

Item 1. Cover Page

HMC, LLC / HEALTHPOINTCAPITAL

505 Park Avenue, 12th floor
New York, NY 10022

212-935-7780

www.HEALTHPOINTCAPITAL.com

Part 2A of Form ADV: Firm Brochure
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This brochure provides information about the qualifications and business practices of HEALTHPOINTCAPITAL. If you have any questions about the contents of this brochure, please contact us at 212-935-7780. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about HEALTHPOINTCAPITAL also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

There are no material changes.

Item 3. Table of Contents

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Item 4. Advisory Business

HEALTHPOINTCAPITAL'S SOLE advisory business is providing investment advisory services to private equity funds that invest directly in operating companies. HEALTHPOINTCAPITAL formed the funds, which are closed-end partnerships that primarily invest in established medical device businesses which HEALTHPOINTCAPITAL believes have promising growth potential. The private equity funds are structured as limited partnership vehicles, in which investors are limited partners and a HEALTHPOINTCAPITAL-affiliate serves as the general partner. The private equity funds are not registered as investment companies under federal securities laws and their securities are not registered under federal securities laws. The private equity funds are HEALTHPOINTCAPITAL Partners, L.P., HEALTHPOINTCAPITAL Partners II, L.P., HEALTHPOINTCAPITAL Partners III, L.P., HEALTHPOINTCAPITAL Partners II-A, L.P., HEALTHPOINTCAPITAL Partners III-A, L.P., HCP II Co-Invest Vehicle, L.P, HEALTHPOINTCAPITAL Partners III Co-Investment Vehicle LP, HEALTHPOINTCAPITAL Partners III Co-Investment Vehicle I LP, and HEALTHPOINTCAPITAL Partners III Co-Investment Vehicle II LP (collectively, the "HEALTHPOINTCAPITAL Funds").

HEALTHPOINTCAPITAL has been in business since 2002. HMC, LLC, a Delaware limited liability company ("HMC"), operating through its sole owner, HEALTHPOINTCAPITAL, LLC, a Delaware limited liability company, and along with the general partners of the HEALTHPOINTCAPITAL Fund (HMC, HEALTHPOINTCAPITAL, LLC, and such general partners, collectively, "HEALTHPOINTCAPITAL") provide investment advisory services to the HEALTHPOINTCAPITAL Funds. HEALTHPOINTCAPITAL, LLC is controlled by its Chairman, John Foster, and its President, Mortimer Berkowitz III. The HEALTHPOINTCAPITAL entities conduct a single advisory business, operate under a single Code of Ethics and a single set of written policies and procedures, each of which are administered by a single chief compliance officer.

The general partner of each HEALTHPOINTCAPITAL Fund has appointed HEALTHPOINTCAPITAL to be the investment manager of the each Fund. The general partners have entered into separate Investment Management Agreements with HEALTHPOINTCAPITAL. HEALTHPOINTCAPITAL seeks suitable investment opportunities for the HEALTHPOINTCAPITAL Funds, manages the investment policy of the HEALTHPOINTCAPITAL Funds, performs day-to-day investment operations of the HEALTHPOINTCAPITAL Funds, provides investment advice to the HEALTHPOINTCAPITAL Funds, and prepares and disseminates all reports to the HEALTHPOINTCAPITAL Funds' limited partners required pursuant to the HEALTHPOINTCAPITAL Funds' respective limited partnership agreements.

The primary focus of HEALTHPOINTCAPITAL's investment advisory activity is researching, advising on, and managing private equity investments, including through acquisitions and dispositions. These investments mainly consist of acquisitions of control positions, using on average 10% or less leverage, in companies in the orthopedic, dental, and related device industries. HEALTHPOINTCAPITAL specifically focuses on established orthopedic and dental device businesses in the musculoskeletal sector of the medical device industry that it believes have promising growth potential. These investments take the form of privately negotiated investment instruments including registered and unregistered equity securities issued by both U.S. and non-U.S. companies. Although the primary focus of each HEALTHPOINTCAPITAL Fund is on private equity investments in established orthopedic and dental device businesses in the musculoskeletal sector of the medical device industry that have promising growth potential,

HEALTHPOINTCAPITAL may from time to time recommend other types of investments consistent with the respective HEALTHPOINTCAPITAL Fund's investment strategy and objectives.

The general partner of a HEALTHPOINTCAPITAL Fund may restrict investments by such HEALTHPOINTCAPITAL Fund in certain types of securities. Any such restrictions would be described in the documents received by each limited partner before investing in a HEALTHPOINTCAPITAL Fund. Once invested in a HEALTHPOINTCAPITAL Fund, individual limited partners cannot impose restrictions on the types of securities in which such HEALTHPOINTCAPITAL Fund may invest. The restrictions on the types of securities in which a HEALTHPOINTCAPITAL Fund may invest are set forth in such HEALTHPOINTCAPITAL Fund's documents.

In accordance with common industry practice, one or more of HealthpointCapital Funds' general partners may enter into "side letters" or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that may not be made generally available to other investors. Such "side letters" or similar agreements generally are disclosed only to investors in the applicable HealthpointCapital Fund that have separately negotiated with the general partner for the right to review such "side letters" or similar agreements.

As of December 31, 2015 HEALTHPOINTCAPITAL has \$465,820,395 in assets under management, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

As compensation for investment advisory services provided to the HEALTHPOINTCAPITAL Funds, HEALTHPOINTCAPITAL receives from each HEALTHPOINTCAPITAL Fund an annual management fee that initially is a percentage of the amount that the fund's limited partners, other than certain individuals or entities affiliated with HEALTHPOINTCAPITAL, have committed to invest in the HEALTHPOINTCAPITAL Fund and that subsequently is reduced after the commitment period of a HEALTHPOINTCAPITAL Fund. The management fee is payable less than semi-annually in advance, funded by drawdowns of unfunded capital commitments of limited partners in accordance with the applicable HEALTHPOINTCAPITAL Fund's limited partnership agreement. The calculation of the fee is described in the applicable fund documents. The potential for a refund is governed by the respective limited partnership agreement.

HEALTHPOINTCAPITAL or its affiliates typically perform management, advisory, transaction-related, financial advisory and other services ("Related Services") for, and will sometimes receive fees from, actual or prospective portfolio companies or other deal-related investment vehicles of the HEALTHPOINTCAPITAL Funds. Related Services fees may include fees paid in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. Fees for Related Services may be significant. Payment of such fees may be in the form of cash, securities of portfolio companies or investment vehicles (or rights to such securities) or other assets.

Pursuant to the terms of the limited partnership agreements of the various HEALTHPOINTCAPITAL Funds, the management fee may be reduced by a portion of other compensation received for Related Services by HEALTHPOINTCAPITAL, managing members of the general partners, and certain related persons from actual and prospective portfolio companies. These reductions in management fees are described in detail in the applicable fund documents.

Under the limited partnership agreements of certain of the HEALTHPOINTCAPITAL Funds, HEALTHPOINTCAPITAL may waive a portion of its management fees from such HEALTHPOINTCAPITAL Funds and apply such waived management fees toward satisfying the investment commitments to the HEALTHPOINTCAPITAL Funds by the members of, and other persons related to, the general partners of such HEALTHPOINTCAPITAL Funds.

To the extent provided in the fund documents of the HEALTHPOINTCAPITAL Funds, HEALTHPOINTCAPITAL will pay out of its management fees operating costs and day-to-day expenses in managing the HEALTHPOINTCAPITAL Funds, including general office rents and expenses and compensation of employees. Each HEALTHPOINTCAPITAL Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including, without limitation, indemnification expenses and third-party costs such as legal, accounting, investment banking and consulting fees. Some of these expenses borne by the HEALTHPOINTCAPITAL Funds may relate to costs and expenses for transactions that are not consummated.

Although HEALTHPOINTCAPITAL does not generally utilize the services of broker-dealers for transactions in portfolio securities of the HEALTHPOINTCAPITAL Funds, in situations where it does, a HEALTHPOINTCAPITAL Fund incurs brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

The HEALTHPOINTCAPITAL Funds do not have a fee schedule. Instead, the limited partnership agreement of each HEALTHPOINTCAPITAL Fund includes provisions setting forth the management fees the fund pays. The HEALTHPOINTCAPITAL Funds may also pay a performance-based carried interest, which is described in Item 6 below.

None of HEALTHPOINTCAPITAL's supervised persons receive compensation in connection with the sale of securities or other investment products to the HEALTHPOINTCAPITAL Funds.

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

A portion of each HEALTHPOINTCAPITAL Fund's net investment profit is allocated to the capital account of its general partner as "carried interest." The general partner of each HEALTHPOINTCAPITAL Fund is a related person of HEALTHPOINTCAPITAL. The carried interest payable to the general partners may create an incentive for HEALTHPOINTCAPITAL, notwithstanding the investment by HEALTHPOINTCAPITAL, together with its related parties, in the HEALTHPOINTCAPITAL Funds, to make investments that are riskier or more speculative than would be the case without such compensation arrangements. This conflict of interest is described more fully in Item 10 below.

Item 7. Types of Clients

HEALTHPOINTCAPITAL provides investment advisory services to each HEALTHPOINTCAPITAL Fund and not individually to the limited partners of such HEALTHPOINTCAPITAL Fund.

Investors in HEALTHPOINTCAPITAL Funds may include family offices, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, sovereign wealth funds, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies, and other business entities.

Although HEALTHPOINTCAPITAL sets minimum commitments for each HEALTHPOINTCAPITAL Fund, a HEALTHPOINTCAPITAL Fund's general partner, in its sole discretion, may approve lesser commitment amounts. In practice, HEALTHPOINTCAPITAL has not accepted less than \$15,000 as a commitment by a limited partner. Limited partners must also meet legal eligibility requirements.

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

Methods of Analysis and Investment Strategies

HEALTHPOINTCAPITAL establishes investment strategies and then proactively seeks out companies that fit that strategy. HEALTHPOINTCAPITAL formally reviews its investment sector priorities (such as spine, dental, biologics, etc.) at the beginning of each year and reviews its opportunities on a weekly basis. Part of this review is to create and update internal research reports on the segments it views as most promising, with emphasis on such matters as market size, growth, technology trends, recent M&A activity, potential exits, etc. In preparing these reports, HEALTHPOINTCAPITAL's database, Scientific Advisory Board and industry relationships are critical. Ultimately, HEALTHPOINTCAPITAL identifies specific platforms and investment targets where it believes it can add value by contributing the strategic direction and infrastructure, technology, or general management enhancement necessary to execute a strategy. HEALTHPOINTCAPITAL assesses and prioritizes ongoing investment opportunities and ideas at weekly meetings. Once HEALTHPOINTCAPITAL identifies acquisition targets, either through formal process or other opportunities, the investment process proceeds.

The guiding principle of each HEALTHPOINTCAPITAL Fund is to be a value-add investor with research as its core competence. The investment process begins with a thorough assessment of management, markets, competition and technology with each senior team member participating in the due diligence for each investment. Unanimous concurrence by the members of the HEALTHPOINTCAPITAL Fund's general partner is required to invest. Each investment is then typically represented by two team members of the HEALTHPOINTCAPITAL Fund's general partner: a "lead" partner and a "supporting" partner. All members of the HEALTHPOINTCAPITAL team including its Advisory Board members are fully available and incentivized to contribute to the success of the HEALTHPOINTCAPITAL Funds' investments.

HEALTHPOINTCAPITAL invests in established companies in the musculoskeletal industry that it believes have proven technologies, outstanding management teams and strong growth potential.

HEALTHPOINTCAPITAL focuses on private equity investments in musculoskeletal and dental devices in order to:

- Capitalize on industry growth, which is driven by demographics, innovation and a favorable regulatory and reimbursement climate.
- Utilize its industry expertise and dedicated research team to create proprietary deal flow in an industry with over 1,500 companies.
- Draw on its successful experience as long-standing healthcare private equity investors to grow the portfolio companies in which the HEALTHPOINTCAPITAL Funds invest or that they acquire.
- Use its global reach and experience to invest in foreign companies that can be successfully expanded in the United States through HEALTHPOINTCAPITAL's surgeon and distributor relationships as well as its unique strategic position.

HEALTHPOINTCAPITAL adds value to the portfolio companies it acquires by transitioning proprietorships to professional management, developing and implementing strategy and organizational design, and growing annual revenues.

Risks

Investing in securities involves a significant degree of risk. The environment for private equity investments is increasingly competitive. A HEALTHPOINTCAPITAL Fund may lose all or a substantial portion of its investments. An investor should only invest in a HEALTHPOINTCAPITAL Fund if the investor can withstand a total loss of its investment.

In addition, there are material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by HEALTHPOINTCAPITAL Funds in connection with those strategies and methods. The following considerations should be carefully evaluated before making an investment in HEALTHPOINTCAPITAL Funds.

The following list of risk factors does not purport to be a complete enumeration of the risks involved in an investment in the HEALTHPOINTCAPITAL Funds. In addition, as the HEALTHPOINTCAPITAL Funds' investment program develops and changes over time, an investment in the HEALTHPOINTCAPITAL Funds may be subject to additional and different risk factors. As all of the HEALTHPOINTCAPITAL Funds are closed to new investors, however, HEALTHPOINTCAPITAL does not plan on updating these risk factors until such time as a subsequent fund is formed and is seeking new investors.

Availability of Investment Opportunities

The business of identifying and structuring private equity transactions is highly competitive. It is possible that a HEALTHPOINTCAPITAL Fund will never be fully invested if enough sufficiently attractive investments which fit a HEALTHPOINTCAPITAL Fund's investment guidelines are not identified.

Financial and Business Risks

A HEALTHPOINTCAPITAL Fund's investments will generally involve a significant degree of financial and/or business risk. Companies in which a HEALTHPOINTCAPITAL Fund invests may face intense competition, changing business and economic conditions or other developments which may adversely affect their performance. Moreover, the products of companies in which a HEALTHPOINTCAPITAL Fund invests may encounter competition from products with new and more advanced technology and this could affect those companies' financial performance and the ability of the general partner of a HEALTHPOINTCAPITAL Fund to achieve liquidity for a HEALTHPOINTCAPITAL Fund's investments through sale, disposition or public offering of securities.

Regulatory Environment

Virtually every aspect of the development, manufacture, promotion and sale of medical devices is extensively regulated by the Federal Food & Drug Administration ("FDA") and corresponding foreign regulatory agencies. In addition, healthcare providers, principally hospitals, that purchase medical devices generally rely on third party payers, such as Medicare, Medicaid, private health insurance plans and health maintenance organizations to reimburse all or a portion of the cost of the devices as well as any related healthcare services. As such, companies in the medical device industry may be subject to various federal and state laws concerning healthcare fraud and abuse. Changes in the policies of the FDA and corresponding foreign regulatory agencies, or the policies of public and/or private third party reimbursement agencies, as well as pending or future federal healthcare reform measures, could adversely affect the financial performance of companies in which a HEALTHPOINTCAPITAL Fund invests and the ability of the general partner of a HEALTHPOINTCAPITAL Fund to achieve liquidity for a HEALTHPOINTCAPITAL Fund's investments through sale, disposition or public offering of securities.

Long-Term Investments

A HEALTHPOINTCAPITAL Fund's investments will typically not be liquidated for a number of years after the initial investment. Moreover, limited partners cannot withdraw from a HEALTHPOINTCAPITAL Fund and may not sell their partnership interests without the consent of the general partner of a HEALTHPOINTCAPITAL Fund, which may be withheld.

Risks of Realization of Investments

A HEALTHPOINTCAPITAL Fund's investments will generally be private, illiquid securities. There is a significant risk that a HEALTHPOINTCAPITAL Fund may be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy, such as a public offering of securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

Control Person Liability

A HEALTHPOINTCAPITAL Fund is expected to have controlling interests in its portfolio companies. The exercise of control over a company may impose additional risks of liability for product defects, environmental damage, failure to supervise management, violation of

governmental regulations (including securities laws and FDA regulations) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, a HEALTHPOINTCAPITAL Fund might suffer a significant loss.

Foreign Investments

A HEALTHPOINTCAPITAL Fund may make foreign investments. Such investments involve a number of additional risks, including (i) the risk of adverse political developments such as nationalization, confiscation without fair compensation or war; (ii) the risk of fluctuations in currency exchange rates; (iii) the risk of restrictions on capital movements, which would make it difficult or impossible to exchange or repatriate foreign currency; and (iv) the risk of regulations which might prevent implementation of cost cutting or other operational improvements. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Foreign countries may also impose taxes on a HEALTHPOINTCAPITAL Fund or its partners.

Recourse to the HEALTHPOINTCAPITAL Fund's Assets

A HEALTHPOINTCAPITAL Fund's assets, including any investment made by a HEALTHPOINTCAPITAL Fund and any capital held by a HEALTHPOINTCAPITAL Fund, are available to satisfy all liabilities and other obligations of a HEALTHPOINTCAPITAL Fund. If a HEALTHPOINTCAPITAL Fund became subject to a liability, parties seeking to have the liability satisfied may have recourse to a HEALTHPOINTCAPITAL Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Dependence on the General Partner and Key Personnel

The general partner of a HealthpointCapital Fund's ability to manage successfully the HEALTHPOINTCAPITAL Fund's affairs depends on the principals of the general partner of a HealthpointCapital Fund. The loss of any one of these individuals could have a significant adverse impact on the business of a HEALTHPOINTCAPITAL Fund. There can be no assurance that these individuals will remain in the employ of the investment manager of a HEALTHPOINTCAPITAL Fund, or otherwise continue to be able to carry on their current duties throughout the term of a HEALTHPOINTCAPITAL Fund.

Conflicts of Interest

Because of the various activities engaged in by HEALTHPOINTCAPITAL, LLC, the parent of HMC and a member of the general partner of each HEALTHPOINTCAPITAL Fund, and by other members of the general partner of a HEALTHPOINTCAPITAL Fund and their respective affiliates and employees, certain potential or actual conflicts of interest may exist. Moreover, a HEALTHPOINTCAPITAL Fund's portfolio companies may include investments which relate to those held by HEALTHPOINTCAPITAL's prior funds, and such interests may not always be the same in terms of pricing or other strategic issues; other relationships of members of the general partner of a HEALTHPOINTCAPITAL Fund, such as board seats or personal investments, could also

result in potential conflicts of interest. There can be no assurance that any potential or actual conflicts will be resolved in a manner favorable to a HEALTHPOINTCAPITAL Fund.

Profits Not in Proportion to Contributed Capital

Although members of the general partner of a HEALTHPOINTCAPITAL Fund and certain related persons typically invest in a HEALTHPOINTCAPITAL Fund, the limited partners will invest greater amounts and receive a proportionately smaller interest in the profits of a HEALTHPOINTCAPITAL Fund than the general partner of a HEALTHPOINTCAPITAL Fund, its members and related persons.

Potential Costs Associated with Indemnification

The general partner of a HEALTHPOINTCAPITAL Fund, the investment manager of a HEALTHPOINTCAPITAL Fund and their respective members, agents, representatives, affiliates and personnel will be entitled to indemnification from a HEALTHPOINTCAPITAL Fund, except in certain circumstances. The assets of a HEALTHPOINTCAPITAL Fund will be available to satisfy these indemnification obligations, and the limited partners may be required to return distributions to satisfy such obligations. Such obligations will survive dissolution of a HEALTHPOINTCAPITAL Fund.

No Market for Limited Partnership Interests

The limited partnership interests of a HEALTHPOINTCAPITAL Fund have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), the securities laws of any state, or the securities laws of any other jurisdiction and, therefore, cannot be sold unless they are subsequently registered under the Securities Act and other applicable securities laws or unless an exemption from registration is available. It is not contemplated that registration under the Securities Act or other securities laws will ever be effected. There is no public market for the limited partnership interests of a HEALTHPOINTCAPITAL Fund, and one is not expected to develop. An investor will be restricted from transferring, pledging, or otherwise encumbering its limited partnership interests without the prior written consent of the general partner of a HEALTHPOINTCAPITAL Fund, which may be withheld. Voluntary withdrawals of limited partnership interests are not permitted.

Lack of Limited Partner Control Over Partnership Policies

The management, financing, and disposition policies of a HEALTHPOINTCAPITAL Fund and its policies with respect to certain other activities, including its distributions and operating policies, are determined by the general partner of a HEALTHPOINTCAPITAL Fund. These policies may be changed from time to time at the discretion of the general partner of a HEALTHPOINTCAPITAL Fund without a vote of the limited partners of a HEALTHPOINTCAPITAL Fund. No assurance can be given that such a change would not be adverse to the interests of the limited partners in the applicable HEALTHPOINTCAPITAL Fund.

Absence of Recourse to the General Partner of a HEALTHPOINTCAPITAL Fund

There are very limited circumstances under which the general partner of a HEALTHPOINTCAPITAL Fund can be held liable to a HEALTHPOINTCAPITAL Fund. Generally, the general partner of a

HEALTHPOINTCAPITAL Fund is not liable to a HEALTHPOINTCAPITAL Fund provided it has acted (i) in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of a HEALTHPOINTCAPITAL Fund, (ii) with respect to any criminal matter, with no reasonable cause to believe its conduct was unlawful, and (iii) without gross negligence, fraud, willful misconduct, or in material breach of the limited partnership agreement of the applicable HEALTHPOINTCAPITAL Fund. The general partner of a HEALTHPOINTCAPITAL Fund is also entitled, in the case of any litigation against it, to advancement of expenses from a HEALTHPOINTCAPITAL Fund prior to a final determination upon a representation that it has met the applicable standard of care and an undertaking to repay. Accordingly, it may be very difficult for a HEALTHPOINTCAPITAL Fund or its limited partners to pursue any form of action against the general partner of a HEALTHPOINTCAPITAL Fund.

Consequences of Default by Limited Partners

In the event that a limited partner fails to fund any of its capital commitment when required, such limited partner's limited partnership interests may be reduced, and such limited partner may be precluded from further investment in the applicable HEALTHPOINTCAPITAL Fund.

Tax Risks

Tax consequences to limited partners of a HEALTHPOINTCAPITAL Fund from an investment in the HEALTHPOINTCAPITAL Fund are complex. Potential limited partners are strongly urged to review the tax discussion in the applicable offering documents and to consult their own professional advisors in this regard. Moreover, tax laws are subject to change and future tax law changes could adversely affect a HEALTHPOINTCAPITAL Fund or its investors.

Bridge Financings

From time to time, a HEALTHPOINTCAPITAL Fund may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the HEALTHPOINTCAPITAL Fund's control, such long-term securities issuance or other refinancing may not occur and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by a HEALTHPOINTCAPITAL Fund.

Possible Lack of Diversification

While diversification is an objective of a HEALTHPOINTCAPITAL Fund, as described above, there is no assurance as to the degree of diversification that will actually be achieved in a HEALTHPOINTCAPITAL Fund's investments. Because significant amounts of a HEALTHPOINTCAPITAL Fund's aggregate committed capital (not including bridge financings) may be invested in a single portfolio company, a loss with respect to such a portfolio company could have a significant adverse impact on a HEALTHPOINTCAPITAL Fund's capital.

Uncertainty of Financial Projections

The investment manager of a HEALTHPOINTCAPITAL Fund will generally establish the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Financial Fraud

Instances of fraud and other deceptive practices committed by senior management of portfolio companies in which a HEALTHPOINTCAPITAL Fund invests may undermine the investment manager of a HEALTHPOINTCAPITAL Fund's due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of a HEALTHPOINTCAPITAL Fund's investments. In addition, when discovered, financial fraud may contribute to overall market volatility that can negatively impact a HEALTHPOINTCAPITAL Fund's investment program.

Contingent Liabilities on Disposition of Investments

In connection with the disposition of an investment in a portfolio company, a HEALTHPOINTCAPITAL Fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. A HEALTHPOINTCAPITAL Fund may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the general partner of a HealthpointCapital Fund may establish reserves or escrow accounts. In that regard, limited partners of a HEALTHPOINTCAPITAL Fund may be required to return amounts distributed to them to fund a HEALTHPOINTCAPITAL Fund obligations, including indemnity obligations. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, a limited partner of a HEALTHPOINTCAPITAL Fund that receives a distribution in violation of such act will, under certain circumstances, be obligated to re-contribute such distribution to the HEALTHPOINTCAPITAL Fund.

Investments Longer than Term

A HEALTHPOINTCAPITAL Fund may make investments which may not be advantageously disposed of prior to the date a HEALTHPOINTCAPITAL Fund is dissolved, either by expiration of a HEALTHPOINTCAPITAL Fund's term or otherwise. Although the investment manager of a HEALTHPOINTCAPITAL Fund expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the general partner of a HEALTHPOINTCAPITAL Fund has a limited ability to extend the term of a HEALTHPOINTCAPITAL Fund, a HEALTHPOINTCAPITAL Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Material, Non-Public Information

By reason of their responsibilities in connection with other activities of HEALTHPOINTCAPITAL, certain members and/or employees of the general partner of a HEALTHPOINTCAPITAL Fund, the investment manager of a HEALTHPOINTCAPITAL Fund and their affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. A HEALTHPOINTCAPITAL Fund will not be free to act upon any such information. Due to these restrictions, a HEALTHPOINTCAPITAL Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Additional Capital

A HEALTHPOINTCAPITAL Fund's portfolio companies can be expected to require additional financing to satisfy their working capital requirements. The amount of additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each round of financing (whether from a HEALTHPOINTCAPITAL Fund or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major valuation milestone. If the funds provided are not sufficient, such portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including a HEALTHPOINTCAPITAL Fund. In addition, a HEALTHPOINTCAPITAL Fund may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such portfolio company in order to preserve a HEALTHPOINTCAPITAL Fund's proportionate ownership when a subsequent financing is planned or to protect a HEALTHPOINTCAPITAL Fund's investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of a HEALTHPOINTCAPITAL Fund or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Diverse Membership

The limited partners of a HEALTHPOINTCAPITAL Fund are expected to include taxable and tax-exempt entities and may include persons or entities organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the general partner of a HEALTHPOINTCAPITAL Fund that may be more beneficial for one type of limited partner than for another type of limited partner of a HEALTHPOINTCAPITAL Fund, including limited partners affiliated with the general partner of a HEALTHPOINTCAPITAL Fund. In addition, a HEALTHPOINTCAPITAL Fund may make investments that may have a negative impact on related investments made by the limited partners in separate transactions. In selecting investments appropriate for a HEALTHPOINTCAPITAL Fund, the general partner of a HEALTHPOINTCAPITAL Fund will consider the investment objectives of a HEALTHPOINTCAPITAL Fund as a whole, not the investment objectives of any limited partner individually. The general partner of a HEALTHPOINTCAPITAL Fund will receive a carried interest based on distributions made to the limited partners of a HEALTHPOINTCAPITAL Fund (including limited partners affiliated with the general partner of a HEALTHPOINTCAPITAL Fund). The existence of the general partner of a

HEALTHPOINTCAPITAL Fund's carried interest may create an incentive for the general partner of a HEALTHPOINTCAPITAL Fund to make more speculative investments on behalf of a HEALTHPOINTCAPITAL Fund than it would otherwise make in the absence of such carried interest, notwithstanding the investment by HEALTHPOINTCAPITAL, together with their related parties, in a HEALTHPOINTCAPITAL Fund and its related co-investing entities.

Disclosure of Information

The limited partners of a HEALTHPOINTCAPITAL Fund are expected to include entities that are subject to state public records or similar laws that may compel public disclosure of confidential information regarding a HEALTHPOINTCAPITAL Fund, its investments and its investors. There can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise, including to comply with regulations or policies to which a HEALTHPOINTCAPITAL Fund, the general partner of a HealthpointCapital Fund, the investment manager of a HEALTHPOINTCAPITAL Fund, portfolio companies or services providers to any of them may be or become subject.

Side Agreements

In accordance with common industry practice, the general partner of a HEALTHPOINTCAPITAL Fund may enter into one or more "side letters" or similar agreements with certain limited partners of a HEALTHPOINTCAPITAL Fund pursuant to which the general partner of the HEALTHPOINTCAPITAL Fund grants to such limited partners specific rights, benefits or privileges that are not made available to limited partners generally. Such agreements will be disclosed only to those actual or potential limited partners that have separately negotiated with the general partner of a HEALTHPOINTCAPITAL Fund for the right to review such agreements. Except to the extent permitted by the limited partnership agreement of a HEALTHPOINTCAPITAL Fund, the general partner of a HEALTHPOINTCAPITAL Fund will have no authority to enter into side letters or similar agreements that are materially detrimental to a HEALTHPOINTCAPITAL Fund.

Leveraged Investments

While leveraged investments offer the opportunity for capital appreciation, such investments also involve a higher degree of risk than similar unleveraged investments. Some of a HEALTHPOINTCAPITAL Funds' investments may involve leverage that may cause recessions, operating problems and other general business and economic risks to have a more pronounced effect on the profitability or survival of a HEALTHPOINTCAPITAL Fund's portfolio companies. A HEALTHPOINTCAPITAL Fund's ability to achieve attractive rates of return on investments in part will depend on the ability of its portfolio companies to access sufficient sources of debt at attractive rates, including high yield debt. However, availability of capital from the debt markets is subject to volatility from time to time, and there may be times when a HEALTHPOINTCAPITAL Fund might not be able to access those markets at attractive rates, or at all, when completing an investment. Also, increased interest rates generally increase portfolio company interest expenses. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the applicable HEALTHPOINTCAPITAL Fund may suffer a partial or total loss of capital invested in the portfolio company.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any material legal or disciplinary events that would be material to an evaluation of HEALTHPOINTCAPITAL or the integrity of HEALTHPOINTCAPITAL's management. HEALTHPOINTCAPITAL does not have any material legal or disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various limited liability companies serve as general partners of the HEALTHPOINTCAPITAL Funds, and each is an affiliate of HEALTHPOINTCAPITAL.

Conflicts of Interest

HEALTHPOINTCAPITAL and its affiliates engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds or accounts in which they may have an interest, including a co-investment interest, and providing transaction-related, advisory, management and other services to funds and operating companies, including portfolio companies of the HEALTHPOINTCAPITAL Funds. In the ordinary course of conducting these activities, the interests of a HEALTHPOINTCAPITAL Fund or its limited partners may conflict with the interests of HEALTHPOINTCAPITAL or its affiliates, one or more other HEALTHPOINTCAPITAL Funds or other HEALTHPOINTCAPITAL Funds' affiliates.

Resolution of Conflicts

HEALTHPOINTCAPITAL deals with all conflicts of interest using its best judgment. In resolving conflicts, HEALTHPOINTCAPITAL may consider various factors, including the potentially competing interests of the HEALTHPOINTCAPITAL Funds. In the case of all conflicts involving the HEALTHPOINTCAPITAL Funds, the determination as to which factors are relevant, and the resolution of such conflicts, are made in the sole discretion of HEALTHPOINTCAPITAL, except as required by the governing documents of the HEALTHPOINTCAPITAL Funds or applicable law. Upon request by the general partner of a HEALTHPOINTCAPITAL Fund, the Advisory Committee of the Fund advises with respect to matters pertaining to conflicts of interest of the HEALTHPOINTCAPITAL Fund, its general partner, the members and affiliates of the general partner, and HEALTHPOINTCAPITAL.

Sources of Conflicts of Interest

Other relationships of members of the HEALTHPOINTCAPITAL Funds' general partners, such as Board seats or personal investments, could also result in potential conflicts of interest. The HEALTHPOINTCAPITAL Funds' general partners receive carried interest as described in Item 6 above. The existence of a general partner's carried interest may create an incentive for HEALTHPOINTCAPITAL, notwithstanding the investment by HEALTHPOINTCAPITAL, together with its related parties, in the HEALTHPOINTCAPITAL Funds, to make more speculative investments on

behalf of a HEALTHPOINTCAPITAL Fund than it would otherwise make in the absence of such carried interest.

The HEALTHPOINTCAPITAL Funds' limited partners include taxable and tax-exempt entities and may include persons or entities organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the HEALTHPOINTCAPITAL Funds' general partners that may be more beneficial for one type of limited partner than for another type of limited partner, including limited partners affiliated with a HEALTHPOINTCAPITAL Fund's general partner. In addition, a HEALTHPOINTCAPITAL Fund may make investments that have a negative impact on related investments made by the limited partners in separate transactions. In selecting investments appropriate for a HEALTHPOINTCAPITAL Fund, the general partner will consider the investment objectives of the HEALTHPOINTCAPITAL Fund as a whole, not the investment objectives of any limited partner individually.

A HEALTHPOINTCAPITAL Fund's portfolio companies may include investments that relate to those held by HEALTHPOINTCAPITAL's prior or latter funds, and such interests may not always be the same in terms of pricing or other strategic issues. HEALTHPOINTCAPITAL will resolve all such conflicts using its best judgment but in its sole discretion, subject to applicable law and, in certain cases, to approval by the advisory boards or investment committees of the participating HEALTHPOINTCAPITAL Funds or the advice of outside counsel.

Different conflicts may exist with respect to investments in different HEALTHPOINTCAPITAL Funds. Please contact HEALTHPOINTCAPITAL with any additional questions or concerns.

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

In accordance with SEC Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), HEALTHPOINTCAPITAL maintains a Code of Ethics. The Code of Ethics sets forth a standard of conduct expected of HEALTHPOINTCAPITAL's employees, officers, managers, investment committee members and non-independent directors (or other persons occupying a similar status or performing similar functions) ("HEALTHPOINTCAPITAL Staff Members") and, to a limited extent, HEALTHPOINTCAPITAL's independent directors. The Code of Ethics addresses certain other matters, including the misuse of nonpublic information, insider trading, personal trading activity and political contributions. The Code of Ethics reminds employees of their obligations to clients and their obligations to comply with federal securities laws. Each HEALTHPOINTCAPITAL Staff Member is required to acknowledge receipt of the Code of Ethics and certify compliance on an annual basis. A copy of the Code of Ethics is available to HEALTHPOINTCAPITAL Fund investors upon request.

Conflicts may arise to the extent an individual affiliated with HEALTHPOINTCAPITAL invests in the same investment as a HEALTHPOINTCAPITAL Fund or its portfolio company. HEALTHPOINTCAPITAL's Code of Ethics requires HEALTHPOINTCAPITAL Staff Members to comply with applicable securities and other laws regulations and to identify and disclose promptly to senior management all conflicts of interest and potential conflicts of interest. The Code prohibits HEALTHPOINTCAPITAL Staff Members from taking for themselves personally or for other organizations with which they are affiliated opportunities that are discovered through

HEALTHPOINTCAPITAL without express prior consent of senior management and from using their position or information they obtain performing their HEALTHPOINTCAPITAL duties for improper personal gain.

HEALTHPOINTCAPITAL Staff Members may invest in the HEALTHPOINTCAPITAL Funds as limited partners individually or through investment vehicles affiliated to them. The individuals and the investment vehicles affiliated to HEALTHPOINTCAPITAL Staff Members have substantially the same treatment in their capacity as limited partners as their peer limited partners, except they are not charged Management Fees and they are excluded for the purposes of voting certain matters.

HEALTHPOINTCAPITAL may consider the same investment opportunity for more than one HEALTHPOINTCAPITAL Fund as part of a single transaction or otherwise. Any such investment is allocated among the HEALTHPOINTCAPITAL Funds in a fair and equitable basis, taking into account, among other things, the make-up of the investment portfolio of each fund, the amount of cash available to each fund for investment and anticipated needs for cash by each fund.

Item 12. Brokerage Practices

Although HEALTHPOINTCAPITAL does not generally utilize broker-dealers for portfolio transactions, when it chooses to use a broker-dealer, HEALTHPOINTCAPITAL seeks to obtain the best execution of transactions considering a number of factors, including, but not limited to, price, opportunity for price improvement and quality and speed of execution services. If HEALTHPOINTCAPITAL aggregates or allocates orders for purchase or sale of securities, it will do so as it deems appropriate in accordance with each HEALTHPOINTCAPITAL Fund's documents and in the best interests of the HEALTHPOINTCAPITAL Funds participating in the transaction. HEALTHPOINTCAPITAL does not utilize any research or other services on a "soft" dollar basis and does not otherwise enter into any "soft dollar" arrangements.

Item 13. Review of Accounts

Oversight and Monitoring

The portfolio investments of each HEALTHPOINTCAPITAL Fund are continuously reviewed by a team of investment professionals. The team generally includes managing directors and other investment professionals of HEALTHPOINTCAPITAL. HEALTHPOINTCAPITAL closely monitors the portfolio companies of the HEALTHPOINTCAPITAL Funds and generally maintains an ongoing oversight position in such portfolio companies.

Reporting

Investors in the HEALTHPOINTCAPITAL Funds will typically receive, among other things, a copy of the audited financial statements of the relevant HEALTHPOINTCAPITAL Fund within 120 days after the fiscal year end of such HEALTHPOINTCAPITAL Fund. Investors in the three HEALTHPOINTCAPITAL Partners III Co-Investment Vehicles will receive reviewed financial statements of the relevant fund within 120 days after the fiscal year end of such fund. In addition, investors in each HEALTHPOINTCAPITAL Fund typically receive unaudited quarterly summary financial information regarding such HEALTHPOINTCAPITAL Fund following the end of each financial quarter. Investors in the HEALTHPOINTCAPITAL Funds also receive regular

reporting updates through quarterly letters, annual investor meetings and other materials provided on the investor website.

Item 14. Client Referrals and Other Compensation

HEALTHPOINTCAPITAL does not pay for referrals of HEALTHPOINTCAPITAL clients, which are the HEALTHPOINTCAPITAL Funds. Certain HEALTHPOINTCAPITAL Funds, however, may compensate a placement agent in accordance with the limited partnership agreements of such HEALTHPOINTCAPITAL Funds in connection with the marketing and sale of interests in such HEALTHPOINTCAPITAL Fund. Placement agent fees may be paid by a HEALTHPOINTCAPITAL Fund through the reduction of fees otherwise payable to HEALTHPOINTCAPITAL.

Item 15. Custody

HEALTHPOINTCAPITAL or the general partner of each HEALTHPOINTCAPITAL Fund may be deemed to have custody of each respective HEALTHPOINTCAPITAL Fund's assets. Limited partners in the HEALTHPOINTCAPITAL Funds will not receive statements from any custodians. Instead, the HEALTHPOINTCAPITAL Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspections by, the Public Company Accounting Oversight Board. A HEALTHPOINTCAPITAL Fund's audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each of its limited partners within 120 days after the HEALTHPOINTCAPITAL Fund's fiscal year end. HEALTHPOINTCAPITAL keeps assets of HEALTHPOINTCAPITAL Funds in Silicon Valley Bank, a regulated bank, and Merrill Lynch, a regulated broker-dealer.

Item 16. Investment Discretion

HEALTHPOINTCAPITAL provides investment advisory services on a discretionary basis to each of the HEALTHPOINTCAPITAL Funds. Although HEALTHPOINTCAPITAL provides investment advice to the HEALTHPOINTCAPITAL Funds, HEALTHPOINTCAPITAL is, with respect to each HEALTHPOINTCAPITAL Fund, subject to the direction and control of the affiliated general partner of the HEALTHPOINTCAPITAL Fund. Any restrictions on investments in certain types of securities are established by the general partner of the applicable HEALTHPOINTCAPITAL Fund, and are set forth in the documentation received by each limited partner prior to investment in such HEALTHPOINTCAPITAL Fund.

Item 17. Voting Client Securities

The general partner of each HEALTHPOINTCAPITAL Fund votes portfolio securities on behalf of the applicable HEALTHPOINTCAPITAL Fund in its sole discretion. HEALTHPOINTCAPITAL has adopted written policies and procedures in accordance with Rule 206(4)-6 of the Advisers Act regarding proxy and shareholder voting. The HEALTHPOINTCAPITAL Funds invest primarily in private portfolio companies, which typically do not issue proxies. Certain portfolio companies, however, may hold shareholder votes as to which a HEALTHPOINTCAPITAL Fund, as a shareholder, will have the opportunity to vote. The policy is designed to ensure that proxies shareholder votes are voted in a manner that is in the best interests of the HEALTHPOINTCAPITAL Fund, including when there may be material conflicts of interest in voting proxies and shareholder votes.

To the extent a HEALTHPOINTCAPITAL Staff Member perceives a conflict of interest between the best interests of the HEALTHPOINTCAPITAL Fund and those of HEALTHPOINTCAPITAL in voting a shareholder vote (or proxy), the HEALTHPOINTCAPITAL Staff Member will consult with HEALTHPOINTCAPITAL's Chief Compliance Officer and if necessary, outside counsel, before casting a vote.

An investor in a HEALTHPOINTCAPITAL Fund upon request may obtain from HEALTHPOINTCAPITAL a copy of HEALTHPOINTCAPITAL's Proxy Voting Policies and Procedures and information about how HEALTHPOINTCAPITAL voted portfolio company shares and proxies, if any.

Item 18. Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about HEALTHPOINTCAPITAL's financial condition. HEALTHPOINTCAPITAL 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. HEALTHPOINTCAPITAL does not require or solicit prepayment of fees six months or more in advance.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to HEALTHPOINTCAPITAL.