

**Item 1- Cover Page**

**Firm Brochure  
(Part 2A of Form ADV)**

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This brochure provides information about the qualifications and business practices of Longitude Capital Management Co., LLC ("Longitude Capital" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (650) 854-5700. 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 Longitude Capital is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration of an investment adviser with the SEC does not imply any level of skill or training.

**Item 2 – Material Changes:** This brochure dated March, 2015 has been prepared by Longitude Capital Management Co.,LLC as an amendment to the prior version of its brochure, dated November 2014.

Item 2 discusses only material changes to the brochure since such prior version. There have been no material changes since the last brochure.

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#### **Item 4 – Advisory Business**

- A. Longitude Capital is a private investment firm that focuses primarily on venture growth investments in drug development and medical technology companies. The Firm was established in 2006 and operates from offices in Menlo Park, California and Greenwich, Connecticut. Longitude Capital serves as an investment adviser to pooled investment vehicles (the “Funds” or “Clients,” and each a “Fund” or “Client”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Firm’s principal owners are Juliet Tammenoms Bakker and Patrick Enright.
- B. Longitude Capital provides investment advisory services solely to the Funds with respect to the identification, acquisition, management and disposition of, primarily, venture growth investments in drug development and medical technology companies pursuant to management agreements between Longitude Capital, the Funds and the general partner entities of each Fund (the “GP Entity” or “GP Entities”).
- C. Each Fund has a specific investment focus. The offering materials and governing documents of each Fund set forth these specific guidelines and restrictions, which include, among other things, limits on the size, concentration, geography, and type of security of the Fund’s underlying portfolio investments. Investors in the Funds (the “Investors”) do not have the ability to impose specific investment objectives or restrictions on the Funds.
- D. The Firm does not participate in wrap fee programs.
- E. As of December 31, 2014 Longitude Capital managed \$718,085,000 in Clients assets on a discretionary basis<sup>1</sup> and \$0 on a non-discretionary basis.

#### **Item 5 – Fees and Compensation**

- A. The Firm is an SEC-registered adviser and will only deliver this brochure to “qualified purchasers” as defined in the Investment Company Act. Therefore, a description of the Firm’s compensation for advisory services has not been provided. Investors and prospective Investors should refer to the Funds’ offering and governing documents for a detailed description of the management fees paid by each Fund to Longitude Capital (the “Management Fees”).
- B. The Firm deducts Management Fees directly from each Fund’s assets, quarterly in advance. The GP Entity of each Fund is also typically entitled to performance-based compensation, which is automatically paid or allocated (out of the assets of a Fund) by each Fund under the terms of its governing documents.
- C. In addition to the Management Fees and the performance-based compensation, each Fund also pays or reimburses the GP Entities and/or the Firm for certain expenses relating to the Fund’s formation, investment activities and ongoing operations (to the extent not reimbursed

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<sup>1</sup> The investment advice provided to the Funds is subject to the overall direction and control of the GP Entities, and therefore the Firm does not have ultimate investment discretion with respect to the assets of any Fund.

by a portfolio company), including expenses incurred in (i) originating and managing investments, including travel, legal, auditing, consulting, accounting expenses (including expenses associated with the preparation of financial statements, tax returns and K-1s), (ii) expenses of the Fund's advisory committee and the annual meetings of the Investors, insurance and other expenses associated with the acquisition, holding and disposition of the Fund's investments, (iii) all third-party expenses in connection with transactions not consummated, and (iv) extraordinary expenses (such as litigation, if any). The governing documents of each Fund provides a detailed description of the expenses borne by the Fund.

- D. Clients are generally required to pay Management Fees quarterly in advance, as specified in each Fund's governing documents. In the event that Longitude Capital or its affiliates do not provide services for the full quarterly period, the Management Fee is prorated for the partial period. In general, the proration of fees is calculated based on the number of days remaining in the applicable period, and it would be the Firm's policy to return the Management Fee on a prorated basis if a management agreement is terminated.
- E. Neither Longitude Capital nor any of its supervised persons accepts compensation from the sale of securities or other investment products.

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

GP Entities are entitled to receive performance-based compensation (referred to as carried interest distributions). Carried interest distributions are generally based on cumulative net profits from investments as specified in each Fund's governing documents. Longitude Capital does not manage client accounts that are not charged a performance fee.

Carried interest distributions are intended to align the interests of the GP Entities and the Investors. However, carried interest distributions may also create an incentive for the Firm to recommend to the Funds investments that are riskier or more speculative than those which would be made under a different fee arrangement. The Firm has implemented policies for approving investments that are intended to ameliorate these potential conflicts associated with performance-based fees.

#### **Item 7 – Types of Clients**

Longitude Capital provides investment advice to the Funds, which are pooled investment vehicles, generally organized as limited partnerships that are exempt from registration under the Investment Company Act. Investors in the Funds typically include public pension plans, corporate pension plans, insurance companies, fund-of-funds, endowments and foundations, and other institutional investors and high net worth individuals.

Longitude Capital sets a target fund size for each Fund, and the GP Entities typically set a minimum investment amount for Investors (typically around \$5 million per Investor, but a GP Entity can accept lesser amounts at its discretion).

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

- A. Longitude Capital executes its venture growth strategy in managing the Funds. This strategy primarily targets investments in clinical-stage through commercial-stage biotechnology and medical device companies with clinically de-risked assets, low valuations relative to risk profile, and attractive expected returns projected to occur within three-to-five years from investment. In addition, the Firm pursues investments in companies facing “special situations,” including distressed situations, recapitalizations, spin-outs, or structured private investments in publicly-traded companies (“PIPEs”). Following investment, the Firm takes an active role with its portfolio companies and leverages its deep industry knowledge and investment experience to recruit key senior managers and advise on clinical/product development, business development, financing and other strategies.

Potential investors should be aware that an investment in the Funds involve a high degree of risk. Please refer to the risk disclosures below for a more complete understanding of the material risks of the Firm’s strategies. As a general matter, Longitude Capital utilizes the methods of analysis and investment strategies described in the offering and governing documents. The information contained herein is only a summary. Investors and prospective Investors should refer to those documents for a complete overview of Longitude Capital’s methods of analysis and investment strategies.

B/C.

Investing in securities involves high risk of loss that Investors should be prepared to bear. All investments made by the Firm on behalf of the Funds risk the loss of all capital. There can be no assurance that the Funds’ investment objectives will be achieved, or that an Investor will receive a return of its capital. The timing of profit realization is typically long-term and highly uncertain. In addition, there will be occasions when the GP Entities and their affiliates may encounter potential conflicts of interest in connection with the Funds. The following considerations, among others, should be carefully evaluated before making an investment in the Funds.

**Risk Inherent in Venture Capital Investments.** The types of investments that the Firm makes on behalf of the Funds involve a high degree of risk. In general, financial and operating risks confronting portfolio companies are significant, and there can be no assurance that the Funds will be adequately compensated for risks taken. A loss of principal is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early, while successes often require a long maturation.

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

Investments in more mature companies in the expansion-stage or that are already profitable also involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop

new products and markets. These activities involve a significant amount of change in a company and could give rise to significant problems in clinical trials, product development, sales and manufacturing and general management of these activities.

**Investment in Life Sciences Companies.** The Funds are focused on investing in companies in the life sciences sector. In general, the risks faced by such companies include: rapidly changing science and technologies; products or technologies that may fail in clinical trials or quickly become obsolete; difficulties in obtaining patients for, and conducting, clinical trials; difficulties obtaining approval for a product from the FDA and other regulatory bodies; scarcity of management, technical, scientific, research and marketing personnel with appropriate training; difficulties obtaining and protecting intellectual property rights, and the possibility of lawsuits related to patents and intellectual property; changing investor sentiments and preferences with regard to life sciences sector investments; a company's dependence on third parties for commercialization, clinical trials, manufacturing, payer reimbursement, sales and marketing and other services; regulatory developments, including changes in regulations, healthcare reform laws, and review processes of the FDA and other regulatory bodies; and product liability claims.

**Regulatory Approvals.** The Funds intend to invest in companies that are subject to extensive regulation by the U.S. Food & Drug Administration ("FDA") and other regulatory agencies. The FDA (or other agencies) regulate, among other things, the clinical development, manufacturing, labeling, packaging, storage, recordkeeping, advertising, promotion, export, marketing and distribution, and other possible activities relating to products developed by the Funds' portfolio companies. Each portfolio company's success depends, in large part, on its ability to obtain such regulatory approvals for its products. The time required to obtain FDA and other regulatory approvals can be unpredictable. In addition, products marketed outside the U.S. will also be required to satisfy foreign regulatory requirements governing the conduct of clinical trials, manufacturing and marketing and commercialization of the company's products in accordance with the governing laws and regulations of each specific country where the product is intended to be marketed. A portfolio company's inability to avoid these risks may adversely compromise its business prospects, and consequently, may adversely affect a Fund's returns.

**Competitive Marketplace.** The marketplace for venture capital investing is competitive and involves a high degree of uncertainty. Substantial amounts of capital and a large number of funds have been dedicated to making investments in the private sector and additional funds with similar investment objectives and/or sourcing methodologies may be formed in the future by other unrelated parties. As a result, there can be no assurances that a GP Entity will locate or be able to participate in an adequate number of attractive investment opportunities for a Fund.

**Changing Economic Conditions.** The success of a Fund and the Firm's investment strategy could be significantly impacted by changing external economic conditions in the U.S. and global economies. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings and their ability to secure attractive exits.

**Possibility of Becoming a Minority Investor.** A GP Entity may take a minority stake in privately-held companies from time to time. In addition, during the process of exiting investments, a

Fund may at times hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. Moreover, a Fund may purchase directly on the open market passive stakes in publicly-traded companies. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

**No Assurance of Additional Capital for Investments.** After a Fund has financed a company, continued development, regulatory approval, and marketing of products could require that additional financing be provided. In particular, life sciences companies have substantial capital needs that are typically funded in multiple sequential financings over a period of several years and over several stages of investment. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained.

**Bridge Financing.** A Fund may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans are typically convertible into a more permanent, long-term security. However, for reasons not always in the Firm's control, such long-term securities may not issue and the existing 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 Fund.

**PIPE Transactions.** A Fund may make private investments in the securities of publicly-traded companies ("PIPE" transactions). The market value of any particular investment may be subject to substantial variation. Notwithstanding the existence of a public market for the securities of a particular portfolio company of a Fund, securities acquired by a Fund in PIPE transactions will not be registered under the Securities Act of 1933, as amended, and may never be registered. If the securities are not registered, these holdings will remain illiquid and be subject to a variety of legal restrictions on their resale. Moreover, even if such securities are registered, they may be thinly traded or cease to be traded after their registration, including for example as a result of periods in which trading under a related registration statement may be suspended. In addition, such securities may be issued by unseasoned companies or companies in financial distress and may be highly speculative. No assurance can be given that a Fund's PIPE portfolio will generate any income or will appreciate in value.

**Investments in Small and Medium-Sized Companies.** A Fund may invest a substantial portion of its assets in companies with modest capitalization. Investments in these companies often involve higher risks because the companies lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies. In many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. Therefore, the securities of smaller companies may be subject to wider price fluctuations. The spreads between the "bid" and "ask" prices of the securities of these companies in the U.S. over-the-counter market typically are larger than the spreads for more actively traded securities. As a result, a Fund could incur losses if it were to sell such a security a short time after its acquisition. When making a large sale, a Fund may have to sell a portfolio holding at a discount to quoted prices or may have to make a series of small sales over an extended period of time because of the limited trading volume of smaller company securities.

**Limitations on Ability to Exit Investments.** The Firm expects a Fund to exit from its investments in two principal ways: (i) private sales and (ii) initial and/or secondary public offerings. At any particular time, one or both of these avenues may not be open to a Fund, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

**Litigation Risk.** Litigation can occur in the ordinary course of the management of an investment portfolio of securities, and a Fund may be engaged in litigation both as a plaintiff and as a defendant. In connection with its investments, a Fund may negotiate the right to appoint one of the principals of Longitude Capital or the GP Entities as a member of the portfolio company's board of directors. Such membership on the board of directors of a company can result in a Fund or the individual director being named as a defendant in litigation. Litigation can also arise as a result of portfolio company defaults, portfolio company bankruptcies and/or other reasons. In certain cases, portfolio companies or their constituents may bring claims and/or counterclaims against a Fund, the GP Entity, Longitude Capital and/or their respective principals, employees and affiliates alleging violations of securities laws and corporate, contractual and other typical claims and counterclaims seeking significant damages. The Fund's indemnification obligations and other liabilities could be substantial. Typically, portfolio companies will have insurance to protect directors and officers, but this insurance may be inadequate. A Fund will also indemnify the Firm, the GP Entities and their principals, among others, for liabilities incurred in connection with operations of a Fund, including liabilities arising from such suits, but if the Fund or its affiliates are not entitled to such indemnification or the portfolio company is not solvent, the expense of defending such claims and paying any amounts pursuant to settlements or judgments would be borne by a Fund and would reduce net assets, which could adversely affect the Fund's rate of return.

**Contingent Liabilities on Disposition of Investments.** In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. A Fund may 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 GP Entity may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

**Absence of Liquidity and Public Markets.** Certain Fund investments will be private, illiquid holdings. As such, there will be no public markets for these securities and no readily available liquidity mechanism at any particular time for any such investments held by a Fund. In addition, the realization of value from these investments will not be possible or known with any certainty until the GP Entity elects, in its sole discretion, to sell these investments and subsequently distribute the proceeds to the Investors in the Fund or to distribute securities to Investors in lieu of cash.

**Limited Portfolio Diversification.** As is typical of venture capital firms, the portfolio holdings of a Fund will not be broadly diversified. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to Investors by a Fund.

**Leverage.** To the extent that any investment is made in a company with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. In the event that such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a Fund's investment in such portfolio company could be significantly reduced or even eliminated. Additionally, the portfolio company would typically grant liens in all of its assets to its lenders in a leveraged capital structure. Such lenders would, accordingly, have a prior claim to such assets in an insolvency event or proceeding.

**Foreign Investments.** A Fund may invest in the securities of issuers located outside of North America. Foreign securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (1) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which a Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (2) inflation, including rapid fluctuations in inflation rates; (3) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (4) economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (5) the possible imposition of foreign taxes on income and gains recognized with respect to such securities.

### **Risks Related to the Structure of the Funds**

**Reliance on the Firm, the GP Entities and Key Personnel.** The GP Entities have sole discretion over the investment of the capital committed to the Funds as well as the ultimate realization of any profits. Investors in the Funds will be relying on Longitude Capital and the GP Entities to conduct the Funds' business. The departure of any individual principal of the Firm or the GP Entities could have a significant adverse impact on the business of a Fund. No assurances can be given that such principals will continue to be affiliated with the Firm or the GP Entities throughout a Fund's term.

**New Funds; Lack of Operating History.** In addition to managing the existing Funds, Longitude Capital or its affiliates may manage new Funds with no operating history. There can be no assurance that such Funds will achieve their investment objectives or avoid substantial losses. Past performance of the Firm, the principals or any Funds managed by Longitude Capital or its affiliates cannot be relied on as an indication of the future prospects or performance of any new Funds.

**No Market; Illiquidity of the Interests.** An investment in a Fund will be illiquid and involves a high degree of risk. There is no public market for limited partnership interests in a Fund and it is not expected that a public market will develop. Consequently, Investors will bear the economic risks of their investment for the term of a Fund. Prospective Investors will be required to represent and agree that they are purchasing the limited partnership interests for

their own account for investment only and not with a view to the resale or distribution thereof.

**Certain Limitations on Ability of Investors to Transfer Interests.** The transferability of limited partnership interests in a Fund will be restricted by the applicable governing document and by U.S. federal and state securities laws. In general, Investors will not be able to sell or transfer, their limited partnership interests in a Fund to third parties without the consent of the applicable GP Entity.

**Possibility of Fraud or Other Misconduct of Employees and Service Providers.** Misconduct by employees or principals of Longitude Capital or the GP Entities, service providers to a Fund and/or their respective affiliates could cause significant losses to the Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, the improper use or disclosure of confidential information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to a Fund. The Firm has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that the Firm or the GP Entities will be able to identify or prevent such misconduct.

**Side Letters.** The GP Entities may enter into a side letter or other similar agreement with a particular Investor in connection with its admission to a Fund without the approval of any other Investor, which would have the effect of establishing rights under or supplementing the terms of the Fund's governing documents with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such investments), (ii) reporting obligations of the GP Entities, (iii) waiver of certain confidentiality obligations, (iv) consent of the GP Entities to certain transfers by such Investor or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an Investor.

**Use of Alternative Investment Vehicles.** To address tax, regulatory or other similar considerations, the GP Entities have the authority to structure, and to cause Investors to participate in, particular investments through alternative investment vehicles. While the economic and other substantive provisions governing any alternative investment vehicles are intended to be materially the same as those of a Fund's in light of the tax, regulatory or similar objectives sought to be achieved, the rights of the Investors in, and the obligations and duties of the GP Entity as manager of, the alternative investment vehicle may differ from those applicable to a Fund by virtue of the specific terms, or jurisdiction of establishment of the alternative investment vehicle. In addition, the structural attributes of certain alternative investment vehicles may result in divergent return characteristics for certain Investors.

**Holding Period of Certain Investments May Exceed the Term of a Fund.** A Fund may make investments that may not be disposed of prior to the date the Fund is dissolved, either by

expiration of a Fund's term or otherwise. Although the Firm expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the GP Entity has a limited ability to extend the term of a Fund, and a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time. In addition, there can be no assurances with respect to the time frame in which the winding-up and the final distribution of proceeds to the Investors will occur.

**Distribution in-Kind.** Although, under normal circumstances, prior to termination of a Fund, the GP Entity will seek to distribute cash, it is possible that under certain circumstances (including the termination of a Fund), distributions may be made in-kind and could consist of marketable securities or securities for which there is no readily available public market and which may be subject to substantial restrictions on sale or transfer.

**Financial Fraud.** Instances of fraud and other deceptive practices committed by the management or employees of companies in which a Fund invests may undermine the ability of Longitude Capital or the GP Entities to conduct effective due diligence on, or successfully exit such companies. In addition, financial fraud may contribute to overall market volatility, which can negatively impact a Fund's investment programs.

**Legal, Tax and Regulatory Risks.** Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect the Fund, the GP Entities, the Firm or the Investors. Following severe global market volatility and dislocations, financial institution failures and defaults, and large financial frauds, U.S. and foreign governmental authorities, agencies, and representatives have called for financial system and participant regulatory reform, including additional regulation of investment funds (such as the Funds) and their managers (such as Longitude Capital) and their activities, including registration requirements, compliance, risk management, anti-money laundering procedures, and reporting and disclosure requirements. These requirements and other potential increases in regulation may require a significant amount of time and attention from the Firm's staff and the GP Entities, impose additional costs, and could place restrictions on the investment programs or other operations of Longitude Capital, the Funds or the GP Entities.

**Impact of Economic Conditions.** In the event of unfavorable general economic conditions, such as a recession or economic slowdown in the U.S. and other countries, the business, operating results, financial conditions and prospects of some or all of the Funds' portfolio companies could be materially and adversely affected, as could the value of the Funds' investments in such companies. Additionally, a period of deteriorating general economic conditions could negatively impact a Fund's ability to dispose of its portfolio company investments by adversely affecting the market for acquisitions and public offerings. Governmental regulatory activity, including that of the Federal Reserve Board, may also have a significant effect on interest rates and on the economy generally, which in turn may affect the performance of the Funds' investments.

**Disclosure of Information.** The Funds, the GP Entities, the Firm or their respective affiliates and Investors may be subject to public records or similar laws that may compel public disclosure of confidential information regarding the Funds, their investments or one or more Investors. There can be no assurance that such information will not be disclosed either publicly or to regulators or law enforcement or otherwise, including to comply with

regulations or policies to which these entities may be or become subject. Such public disclosure could be detrimental to the Fund's portfolio companies, the Funds, the GP Entities or Longitude Capital.

**Pay-to-Play Laws, Regulations and Policies.** A number of states and municipal pension plans have adopted so-called "pay-to-play" laws: regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If Longitude Capital, the GP Entities, their employees or affiliates or any service providers acting on their behalf, including, without limitation, a placement agent, fails to comply with such pay-to-play laws, regulations or policies such non-compliance could have an adverse effect on the Funds by, for example, providing the basis for the withdrawal of the affected public pension funds investor.

**Failure to Make Capital Contributions.** If an Investor fails to pay, when due, installments of its capital commitment to a Fund, and the contributions made by non-defaulting Investors and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, a Fund may be subjected to significant penalties that could materially and adversely affect the returns to the Investors (including non-defaulting Investors). If an Investor defaults, it may be subject to various remedies as provided in the Fund's governing documents.

#### **Potential Conflicts of Interest**

Various potential and actual conflicts of interest may arise from the overall investment activities of the GP Entities, the Firm and their affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to the Firm and its affiliates in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors, managers and employees.

The Firm will undertake to manage the Funds diligently in pursuit of the Funds' investment objectives. While conflicts of interest are inherent to the relationships between the Firm and the Funds, merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of the Funds. When a conflict of interest arises, the Firm will endeavor to avoid or mitigate the conflict and seek to ensure that the conflict is resolved fairly.

**Potential Conflicts of Interests between the Funds and Affiliates.** The Funds may be subject to various conflicts of interest arising from their relationship with the Firm and its affiliates. In the event of a conflict of interest that is not otherwise addressed by the Limited Partnership Agreement, each of the GP Entities and the Firm will be guided by its fiduciary responsibilities, compliance policies and procedures and good faith judgment as to the best interests of the Funds and may, pursuant to the Limited Partnership Agreement, seek guidance from the advisory committee.

**Devotion of Time.** While the officers and employees of the Firm or their affiliates will devote such time as the GP Entities in its sole discretion deems necessary to carry out the operation of the Funds effectively, such officers and employees will also work on projects for their affiliates (including the Funds). Conflicts of interests may arise in allocating investment opportunities, management time, services and such functions among such affiliates and the Funds. Moreover, potential conflicts of interest could arise from time to time in view of the Firm's role as manager of multiple funds with rights to receive management fees and other fees for structuring transactions and its potential for investing other than through the Funds.

**Potential Conflicts in Calculation of Certain Funds Costs and Expenses.** The Limited Partnership Agreement provides that the Funds will be responsible for all costs and expenses in connection with its operation, other than the costs and expenses that will be the responsibility of the GP Entities or the Firm. To the extent possible, third-party expenses incurred in connection with consummated transactions will be borne by the respective portfolio companies. A potential conflict of interest exists in the Firm's determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, or whether such expenses should be borne by the GP Entities or the Firm. The Funds will be reliant on the determinations of the Firm in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between or among the Funds and any other affiliates of the Firm.

**Diverse Limited Partner Group.** The Investors may have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual Investors may relate to, or arise from, among other things, the nature of investments made by the GP Entities, the structuring or the acquisition of investments and the timing of disposition of investments. As a result, conflicts of interest may arise in connection with the decisions made by the GP Entities, including with respect to the nature or restructuring of investments that may be more beneficial for one Investor than for another Investor, especially with respect to Investors' individual tax or regulatory status. In selecting and structuring investments appropriate for the Funds, the GP Entities will consider the investment and tax objectives of the Funds, not the investment, tax or other objectives of any Investor individually.

**Third-Party Relationships.** Like other asset management firms, as part of the Firm's business, the Firm and its employees have developed many relationships with third parties, some of which could be viewed as significant, close, or personal, which have the potential to raise conflicts of interest. Such third parties include, but are not limited to, placement agents, investment bankers, consultants, private equity and venture capital investors, Investors in the Funds, co-investors, current and former directors, officers and employees of current and former portfolio companies, and former directors, officers and employees of the Firm, including those who have or may form funds that engage in investment activities similar to those of the Funds. Related parties may receive direct commercial compensation from the portfolio company or individual for providing these services and/or, with respect to transactions in connection with the Funds or their portfolio companies, and/or may receive compensation from the Firm or the GP Entities in the form of a participation in the management fees or carried interest of the Firm and the GP Entities, respectively, received

from the Funds. The Firm has compliance policies and procedures designed to monitor and, as necessary, mediate such significant relationships, but no guarantee can be made that such policies will prevent actions that are to the detriment of the Funds.

**Service Providers as Investors.** Service providers to the Funds, their portfolio companies and the portfolio companies' directors, officers and employees may be Investors in the Funds or an affiliated fund. This could present a conflict of interest to the GP Entities in deciding whether to utilize the services of such service providers, or to pay such service providers higher fees out of the Funds' assets in return for such service providers' willingness to invest in the Funds, which could result in additional fees for the Firm.

**Material Non-Public Information.** From time to time, the Firm, the GP Entities, their affiliates and/or their members, officers and employees may come into possession of material non-public information concerning specific companies. Under applicable securities laws, this may limit the GP Entity's flexibility to buy or sell portfolio securities issued by such companies. A Fund's investment flexibility may be constrained as a consequence of the GP Entity's or the Firm's inability to use such information for investment purposes. Alternatively, such persons may decline to receive material non-public information which it is entitled to receive on behalf of a Fund, in order to avoid such investment restrictions, even though access to such information might have been advantageous to the Fund and other market participants are in possession of such information.

#### **Item 9 – Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving either Longitude Capital or any of its management persons that are material to the Firm's advisory business.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

- A. Neither Longitude Capital nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.
- B. Neither Longitude Capital nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. The GP Entities are affiliates of Longitude Capital. Pursuant to management agreements between the Funds and the GP entities, Longitude Capital provides investment advisory services to the Funds.
- D. Longitude Capital does not recommend or select other investment advisers for any Clients.

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

- A. Longitude Capital has adopted a Code of Ethics (the "Code"), which describes the Firm's fiduciary duties and responsibilities to its Clients, requires that the Firm's employees act in the best interests of the Firm's Clients to the exclusion of contrary interests, act in good faith

and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Longitude Capital's employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Longitude Capital or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Longitude Capital's employees. The Code prohibits employees from engaging in personal trading in the securities of issuers on the Firm's restricted list; requires employees to provide duplicate brokerage accounts statements and trade confirmations to the Firm or to report all securities transactions on at least a quarterly basis; and requires employees to provide a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material non-public information ("insider trading") and other confidential information and policies and procedures addressing conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions. Longitude Capital will provide a complete copy of its Code to any Client or Investor upon request.

- B. Neither Longitude Capital nor any related person recommends to Clients, or buys or sells on behalf of the Funds, securities in which the Firm or any related person has a material financial interest.
- C. While Longitude Capital for its own account will not invest in the same securities that it invests in on behalf of the Funds, certain employees directly or indirectly may receive from portfolio companies current compensation in the form of retainer fees or consulting fees, as well as restricted stock, stock options and other forms of compensation in connection with services provided. All such compensation received (and in the event of stock option or similar security if the security is ever vested and exercised, then the net value) will be disgorged and transferred to the Fund for its benefit of its Investors, in accordance with the Fund's Limited Partnership Agreement. The Vice President of Finance and Chief Compliance Officer of the Firm monitors all such compensation received by principals of the Firm to ensure the above procedures are complied with.
- D. Neither Longitude Capital nor any related person recommends securities to the Funds, or buys or sells securities on behalf of the Funds, at or about the same time the Firm or any related person buys or sells the same securities for their own accounts.

#### **Item 12 – Brokerage Practices**

- A. At this time, Longitude Capital does not engage in "soft dollar" arrangements with broker-dealers. Longitude Capital does not typically consider Client referrals when selecting or recommending a broker-dealer. Longitude Capital does not typically engage in directed brokerage.
- B. The Firm's Clients invest primarily in private placement securities that are not offered or transacted through a broker dealer. In limited circumstances the Funds may invest in publicly-traded or other securities, which trades may be entered and executed through one or more broker dealers. In the event more than one Client is acquiring or disposing of a security in a

transaction executed through a broker-dealer, the Firm may aggregate purchases or sales when appropriate.

#### **Item 13 – Review of Accounts**

- A. The Firm on at least a quarterly basis reviews the holdings of the Funds. Members of the investment committee meet to review the status of holdings of the Funds, their associated valuation, investment strategy, capital reserve needs, and projected cash flows of the Funds. These quarterly portfolio reviews contribute to the quarter-end overview of the portfolio that is delivered to the Investors.
- B. Except as specified above, the Firm does not utilize any specific criteria to trigger a review of Client investments at this time.
- C. Within 90 days after each Fund’s fiscal year-end, audited financial statements are distributed to Investors in the Fund. The Firm also provides unaudited performance information for the Funds within 45 days after each calendar quarter-end. Such reports will include the mark-to-market value of such Investor’s interest in the Fund, pursuant to U.S. GAAP standards of accounting and based on the unaudited fair market value of the holdings in the respective Fund.

#### **Item 14 – Client Referrals and Other Compensation**

- A. Longitude Capital receives no economic benefit for providing investment advice or other services to the Clients other than the fees payable to the Clients to the Firm as described in the offering memorandum of each Fund.
- B. Neither Longitude Capital nor any related person directly or indirectly compensates any person who is not a supervised person of the Firm for Investor referrals. In the past the Firm has paid a third party placement agent for Investor referrals. The Firm is currently not doing so, but may in the future.

#### **Item 15 – Custody**

Longitude Capital does not maintain physical custody of its Clients’ assets. However, the Firm believes that it would generally be viewed by regulators as having custody of the assets of each Fund for which it or a GP Entity serves as general partner, or temporary receipt of assets under Rule 206(4)-2 of the Advisers Act (the “Custody Rule”). Accordingly, the Firm and the GP Entities intend to adhere to the applicable requirements of the Custody Rule with respect to each Fund for which Longitude Capital or a GP Entity serves as general partner or managing member. The Vice President of Finance and Chief Compliance Officer will be responsible for arranging for the annual independent audits of the Funds by an independent auditor in accordance with generally accepted accounting principles and for delivery of the Funds’ audited financial statements to investors within 120 days of the Funds’ fiscal year end.

**Item 16 – Investment Discretion**

Typically, the Firm provides investment advice directly to the Funds on a discretionary basis and not individually to the investors in the Funds. An affiliate of the Firm, usually the GP Entity, accepts discretionary investment authority for each Fund. Generally, this discretion is subject only to the investment guidelines set forth in the Fund's governing agreements.

**Item 17 – Voting Client Securities**

- A. In the event that the Firm is presented with an opportunity to vote a proxy, the Firm's general policy is to vote proxies in accordance with the best interest of the Funds. The Firm generally intends to vote proxies in line with company management. However, under certain circumstances when the Firm believes that company management's proposal will not maximize value for the Funds, the Firm intends to vote against company management's recommendations.
- B. This is not applicable to Longitude Capital.

**Item 18 – Financial Information**

- A. This is not applicable to Longitude Capital.
- B. The Firm does not believe that any such reasonably likely financial conditions exist, however investors should carefully review the risks factors disclosed in Item 8 of this document and contained in the offering documents of the Funds for a discussion of potential financial conditions and other risks that could negatively impact the Funds, the Firm, or the Firm's ability to meet its or the Funds' contractual commitments.
- C. Longitude Capital has not been the subject of a bankruptcy petition at any time during the past ten years.

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

This item is not applicable.