In general, the research process will dictate exposure levels, rather than a top-down view. However, the Investment Manager may adjust the portfolios' exposure levels, if necessary, by using indexes and custom made baskets.

- **Stop-loss rules:** While the Investment Manager will review all positions, the Investment Manager will carry out a more formal review when a position is down 15% and 25%. At these points, the Investment Manager will aim to make an active decision as to whether to continue with such investment. The Investment Manager does not view a negative move in stock as a reason to sell or cover, rather it views a negative move as a reason to provoke further analysis and internal debate. Stop losses are tighter on the short side.

**Risk of Loss.** Investing in securities involves risk of loss that client(s) (including, but not limited to, limited partners and shareholders of such) should be prepared to bear. Redmile cannot assure client(s) (including, but not limited to, limited partners and shareholders of such) that (a) it can achieve their investment objectives, (b) their investment strategies will prove successful; or (c) they will not lose all or part of their investment.

### Management and Investment Risk

**Dependence of Mr. Green.** Jeremy Green is the principal of the Investment Manager. If Jeremy Green no longer participated in the management of the Partnership and/or Funds, it is possible that a significant number of limited partners and/or shareholders would exercise their right to redeem at the next applicable withdrawal/redemption date. There can be no assurance that the portfolios of the Pooled Investment Vehicles could be liquidated in an efficient manner to accommodate such withdrawals/redemptions and limited partners and/or shareholders could experience losses. In addition, there can be no assurance that enough limited partners and/or shareholders would choose to remain invested in the Partnership and/or Funds to make it feasible to continue to manage the portfolio.

**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. See "Potential Conflicts of Interest" below for further information.

**Potential Conflicts of Interest.** As noted in this Item 4 above, the Investment Manager 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 Investment Manager (and its principals or affiliates) or the General Partner may serve as investment adviser or investment manager to other client accounts (including separately managed accounts) and conduct investment activities for its own accounts. Such other entities or accounts (the "Other Clients") may have investment objectives or may implement investment strategies similar to those of the Pooled Investment Vehicles. Redmile Ventures, LLC, for example, is a Delaware limited liability company for which Jeremy Green is the sole Managing Member. Redmile Ventures, LLC only invests in private companies.

The Investment Manager (and its principals or affiliates) 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 pro rata based on assets under management or in some other manner which the Investment Manager determines is fair and equitable under the circumstances to all clients, including the Pooled Investment Vehicles. 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 its 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 Investment Manager.

With regards to Redmile Ventures, Ltd., to the extent the Investment Manager, in its sole discretion, determines that the Partnership or the Funds existing partners and/or share classes have received their full allocation of a particular investment or that a particular investment is not an appropriate investment for the existing partners (with regards to the Partnership) and/or share classes (with regards to the Funds), the Investment Manager may allocate such investment or any portion thereof to the Class D Common Shares of Redmile Ventures, Ltd. (i.e., a Co-Investment as discussed in Item 5). For the sake of clarification, and specific to Redmile Ventures, Ltd., the Investment Manager may find that an investment opportunity is inappropriate for Redmile Ventures, Ltd. as a Designated Investment (a Class C investment) but acceptable for Redmile Ventures, Ltd. as a Co-Investment (a Class D investment). Such shares may be offered to any persons selected by the Investment Manager (including the principals, employees or affiliates of the Investment Manager), whether or not such persons are investors in the Fund at the time of such allocation. As a result, the Investment Manager (and its principals, affiliates and employees) may have conflicts of interest in allocating such investments to Class D Common Shares.

In addition, purchase and sale transactions (including swaps) may be effected between 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.

While Conifer Securities, LLC (the, “Administrator”) typically will calculate the value of the Pooled Investment Vehicles portfolio(s) 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 Investment Manager or the General Partner. Because the Investment Manager and/or the General Partner is paid an Incentive Allocation based on a percentage of the net profits of each limited partner’s or shareholder’s capital account (which includes unrealized gains on the Pooled Investment Vehicles securities) the Investment Manager’s or General Partner’s involvement regarding valuation may present a potential conflict of interest.

The Managing Member and/or certain employees of the Investment Manager may also serve as a Director to one or more of the Funds. The fiduciary duty of a Director may compete with or be different from the interests of the Investment Manager. As such, the Directors may have conflicts of interest, where applicable, in relation to their duties to the Funds.

As a result of the foregoing, the General Partner and the Investment Manager (and its principals or affiliates) may have conflicts of interest in allocating their time and activity between each of the Pooled Investment Vehicles and the Other Clients, in allocating investments among the Pooled Investment Vehicles and the Other Clients and in effecting transactions between the Pooled Investment Vehicles and the Other Clients, including ones in which the General Partner and the Investment Manager (and its principals or affiliates) may have a greater financial interest.

The General Partner and the Investment Manager (and its principals or affiliates) will use its best efforts in connection with the purposes and objectives of the Pooled Investment Vehicles and will devote so much of

its time and effort to the affairs of the Pooled Investment Vehicles as may, in its judgment, be necessary to accomplish the purposes of the Pooled Investment Vehicles. The Partnership Agreement and/or Investment Management Agreement specifically provides that the General Partner and the Investment Manager (and its principals and affiliates) 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 General Partner and the Investment Manager (and its principals or affiliates) may act as investment adviser or investment manager for others, may manage funds or capital for others, may have, make and maintain investments in its 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 Investment Management Agreement also recognizes 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.

**Investment/Certain Risk.** The Partnership and/or Funds may be deemed to be a speculative investment and is not intended as a complete investment program. Investment in the Partnership and/or Funds 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 Partnership and/or Funds offering circular and/or memorandum and the associated subscription agreement(s). There can be no assurances that the Partnership and/or Funds will achieve its investment objective. Investment in the Partnership and/or Funds involves significant risks and while the following summary of certain of these risks should be carefully evaluated before making an investment in the Partnership and/or Funds, the following does not intend to describe all possible risks of such an investment:

**Market Risks.** The profitability of a significant portion of the Partnership and/or Funds investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements. Although the Investment Manager may attempt to mitigate market risk through the use of long and short positions or other methods, there may be a significant degree of market risk.

**Non-Diversification.** The Partnership and/or Funds portfolio(s) are invested primarily in equities and equity-related securities, with an emphasis on healthcare companies. Further, the Partnership and/or Funds portfolio(s) may not be widely diversified among a wide range of issuers, geographic areas, capitalizations or types of securities. Accordingly, the investment portfolio of the Partnership and/or Funds may be subject to more rapid change in value than would be the case if the Partnership and/or Funds were required to maintain a wide diversification among issuers, industries, geographic areas, capitalizations or types of securities.

**Investing in Healthcare Companies.** Investing in securities and other instruments of healthcare companies involves substantial risks. Such risks include, but are not limited to, the following: change in government policies, including policies regarding reimbursement of medical expenses; certain companies in which the Partnership and/or Funds may invest may have limited or no operating histories, or may have limited products, markets and financial resources; rapidly changing technologies may cause products to quickly become obsolete; unanticipated problems often arise in connection with the development of new products, and many such efforts are ultimately unsuccessful; scarcity of management and marketing personnel with appropriate technological or medical training may slow or impede companies' growth; the possibility of lawsuits related to technological and medical patents could cause delays and expense in product development and implementation, regulatory changes and/or government actions may prevent a company from marketing; changing investors' sentiments and preferences with regard to investments in healthcare companies (which are generally perceived as risky) may have an adverse effect on the price of underlying securities; volatility in the global stock markets affecting the prices of healthcare company securities may cause the Partnership and/or Funds to experience substantial volatility; and certain healthcare companies may be subject to extensive government regulation. In addition, many healthcare companies may have substantial and ongoing capital needs for research and development, clinical trials and marketing and may have difficulty obtaining such funding under various market conditions or even under

normal market conditions or such capital may be obtained on terms that are not favorable to existing equity holders. Also, obtaining government approval for new products from governmental agencies can be lengthy, expensive and uncertain, and withdrawal or curtailment of government support could have an adverse impact on the profitability or market price of healthcare companies. Furthermore, delays in generating products (as well as more general ongoing capital requirements) may result in the need for companies to seek additional capital, potentially diluting the interest of existing investors, such as the Partnership and/or Funds.

**Short Sales.** Short selling, or the sale of securities not owned by the Partnership and/or Funds, necessarily involves certain additional risks. Such transactions expose the Partnership and/or Funds to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Partnership and/or Funds in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the Partnership and/or Funds might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

**Leverage.** The Partnership and/or Funds may leverage its capital because the Investment Manager believes that the use of leverage may enable the Partnership and/or Funds to achieve a higher rate of return. Accordingly, the Partnership and/or Funds may pledge its securities to the lender in order to borrow additional funds for investment purposes. The Partnership and/or Funds may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowing which the Partnership and/or Funds may have outstanding at any time may be substantial in relation to its capital.

While leverage presents opportunities for increasing the Partnership’s and/or Funds’ total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by the Partnership and/or Funds would be magnified to the extent the Partnership and/or Funds are leveraged. The cumulative effect of the use of leverage by the Partnership and/or Funds in a market that moves adversely to the Partnership’s or Funds’ investments could result in a substantial loss to the Partnership and/or Funds which would be greater than if the Partnership and/or Funds were not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Partnership and the Funds. For example, should the securities pledged to brokers to secure the Partnership’s or Funds’ margin accounts decline in value, the Partnership and Funds could be subject to a “margin call,” pursuant to which the Partnership and/or Funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Partnership or Funds, assets, the Partnership and/or Funds might not be able to liquidate assets quickly enough to satisfy its margin requirements.

In an unsettled credit environment, the Investment Manager may find it difficult or impossible to obtain leverage for the Partnership and/or Funds. In such event, the Partnership and/or Funds could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager being forced to unwind positions quickly and at prices below what the Manager deems to be fair value for the positions.

**Non-U.S. Securities.** Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are generally the case in the United States, 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 Partnership's and/or Funds' investments that are 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. As a result, the Partnership and/or Funds could realize a net loss on an investment, even if there was a gain on the underlying investment before currency losses were taken into account. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Further, investments in Euro Class Shares of the Funds, where applicable, are subject to the risk of change in value of the Euro in relation to the U.S. dollar. The Investment Manager may seek to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts or similar instruments, or any combination thereof, but there can be no assurance that such strategies will be implemented, or, if implemented, will be effective. In addition, because the Partnership and/or Funds may have some investments that are denominated in currencies other than the U.S. dollar, the Euro Class shares, where applicable, will bear their pro rata share of expenses of hedging such investments back to the U.S. dollar even though the Euro Class Shares, where applicable, may not benefit significantly from such hedges since they are denominated in Euros. Further, because the Partnership and/or Funds may have some investments denominated in currencies other than the U.S. dollar and may not always hedge such exposure back to the U.S. dollar, the Euro Class Shares, where applicable, will indirectly be exposed to the currency risk of such currencies to the U.S. dollar.

**Small Cap Stocks.** The Partnership and/or Funds may invest a portion of their assets in stocks of companies with small-to medium-sized market capitalizations. While the Investment Manager believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger, better known companies.

**Investments in Undervalued Securities.** One of the primary objectives of the Partnership and/or Funds 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. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Partnership's and/or Funds' investments may not adequately compensate for the business and financial risks assumed. Further, there are no assurances that the securities purchased will in fact be undervalued or that undervalued securities will ever cease to be undervalued. The Partnership and/or Funds may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Partnership's and/or Funds' capital would be committed to the securities purchased, thus possibly preventing the Partnership and/or Funds from investing in other opportunities. In addition, the Partnership and/or Funds may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

**Special Situations.** The Partnership and/or Funds 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. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Partnership and/or Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Partnership and/or Funds may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Partnership and/or Funds may invest, there is a potential risk of loss by the Partnership and/or Funds of its entire investment in such companies.

**Lack of Liquidity of Fund Assets.** Partnership and/or Funds assets may, at any given time, 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 limited partners and/or shareholders were to redeem their interests/shares and the Partnership and/or Fund did not have a sufficient amount of cash or liquid securities, the Partnership and/or Funds might have to meet such withdrawal/redemption requests through distributions of illiquid securities. See "Limited Withdrawal/Redemptions and Transfer Rights: In Kind Distributions" below.

**Convertible Securities.** Convertible securities are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increases as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

**Counterparty Risk.** To the extent the Partnership and/or Funds invest in swaps, derivative or synthetic instruments, or other over-the-counter transactions including forward contracts, or in certain circumstances, non-U.S. securities, the Partnership and/or Funds may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

**Custody and Prime Brokerage Risk.** There are risks involved in dealing with the custodians or prime brokers who settle the Partnership's and/or Funds' trades. The Partnership and/or Funds maintain custody accounts with its prime brokers and primary custodians (the "Prime Brokers"). Although the Investment Manager monitors the Prime Brokers and believes that they are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that the Partnership and/or Funds may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Partnership and/or Funds assets, the Partnership and/or Funds would not incur losses due to the Partnership's and/or Funds' assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Partnership, the Funds and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Partnership and/or Funds. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Partnership and/or Funds as a result of the bankruptcy or insolvency of any sub-custodian. The Partnership and/or Funds may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Partnership and/or Funds. Under certain circumstances, including certain transactions where the Partnership's and/or Funds' assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Partnership's and/or Funds' assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Partnership and/or Funds and hence the Partnership and/or Funds could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Partnership and/or Funds to recover assets held by a sub-custodian in the



event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Partnership and/or Funds may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Partnership's and/or Funds' rights to its assets in the case of a bankruptcy or insolvency of any such party. Note, Brokerage Practices are further discussed in Item 12.

**Commodities and Futures Contracts.** Trading in commodities and futures contracts are highly specialized activities that may entail greater than ordinary investment risks. Commodity futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin of deposit normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. Consequently, 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. If prices fluctuate during a single day's trading beyond those limits – which conditions have in the past sometimes lasted for several days in certain contracts – the Partnership and/or Funds could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

**High Growth Industry Related Risks.** The Partnership and/or Funds may have investments in the securities of companies in high growth industries (e.g., healthcare). To the extent that the Partnership and/or Funds invest in such securities, it is noted that these securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or 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 Partnership's and/or Funds' tranches or classes of common shares that have been or may, in the future, be created may, in effect, be segregated into a separate tranche or sub-fund, investors should be aware of the special risk that the assets of any tranche or class may be applied to meet any claims by creditors of the Partnership and/or Funds in circumstances in which the liabilities of a tranche or class exceed its assets. Thus 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.** In an effort to protect the confidentiality of its positions, the Partnership and/or Funds may not disclose all of its positions to limited partners and/or shareholders on an ongoing basis, although the Partnership and/or Funds, in its sole discretion, may permit such disclosure on a select basis to certain limited partners/shareholders if the Partnership and/or Funds determine that there are sufficient confidentiality agreements and procedures in place.

**Limited Operating History.** While Jeremy Green has significant experience in securities analysis and investment management, the Investment Manager is a recently-formed entity with limited operating history upon which investors can evaluate its likely performance.

**Limited Withdrawal/Redemption and Transfer Rights; In Kind Distributions.** Limited partners and shareholders are subject to significant restrictions on withdrawals/redemptions and transfers. Furthermore, a limited partner and/or shareholder may not redeem assets in Designated Capital accounts, assets in Class C Common Shares or assets in Class D Common Shares until the particular Designated Investment/Co-Investment underlying such Designated Capital account, Class C Common Share or Class D Common Share is sold or otherwise liquidated. Accordingly, purchasing partnership interests or shares in the Partnership and/or Funds is a relatively illiquid investment. In addition, if a substantial number of limited partners and/or shareholders were to make withdrawals/redemptions and the Partnership and/or Funds did not have a sufficient amount of cash or liquid securities, the Partnership and/or Funds might have

to meet such withdrawals/redemptions through distributions of illiquid securities (either directly or through a liquidating account mechanism). Further, the transfers of interests/shares will be permitted only with the written consent of the Partnership and/or Funds. As a result, the interests/shares should only be acquired by limited partners and/or shareholders willing and able to commit their assets for an appreciable period of time.

**Valuation.** The Partnership's and/or Funds' 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 Partnership and/or Fund may determine not to treat such investments as Designated Investments. It is noted that these investments may be extremely difficult to value accurately. In light of the foregoing, there is a risk that a limited partners and/or shareholder who redeems all or part of his investment while the Partnership and/or Funds hold such private, illiquid or thinly traded investments will be paid an amount less than he would otherwise be paid if the actual value of such private investments is higher than the value designated by the Partnership and/or Funds. Similarly, there is a risk that such limited partner/shareholder might, in effect, be overpaid if the actual value of the private, illiquid or thinly traded investment is lower than the value designated by the Partnership and/or Funds. In addition, there is a risk that an investment in the Partnership and/or Funds by a new limited partner or shareholder (or an additional investment by an existing limited partner or shareholder) could dilute the value of such private, illiquid or thinly-traded investments.

Because of overall size or concentration in particular markets of positions held by the Partnership and/or Funds, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at using the methodology described herein. In addition, the timing of liquidations may also affect the values obtained on liquidation. Third party pricing information may not be available for certain positions held by the Partnership and/or Funds. Securities to be held by the Partnership and/or Funds may trade with bid-ask spreads that may be significant.

The Partnership and/or Funds are entitled to rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services.

**Incentive Allocation/Fee.** The payment of the Incentive Allocation/Fee to the General Partner and/or Investment Manager may create an incentive for the General Partner and/or Investment Manager to cause the Partnership and/or Funds to make investments that are riskier or more speculative than would be the case if the Incentive Allocation/Fee were not made. Since the Incentive Allocation/Fee is calculated on a basis which includes unrealized appreciation of the Partnership's and/or Funds' assets, such fee may be greater than if it were based solely on realized gains. In addition, upon complete withdrawal/redemption from the Partnership and/or Funds by a limited partner or shareholder at a time when he holds Class C shares, the Incentive Allocation/Fee to the General Partners and/or Investment Manager will be made with respect to the redeeming limited partner/shareholder on each date that a Designated Investment is sold. In this situation, if a Designated Investment is sold at a loss, the loss will be carried forward to reduce the Incentive Allocation/Fee with respect to any Designated Investments which are sold after such loss but the loss will not be carried back against any prior Incentive Allocation/Fee (i.e., there is no so-called "claw back" provision, unless the investment is in Redmile Ventures, Ltd., which does have a "claw back" provision that applies in certain circumstances). Additional information with regards to the Incentive Allocation/Fee can be found in Item 6 of this Brochure.

**Side Letters/Other.** The Partnership and/or Funds have in limited circumstances entered into and may, in the future, enter into agreements ("Side Letters") with certain prospective or existing limited partners/shareholders whereby such limited partners/shareholders may be subject to terms and conditions that are more advantageous than those set forth in the applicable offering circular and/or memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Partnership and/or Funds, other investment vehicles or managed accounts, as appropriate; special withdrawal/redemption rights, relating to frequency, notice, a reduction or rebate in fees or withdrawal/redemption penalties to be paid by the limited partner/shareholder and/or other terms; rights to receive reports from the Partnership and/or Funds on a more frequent basis or that include information not provided to other limited partners/shareholders (including, without limitation, more detailed information

regarding portfolio positions) and such other rights as may be negotiated by the Partnership and/or Funds and such limited partners/shareholders. The modifications are solely at the discretion of the Partnership and/or Funds and may, among other things, be based on the size of the limited partner's and/or shareholder's investment in the Partnership and/or Funds or affiliated investment entity, an agreement by a limited partner/shareholder to maintain such investment in the Partnership and/or Funds for a significant period of time, or other similar commitment by a limited partner/shareholder to the Partnership and/or Funds.

**No Separate Counsel; No Responsibility or Independent Verification.** Seward & Kissel LLP acts as United States counsel to the General Partner, Investment Manager, Partnership and Funds (collectively, the "Parties"). Appleby acts as Cayman Islands counsel to the Funds. The Partnership and/or Funds do not have United States counsel separate and independent from counsel to the General Partner and/or Investment Manager. Neither Seward & Kissel LLP nor Appleby represent investors in the Partnership and/or Funds, and no independent counsel has been retained to represent investors in the Partnership and/or Funds. Neither Seward & Kissel LLP nor Appleby are responsible for any acts or omissions of the Parties (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service provider to the Parties. This Memorandum was prepared based on information furnished by the General Partner and/or Investment Manager and neither Seward & Kissel LLP nor Appleby has independently verified such information.

**Business and Regulatory Risks of Hedge Funds.** Legal, tax and regulatory changes could occur during the term of the Partnership and/or Funds that may adversely affect the Partnership and/or Funds. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Partnership and/or Funds and the ability of the Partnership and/or Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Partnership and/or Funds could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of trading and/or the inhibition of the Partnership's and/or Funds' ability to pursue certain of its investment strategies as described herein.

Additional information with regards to the methods of analysis, investment strategies/objectives and approach, risk of loss, potential conflicts of interest, investment and other risks, amongst other details, can be found in the offering documents associated with each of the Pooled Investment Vehicles.

## Item 9 – Disciplinary Information

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

## Item 10 – Other Financial Industry Activities and Affiliations

Niether Redmile Group, LLC 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 Investment Manager and the General Partner, it is likely that the General Partner is deemed to be a related person or affiliate of the Investment Manager. As such, the

Investment Manager may recommend to clients the purchase or sale of securities which includes an investment in the Partnership. Notwithstanding any conflicts, the Investment Manager will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be as equitable as possible, considering suitability and each account's objectives, programs, limitations and capital available for investments, but even accounts with similar objectives will often have different investment portfolios.

Niether Redmile nor the General Partner recommend or select other investment advisers for its clients for compensation.

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

Redmile Group, LLC has adopted a Code of Ethics ("Code") that describes the standards of business conduct that it requires of employees and accounts owned predominantly by persons associated with Redmile Group, LLC and establishes procedures intended to prevent Redmile Group, LLC and its personnel and certain of their relatives, from inappropriately benefiting from Redmile's relationships with its clients. The Code provides the following:

- (i) Redmile's clients' interests come before Redmile's or employees' interests;
- (ii) Redmile must disclose to clients all material facts about conflicts of which it is aware between Redmile and its employees' interests on the one hand and clients' interests on the other;
- (iii) employees must operate on Redmile's and their own behalf consistently with Redmile's disclosures to and arrangements with clients regarding conflicts and its efforts to manage the impacts of those conflicts;
- (iv) Redmile and its employees must not take inappropriate advantage of Redmile's clients or their positions of trust with or responsibility to clients; and
- (v) Redmile and its employees must comply with all applicable securities laws.

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 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). Pre-cleared transactions must be completed within a reasonable time frame. 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 of Ethics to any client (including any limited partner and/or shareholder) or prospective client upon request. Such a request may be made by submitting a written request to Redmile at the address on the cover page to this brochure.

With the exception of the General Partner, Redmile does not recommend to clients, or buy or sell for client accounts, securities in which it or a related person has a material financial interest. As stated above, the General Partner may be considered an affiliate of related person of the Investment Manager.

## Item 12 – Brokerage Practices

**Brokerage Selection (Generally).** The Investment Manager 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 Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Investment Manager'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 account(s), 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, client 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 require to pay or produce itself.

Section 28(e) of the Securities Exchange Act of 1934, as amended, 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. Except for services that would be a client expense or as otherwise described below, the Investment Manager 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 an Investment Manager 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. 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 Investment Manager 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 Investment Manager will make a good faith effort to determine the relative proportion of the product or service used to assist the Investment Manager 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

Investment Manager 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 Investment Manager 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 Investment Manager 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 Investment Manager 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 creates a potential conflict of interest between the Investment Manager and its clients.

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

The Investment Manager currently utilizes Conifer Securities, LLC, the Administrator, a registered broker-dealer, to provide various trading services and support to the Investment Manager, including the direct execution of trades and the direction and allocation of orders by the Administrator to various brokers. The Investment Manager may employ one or more similar firms (collectively, "Assisting Brokers") in the future. Expenses related to such services will be borne by the clients. Depending on the level of commission business between the clients and the Administrator, a portion of commissions paid to the Administrator may be credited against amounts owed to the Administrator under the Client Services Agreement. Further, the Investment Manager pays a fee to the Administrator for use of its office space and for related supporting services such as the provision of telecommunications and data network infrastructure, computer support services, the provision of office furniture and equipment, and shared use of common areas. The Investment Manager believes, however, that office space and related services are provided upon terms which are consistent with those otherwise available on the open market and further that no commissions are directly or indirectly utilized to pay for the office space or related services. However, the provision of such office space and related services is one among a number of factors that might bear upon the Investment Manager's or the General Partner's decision, as the case may be, in selecting the Administrator for the provision of administrative services, trading support or execution services. Further, if the Investment Manager is incorrect and the office space and related services are below market, this could be viewed as additional compensation to the Investment Manager. The Investment Manager, in its sole discretion, may change these arrangements without further notice to clients.

When appropriate, the Investment Manager 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 Partnership and the Funds may maintain accounts at Morgan Stanley & Co., Jefferies, and/or J.P. Morgan, their prime broker(s), through which the Partnership and 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.

The Investment Manager reserves the right, in its sole discretion, to change the brokerage and custodial arrangements, described above, without further notice to the limited partners or shareholders.

**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.** Redmile does not anticipate making use of principal transactions in its regular course of business and the future use of such transactions is unlikely. If utilized, however, Redmile policies and procedures require that the appropriate reviews, approvals and disclosures take place – allowing Redmile to meet its regulatory requirements and maintain proper records with regards to principal transactions.

**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). 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, typically daily, but no less frequently than weekly by the Investment Manager.

Redmile, on behalf of each of the Partnership and/or Funds, sends to each limited partner or shareholder an unaudited monthly net asset value statement (i.e. performance update) from the administrator or registrar and transfer agent. In addition, limited partners and shareholders are provided audited financial statements of each of the Partnership and/or Funds.

### **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 does not directly or indirectly compensate any person who is not a supervised person for client referrals.

### **Item 15 – Custody**

Redmile obtains custodial, clearing, settlement and related services on behalf of its clients through what is known as a "prime brokerage" arrangement. See "Item 12 – Brokerage Practices", and more specifically, that section titled "Prime Brokerage Practices" above. Under that arrangement, a brokerage firm (the "Prime Broker") maintains custody of each client's assets (either directly or through its clearing brokerage firm). The Prime Broker is a "qualified custodian" and maintains custody of each client's funds and securities in a separate account for that client. The Prime Broker sends quarterly, or more frequent, account statements to clients. Limited partners or shareholders in the Partnership and/or Funds managed by Redmile do not receive account statements from the primer broker as these statements are directed to Redmile as the investment manager of the Partnership and/or Funds.

### **Item 16 – Investment Discretion**

As the General Partners and/or Investment Manager of the Partnership and/or Funds, Redmile has broad discretion, without limitation, to determine the:

- securities to be bought or sold for the Partnership and/or Funds account(s);
- amount of securities to be bought or sold for the Partnership and/or Funds account(s);
- broker or dealer to be used for a purchase or sale of securities for the Partnership and or Funds account(s); and
- commission rates to be paid to a broker or dealer for the Partnership and/or Funds securities transaction(s).

### **Item 17 – Voting Client Securities**

The Investment Manager takes seriously its legal and fiduciary obligations concerning proxy voting. The Investment Manager 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, its fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940. 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 Investment Advisers Act of 1940, clients may request information concerning how the Investment Manager voted proxies on their behalf.

The Employee Retirement Income Security Act (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 Labor Department 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.

## **Item 19 – Requirements for State-Registered Advisers**

**Principal Executive Officers and Management Persons.** Jeremy Green is Redmile’s sole owner and managing member. For information about Mr. Green’s formal education and business background, see the *Redmile Brochure Supplement for Jeremy Green* (which will be made available, upon request).

**Other Business Activities.** Redmile is not actively engaged in any business other than giving investment advice.

**Performance-Based Compensation.** In addition to the management fees identified in “Item 5 – Fees and Compensation” above, Redmile is compensated for advisory services with performance-based fees as described in “Item 6 – Performance Based Fees and Side-By-Side Management”. Please refer to “Item 6 – Performance-Based Fees and Side-By-Side Management” for a description of how the performance-based allocation/fee is calculated. Performance-based compensation provisions may create an incentive for Redmile to make investments that are riskier or more speculative than would be the case in the absence of performance-based compensation to Redmile based on performance. Notwithstanding this potential incentive, Redmile will evaluate investments in a manner that it considers to be in the best interest of the client, given that client’s investment objectives, investment strategies, suitability of the investment, and the client’s risk profile.

**Additional Disclosure Events.** None.

**Relationships with Securities Issuers.** Redmile is the investment manager and sponsor to the Pooled Investment Vehicles. In addition, Redmile’s affiliated entity, Redmile Group (GP), LLC, serves as they General Partner to the Partnership. For complete disclosure information about these relationships, see “Item 10 – Other Financial Industry Activities and Affiliations”.