

Item 1: Cover Page

PART 2A OF FORM ADV: FIRM BROCHURE

MPM ASSET MANAGEMENT LLC

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March 30, 2018

This document (the "Brochure") provides information about the qualifications and business practices of MPM Asset Management LLC ("MPM"). If you have any questions about the contents of this Brochure, please contact us at (617) 425-9200 or Sarah Reed at sreed@mpmcapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about MPM also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Being a "registered investment adviser" or describing MPM as being "registered" does not imply a certain level of skill or training. **THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.**

Item 2: Material Changes

MPM Asset Management LLC is required to disclose any material changes to this ADV Part 2A herein in Item 2. There are no material changes to report to this form ADV Part 2A.

Item 3: Table of Contents

Table of Contents

Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees and Side-by-Side Management Funds	6
Item 7: Types of Clients.....	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9: Disciplinary Information	10
Item 10: Other Financial Industry Activities and Affiliations	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12: Brokerage Practices	13
Item 13: Review of Accounts	15
Item 14: Client Referrals and Other Compensation.....	15
Item 15: Custody	16
Item 16: Investment Discretion	16
Item 17: Voting Client Securities.....	16
Item 18: Financial Information	17

Item 4: Advisory Business

MPM was founded in 1997 and is organized as a Delaware limited liability company. Ansbert Gadick and Luke Evnin, the co-founders of MPM, are the principal owners of MPM and control MPM. MPM serves as the investment manager and provides discretionary advisory services to private funds (each, a “Fund” and collectively the “Funds”).

The Funds invest principally in life-sciences related investments. The investment restrictions, strategies, risks, fees and other important information about each Fund are set forth in the applicable Fund’s confidential offering memorandum, limited partnership or operating agreement and/or other applicable governing documents (the “Governing Documents”). The information in this Brochure does not purport to be a complete description of the Funds and it is qualified in its entirety by each Fund’s Governing Documents.

MPM currently does not provide investment advisory services to clients apart from its management of the Funds and does not participate in wrap fee programs. MPM may, from time to time, serve as the investment adviser or management company for additional Funds or other products, as well as special purpose vehicles owned by one or more Funds.

Some of the Funds for which MPM provides investment advisory services have only one strategic investor (each, a “Strategic Fund”). Those Strategic Funds may co-invest with other MPM Funds in areas of particular interest to the strategic investor. That is, the Strategic Funds are not required to invest in each investment opportunity in which the same vintage-year Fund invests. In those instances where they co-invest, they do so on substantially the same terms (including all economic terms except for investment amount) alongside one or more Funds, and they will also dispose of their investments on substantially the same terms and at the same time as other co-investing Funds. Although the general partner (or manager) of each Fund (each, a “General Partner”) has the discretion to allocate investment opportunities among the Funds, including, the Strategic Funds, in a manner that the General Partner determines in good faith to be fair and equitable, MPM will, and will cause its affiliates to, consider all relevant factors in allocating investment opportunities, including, without limitation, the nature and the amount of the investment opportunity, the composition of the portfolio of the investing entity and the amount of the uninvested capital of the investing entity.

As of December 31, 2017, MPM had approximately \$1,492,693,718 in regulatory assets under management, which represents the aggregate net asset value of the Funds as of such date. MPM does not manage any assets on a non-discretionary basis.

Item 5: Fees and Compensation

Except as described below, MPM receives an annual management fee from each Fund, payable quarterly in advance, pursuant to an Investment Management Agreement between each such Fund and MPM. The management fees applicable to each Fund are set forth in detail in each Fund’s Governing Documents and are generally not negotiable. MPM may, however, in its discretion, waive, reduce or rebate the management fees for any investor in a Fund, including MPM’s employees, owners, and affiliates.

The management fee payable to MPM may be reduced or off-set to the extent MPM or its affiliates receive director’s fees, consulting fees, monitoring fees, acquisition fees, disposition fees or other remuneration from a Fund’s portfolio companies for services to the portfolio

companies, in each case, net of expenses actually incurred. None of the Funds charge monitoring fees to their portfolio companies.

MPM and its employees or members may receive compensation (cash and/or equity) for services provided to companies whose shares are held by a Fund ("portfolio companies"). Any such compensation is retained by the recipient (either MPM or its employee/member) and will not offset the Fund's management fee. In addition, MPM is permitted to retain 100% of cash fees and 50% of any non-cash compensation paid by a Fund portfolio company that is organized, founded, or incubated by MPM (alone or in conjunction with its affiliates) as reimbursement for providing office space or in exchange for finance, reporting, IT support, administration, accounting, back office or other similar services provided by MPM or an affiliate. Such fees and other compensation will not reduce the management fee.

As described below in **Item 6**, the General Partner of each Fund also typically receives a performance-based profit allocation from the applicable Fund. Profit allocations are automatically allocated directly by the Funds under the terms of their Governing Documents. The amount of the profit allocation for each Fund is set forth in the Governing Documents of such Fund and generally is not negotiable. MPM may, however, in its discretion, waive, reduce or rebate the profit allocation for any investor in a Fund, including MPM's employees, owners, and affiliates.

In addition to management fees and performance-based allocations, each of the Funds also pays or reimburses MPM or its affiliates for expenses relating to such Fund's formation, investment activities and ongoing operations. The Governing Documents for each Fund include details on the specific expenses that such Fund will bear. For example, subject to a Fund's Governing Documents, a Fund will typically bear fees and expenses incurred in connection with (i) expenses incurred in the organization of the Fund and its General Partner and the offering of limited partnership or membership interests in the Fund (subject in each case to a specified cap); (ii) all expenses of legal, accounting, auditing, investment banking, consulting, advisory, appraisal and other professional services in connection with the administration and operation of the Fund, including, without limitation, unreimbursed expenses involved in any transaction in which the Fund is involved; (iii) all custody, transfer, registration and similar expenses incurred by the Fund; (iv) all premiums for any key person life insurance policies payable to the Fund or for any insurance covering any person entitled to indemnity under the Fund's limited partnership or operating agreement; (v) all expenses (including, without limitation, indemnification costs, compensation and expense reimbursement) associated with the establishment and maintenance of the Fund's Investor Committee, as applicable; (vi) all expenses incurred in the preparation and distribution of reports and information about the Fund to its limited partner or member investors ("Limited Partners"), including, without limitation, tax information, quarterly and annual reports and financial information and financial statements (and the calculation of any data included therein), and in connection with any other communications with its Limited Partners, and in holding meetings of the Limited Partners (and such expenses may include a *pro rata* share of payments due to independent contractors and employees of MPM for work performed in connection with the foregoing activities); (vii) all brokerage fees and commissions and discounts incurred in connection with the purchase or sale of securities; (viii) 50% of all finders' fees incurred in connection with the purchase or sale of securities; (ix) taxes and other governmental charges, if any, filing fees, and the costs of preparing and filing tax returns and other reports; (x) all expenses associated with the formation and organization of any alternative investment vehicles; (xi) expenses incurred in connection with any litigation involving the Fund (including, without limitation, investigation and preparation costs) and the amount of any judgment or settlement paid in connection therewith (provided, that any settlement must be approved by the Investor Committee to the extent that the amount of such settlement, when

added to the aggregate amount of all prior settlements, would exceed \$5 million), and (xii) any liquidation expenses of the Fund.

The Funds set up for investment primarily by employees and affiliates of MPM (the “MPM Employee Funds”) are not charged management fees or profit allocations. MPM and its supervised persons do not accept any compensation for the sale of securities or other investment products, including interests in the Funds, including asset-based sales charges or service fees.

To the extent expenses of one Fund benefit another Fund, such expenses are allocated to each Fund in proportion to the total capital ultimately committed to each Fund, in each case as determined, and subject to exceptions as determined, in good faith by the General Partner; provided, that to the extent that such expenses relate to a particular portfolio company of more than one Fund, such expenses shall be allocated to each Fund in proportion to the relative amounts invested by each such Fund in such portfolio company. Notwithstanding the foregoing, MPM Employee Funds do not bear any expenses, other than those specifically allocable solely to such MPM Employee Fund.

Item 6: Performance-Based Fees and Side-by-Side Management Funds

Except as described below, the General Partner of each Fund typically receives a performance-based profit allocation from the Fund, customarily referred to as a “carried interest”. The carried interest is generally a percentage of the net profits generated by the Fund and the percentage allocated to the General Partner may vary among the Funds. The MPM Employee Fund is not charged a carried interest.

Performance-based fee arrangements with funds advised by MPM and by its affiliated advisor, MPM OIM, may create an incentive for MPM and/or its affiliated advisor to favor one fund over another fund in the allocation of investment opportunities. Performance fee arrangements may also create an incentive for MPM to make more speculative investments than would otherwise be made or make decisions regarding the timing and manner of realization of investments differently than if a performance fee was not received. MPM is required to act in a manner that it considers fair and equitable, depending on the particular facts and circumstances and the needs and financial objectives of MPM's various clients, in allocating investment opportunities to the Funds and any clients of affiliates. MPM may have entered into prior agreements with Fund investors that govern the allocation of investments among funds managed by MPM or its affiliates. Please refer to a Fund's Governing Documents for more information.

Item 7: Types of Clients

MPM provides investment advisory services to private investment funds, generally organized as limited partnerships. An affiliate of MPM serves as the General Partner with respect to each Fund and has ultimate investment discretion. Investors in the Funds may include public pension plans, corporate pension plans, endowments, private pension plans, foundations, insurance companies, fund-of-funds, family offices, other institutional investors and high-net worth individuals. Details concerning applicable investor suitability criteria are set forth in each Fund's offering documents.

The General Partner of each Fund typically sets a minimum capital contribution amount for investors (which may be waived as to any investor in the sole discretion of the General Partner).

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

Methods of Analysis

MPM's investment strategy in managing the Funds relies on (i) the life sciences industry focus, experience and expertise of its personnel, (ii) proactive deal generation including where possible assembling assets to build companies from the ground up with MPM's direction and assistance, and (iii) the active engagement of one or more of its Managing Directors in the Funds' portfolio companies. MPM seeks to identify companies and opportunities through its broad network of academic and entrepreneur relationships. Once an investment has been made, they assist the portfolio company to navigate through its pre-clinical, clinical, regulatory, financial and commercial milestones, as applicable. The Funds generally will take minority positions in the equity of portfolio companies, and each Fund's respective General Partner generally will seek to place a person on the boards of the portfolio companies in which such Fund invests.

MPM and its employees and members may provide services directly to a Fund portfolio company and receive compensation from such portfolio company (cash and/or equity) that is tied to the nature and extent of the services to be provided. Where such employee/member is a full-time employee of MPM, the portfolio company will enter into a Services Agreement with MPM to reimburse a portion of such employee/member's MPM salary, depending on what percentage of the employee/member's time is spent with that portfolio company. Access to seasoned specialists can be a differentiator in the selection of a financing partner by a portfolio company prospect. This compensation may cause MPM personnel to place the interests of the portfolio company above the interests of the Fund. MPM attempts to address this conflict through a review of the reasonableness of the compensation and through disclosure in this Brochure.

MPM applies a due diligence process to each potential investment. The scientific and business risk and reward potential of each investment is analyzed in an effort to determine the value represented by the opportunity and whether an investment is warranted. Each investment has a senior investment team member who acts as that investment's sponsor. Twice a year, MPM reviews its entire portfolio of investments.

The Funds may hold any cash balances they may accumulate in custody accounts, non-interest bearing bank accounts, money market accounts, or other securities. The cash balances of a Fund will vary from time to time, as MPM may deem advisable. MPM may also deem it advisable to hold no cash balances whatsoever from time to time.

Material Risks

An investment in a Fund involves a high degree of risk and therefore should be undertaken only by investors of substantial means who have no immediate needs for liquidity of the amount they have committed to the Fund and who can bear a risk of loss of all or a substantial part of their investment. In addition, there will be occasions when MPM and its affiliates may encounter potential conflicts of interest in connection with a Fund. Below is a summary of the material risks of the investment strategies employed by the Funds. For a description of the risks relating to a particular MPM Fund, please refer to the offering memorandum for such Fund. The following risk factors do not purport to be a complete list or explanation of all the risks associated with an investment in the Funds.

Risks Associated with the Life Sciences / Healthcare Industry. The Funds invest in life science companies. The life science and healthcare industry is dominated by large multinational corporations with substantially greater financing and technical resources than generally will be available to the Funds' portfolio companies. Such large corporations may be better able to adapt to the challenges presented by continuing rapid and major scientific, regulatory and technological changes as well as related changes in governmental and third party reimbursement policies. Many of the portfolio companies will be at least partially dependent for their success upon governmental and third party reimbursement policies that are under constant review and are subject to change at any time. Any such change could adversely affect the viability of one or more portfolio companies. Within the life science, healthcare, medical device and biotechnology industry, the development of products generally is a costly and time-consuming process. Many highly promising products ultimately fail to prove safe and effective. Products under development and pre-clinical testing generally will require extensive clinical testing prior to application for commercial use. There can be no assurance that the research or product development efforts of the Fund's portfolio companies or those of their collaborative partners will be successfully completed, that specific products can be manufactured in adequate quantities at an acceptable cost and with appropriate quality, or that such products can be successfully marketed or achieve customer acceptance. Many portfolio companies will depend heavily upon intellectual property for their competitive position. There can be no assurance that the portfolio companies will be able to obtain patents for key inventions. Moreover, within the life sciences/health care industry, patent challenges are frequent. Even if patents held by a portfolio company are upheld, any challenges thereto may be costly and distracting to the portfolio company's management. The life sciences sector may also suffer from changing investor sentiments and preferences with regard to life sciences sector investments.

Early stage companies. Investing in early stage companies involves a high degree of risk. In general, financial and operating risks confronting these companies can be significant. Early stage and development stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management that, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing that may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

Smaller capitalization companies. While small and medium-sized companies can provide greater growth potential than larger, more mature companies, investing in the securities of such companies also involves greater risk, potential price volatility and cost. Investments in these companies often involve higher risks because the companies lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies.

Illiquid Investments. A significant majority of investments are expected to be highly illiquid. As such, there will be no public markets for these securities and there can be no assurance that a Fund will be able to realize such investments in a timely manner. In addition, the realization of value for any investments will not be possible or known with any certainty until MPM elects to sell the investments and subsequently distribute the proceeds or to distribute securities in lieu of cash. Also, if a Fund makes a limited number of investments and because many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect performance of the Fund. Past performance is not a guarantee of future results.

Minority Investments. The Funds will invest in minority stakes in privately held companies. Minority stakes will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. The Funds may also invest in privately held

companies for which MPM has no right to appoint a director or otherwise exert significant influence. In such cases, MPM will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the MPM is not affiliated and whose interests may conflict with the interests of the Funds.

Limitations on Ability to Exit Investments. MPM expects that the Funds will exit from privately-held investments in two principal ways: (i) private sales (including acquisitions of companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open, or timing of these exit mechanisms may be inopportune. In particular, the receptiveness of the public market to the companies in which the Funds invest may vary dramatically from period to period, and an otherwise successful company may yield poor investment returns if a Fund is unable to dispose of securities of the company due to poor market conditions in the market for publicly traded securities. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

The Funds May Be Restricted From Trading Because of Service on the Board of Directors, Possession of Inside Information or Securities Laws Restrictions; Increased Risk of Claims.

A partner, or a manager, member, officer, employee or other representative of MPM or its affiliates will typically serve as a director of each of the Fund's portfolio companies. As a result, the Funds (through their representatives or otherwise) may receive or be deemed to receive information that would restrict their ability to cause the Funds to buy or sell securities of a company for substantial periods of time when profit could otherwise be realized or loss avoided, which may adversely affect the Funds' flexibility in buying or selling securities. In addition, the ability of the Funds to execute trades in securities of these companies may also be restricted by securities laws, including but not limited to section 16 of the Securities Exchange Act of 1934, and Rule 144 promulgated under the Securities Act of 1933, as a result of the board participation or extent of ownership of the Funds and affiliated persons. In addition, board participation (and in particular board participation on portfolio companies with publicly traded securities) may subject the General Partners and the Funds to claims they would not otherwise be subject to as an investor, including claims of breach of fiduciary duty, securities claims and other director-related claims. In general, each Fund will indemnify its General Partner and any affiliates thereof for such claims.

Other Activities. Except as otherwise required by the terms of a Fund's Governing Documents, the members of the management team and their affiliates will devote only such portion of their time to the affairs of the Funds as they consider appropriate in their respective judgment to manage effectively the affairs of the Funds. Other activities of MPM affiliates with which such personnel are associated, or with which they may become associated in the future, may require them to devote substantial amounts of their time to matters unrelated to the business of the Funds.

The description set forth above is general and is not intended to be exhaustive. Investing in securities involves a risk of loss that clients should be prepared to bear.

Item 9: Disciplinary Information

MPM is not aware of any legal or disciplinary events that are material to a client's or prospective client's evaluation of MPM's advisory business or the integrity of MPM's management.

Item 10: Other Financial Industry Activities and Affiliations

MPM and its management persons are not registered, and do not have any application pending to register, as a (i) broker-dealer or a registered representative of a broker-dealer or (ii) futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

MPM will evaluate any material conflicts of interest presented by any proposed relationship or arrangement it may contemplate with an affiliated service provider, broker or similar party with which it has a material business relationship to ensure that the transaction or arrangement is fair and equitable to MPM's clients, and on terms that are consistent with arm's length dealings, and MPM will review any such arrangement on an ongoing basis thereafter to ensure continued benefit to clients.

Affiliated General Partners

The General Partners are affiliates of MPM. Pursuant to Investment Management Agreement between MPM, the Funds, and the General Partners of such Funds, MPM provides investment advisory services to the Funds.

Affiliated Advisers

MPM Oncology Impact Management LP ("MPM OIM") is an affiliate of MPM and provides investment advisory services to a fund called UBS Oncology Impact Fund LLC ("OIF"). (MPM OIM is also a Registered Investment Adviser and information about MPM OIM is available on the SEC's website at <http://www.adviserinfo.sec.gov>). OIF will invest in both public and private equities; it is anticipated that the OIF private equity portfolio will largely consist of co-investments with one or more of the Funds. Some of the Managing Directors and employees of MPM also provide services to MPM OIM. The majority owners of MPM own a controlling interest in MPM OIM. MPM recognizes that these arrangements and interactions may create the potential for conflicts of interest between MPM and MPM OIM. MPM deals with these potential conflicts through disclosure in this Brochure and in Fund Governing Documents.

MPM Oncology Innovations Management LLC is an affiliate of MPM and provides investment advisory services to a fund called MPM Oncology Innovations Fund LP. MPM Oncology Innovations Management LLC is also a Registered Investment Adviser and information about MPM Oncology Innovations Management LLC is available on the SEC's website at <http://www.adviserinfo.sec.gov>). MPM Oncology Innovations Fund LP will invest in both public and private equities; it is anticipated that the MPM Oncology Innovations Fund LP private equity portfolio may consist of co-investments with one or more of the Funds. Some of the Managing Directors and employees of MPM also provide services to MPM Oncology Innovations Management LLC. The majority owners of MPM own a controlling interest in MPM Oncology Innovations Management LLC. MPM recognizes that these arrangements and interactions may create the potential for conflicts of interest between MPM and MPM Oncology Innovations

Management LLC. MPM deals with these potential conflicts through disclosure in this Brochure and in Fund Governing Documents.

Operating Partners

Operating Partners are consultants that may assist MPM in identifying potential investments, performing diligence on those investments, monitoring investments, and in some cases, assisting a portfolio company. Operating Partners are not employees of MPM, but rather act as a consultative resource. Operating Partners may not be exclusively dedicated to MPM. Non-exclusive Operating Partners may refer potential investments to other firms, and may have a financial incentive to do so.

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An Operating Partner may be dedicated full-time to a given portfolio company, and may act as an officer of that portfolio company. On occasion, this role is temporary until a permanent replacement is found, but may also be more permanent, until the company is sold. Operating Partners may also be allocated to more than one portfolio company, in either a consulting capacity or as a member of the Board of Directors. In these instances, the portfolio company will generally compensate the Operating Partner. In addition, Operating Partners assist in sourcing new investments and performing diligence on a potential investment. It is expected that each Operating Partner will have a specific skill set unique to that Operating Partner with regard to subject matter, industry, etc.

Operating Partners may be compensated for performing diligence on a prospective investment or for ongoing consulting to a portfolio company. This compensation may be paid by a Fund, a portfolio company or MPM, depending upon the specific nature of the engagement. MPM has a conflict of interest with regard to the negotiation of such arrangements because as a party with influence over the business decisions of each portfolio company, MPM may be able to require such portfolio company to bear expenses related to operating partners, as opposed to the firm. To mitigate this conflict, the nature of the conflict is disclosed to investors, and MPM has established policies and procedures with regard to compensation of Operating Partners designed to clarify in what instances MPM, a Fund or a portfolio company should compensate such individuals.

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Potential Conflicts of Interest

In addition to those described above, other potential conflicts of interest are described below.

Instances may arise where the interest of a Fund General Partner (or its members), MPM and/or their affiliates may potentially or actually conflict with the interests of a Fund and its Limited Partners. For example, the existence of the General Partner's carried interest or performance-based profit allocation may create an incentive for the General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such performance-based arrangements. Conflicts may arise in the allocation of investment opportunities, and the time and efforts of the members of a Fund General Partner, among the Fund and parallel or co-investment entities, on the one hand, and any future funds advised by MPM or its affiliates, on the other hand. Further, conflicts of interest may arise as a result of a Fund's partners or members (including the General Partner) or their affiliates having investments in existing Fund portfolio companies, on the one hand, and investments in other public and private companies, on the other hand. By acquiring an interest in a Fund, each investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liabilities arising from the existence of any such conflicts of interest.

There are potential conflicts of interest in each Fund's structure and operation, particularly with respect to activities of the MPM Managing Directors and other advisors to the Funds outside of their activities on behalf of a Fund. The Funds may permit Managing Directors and certain other Fund advisors to retain a portion of certain compensation and reimbursement, including the right to acquire equity interests, for services performed by them for portfolio companies, as described in a Fund's Governing Documents. In addition, a Fund may permit MPM or an affiliate thereof to retain fees and other compensation paid by a portfolio company that is organized, founded or incubated by MPM or an affiliate thereof as reimbursement for the provision of office space or in exchange for finance, reporting, information technology support, administration, accounting, back-office or other services provided by the MPM or any affiliate thereof. Further, the MPM Managing Directors and their respective affiliates do now (as with respect to the MPM OIM, for example), and will be permitted to in the future under certain circumstances, organize, offer interests in and provide services to, as well as invest in, other Funds that may or may not have the same investment objectives as a particular Fund, which activities may conflict with their duty to or interest in one of the individual Funds. Each Fund has no interest in these activities. As a result of the foregoing, the Managing Directors may be engaged in substantial activities other than on behalf of a Fund, may have differing economic interests in respect of such activities, and may have conflicts of interest in allocating their time and activity between the Fund and other undertakings.

As discussed in **Item 11** below, subject to compliance with applicable law and the provisions of MPM's Code of Ethics (as defined below), including pre-clearance requirements for purchases and sales of certain securities, MPM, the Fund General Partners, their affiliates, and their respective officers, directors, members, partners, managers and employees may trade in securities for their own accounts.

Information received by MPM with respect to certain investments and potential investments could restrict the Funds' ability to engage in certain trading activities. If MPM, its affiliates, or any of their respective members, partners, or employees receive information they deem material and non-public, whether in connection with the Funds' activities or otherwise, the Funds may become restricted from trading in any publicly issued securities of such companies. These restrictions on the ability of the Funds to make or unwind their investments because of the receipt of material, non-public information could have material adverse consequences for the Funds.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. MPM does not recommend to clients that they invest in any security in which MPM or any principal thereof has any financial interest.

C. On occasion, an employee of MPM may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee

trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of MPM may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

Item 12: Brokerage Practices

A. Recommendation of Broker-Dealer

MPM does not maintain custody of client assets; though MPM may be deemed to have custody if a client grants MPM custody if a client grants MPM authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. MPM recommends that investment accounts be held in custody by Schwab Advisor Services ("Schwab"), which is a qualified custodian. MPM is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when MPM instructs them to, which MPM does in accordance with its agreement with you. While MPM recommends that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. MPM does not open the account for you, although MPM may assist you in doing so. Even though your account is maintained at Schwab, we may use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

How we select brokers/custodians

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (Ex: costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to MPM as part of our evaluation of these broker-dealers.

Your brokerage and custody costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent

with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

Products and services available to us from Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like MPM. They provide MPM and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help MPM manage or administer our clients' accounts, while others help MPM manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to MPM. Following is a more detailed description of Schwab's support services:

Services that benefit you

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that may not directly benefit you.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Assistance related to the transition of client assets from prior firms

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other

benefits, such as occasional business entertainment of our personnel. The services provided are based on our commitment to maintain at least \$82 Million in assets in custody with Schwab.

Our interest in Schwab's services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to MPM as part of our evaluation of these broker-dealers.

Soft Dollar Arrangements

MPM does not currently have any soft dollar arrangements and has no plans to have any for the foreseeable future.

Item 13: Review of Accounts

MPM conducts portfolio reviews of each active investment across all of the Funds twice a year. With respect to each portfolio company, the review is conducted by the investment professional who is primarily responsible for that portfolio company and the other MPM Managing Directors. The biannual portfolio reviews contribute to the valuation of each Fund's assets. Investors in the Funds receive annual audited financial statements. MPM also provides unaudited quarterly reports to investors in the Funds (except the MPM Employee Funds). The quarterly reports provide summary financial and performance information, an overview of the portfolio and a brief description of each active portfolio company held by the applicable Fund.

Item 14: Client Referrals and Other Compensation

MPM has entered into referral arrangements with placement agents. Pursuant to these arrangements, the placement agent receives a commission for investors referred to a Fund by such placement agent.

MPM Managing Directors may from time to time receive director's fees as compensation for serving on a portfolio company's Board of Directors. Some of these director's fees may be offset against the management fees charged to the applicable Fund, as provided in the Fund's Governing Documents.

Item 15: Custody

MPM is deemed to have custody of the Funds' assets because of the authority that MPM and/or its affiliated entities have over those assets. The Funds' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each investor generally within 120 days following the end of each Fund's fiscal year. The audited financial statements are prepared in accordance with generally accepted accounting principles. MPM urges investors to carefully review the Fund audited financial statements.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Funds' Governing Documents and subject to the discretion and control of each Fund's General Partner, MPM will generally have discretionary authority to determine, without obtaining specific consent from a Fund or, except in the case of the Strategic Funds, its investors, the securities and the amounts to be bought or sold on behalf of such Fund, and to perform day-to-day investment operations of the Funds.

MPM has entered into and may in the future enter into additional agreements, or "side letters", with certain prospective or existing investors in the Funds whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the applicable Governing Documents of a Fund. For example, such terms and conditions may provide for special rights to make future investments; special transfer rights; a waiver or rebate in fees and/or other terms; notice or reporting rights and such other rights as may be negotiated by a Fund and such investor.

Item 17: Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, MPM has adopted and implemented written policies and procedures governing the voting of client securities. The general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve each client's best interest and is in line with each client's investment objectives. In certain cases, MPM may determine that not voting is in the best interest of the clients or otherwise appropriate. Investors may not direct MPM's vote on behalf of the Funds.

Conflicts of interest may arise between the interests of a client on the one hand and MPM and its personnel on the other hand. At a minimum, MPM personnel responsible for instructing the vote by MPM on behalf of clients will be required to disclose any personal interest or other conflict of interest they have with that proxy. The Chief Compliance Officer will review and resolve any conflict of interest.

A copy of MPM's proxy voting policies and procedures will be made available to investors or prospective investors of the Funds upon written request.

Item 18: Financial Information

A balance sheet is not required to be provided as MPM: (i) does not solicit fees more than six months in advance; (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients; and (iii) has not been subject to any bankruptcy proceeding during the past 10 years.