

Crossover Healthcare Emerging Asia Program

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

January 2016

Investment Manager:
Crossover Capital Partners, LLC
One Federal Street, 28th Floor
Boston, MA 02110

NO SECURITIES OF CROSSOVER HEALTHCARE EMERGING ASIA PUBLIC FUND, LP OR CROSSOVER HEALTHCARE EMERGING ASIA ILLIQUID FUND, LP HAVE BEEN RECOMMENDED, APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OF ANY OTHER JURISDICTION, NOR HAS THE SEC OR ANY SUCH SECURITIES REGULATORY AUTHORITY PASSED UPON THE ADEQUACY OR ACCURACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM OR ANY EXHIBITS ATTACHED HERETO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Copy Number: _____

Prospective Investor: _____

NOTICE TO RECIPIENTS OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (AS SUPPLEMENTED FROM TIME TO TIME, THIS “MEMORANDUM”) IS BEING FURNISHED ON A CONFIDENTIAL BASIS TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS FOR THE PURPOSE OF PROVIDING CERTAIN INFORMATION ABOUT THE CROSSOVER HEALTHCARE EMERGING ASIA PROGRAM (THE “PROGRAM”) AND THE LIMITED PARTNERSHIP INTERESTS (THE “INTERESTS”) ISSUED BY CROSSOVER HEALTHCARE EMERGING ASIA PUBLIC FUND, LP, A CAYMAN ISLANDS EXEMPTED LIMITED PARTNERSHIP (THE “L/S FUND”), AND CROSSOVER HEALTHCARE EMERGING ASIA ILLIQUID FUND, LP, A CAYMAN ISLANDS EXEMPTED LIMITED PARTNERSHIP (THE “PE FUND” AND COLLECTIVELY WITH THE L/S FUND, THE “FUNDS”). THIS MEMORANDUM IS INTENDED ONLY FOR THE PERSON NAMED ON THE COVER PAGE HERETO AND THOSE PERSONS RETAINED TO ADVISE SUCH PERSON WITH RESPECT TO THE PRGRAM AND THE FUNDS. DELIVERY OF THIS MEMORANDUM TO ANYONE OTHER THAN SUCH PERSONS IS UNAUTHORIZED AND ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF CROSSOVER CAPITAL PARTNERS, LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE “INVESTMENT MANAGER”), CROSSOVER HEALTHCARE EMERGING ASIA GP LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE “L/S GENERAL PARTNER”), OR CROSSOVER HEALTHCARE EMERGING ASIA PRIVATE GP LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE “PE GENERAL PARTNER” AND COLLECTIVELY WITH THE L/S GENERAL PARTNER, THE “GENERAL PARTNERS”), IS PROHIBITED. BY ACCEPTING DELIVERY OF THIS MEMORANDUM, THE RECIPIENT AGREES NOT TO COPY OR DELIVER IT TO OTHERS AND AGREES TO, UPON REQUEST BY EITHER OF THE GENERAL PARTNERS, PROMPTLY RETURN THIS MEMORANDUM TO THE REQUESTING GENERAL PARTNER.

NONE OF THE INTERESTS HAVE BEEN, NOR WILL ANY OF THEM BE, REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY STATE OR NON-U.S. SECURITIES LAWS. THE OFFERING OF THE INTERESTS CONTEMPLATED HEREIN (THE “OFFERING”) WILL BE MADE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT AND THE REGULATIONS PROMULGATED THEREUNDER FOR AN OFFER AND SALE OF SECURITIES THAT DOES NOT INVOLVE A PUBLIC OFFERING. THE INTERESTS ARE BEING OFFERED ONLY TO “ACCREDITED INVESTORS” AS SUCH TERM IS DEFINED IN REGULATION D UNDER THE 1933 ACT. THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. FURTHERMORE, THE AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF EACH FUND (COLLECTIVELY, THE “PARTNERSHIP AGREEMENTS”) WILL PROVIDE ADDITIONAL RESTRICTIONS ON THE TRANSFER AND WITHDRAWAL OF INTERESTS.

THE FUNDS WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “1940 ACT”), IN RELIANCE UPON AN EXCLUSION FROM THE DEFINITION OF “INVESTMENT COMPANY” PROVIDED IN SECTION 3(C)(7) OF THE 1940 ACT, WHICH REQUIRES THAT EACH INVESTOR BE A “QUALIFIED PURCHASER” AS DEFINED IN THE 1940 ACT. ACCORDINGLY, EACH INVESTOR WILL BE REQUIRED TO REPRESENT, AMONG OTHER THINGS, THAT IT MEETS THE QUALIFICATIONS OF A “QUALIFIED PURCHASER.” THE FUNDS WILL BE SUBJECT TO SIGNIFICANTLY LESS FEDERAL AND STATE REGULATION AND SUPERVISION THAN REGISTERED INVESTMENT COMPANIES.

PROSPECTIVE INVESTORS SHOULD RECOGNIZE THAT THE VALUE OF THEIR INVESTMENT IN THE FUNDS MAY FLUCTUATE. THEY ARE ADVISED TO READ AND CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THIS MEMORANDUM AND TO REVIEW, IN PARTICULAR, THE SPECIAL CONSIDERATIONS AND RISKS DESCRIBED UNDER “RISK FACTORS.”

IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PROGRAM, EACH FUND AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL COUNSEL OR OTHER PROFESSIONAL ADVISER AS TO LEGAL, TAX, REGULATORY, ACCOUNTING AND INVESTMENT MATTERS CONCERNING THE PROPOSED INVESTMENT. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM, ANY SUPPLEMENT HERETO OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE FUND, THE GENERAL PARTNERS OR ANY OF THEIR AFFILIATES, REPRESENTATIVES, EMPLOYEES OR AGENTS AS LEGAL, TAX, INVESTMENT OR ACCOUNTING ADVICE. PROSPECTIVE INVESTORS WILL HAVE THE OPPORTUNITY TO QUESTION REPRESENTATIVES OF EACH FUND CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ADDITIONAL INFORMATION (IF POSSESSED BY EITHER FUND OR AVAILABLE TO THEM WITHOUT UNREASONABLE COST OR EFFORT) NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED HEREIN.

THE OFFERING IS BEING MADE SOLELY PURSUANT TO THIS MEMORANDUM. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THE OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS MEMORANDUM AND ANY REPRESENTATION OR INFORMATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE INVESTMENT MANAGER, EITHER GENERAL PARTNER OR ANY OF THEIR AFFILIATES.

THIS MEMORANDUM AND ANY EXHIBITS HERETO SUPERSEDE ANY OTHER OFFERING MATERIALS PREVIOUSLY MADE AVAILABLE TO PROSPECTIVE INVESTORS. IN CONSIDERING WHETHER TO INVEST IN EITHER FUND, PROSPECTIVE INVESTORS SHOULD NOT RELY ON ANY DOCUMENTS PREVIOUSLY SUBMITTED TO THEM.

THIS MEMORANDUM CONTAINS A SUMMARY OF VARIOUS PROVISIONS OF THE PARTNERSHIP AGREEMENTS, THE CLIENT AGREEMENT (AS DEFINED HEREIN), AND OTHER DOCUMENTS RELATING TO AN INVESTMENT IN THE PROGRAM AND THE FUNDS REFERRED TO HEREIN. HOWEVER, THE DISCUSSIONS SET FORTH IN THIS MEMORANDUM DO NOT PURPORT TO BE COMPLETE AND THEY ARE SUBJECT TO AND QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH AGREEMENTS AND OTHER DOCUMENTS, AS IN EFFECT FROM TIME TO TIME, COPIES OF WHICH WILL BE PROVIDED UPON REQUEST. IN THE EVENT THAT ANY TERMS, CONDITIONS OR OTHER PROVISIONS OF SUCH AGREEMENTS OR OTHER DOCUMENTS ARE INCONSISTENT WITH OR CONTRARY TO THE DESCRIPTIONS THEREOF SET FORTH IN THIS MEMORANDUM, THE TERMS OF SUCH AGREEMENTS AND OTHER DOCUMENTS SHALL CONTROL.

THE INFORMATION CONTAINED HEREIN IS ACCURATE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, NOR ANY SALE MADE IN CONNECTION HERewith, SHALL IMPLY THAT THE INFORMATION CONTAINED IN THIS MEMORANDUM IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE SET FORTH ON THE COVER HEREOF.

THIS MEMORANDUM, TOGETHER WITH ANY AMENDMENTS AND SUPPLEMENTS AND ANY OTHER INFORMATION THAT MAY BE FURNISHED TO PROSPECTIVE INVESTORS BY THE INVESTMENT MANAGER, CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS. FORWARD-LOOKING STATEMENTS ARE THOSE THAT PREDICT OR DESCRIBE FUTURE EVENTS OR TRENDS AND THAT DO NOT RELATE SOLELY TO HISTORICAL MATTERS. FOR EXAMPLE, FORWARD-LOOKING STATEMENTS MAY PREDICT FUTURE ECONOMIC PERFORMANCE, DESCRIBE PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS AND MAKE PROJECTIONS OF REVENUE, INVESTMENT RETURNS OR OTHER FINANCIAL ITEMS. A PROSPECTIVE INVESTOR CAN GENERALLY IDENTIFY FORWARD-LOOKING STATEMENTS AS STATEMENTS CONTAINING THE WORDS “WILL,” “BELIEVE,” “EXPECT,” “ANTICIPATE,” “INTEND,” “CONTEMPLATE,” “ESTIMATE,” “ASSUME” OR OTHER SIMILAR EXPRESSIONS. SUCH FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN, BECAUSE THE MATTERS THEY DESCRIBE ARE SUBJECT TO KNOWN (AND UNKNOWN) RISKS, UNCERTAINTIES AND OTHER UNPREDICTABLE FACTORS, MANY OF WHICH ARE BEYOND THE FUNDS’ CONTROL. NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF SUCH FORWARD-LOOKING STATEMENTS.

THE DISTRIBUTION OF THIS MEMORANDUM AND THE OFFER AND SALE OF THE INTERESTS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY IN ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH STATE OR JURISDICTION.

WHILE THE FUNDS MAY TRADE COMMODITY FUTURES AND/OR COMMODITY OPTIONS CONTRACTS, NEITHER THE GENERAL PARTNERS NOR THE INVESTMENT MANAGER IS CURRENTLY REGISTERED WITH THE COMMODITY FUTURES TRADING COMMISSION (THE “CFTC”) AND NATIONAL FUTURES ASSOCIATION (“NFA”) AS A COMMODITY POOL OPERATOR (“CPO”) OR AS A COMMODITY TRADING ADVISOR (“CTA”). THEREFORE, UNLIKE A REGISTERED CPO OR CTA, THE GENERAL PARTNERS AND THE INVESTMENT MANAGER ARE NOT REQUIRED TO PROVIDE PROSPECTIVE INVESTORS WITH A CFTC COMPLIANT DISCLOSURE DOCUMENT, NOR ARE THEY REQUIRED TO PROVIDE INVESTORS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC REGULATIONS APPLICABLE TO REGISTERED CPOS. EACH OF THE FUNDS DOES, HOWEVER, INTEND TO PROVIDE INVESTORS WITH ANNUAL AUDITED FINANCIAL STATEMENTS.

THE GENERAL PARTNERS RELY ON THE EXEMPTION FROM REGISTRATION AS A CPO PROVIDED UNDER CFTC REGULATION 4.13(A)(3). THIS EXEMPTION REQUIRES, AMONG OTHER THINGS, THAT EACH PROSPECTIVE INVESTOR BE AN ACCREDITED INVESTOR, A KNOWLEDGEABLE EMPLOYEE OR A QUALIFIED ELIGIBLE PERSON, AND THAT INTERESTS OF THE FUNDS BE EXEMPT FROM REGISTRATION UNDER THE 1933 ACT, AND BE OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES. THE RULES FURTHER REQUIRE THAT INTERESTS IN THE FUNDS MAY NOT BE MARKETED AS OR IN A VEHICLE FOR TRADING IN THE COMMODITY FUTURES OR COMMODITY OPTIONS MARKETS AND THAT THE FUNDS’ TRADING IN FUTURES AND COMMODITIES BE LIMITED. THIS MEMORANDUM HAS NOT BEEN REVIEWED OR APPROVED BY THE CFTC.

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I. EXECUTIVE SUMMARY

The Crossover Healthcare Emerging Asia Program (the “Program”) is a healthcare investment program managed by Crossover Capital Partners, LLC, a Delaware limited liability company (the “Investment Manager”). The Program offers each participating investor (each, a “Client”) the opportunity to customize its allocation between public (long/short) and private equity investments in healthcare, predominantly in Asian and emerging markets, such as Australia, Bangladesh, Cambodia, Hong Kong, India, Indonesia, Japan, Kingdom of Bahrain, Kingdom of Saudi Arabia, Kuwait, Malaysia, New Zealand, Pakistan, Qatar, Singapore, South Korea, Sri Lanka, Sultanate of Oman, Taiwan, Thailand, Turkey, United Arab Emirates and Vietnam (the “Target Markets”).

Each Client will enter into a Custom Account Program Agreement with the Investment Manager (a “Client Agreement”). A Client’s participation in the Program will be referred to herein as an “Account.” Each Account will be invested in separate investment vehicles (each, a “Fund”) established and managed by the Investment Manager, one with a traditional long/short focus, typical of hedge funds, and the other with a traditional private equity structure. Each Client will also hold cash investments in an omnibus account established for the Program.

Each Fund will operate under and will be managed by the Investment Manager in accordance with such Fund’s organizational documents. The Program consists of two Funds: Crossover Healthcare Emerging Asia Public Fund, LP, a Cayman Islands exempted limited partnership focused on long/short investments (the “L/S Fund”), and Crossover Healthcare Emerging Asia Illiquid Fund, LP, a Cayman Islands exempted limited partnership focused on private equity investments (the “PE Fund”).

The Investment Manager believes that key features of the Program’s prospective investment program include:

- A regionally-focused, healthcare investment strategy;
- Leveraging current and future market dislocations to achieve equity-like returns;
- Investments at all levels of public and private portfolio company capital structures;
- Consideration of environmental, social and governance (“ESG”) impacts attendant to each portfolio investment as a vital step in the investment process; and
- Pursuing investments where specialized knowledge, insight and experience create an advantage in assessing and capturing an investment’s potential.

Prior to making a decision to invest in the Program, a prospective Client should carefully review this Confidential Private Placement Memorandum (the “Memorandum”) in light of the manner in which the prospective Client proposes to invest in the Program and its desired allocations to the Funds.

* * * *

II. EXECUTIVE SUMMARY OF KEY TERMS

The Executive Summary in Section I and the following Executive Summary of Key Terms are qualified by reference to the Fund Agreements (as defined in Section IV) and the other provisions of this Memorandum. Capitalized terms used in this Section II and not defined have the meanings set forth in Section IV.

Investment Manager	Crossover Capital Partners, LLC, a Delaware limited liability company (the “ <u>Investment Manager</u> ”).
Funds	<p>Crossover Healthcare Emerging Asia Public Fund, LP, a Cayman Islands exempted limited partnership (the “<u>L/S Fund</u>”)</p> <p>Crossover Healthcare Emerging Asia Illiquid Fund, LP, a Cayman Islands exempted limited partnership (the “<u>PE Fund</u>”)</p>
Investment Objective	<p>The Program’s primary objective is to generate capital appreciation through direct healthcare investments predominantly in the Target Markets and consisting of highly structured private equity distressed investments and less liquid public market investments (in the PE Fund), and an actively managed concentrated long/short equity portfolio (in the L/S Fund). Additionally, the Program will take into consideration environmental, social and governance (“ESG”) principles and issues attendant to its investments.</p> <p><i>There can be no assurance that the investment objective of the Program and the Funds will be achieved. Investors in the Program must be able to tolerate market volatility</i></p>
Minimum Investment	\$500,000, subject to the Investment Manager’s sole discretion to accept lesser amounts.
Management Fees	<p><i>L/S Fund:</i> 2.0% per annum of the value of the Account’s interest in the L/S Fund (charged monthly in advance).</p> <p><i>PE Fund:</i> 2.0% per annum of the Account’s capital commitments during the PE Fund Investment Period, and thereafter, 2.0% per annum of the Account’s capital contributions used to fund the cost of remaining portfolio investments held by the PE Fund.</p>
Management Fee Offset	100% of net transaction, break-up or similar fee income will offset the management fee paid by the PE Fund.
Incentive Fee	<p><i>L/S Fund:</i> 20% performance allocation, reduced in accordance with traditional high watermark treatment.</p> <p><i>PE Fund:</i> 20% carried interest distribution over a 6.0% preferred return, subject to a 100% general partner “catch-up.”</p>

* * * *

III. INVESTMENT PROGRAM

Investment Objective

The Program's investment objective is capital appreciation. The Investment Manager will seek to achieve this objective through investments by the L/S Fund and the PE Fund (each a "Fund" and collective the "Funds"). Each of the Funds will seek to achieve capital appreciation through investing in healthcare investments in both private and public securities predominantly in the Target Markets, and in each instance, with an emphasis by Crossover on promoting sustainable environmental, social and governance practices. In pursuit of its investment objective, the Investment Manager reserves the right, upon notice to the Clients, to expand its investment focus and to modify its investment strategy described herein.

There can be no assurance that the investment objective of the Program will be achieved. Investors in the Program must be able to tolerate market volatility.

Investment Strategy

The Program seeks to combine a proprietary direct investment strategy consisting of highly structured private equity distressed investments and less liquid public market investments (in the PE Fund) with an actively managed liquid concentrated long/short equity portfolio focused on opportunistic, but disciplined, long/short equity investing (in the L/S Fund), each concentrated in Australia, Bangladesh, Cambodia, Hong Kong, India, Indonesia, Japan, Kingdom of Bahrain, Kingdom of Saudi Arabia, Kuwait, Malaysia, New Zealand, Pakistan, Qatar, Singapore, South Korea, Sri Lanka, Sultanate of Oman, Taiwan, Thailand, Turkey, United Arab Emirates and Vietnam.

The Investment Manager will seek to find "under-followed" healthcare companies with fundamental business models that the Investment Manager believes will enable such companies to become domestic and/or global leaders. For example, the Investment Manager believes many Asian and emerging markets healthcare companies hold high value assets but remain undervalued and under-capitalized due to a lack of focus by healthcare specialists on the region.

This dual portfolio approach is not designed as a "hedging" strategy. It is complementary and designed to leverage knowledge gained running the individual portfolios and to produce a smoother, more predictable, stream of income. However, there can be no guarantee of returns and an investment in the Program may lose money.

The L/S Fund may leverage its investments through traditional means (such as by borrowing money through margin accounts, lines of credit with banks, or other lending arrangements on a secured or unsecured basis) for any purpose, including to increase investment capacity. The L/S Fund may also employ certain other financial techniques and trading strategies that do not involve borrowing money through such traditional means but that would nonetheless have the economic effect of using leverage. The gross exposure of the L/S Fund is not expected to exceed two hundred percent (200%), where gross exposure is calculated as the sum of the market values of the L/S Fund's long and short positions, including positions acquired with borrowed funds and exposure from all derivatives, divided by the net assets of the L/S Fund.

With respect to the L/S Fund, the Investment Manager has a broad and flexible investment mandate to invest both long and short in a wide range of securities and financial instruments, including but not limited to common stock, preferred stock, corporate bonds, bank debt and other obligations, convertible securities and other equity-linked instruments, debt and equity indices, exchange traded funds (ETFs), equity traded notes (ETNs), credit derivatives, equity options and equity-linked derivatives, swaps and other public and private investments.

The Investment Manager intends to employ a “hands on” private equity style approach to its management of the PE Fund, from dealing sourcing, through corporate planning, execution and exit, and throughout its management of portfolio investments by the PE Fund, with an eye toward the advancement of sustainable ESG principles. The PE Fund will focus on highly structured distressed investments and less liquid public market investments. The Investment Manager intends to focus the PE Fund’s investments on portfolio companies it believes will have early growth / venture/ special situations return profile. The Investment manager intends to structure investments by the PE Fund to offer capital protection, while still seeking yields between six percent (6%) and twelve percent (12%). The Investment Manager intends to structure investments (including through the use of warrants), to realize enhanced returns without materially increasing risk to the PE Fund. The PE Fund will generally seek to invest in the most senior security possible with respect to each prospective portfolio company.

The Program’s investment program is speculative and entails substantial risks. See Section VIII “*Risk Factors*” below for a further discussion of the risks associated with an investment in the Program.

IV. SUMMARY OF THE OFFERING

The following is a summary of certain information regarding the Program. This summary is qualified in its entirety by reference to the Client Agreement, the Amended and Restated Limited Partnership Agreement of the L/S Fund (as amended from time to time, the “L/S Partnership Agreement”), the Amended and Restated Limited Partnership Agreement of the PE Fund (as amended from time to time, the “PE Partnership Agreement” and collectively with the L/S Partnership Agreement, the “Fund Agreements”), and this Memorandum. To the extent that the terms described in the following summary are inconsistent with the terms of the Client Agreement or the Fund Agreements, the terms of the Client Agreement and the Fund Agreements shall control. Prospective investors should review the Client Agreement, the Fund Agreements and the Memorandum prior to making a decision to invest in the Program.

Program

The Program offers each Client the opportunity to customize its allocation between public (long/short) and private equity investments in healthcare, predominantly in the Target Markets.

Each Client will enter into a Client Agreement with the Investment Manager. Each Account will primarily be invested in one or both Funds. Each Account will also include cash investments held in an omnibus account established for the Program (the “Cash Account”).

The Client Agreement between the Investment Manager and each Client will set forth the portion of such Client’s Account to be invested in (i) a long/short portfolio (through an investment in the L/S Fund) and (ii) a private equity portfolio (through an investment in the PE Fund). The Client Agreement will also set out the terms pursuant to which the Account is to be rebalanced.

Investment Objective and Investment Strategy

The Program’s primary objective is to generate capital appreciation through direct healthcare investments predominantly in Asian and emerging markets such as Australia, Bangladesh, Cambodia, Hong Kong, India, Indonesia, Japan, Kingdom of Bahrain, Kingdom of Saudi Arabia, Kuwait, Malaysia, New Zealand, Pakistan, Qatar, Singapore, South Korea, Sri Lanka, Sultanate of Oman, Taiwan, Thailand, Turkey, United Arab Emirates and Vietnam (the “Target Markets”) and consisting of highly structured private equity distressed investments and less liquid public market investments (in the PE Fund), with an actively managed liquid concentrated long/short equity portfolio focused on opportunistic, but disciplined, long/short equity investing (in the L/S Fund).

There can be no assurance that the investment objective of the Program and the Funds will be achieved. Investors in the Program must be able to tolerate market volatility.

The Investment Manager will seek to find “under-followed” healthcare companies that have fundamental business models that the Investment Manager believes will enable such companies to become domestic and/or global leaders. For example, the Investment Manager believes many healthcare companies in the Target Markets hold high value assets but remain undervalued and under-capitalized due to a lack of focus by healthcare specialists on the region.

General Partners

Crossover Healthcare Emerging Asia GP LLC, a Delaware limited liability company (the “L/S General Partner”), is the general partner of the L/S Fund.

Crossover Healthcare Emerging Asia Private GP LLC, a Delaware limited liability company (the “PE General Partner”), is the general partner of the PE Fund.

L/S Fund – Generally

Crossover Healthcare Emerging Asia Public Fund, LP, a Cayman Islands exempted limited partnership (the “L/S Fund”)

As described below, and as set forth more fully in the LS Partnership Agreement, the L/S Fund is operated as an open-end, hedge fund.

The L/S Fund accepts subscriptions monthly and permits quarterly withdrawals (subject to a one-year holding period and certain other limitations). Investments in the L/S Fund are subject to a monthly management fee (based on the value of an Account’s interest in the L/S Fund as of the first business day of each calendar month, after taking into account any contributions or withdrawals as of such date). Annually, the L/S General Partner will be allocated a share of the profits of the L/S Fund with respect to each Account invested in the L/S Fund (subject to traditional high watermark treatment). The full amount of a Client’s subscription to the L/S Fund shall be contributed to the L/S Fund on the date such subscription is accepted by the L/S General Partner.

PE Fund – Generally

Crossover Healthcare Emerging Asia Illiquid Fund, LP, a Cayman Islands exempted limited partnership (the “PE Fund”)

As described below, and as set forth more fully in the PE Partnership Agreement, the PE Fund is operated as a closed-end, private equity fund.

The PE Fund may accept subscriptions for capital commitments for an eighteen (18) month period following the initial closing of such Fund (the “PE Fund Subscription Period”). The PE Fund may drawdown on such capital commitments from the initial closing of the Fund until eighteen (18) months following the expiration of the PE Fund Subscription Period (the “PE Fund Investment Period”). The term of the PE Fund will be six (6) years, however, the General Partner may in its sole discretion extend the term of the PE Fund for two (2) one year extensions. After the end of the PE Fund Investment Period, unfunded capital commitments to the PE Fund will not be available to fund new investments, but may be drawn down to the extent necessary to (i) fund the Management Fee and other PE Fund liabilities and expenses throughout the term of the PE Fund, (ii) complete PE Fund investments that are in process as of the end of the PE Fund Investment Period, and (iii) make follow-on investments in existing portfolio companies. Generally, the PE Fund does not permit withdrawals. During the PE Fund Investment Period, the PE Fund may reinvest any proceeds from the sale or disposition of any asset the Fund holds. Investments in the PE Fund are subject to a monthly management fee. During the PE Fund Investment Period, the management fee is based on an Account’s capital commitments to such Fund. After the expiration of the PE Fund Investment Period, the management fee is based on an Account’s pro rata portion of the investment cost of the Fund’s remaining investments. After investors in the PE Fund have received distributions, attributable to the PE Fund, equal to their capital contributions to the PE Fund plus a six percent (6%) preferred return, the PE General Partner will be distributed a portion of all further amounts that would otherwise be distributed by the PE Fund to the investors.

Feeder Fund and Parallel Funds

To accommodate investors with differing tax, regulatory, legal or other needs, the applicable General Partner or the Investment Manager Adviser may in its sole discretion form one or more other feeder funds and/or parallel funds.

Crossover Investment

The Investment Manager and affiliated investors intend to maintain investments in the Funds throughout the life of the Program.

Investment Restrictions

The Investment Manager anticipates that the once fully invested, each Fund, generally, will neither (i) invest more than fifteen percent (15%) of its assets in any one investment, nor (ii) invest more than twenty five percent (25%) of its assets in investments outside of the Target Markets, in each case measured at the time an investment is made. The PE General Partner will seek the approval of the PE Fund's Advisory Committee (as defined below) prior to investing more than twenty five percent (25%) of the PE Fund's assets in investments outside of the Target Markets.

Investor Qualification

Investment in the Program is being offered only to certain sophisticated investors. Interests in the Funds are being offered only to prospective investors that are (i) "accredited investors," as defined in Regulation D under the Securities Act of 1933, as amended (the "1933 Act"), and (ii) "qualified purchasers," as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), or are otherwise qualified to invest in a 3(c)(7) fund, and that meet other qualifications established by the Investment Manager.

Minimum Investments

The minimum initial investment by a prospective investor in the Program is \$500,000. Subject to the Investment Manager's sole discretion, investors may allocate any proportion of their Program investment between the L/S Fund and the PE Fund.

Additionally, the minimum additional investment in the Program is \$250,000, subject to the discretion of the Investment Manager to reduce such minimum additional subscription amount.

Contributions

At the time a Client enters into a Client Agreement with the Investment Manager, the Client will deposit the full amount of its investment in the Program into its Cash Account, which will be administered on an omnibus basis with other Clients by the Investment Manager's prime broker, Jeffries & Co., with separate accounting for each Client by _____ as administrator, until such amount can be invested in the Funds, in accordance with the Client Agreement.

L/S Fund:

The L/S General Partner will generally cause the L/S Fund to admit limited partners to the L/S Fund, and cause the L/S Fund to accept additional subscriptions from existing limited partners, as of the first business day of each calendar month

and on such other dates as determined by the L/S General Partner, in its sole discretion. The amount of any subscription to the L/S Fund will be contributed to the L/S Fund on the date of such subscription.

PE Fund:

The PE General Partner will generally cause the PE Fund to admit additional limited partners to the PE Fund, or accept additional commitments from existing limited partners, at any time during the PE Fund Subscription Period. Capital commitments to the PE Fund will be drawn down from the Cash Account. Such drawdowns may be made until the end of the PE Fund Investment Period. Notwithstanding the foregoing, following the expiration of the PE Fund Investment Period, unfunded capital commitments to the PE Fund may be drawn down to the extent necessary to (i) fund the Management Fee and other PE Fund liabilities and expenses throughout the term of the PE Fund, (ii) complete PE Fund investments that are in process as of the end of the PE Fund Investment Period, and (iii) make follow-on investments in existing portfolio companies.

Management Fees

The Investment Manager receives a management fee (a “Management Fee”) in respect of each Account, payable monthly in advance. Such Management Fee is paid by each Fund in which the Account is invested.

The “Applicable Percentage” for the Program is two percent (2.0%) per annum.

L/S Fund:

The Management Fee with respect to the L/S Fund is based on the Applicable Percentage (as defined below) of the value of the Account’s interest in such Fund as of the first business day of each calendar month (after taking into account any contributions or withdrawals as of such date).

PE Fund:

The Management Fee with respect to the PE Fund is based on the Applicable Percentage of (i) the Account’s capital commitments to such Fund during the PE Fund Investment Period, and (ii) the Account’s capital contributions used to fund the cost of remaining portfolio investments held by the PE Fund during periods thereafter. Any transaction fees, break-up fees, directors fees, consulting fees, advisory fees, monitoring fees or ancillary fees received by the PE General

Partner, or one or more of its affiliates, as a result of an investment by the PE Fund will be credited against the Management Fee charged with respect to the PE Fund; provided, that, such credits may not reduce the Management Fee charged below zero.

Cash Account:

There will be no Management Fee with respect to the Cash Account.

Incentive Fees

The General Partners will receive certain allocations of profit and certain distributions in relation to the performance of the Funds.

L/S Fund:

The L/S General Partner will be allocated a share of the profits of the L/S Fund with respect to each Account invested in the L/S Fund, calculated at the end of each fiscal year. Such allocation with respect to an Account's interest in the L/S Fund will be equal to twenty percent (20%) of the net increase in the value of such interest over the relevant fiscal year. In all cases, such allocations will be reduced in accordance with traditional high watermark treatment.

PE Fund:

The PE General Partner will be distributed twenty percent (20%) of all amounts that would otherwise be distributed by the PE Fund to a Client whose Account is invested in the PE Fund after such Client has received distributions (attributable to the PE Fund) equal to its capital contributions to the PE Fund plus a six percent (6%) preferred return on such amount, subject to a one hundred percent (100%) "catch-up" to the PE General Partner following the return of such capital contributions and preferred return, as described in the "*Distributions*" Section below.

Distributions

The Investment Manager may, from time to time, in its sole discretion, elect to make, or cause the General Partners to make, a pro rata distribution to all Clients or to all Clients participating in a particular Fund.

L/S Fund:

The L/S Fund does not expect to make periodic distributions to its limited partners. Consequently, Clients must have other liquid resources, including funds needed to pay any tax

or other liabilities that may be attributable to an investment in the L/S Fund.

PE Fund:

The PE Fund expects to make distributions following the sale or disposition of any asset it holds, provided that such sale or disposition occurs following the expiration of the PE Fund Investment Period. Distributions to each Client will generally be made as follows:

- (i) first, one hundred percent (100%) to such Client, until distributions attributable to this clause (i) equal such Client's capital contributions to the PE Fund;
- (ii) second, one hundred percent (100%) to each Client, until distribution attributable to this clause (ii) equal a six percent (6%) annual compounded return on such Client's unreturned capital contributions to the PE Fund (the "Preferred Return");
- (iii) third, one hundred percent (100%) to the PE General Partner, until distribution attributable to this clause (iii) equal twenty percent (20%) of the distributions made pursuant to clause (ii) above; and
- (iv) thereafter, eighty percent (80%) to such Client and twenty percent (20%) to the PE General Partner.

Return of Distributions

If the PE Fund incurs a liability or obligation and does not have sufficient available funds or other resources (including any uncalled capital commitments) to satisfy such liability or obligation, then the PE General Partner may require that each Client invested in the PE Fund return its pro rata portion of such liability or obligation; provided, however, that aggregate amount to be recalled from any such Client shall not exceed the lesser of twenty five percent (25%) of such Client's capital commitment to the PE Fund or all prior distributions made by the PE Fund to such Client. The requirement to return prior distributions will terminate on the later of (i) three (3) years after the date of the applicable distribution or (ii) two (2) years from the expiration of the term of the PE Fund.

Withdrawals

Subject to certain conditions and limitations (including an initial one-year holding period with respect to any contribution of capital and gains attributable thereto) a Client may make withdrawals from its Account (unless the Client's Account consists exclusively of interests in the PE Fund, which generally prohibits withdrawals, or amounts committed to the PE Fund) in accordance with the terms and restrictions set forth below. Client withdrawals fall into two general categories:

Scheduled Withdrawals. In accordance with its Client Agreement, a Client may make a standing request to receive a regular, periodic withdrawal from its Account or a one-time withdrawal.

Requested Withdrawals. With at least forty-five (45) days written notice to the Investment Manager, a Client may request the withdrawal of all or any portion of the assets in its Account at the end of each calendar quarter, or such other date as the Investment Manager may permit.

Client withdrawals are subject to the Investment Manager's ability to limit or suspend withdrawals generally.

In addition to the foregoing, the Investment Manager may at any time, in its sole discretion for any reason, require the withdrawal of all or a portion of an Account from one or both Funds.

Generally, Clients may not withdraw any portion of their investment in the PE Fund (or any unfunded capital commitments to the PE Fund); Clients may only withdraw that portion of their Account invested in the L/S Fund.

Expenses

Organizational Expenses. The costs and expenses incurred in connection with organizing the Program (other than costs of establishing the Cash Accounts, which are borne by the Investment Manager), and offering the opportunity to invest in the Program to prospective investors is generally borne by the Funds.

Operating Expenses. The Funds and the Accounts bear their respective operating expenses and their respective costs of investing. Each Fund will pay (or reimburse the applicable General Partner or the Investment Manager, as applicable, for) all: administration costs and expenses; brokerage and clearing expenses; interest expenses (including interest on margin); custodial expenses; legal, accounting, auditing and

tax preparation fees and expenses; expenses incurred in connection with such Fund's operations and investing activities, including travel, due diligence, broken deal expenses and other expenses relating to sourcing, investigating and negotiating investment opportunities (including in connection with transactions or investments that are not made); taxes and similar charges (including penalties); expenses relating to the organization of such Fund; extraordinary expenses; and any other expenses related to the activities of such Fund as shall be determined by the applicable General Partner in its sole discretion.

PE Fund - Advisory Committee

The PE Fund will have an "Advisory Committee" of at least three (3) members appointed by the PE General Partner, including at least one (1) from among the Clients invested in the PE Fund or their designated representatives. The Advisory Committee will have the authority to approve or disapprove certain matters (including, certain conflicts of interest and certain valuations of securities), as described in the PE Partnership Agreement, but generally will have no other power to participate in the PE Fund's management. The Advisory Committee will not necessarily represent the interests of all Clients invested in the PE Fund and the members of the Advisory Committee may be subject to conflicts of interest.

PE Fund - Alternative Investment Vehicles

The PE General Partner will have the right in connection with any investment by the PE Fund to direct the capital contributions of some or all of the Clients invested in the PE Funds to be made through one or more alternative investment vehicles if, in the sole judgment of the PE General Partner, the use of such vehicle or vehicles would allow the PE Fund to overcome legal or regulatory constraints, invest in a more tax efficient manner and/or facilitate participation in certain types of investments. Any alternative investment vehicle will contain substantially similar terms and conditions as the PE Fund and will be managed by the Investment Manager or an affiliate thereof. The profits and losses of an alternative investment vehicle generally will be aggregated with those of the PE Fund for purposes of determining distributions by either the PE Fund or such vehicle, unless the PE General Partner reasonably determines that such aggregation would increase the risk of any adverse tax or other consequences.

PE Fund – Co-Investment Opportunities

Where possible and appropriate, the PE General Partner or the Investment Manager may, but will be under no obligation to, provide co-investment opportunities to the Clients that

have indicated in their subscription agreements their interest to participate in co-investment opportunities.

PE Fund - Borrowing

The PE Fund may incur short-term borrowing obligations and the PE General Partner may arrange for a revolving credit facility (the “Credit Facility”) for the PE Fund to provide indebtedness as provided herein. The Credit Facility, if entered into, would be secured by assignment of the obligations of the Partners to make capital contributions. The partners of the PE Fund will be required to cooperate with the PE General Partner in securing the Credit Facility and to provide the banks with financial information and other documentation reasonably and customarily required to obtain such facilities.

Limitations on Transfer

A Client may not assign its rights and obligations under its Client Agreement without the prior written consent of the Investment Manager and an Account may not assign its interests in a Fund without the prior written consent of the applicable General Partner, which consent may be granted or denied by such General Partner in its sole and exclusive discretion. In addition, interests in a Fund are subject to restrictions on transfer under applicable federal and state securities laws.

No Management Rights

Clients will have not management rights with respect to the Program or any Fund. Clients will have no right to participate in the management or operations of the Funds.

Certain Regulatory Matters

Interests in the Funds will not be registered under the 1933 Act, or any other securities laws, including state securities or blue sky laws. Interests in the Funds will be offered without registration in reliance upon the exemption contained in Section 4(a)(2) of the 1933 Act and related regulations of the Securities and Exchange Commission for transactions not involving a public offering. Each Client will be required to make customary private placement representations in connection with an investment in the Program.

Neither the L/S Fund nor the PE Fund is registered as an investment company under the 1940 Act, in reliance upon Section 3(c)(7) of the 1940 Act, which excludes from the definition of “investment company” any issuer whose outstanding securities are beneficially owned exclusively by persons who are “qualified purchasers” (as defined in the 1940 Act) or are otherwise qualified to invest in a 3(c)(7) fund. Accordingly, the Funds are subject to significantly less

federal or state regulation and supervision than registered investment companies.

The Investment Manager is not currently registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in reliance upon the exemption from registration available pursuant to Rule 203(m)-1 under the Advisers Act. The Investment Manager intends to file with the Securities and Exchange Commission as an “exempt reporting adviser” under the Advisers Act.

While the Funds may trade commodity futures and/or commodity options contracts, the neither General Partner is currently registered with the Commodity Futures Trading Commission (the “CFTC”) and National Futures Association (“NFA”) as a “commodity pool operator” (“CPO”) and the Investment Manager is not currently registered with the CFTC and NFA as a “commodity trading advisor.” The General Partners rely on the exemption from registration as a CPO provided under CFTC Regulation 4.13(a)(3). Accordingly, the activities of the General Partners and the Investment Manager are not subject to regulatory oversight or periodic examination by such authorities.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), is a broad federal statute governing various aspects of employee benefit plans maintained by U.S. non-governmental employers, including the investment of those plans’ assets. Investment in the Funds is generally open to institutions, including pension plans, subject to Title I of ERISA. The General Partners will use commercially reasonable efforts to conduct each of the Funds’ affairs and operations to either (i) limit investments in such Fund by “benefit plan investors” to less than 25% of the interests in such Fund so that the assets of such Fund would not be considered “plan assets” under ERISA or (ii) operate such Fund as a “plan assets” fund subject to Title I of ERISA, in which case the Investment Manager will acknowledge that it is a fiduciary to those employee benefit plan investors in such Fund and each such investor will appoint the Investment Manager as an investment manager under ERISA to the extent of such Client’s investment in the Funds.

The relevant fiduciaries of any ERISA plan that are considering an investment in the Program should determine (after consultation with their advisers, as appropriate) that such investment will comply with the

applicable fiduciary requirements of ERISA in the context of the particular plan.

Tax Considerations

Each Fund intends to be classified as a partnership for U.S. federal income tax purposes.

Prospective investors are urged to consult their own tax advisers with specific reference to their own tax situations and potential changes in the tax laws applicable to an investment in the Program.

Fiscal Year

The fiscal year of each Fund shall be the calendar year, unless otherwise determined by the applicable General Partner.

Risks

The value of an investment in the Program will fluctuate. An investment in the Program involves risks that a prospective investor should evaluate carefully before making a decision to invest in the Program, including the risk of a complete loss of capital.

The Program's investment program is speculative and entails substantial risks. See Section VIII "Risk Factors" below for a further discussion of the risks associated with an investment in the Program.

Investment Manager – Time and Attention

The Investment Manager's Program Management Team shall devote such time and effort as is reasonably necessary manage and direct the operations, business and affairs of the Program and each Fund.

Exculpation and Indemnification

The General Partners, the Investment Manager and their respective directors, officers, partners, members, stockholders, employees, agents, legal representatives or affiliates shall be entitled to limitations on liability and indemnification in connection with their services to the applicable Fund under the Client Agreement and the Fund Agreements.

Reporting

Each Client will receive annual audited financial statements with respect to each Fund it is invested in and its portion of the Cash Account, as well as unaudited monthly account reports. Each Client will receive on an annual basis a Schedule K-1 with respect to each Fund it is invested in, which reports the investor's allocable share of the applicable Fund's taxable income or loss.

Service Providers

Jefferies & Co. serves as the prime broker to the Program and each of the Funds, and as custodian of the Cash Account.

_____ serves as the administrator of the Program and each of the Funds and the Cash Account.

McGladrey LLP serves as the independent auditor of the Program and each of the Funds and the Cash Account.

Goodwin Procter LLP serves as U.S. counsel to the Funds, the General Partners and the Investment Manager. Maples and Calder serves as Cayman Islands counsel to the Funds and the General Partners. In such capacities, neither Goodwin Procter LLP nor Maples and Calder provide advice to investors or prospective investors.

Side Letters

The Investment Manager may, in its sole discretion and subject to applicable law, enter into side letters and similar arrangements with certain Clients, that may provide such Clients with more favorable economic and non-economic terms than apply to other Clients in the Program, including but not limited to lower fees, a shorter lock-up period (with respect to the L/S Fund), and more frequent and/or more detailed disclosure about the Funds and their portfolio holdings, without the consent of any other investors.

* * * *

V. FUND MANAGEMENT & SERVICE PROVIDERS

Investment Manager and the General Partners

The Investment Manager, Crossover Capital Partners, LLC, a Delaware limited liability company, will agree to provide investment management services to (i) each Fund pursuant to a separate investment management agreement between the Investment Manager and the general partner of each Fund; and (ii) each Client pursuant to a Client Agreement between the Investment Manager and each Client.

Crossover Healthcare Emerging Asia GP, LLC, a Delaware limited liability company, serves as the general partner of the L/S Fund and Crossover Healthcare Emerging Asia Private GP, LLC, a Delaware limited liability company, serves as the general partner of the PE Fund. The L/S General Partner is responsible for the management and control of the L/S Fund and the PE General Partner is responsible for the management and control of the PE Fund. Both the L/S General Partner and the PE General Partner have delegated responsibility for investment management of the L/S Fund and the PE Fund, respectively, to the Investment Manager pursuant to an investment management agreement between the Investment Manager and the L/S General Partner with respect to the L/S Fund and an investment management agreement between the Investment Manager and the PE General Partner with respect to the PE Fund (collectively, the “Investment Management Agreements”).

The Investment Manager was formed in 2015. The Investment Manager’s team has more than a cumulative ninety (90) years of investing experience and have managed healthcare assets in multiple strategies including: long/short equity, private equity, multi-strategy macro, and special situations.

Program Management Team

H. Faraz Naqvi M.D. General Partner and Chief Executive Officer (CEO). Dr. Naqvi has been focusing primarily healthcare private investing as a partner at QM Ventures, a subsidiary of QuantMetrics (QM) of London. Previously, Dr. Naqvi started Avicenna Capital, an affiliate of Brevan Howard Asset Management. Prior to Avicenna, Dr. Naqvi was a Managing Director at Pequot Capital, the Manager of the healthcare fund, Co-Manager of the healthcare funds and, together with Mr. Alphonse launched the Pequot Emerging Markets Healthcare Fund. Prior to Pequot Dr. Naqvi managed the healthcare funds at Allianz/Dresdner RCM capital where he had the highest returning funds in the world for two years. Dr. Naqvi is also board certified in Family Practice medicine, licensed in California, Colorado and New York, and has started numerous companies. He began his finance career as a healthcare consultant with McKinsey & Co. Dr. Naqvi is a graduate of Colorado College, received his M.D. from Harvard Medical School and a Masters in molecular biology from M.I.T., where he performed angiogenesis research with Drs. Judah Folkman, Robert Langer and Marsha Moses. Some of his patented work was used in the development of the anti-cancer agent Avastin. He trained in radiology at the University of California, San Francisco.

Navroze Alphonse, Partner, Chief Investment Officer is responsible for analyzing and assessing return profile and risk of investments in the portfolio, constructing and managing the

public and structured investments in the portfolio. Previously, Mr. Alphonse was a Managing Director at Pequot Capital Management where he was the Portfolio Manager of the Healthcare Funds and Head of Public Markets Healthcare Strategies. In prior roles at Pequot, Navroze was Co-Portfolio Manager of the Healthcare Funds with Dr. Faraz Naqvi, launched the Pequot Emerging markets Healthcare Fund with Dr. Naqvi, and was the Global Pharmaceutical Analyst for firm's Healthcare Funds. Navroze has also been an Analyst at Sands Point Partners, Leerink Swann, SG Cowen, and Nationsbanc Montgomery Securities. He is a graduate of the University of Vermont.

Phillip Kent Cooke, Partner and President. Mr. Cooke has 24 years of experience on both the sell-side and buy-side of Wall Street. While on the sell-side, Mr. Cooke spent much of his time servicing the largest hedge funds on the West Coast; focusing on core equities, equity derivatives, structured notes and tax strategies. Later in his career, he spent his time in non-agency CMOs and esoteric credit; focusing on origination and structuring. As a PM, Mr. Cooke managed a \$300mm L/S P&L in health care and business services equities for Ascend Capital in SF. Much of his career was spent at Morgan Stanley and Barclays. He is a graduate of the University of San Diego.

John P. Nicholson Jr., M.D. Partner, Chief Scientific Officer. Dr. Nicholson was the founder and Portfolio Manager of Sands Point Partners. His previous roles on Wall Street include healthcare Portfolio Manager at Steinhardt Partners, consultant at Tiger Management, and director of Healthcare Investment Banking at The Bank Street Group. He is a graduate of Brown University and received his MD from the University of Cincinnati and his MBA from New York University. Dr. Nicholson is currently the Medical Director of the cardiac rehabilitation program at New York Hospital- Queens.

Ashley E. Hughes, Senior Analyst. Ms. Hughes is responsible for managing the team of junior analysts. A 2005 graduate of Lehigh University, Ms. Hughes joined Pequot Capital in 2005 focusing on healthcare services. She initially started working on the Emerging Managers Fund strategy, then moving to both the Domestic Healthcare and Emerging Markets Healthcare Funds for over two and half years. Ms. Hughes has successfully completed the Level II of the CFA program. She is a graduate of Lehigh University.

Teymuraz Tkebuchava, Partner and Analyst. Temo has been a Partner and analyst at the Fund since 2012. A native of Uzbekistan, Mr. Tkebuchava has founded and been involved in the management of multiple healthcare related businesses throughout central Asia. His family founded Dori Darmon, the largest pharmacy company in Uzbekistan. Mr. Tkebuchava has extensive experience in pharmaceutical distribution, manufacturing, and contracting. He is a graduate of Bentley University.

Eric Michelson, Chief Financial Officer. Prior to joining Crossover Capital Partners, LLC, Mr. Michelson held top financial and accounting positions as Vice President of Finance & Financial Operations Principle (FINOP) with CCO Investment Services Corp of RBS Citizens, Controller and FINOP of Custom Equity Partners and Assistant Vice President of Finance of Merrill Lynch's Private Client Group. Mr. Michelson has over 20 years' experience in the Financial Services industry and has held finance and accounting positions of increased responsibilities during his career. Mr. Michelson holds a MS of Finance and Graduate Diploma in Professional Accounting from Suffolk University. He holds Series 28 and 63 licenses.

Cyrus Alphonse, Trading/Operations. Cyrus has experience managing trade execution, capital markets, strategy across healthcare platforms globally. Most recently, Cyrus was Director of Institutional Equity Trading and Chief Compliance Officer (CCO) at Summer Street Research Partners where he managed all executions and back office operations . Cyrus has created and maintained current Written Supervisory Procedures, managed AML policies/procedures, is responsible for all regulatory audits, communications, and correspondence with FINRA and the SEC. Cyrus currently holds Series 7, 24, 63, 79, and 99 licenses.

Third Party Service Providers

Jefferies & Co. serves as the prime broker to the Program and each of the Funds, and as custodian of the Cash Account.

_____ serves as the administrator of the Program and each of the Funds and the Cash Account.

McGladrey LLP serves as the independent auditor of the Program and each of the Funds and the Cash Account.

Legal Counsel

Goodwin Procter LLP serves as U.S. counsel to the Funds, the General Partners and the Investment Manager.

Maples and Calder serves as Cayman Islands counsel to the Funds.

Goodwin Procter LLP's and Maples and Calder's representation of entities noted above is limited to specific matters as to which they have been consulted by such entities. There may exist other matters which could have a bearing on such entities as to which neither Goodwin Procter LLP nor Maples and Calder has been consulted. In addition, neither Goodwin Procter LLP nor Maples and Calder undertakes to monitor the compliance of such entities and their affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does such counsel monitor compliance with applicable laws. In assisting with the preparation of this Memorandum, Goodwin Procter LLP and Maples and Calder relied upon information furnished by the Funds, the General Partners and/or the Investment Manager, and did not investigate or verify the accuracy and completeness of information set forth herein concerning the Funds, the General Partners and/or the Investment Manager and their respective affiliates and personnel.

In the course of advising the entities noted above, there are times when the interests of the investors may differ from those of such entities. For example, there may be differences relating to, among other things, trade errors, fees to be charged by the Program, withdrawal rights of investors and other terms of the investment Management Agreements and the Client Agreements, such as those relating to termination of the agreement and indemnification. Neither Goodwin Procter LLP nor Maples and Calder represents the interests of Clients in resolving these issues.

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VI. PRINCIPAL TERMS OF THE OFFERING

The following summarizes certain information about the Program. This summary is not complete or exact and is qualified in its entirety by reference to the Fund Agreements, the Client Agreements and the remaining provisions of this Memorandum. To the extent that the terms described in the following summary or elsewhere in this Memorandum are inconsistent with the terms of any of the Fund Agreements or the Client Agreements, the terms of the applicable Fund Agreement or Client Agreement, as the case may be, shall control. Prospective investors should review the Fund Agreements and the applicable Client Agreement prior to making a decision to invest in the Program.

Investor Qualification

In accordance with Section 3(c)(7) of the 1940 Act, participation in the Program is being offering only to investors that are “qualified purchasers” as defined in Section 2(a)(51) of the 1940 Act or otherwise entitled to invest in an entity excluded from the definition of an investment company under Section 3(c)(7) of the 1940 Act. Accordingly, the Program and each Client must be a “qualified purchaser” or otherwise entitled to invest in an entity excluded from the definition of an investment company under Section 3(c)(7) of the 1940 Act. The Program and each Client must also be an “accredited investor” as defined in Rule 501(a) under the Securities Act of 1933, as amended (the “1933 Act”). Each Client will be required to provide certain representations, warranties and assurances in its Client Agreement. Each Fund reserves the right to reject, either in whole or in part, any subscription for interests in such Fund for any reason that the applicable General Partner in its sole discretion deems appropriate.

Investment and Subscriptions

Each Client will enter into a Client Agreement with the Investment Manager. A Client’s participation in the Program will be referred to herein as an “Account.” The Client Agreement that each Client enters into with the Investment Manager will set forth the portion of such Client’s Account that will be invested in (i) a long/short portfolio (through an investment in the L/S Fund) and (ii) a private equity portfolio (through an investment in the PE Fund). Each Client Agreement will also set out the terms pursuant to which the Account is to be rebalanced.

Amounts to be invested in the Program should be wired to the Cash Account no later than the effective date of the applicable Client Agreement, unless otherwise determined by the Investment Manager. All investments in the Program must be made in cash, unless otherwise determined by the Investment Manager.

The minimum initial investment by a prospective Client in the Program is \$500,000. Subject to the Investment Manager’s sole discretion, investors may allocate any proportion of their Program investment between the L/S Fund and the PE Fund. The Investment Manager may, in its sole discretion, accept investments for lesser amounts.

Additionally, the minimum additional investment in the Program is \$250,000, subject to the discretion of the Investment Manager to reduce such minimum additional subscription amount.

L/S Fund:

The L/S Fund accepts subscriptions as of the first business day of each calendar month and on such other dates as determined by the L/S General Partner in its sole discretion. The full amount of a Client's subscription to the L/S Fund shall be contributed to the L/S Fund on the date such subscription is accepted by the L/S General Partner.

PE Fund:

The PE Fund may accept subscriptions for capital commitments for an eighteen (18) month period following the initial closing of such Fund. The PE Fund may drawdown on such capital commitments from the initial closing of the Fund until eighteen (18) months following the expiration of the PE Fund Subscription Period.

During the PE Fund Subscription Period, the L/S General Partner may, in its sole discretion, accept additional capital commitments to the PE Fund at subsequent closings (each a "Subsequent Closing"). On each Subsequent Closing, Clients who make capital commitments to the PE Fund (or Clients who increase their capital commitment to the PE Fund) will (i) contribute to the PE Fund as a "catch-up payment" that portion of their capital commitment that would have previously been called had they committed to invest the entire amount of their capital commitment on the PE Fund's initial closing date, and (ii) pay to the PE Fund as "catch-up interest" an amount equal to six percent (6%) per annum on the amount specified in clause (i), calculated from the date on which any such contribution would have otherwise been made to the PE Fund; such "catch-up interest" will not constitute a contribution of capital to the PE Fund.

Following the expiration of the PE Fund Investment Period, unfunded capital commitments to the PE Fund will not be available to fund new investments, but may be drawn down to the extent necessary to (i) fund the Management Fee and other PE Fund liabilities and expenses throughout the term of the PE Fund, (ii) complete PE Fund investments that are in process as of the end of the PE Fund Investment Period, and (iii) make follow-on investments in existing portfolio companies.

Withdrawals

Subject to certain conditions and limitations (including the Lock-Up Period, as defined below) a Client may make withdrawals from its Account (unless the Client's Account consists exclusively of interests in the PE Fund, which generally prohibits withdrawals, or amounts committed to the PE Fund) in accordance with the terms and restrictions set forth below. Client withdrawals fall into two general categories:

Scheduled Withdrawals. In accordance with its Client Agreement, a Client may make a standing request to receive a regular, periodic withdrawal from its Account or a onetime withdrawal.

Requested Withdrawals. With at least forty-five (45) days' written notice to the Investment Manager, a Client may request the withdrawal of all or any portion of the assets in its Account at the end of each calendar quarter, or such other date as the Investment Manager may permit; *provided, however*, that, in the event of a partial withdrawal from the L/S Fund or the Program, as applicable, unless otherwise agreed by the L/S General Partner, the value of the Account's interest in the L/S Fund after giving effect to such withdrawal is at least \$250,000.

Withdrawals Generally. A Client may not withdraw any portion of its Account during the twelve (12) months after its initial capital contribution with respect to such Account (the “Lock-Up Period”). Client withdrawals are subject to the Investment Manager’s ability to limit or suspend withdrawals generally. In addition to the foregoing, the Investment Manager may at any time, in its sole discretion for any reason, require the withdrawal of all or a portion of an Account from one or both Funds. Each date as of which Account assets may be withdrawn is herein referred to as a “Withdrawal Date.”

Subject to any reserves or holdbacks established in the discretion of the Investment Manager, for estimated liabilities and expenses, payment of a minimum of 90% of the withdrawal proceeds (calculated on the basis of unaudited data) will generally be made within thirty (30) days following the Withdrawal Date. The balance of the withdrawal proceeds (subject to audit adjustments and without interest) will be paid as promptly as reasonably possible following the issuance of the Program’s audited financial statements for the fiscal year in which the withdrawal took place. Withdrawal proceeds generally will be made in cash although the Investment Manager may, in its sole discretion, distribute withdrawal proceeds in kind, which may comprise interests in special purpose vehicles or a liquidating trust established by the one or both Funds.

The Investment Manager may, in its sole discretion, compel the withdrawal of all or any part of a Client’s Account at any time (i) in order to maintain a Fund’s eligibility to rely upon the exception from the definition of an “investment company” under Section 3(c)(7) of the 1940 Act, (ii) in order to permit each Fund to continue to be treated as a partnership for federal income tax purposes, (iii) because the continued ownership of interests in a Fund by such Client might cause either Fund to violate any law, or (iv) or for any other reason as determined by the Investment Manager.

The Investment Manager may suspend withdrawal rights, in whole or in part, and/or the calculation of the net asset value of the L/S Fund and/or the payment of withdrawal proceeds: (i) during any period when any market or exchange on which a material portion of the investments of the L/S Fund is quoted is closed (other than for ordinary holidays) or the operation thereof is restricted or suspended; (ii) during the existence of any state of affairs which, in the reasonable opinion of the Investment Manager, constitutes an emergency as a result of which disposition of the assets of the L/S Fund would not be reasonably practicable or would be seriously prejudicial to the L/S Fund or the Clients; (iii) during any breakdown in the means of communication, or in any software and/or hardware systems, normally employed in determining the price or value of any of the investments of the L/S Fund, or of current prices on any market or exchange on which a significant portion of the investments of the L/S Fund are quoted, or when for any reason the prices or values of any securities owned by the L/S Fund cannot reasonably be promptly and accurately ascertained; (iv) the Investment Manager determines for any reason in its sole discretion that such withdrawals may result in a violation of applicable law or regulation or a change in the tax or regulatory status of the Funds; or (v) during any period when withdrawals from, payment of withdrawal proceeds and/or the calculation of the net asset value of the L/S Fund is suspended by the Investment Manager. To the extent that a request for withdrawal is not withdrawn due to a suspension of withdrawals, the withdrawal shall be effected as of the first Withdrawal Date following the termination of the suspension of withdrawals.

Generally, Clients may not withdraw any portion of their investment in the PE Fund (or any unfunded capital commitments to the PE Fund); Clients may only withdraw that portion of their Account invested in the L/S Fund.

PE Fund Matters

Advisory Committee

The PE Fund will have an “Advisory Committee” of at least three (3) members appointed by the PE General Partner, including at least one (1) from among the Clients invested in the PE Fund or their designated representatives. The Advisory Committee will have the authority to approve or disapprove certain matters (including, certain conflicts of interest and certain valuations of securities), as described in the PE Partnership Agreement, but generally will have no other power to participate in the PE Fund’s management. The Advisory Committee will not necessarily represent the interests of all Clients invested in the PE Fund and the members of the Advisory Committee may be subject to conflicts of interest.

Alternative Investment Vehicles

The PE General Partner will have the right in connection with any investment by the PE Fund to direct the capital contributions of some or all of the Clients invested in the PE Funds to be made through one or more alternative investment vehicles if, in the sole judgment of the PE General Partner, the use of such vehicle or vehicles would allow the PE Fund to overcome legal or regulatory constraints, invest in a more tax efficient manner and/or facilitate participation in certain types of investments. Any alternative investment vehicle will contain substantially similar terms and conditions as the PE Fund and will be managed by the Investment Manager or an affiliate thereof. The profits and losses of an alternative investment vehicle generally will be aggregated with those of the PE Fund for purposes of determining distributions by either the PE Fund or such vehicle, unless the PE General Partner reasonably determines that such aggregation would increase the risk of any adverse tax or other consequences.

Co-Investment Opportunities

Where possible and appropriate, the PE General Partner or the Investment Manager may, but will be under no obligation to, provide co-investment opportunities to the Clients that have indicated in their subscription agreements their interest to participate in co-investment opportunities.

Borrowings

The PE Fund may incur short-term borrowing obligations and the PE General Partner may arrange for a revolving credit facility for the PE Fund to provide indebtedness as provided herein. The Credit Facility, if entered into, would be secured by assignment of the obligations of the Partners to make capital contributions. The Partners of the PE Fund will be required to cooperate with the

PE General Partner in securing the Credit Facility and to provide the banks with financial information and other documentation reasonably and customarily required to obtain such facilities.

Limitations on Transfer of Interests

A Client may not assign its rights and obligations under its Client Agreement without the prior written consent of the Investment Manager and an Account may not assign its interests in a Fund without the prior written consent of the applicable General Partner, which consent may be granted or denied by such General Partner in its sole and exclusive discretion. In addition, interests in a Fund are subject to restrictions on transfer under applicable federal and state securities laws.

Investment Restrictions

Investment Manager anticipates that the once fully invested, each Fund, generally, will neither (i) invest more than fifteen percent (15%) of its assets in any one investment, nor (ii) invest more than twenty five percent (25%) of its assets in investments outside of the Target Markets, in each case measured at the time an investment is made. While the Investment Manager anticipates that these investment restrictions will be adhered to, there can be no guaranty that the investments of the Funds will at all times fit within these restrictions.

The PE General Partner will seek the approval of the PE Fund's Advisory Committee (as defined below) prior to investing more than twenty five percent (25%) of the PE Fund's assets in investments outside of the Target Markets.

Payments to the Investment Manager and General Partners

Management Fee

The Investment Manager receives a Management Fee in respect of each Account, payable monthly in advance. Such Management Fee is paid by each Fund in which the Account is invested.

The "Applicable Percentage" for the Program is two percent (2.0%) per annum.

The Management Fee with respect to the L/S Fund is based on the Applicable Percentage of the value of the Account's interest in such Fund, calculated in accordance with the valuation policy described below under the "*Valuation*" Section below, as of the first business day of each calendar month.

The Management Fee with respect to the PE Fund is based on the Applicable Percentage of (i) the Account's capital commitments to such Fund during the PE Fund Investment Period, and (ii) the Account's capital contributions used to fund the cost of remaining portfolio investments held by the PE Fund during periods thereafter. Any transaction fees, break-up fees, directors fees, consulting fees, advisory fees, monitoring fees or ancillary fees received by the PE General Partner, or one or more of its affiliates, as a result of an investment by the PE Fund will be credited against the Management Fee charged with respect to the PE Fund; provided, that, such credits may not reduce the Management Fee charged below zero.

There will be no Management Fee with respect to the Cash Account.

In exchange for the Management Fee, the Investment Manager provides investment management services and certain other facilities to the Program, the Funds and the Client. The Investment Manager bears the expenses related to those facilities and services (*i.e.*, employee compensation and benefits of all personnel of the Investment Manager, and rent, administrative and other overhead charges and costs of any office maintained by the Investment Manager). The Management Fee may exceed the expenses borne by the Investment Manager on behalf of the Program and the Funds. The Investment Manager may, in its discretion, waive or reduce the Management Fee from time to time with respect to certain Clients, including but not limited to Clients who are affiliates of the General Partners or the Investment Manager.

Incentive Fees

The General Partners will receive certain allocations of profit and certain distributions in relation to the performance of the Funds.

The L/S General Partner will be allocated a share of the profits of the L/S Fund, with respect to each Account, calculated at the end of each fiscal year (an “Incentive Allocation”). The Incentive Allocation with respect to an Account’s interest in the L/S Fund will be equal to twenty percent (20%) of the net increase in the value of such interest over the relevant fiscal year. In all cases, the Incentive Allocation will be reduced in accordance with traditional high watermark treatment.

If a Client withdraws any portion of its Account (from the L/S Fund) prior to the end of a fiscal year, the L/S General Partner will be allocated an Incentive Allocation with respect to such withdrawn portion at the time of withdrawal.

The L/S General Partner may, in its discretion, waive all or a part of the Incentive Allocation from time to time with respect to certain Clients, including but not limited to those who are affiliates of the General Partners or the Investment Manager. The L/S General Partner may elect to receive the Incentive Allocation with respect to a Client directly from the Client’s Account.

The PE General Partner will be distributed twenty percent (20%) of all amounts that would otherwise be distributed by the PE Fund to a Client whose Account is invested in the PE Fund after such Client has received distributions (attributable to the PE Fund) equal to its capital contributions to the PE Fund plus a six percent (6%) preferred return on such amount, subject to a one hundred percent (100%) “catch-up” to the PE General Partner following the return of such capital contributions and preferred return, as described in the “*Distributions*” Section below.

Distributions

The Investment Manager may, from time to time, in its sole discretion, elect to make, or cause either or both of the General Partners to make, a pro rata distribution to all Clients or to all Clients participating in a particular Fund.

L/S Fund:

The L/S Fund does not expect to make periodic distributions to its limited partners. Consequently, Clients who are limited partners of the L/S Fund must have other liquid resources, including funds needed to pay any tax or other liabilities that may be attributable to an investment in the L/S Fund.

PE Fund:

The PE Fund expects to make distributions following the sale or disposition of any asset it holds, provided that such sale or disposition occurs following the expiration of the PE Fund Investment Period. Distributions to each Client will generally be made as follows:

- (i) first, one hundred percent (100%) to such Client, until distributions attributable to this clause (i) equal such Client's capital contributions to the PE Fund;
- (ii) second, one hundred percent (100%) to each Client, until distribution attributable to this clause (ii) equal a six percent (6%) annual compounded return on such Client's unreturned capital contributions to the PE Fund (the "Preferred Return");
- (iii) third, one hundred percent (100%) to the PE General Partner, until distribution attributable to this clause (iii) equal twenty percent (20%) of the distributions made pursuant to clause (ii) above; and
- (iv) thereafter, eighty percent (80%) to such Client and twenty percent (20%) to the PE General Partner.

Return of Distributions

If the PE Fund incurs a liability or obligation and does not have sufficient available funds or other resources (including any uncalled capital commitments) to satisfy such liability or obligation, then the PE General Partner may require that each Client invested in the PE Fund return its pro rata portion of such liability or obligation; provided, however, that aggregate amount to be recalled from any such Client shall not exceed the lesser of twenty five percent (25%) of such Client's capital commitment to the PE Fund or all prior distributions made by the PE Fund to such Client. The requirement to return prior distributions will terminate on the later of (i) three (3) years after the date of the applicable distribution or (ii) two (2) years from the expiration of the term of the PE Fund.

Valuation

Except as otherwise determined by the Investment Manager, investment and trading transactions shall be accounted for on the trade date. Accounts shall be maintained in U.S. dollars. All values assigned to securities and other assets by the Investment Manager shall be binding on all Clients.

L/S Fund:

The net asset value of the L/S Fund as of any Valuation Date (as defined below) will be calculated by the L/S General Partner, by deducting from the value of the assets of the L/S Fund all indebtedness and expenses accrued to the Valuation Date and all contractual obligations of the L/S Fund relating to such assets. The net asset value of the L/S Fund will be calculated in accordance with the L/S Partnership Agreement as of the close of business on (i) the last business day of each calendar month and (ii) each other date designated by the L/S General Partner (any such date, a "Valuation Date"). Any Incentive Allocation with respect to the current fiscal year will not be considered in any calculation of net asset value of the L/S Fund. Under certain limited

circumstances set forth in the L/S Partnership Agreement, the L/S Fund may suspend the determination of its net asset value.

Valuation of the L/S Fund's assets and liabilities shall be based on all relevant factors and is expected to comply generally with the following guidelines:

- The value of each security listed or traded on any recognized securities exchange shall be the last reported sale price on the relevant valuation date on the principal exchange on which such security is traded. If no sale of such security occurred on that date, the value shall be the last reported bid price (in the case of a security held long) or the last reported asked price (in the case of a security sold short) on such date. The value of any security quoted in the NASDAQ National Market List shall be determined in a similar manner by reference to the last reported sale price, or the last reported bid or asked quotation, as reported by NASDAQ.
- The value of each "over the counter" security (other than securities quoted in the NASDAQ National Market List) shall be the last reported sale price on the relevant valuation date if available through the facilities of a recognized interdealer quotation system. If the last reported sale price is not available, such over-the-counter security will be valued at the average of the last reported bid and asked prices on the relevant valuation date.
- The value of securities that are long-term debt obligations shall be established at the price quoted by a pricing source designated by the L/S General Partner, which may include automated pricing services, and if such quotes are unavailable, at the most recent bid prices obtained from another appropriate pricing source selected by the L/S General Partner. Debt securities maturing in sixty (60) days or less may be valued at amortized cost.
- Dividends declared but not yet received and rights in respect of securities which are quoted ex-dividend or ex-rights, shall be recorded at the fair value thereof, as determined by the L/S General Partner, which may (but need not) be the value so determined on the day such securities are first quoted ex-dividend or ex-rights.
- Listed options, or over-the-counter options for which representative brokers' quotations are available, shall be valued in the same manner as other listed or over-the-counter securities. Premiums for the sale of such options written by the L/S Fund shall be included in the assets of the L/S Fund and the market value of such options shall be included as a liability.

If an asset or liability is not referred to in the list above or if there is not an active auction market for one or more assets held by the L/S Fund, or a significant event has occurred after the close of a market on which such a security trades, or any other factor has rendered the values obtained in accordance with the foregoing unreliable, the fair value of any such asset or liability will be determined, where possible, on the basis of actual third-party transactions or from offers by investors who are not affiliates of the L/S General Partner. Otherwise, the fair value of such assets and of all liabilities (which may be cost) shall be determined by the L/S General Partner in its sole

discretion, and may include values based on a bid price estimated by a broker or based on matrix pricing.

PE Fund:

The PE General Partner will be responsible for valuing the assets of the PE Fund and will generally not be required to use independent sources for determining such values.

Expenses

The Funds will bear all of their reasonable expenses, including organizational expenses, initial and ongoing offering expenses, operating expenses and other expenses.

Each Fund will pay (or reimburse the applicable General Partner or the Investment Manager, as applicable) for all: administration costs and expenses; brokerage and clearing expenses; interest expenses (including interest on margin); custodial expenses; legal, accounting, auditing and tax preparation fees and expenses; expenses incurred in connection with such Fund's operations and investing activities, including travel, due diligence, broken deal expenses and other expenses relating to sourcing, investigating and negotiating investment opportunities (including in connection with transactions or investments that are not made); taxes and similar charges (including penalties); expenses relating to the organization of such Fund; extraordinary expenses; and any other expenses related to the activities of such Fund as shall be determined by the applicable General Partner in its sole discretion. Each investor in a Fund will bear its *pro rata* share of the expenses incurred by such Fund.

Each Fund will be responsible for reimbursing the Investment Manager and/or the applicable General Partner for all reasonable costs and expenses directly incurred by them in connection with the organization of such Fund.

Allocations of Profit and Loss

L/S Fund:

Each limited partner in the L/S Fund shall have a separate capital account (each, a "Capital Account") established on the books of the L/S Fund which shall initially be credited with a Client's contributed capital. At the end of each calendar month or shorter period, as applicable, the Capital Account of each limited partner in the L/S Fund will be credited with any additional subscription amounts and an allocation of such limited partner's pro rata share of the L/S Fund's net profit, if any; and debited to reflect any distributions to such limited partner, withdrawals by the limited partner, an allocation of such limited partner's pro rata share of the L/S Fund's net loss, if any, the portion of the Management Fee attributable to such limited partner, and the Incentive Allocation, if any, applicable to such limited partner's interest in the L/S Fund.

The L/S Partnership Agreement provides that liquidating distributions shall be made in accordance with positive Capital Account balances. Generally, tax allocations by the L/S Fund will be made in a manner designed to cause such allocations to match, as closely as possible, the economic allocations; however, the L/S Fund intends to comply with certain tax regulations, which may from time to time cause a disparity between the amount of economic allocations and tax allocations to

certain Clients. As a result, it is possible that liquidating distributions may vary from the intended economic arrangement.

PE Fund:

Profits and losses of the PE Fund for any taxable year generally will be allocated in a manner consistent with the distribution priorities with respect to the PE Fund described under the “*Distributions*” Section above.

Memorandum Accounts

The L/S General Partner has the right to determine, in its sole discretion, that for tax or regulatory reasons or for any other reason, based upon principles of fairness, to exclude one or more investors in the L/S Fund from participation in the profits and losses attributable to a particular investment made by the L/S Fund. In such instance, the L/S General Partner is authorized to establish a separate memorandum account in respect of such investment or a group of investments. For example, under certain Financial Industry Regulatory Authority (“FINRA”) rules, certain persons (including broker-dealer employees, executive officers and directors of public companies, and portfolio managers) are restricted with respect to their participation in “new issues” (as defined in FINRA Rules 5130 and 5131). To the extent necessary to comply with such rules, the L/S General Partner is authorized to use memorandum accounts and/or separate tranches or series to limit the participation of such persons in “new issues” investments.

Investment Manager Time and Attention

The Investment Manager’s Program Management Team shall devote such time and effort as is reasonably necessary manage and direct the operations, business and affairs of the Program and each Fund.

Exculpation and Indemnification

Under the Fund Agreements, to the fullest extent permitted by law, the Funds shall indemnify, defend and hold harmless the General Partners, the Investment Manager or any of their respective directors, officers, partners, members, stockholders, employees, agents, legal representatives or affiliates (each an “Indemnified Party”) from and against any loss, liability, damage, cost, or expense actually and reasonably incurred arising from any act or omission undertaken by or on behalf of the Funds; provided that the Indemnified Party believed in good faith that the act or omission was in the best interests of the Funds and the act or omission was not the result of gross negligence, fraud, willful misconduct, or reckless disregard of duty by the Indemnified Party under the Fund Agreements or another relevant agreement. The Funds shall advance funds to any Indemnified Party for legal expenses and other costs incurred as a result of any such claim with respect to which the Indemnified Party is entitled to indemnification if the Indemnified Party agrees to repay the advanced funds (plus interest) to the Funds if the Indemnified Party is ultimately found not to be entitled to indemnification under the applicable Fund Agreement.

Under the Client Agreement, to the fullest extent permitted by law, each Client shall indemnify, defend and hold harmless the Indemnified Parties from and against any loss, liability, damage, cost or expense actually and reasonably incurred by any such person arising from any act or omission

undertaken by or on behalf of the Client; provided that the Indemnified Party believed that the act or omission was in the best interests of the Client and the act or omission was not the result of gross negligence, fraud, willful misconduct, or reckless disregard of duty by the Indemnified Party under the Client Agreement or another relevant agreement. The Client shall advance funds to any Indemnified Party for legal expenses and other costs incurred as a result of any such claim with respect to which the Indemnified Party is entitled to indemnification if the Indemnified Party agrees to repay the advanced funds (plus interest) to the Client if the Indemnified Party is ultimately found not to be entitled to indemnification under the Client Agreement.

Reports

Each Client will receive annual audited financial statements with respect to each Fund it is invested in and its portion of the Cash Account, as well as unaudited monthly account reports.

Each Client will receive on an annual basis a Schedule K-1 with respect to each Fund it is invested in, which reports the Client's allocable share of the applicable Fund's taxable income or loss.

Side Letters

The Investment Manager or the General Partners may, in their sole discretion and subject to applicable law, enter into side letters and similar arrangements with certain Clients, that may provide such Clients with more favorable economic and non-economic terms than apply to other Clients, including but not limited to lower fees, a shorter lock-up period and more frequent and/or more detailed disclosure about the Program and its portfolio holdings, without the consent of any other Client.

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VII. CONFLICTS OF INTEREST

Other Activities

The Program is subject to a number of actual and potential conflicts of interests.

The General Partners, the Investment Manager and their respective officers and employees devote as much of their time to the activities of the Program and the Funds as the General Partners and the Investment Manager, as applicable, deem necessary and appropriate. Such persons are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Program and/or the Funds. These activities could be viewed as creating a conflict of interest in that the time and effort of such persons will not be devoted exclusively to the business of the Program and/or the Funds.

The General Partners, the Investment Manager and their respective principals, owners, or employees may engage in investment activities for other client accounts, for their own accounts and for family members and others and may make personal investments in other investment funds, some of which have investment strategies similar to that of the Program and the Funds.

The relationships or arrangements described above are not expected to preclude the Funds from entering into transactions with such other parties or their affiliates, so long as the terms on which the Funds participate are determined by the applicable General Partner to be in the best interest of the Clients.

Investment Allocations

Investment opportunities in which the Funds may invest may also be appropriate investments for other investment funds and accounts that are or may in the future be managed by the Investment Manager. In such cases, investment opportunities will be allocated on an equitable basis, in accordance with the Investment Manager's allocations policy and procedures, as may be amended from time to time by the Investment Manager.

Incentive Arrangements

The General Partners' entitlement to the Incentive Allocation and Incentive Distributions (see "*Principal Terms of the Offering – Payments to the Investment Manager and General Partners*"), may create a potential conflict of interest in that the Investment Manager may have an incentive to make investments that are riskier or more speculative than would be the case if the General Partners were not entitled to the Incentive Allocation and Incentive Distributions. Moreover, the L/S General Partner may receive an Incentive Allocation with respect to unrealized appreciation as well as realized gains on the securities in the Funds' portfolio.

Related Party Transactions

Each Fund may in the future, to the extent permitted by law, make investments in, or otherwise enter into transactions with companies and/or other investment funds or accounts managed or sponsored by the Investment Manager or its affiliates, Clients, or their affiliates (collectively, the

“Related Parties”). Conflicts of interest may arise in a number of different situations involving transactions with the Related Parties (“Related Party Transactions”), including, without limitation, (i) if a Fund invests in or co-invest with a Related Party or a Related Party invests in a Fund, (ii) if a Fund purchases securities from or sell securities to any Related Party, (iii) if a Fund invests in an existing investment held by a Related Party, and (iv) if a Fund and a Related Party invest in different securities issued by the same company (*e.g.*, debt and equity). In addition, service providers who have a contractual relationship with the Investment Manager, the Funds, the General Partners and their owners, officers, directors and affiliates, may make investments in the Funds so that they become Related Parties and the contractual relationship is then a Related Party Transaction. The Investment Manager will use its reasonable judgment (acting with the same standard of care owed by the Investment Manager as provided in the Fund Agreements and taking such factors into consideration as the Investment Manager, in its sole discretion, deems relevant) when resolving conflicts of interest that arise in connection with Related Party Transactions, and in monitoring any related conflicts of interests involving service providers.

Placement Agents

The General Partners and/or the Investment Manager may engage persons (whether or not affiliated with the General Partners and/or the Investment Manager) who are instrumental in the sale of interests in the Funds. Any such fees will be borne by the General Partners and/or the Investment Manager, and in no event will such fees be borne by or chargeable to the Funds or any Client. However, any placement fees payable to any placement agent engaged by any Client shall be the sole responsibility of such Client.

Lack of Separate Representation

Goodwin Procter LLP is U.S. counsel to the Funds, the Investment Manager, the General Partners and certain of their respective affiliates. Maples and Calder is Cayman Islands Counsel to the Funds. Neither Goodwin Procter LLP nor Maples and Calder will be representing Clients or prospective Clients in connection with the offering by the Program or any subsequent advice to the Funds, the General Partners and the Investment Manager or their affiliates.

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VIII. RISK FACTORS

An investment in the Program involves a variety of risks that each prospective investor should carefully consider before making a decision to invest in the Program, including risks customarily associated with investing in equity securities. The following is a brief description of some factors that prospective investors in the Fund should consider. Other factors may also be material to such investors, and a prospective investor should evaluate the amount of assets that it wishes to allocate to the Program. Many of the following risks are specific to the investment strategies of the Program.

Investment Risks

Limited Operating History; Past Performance; Reliance on Key Personnel. The Funds are newly formed entities, and each of the Funds and the General Partners has a limited operating history. Past performance of the Investment Manager, the General Partners or their affiliates, employees or representatives or any other person is not indicative of future results of the Funds and no assurance can be given that the Program's investment objectives will be achieved or that investors in the Funds will receive a return of any of their investments. The Funds, the General Partners and the Investment Manager expect to rely heavily on the investment team's experience, and should any of them become incapacitated or in some way cease to participate in the Funds, the Funds' performance could be adversely affected.

Risk of Loss of Capital. The performance of securities in which the Funds invest, and therefore the value of the Funds, will be subject to many factors over which the Funds may have limited or no control. The possibility of loss of the Funds' capital, including the complete loss of capital, will exist, and prospective investors should not participate in the Program unless they can bear the consequences of such loss.

General Economic and Market Conditions. The Funds will be subject to various risks incidental to investing, including political and economic instability. The Funds' investments may be sensitive to general downward swings in the overall economy or in their specific industries or geographies. Factors affecting economic conditions, including, for example, public market volatility, inflation rates, rising interest rates, currency devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends and innumerable other factors, none of which will be in the control of the Funds, the General Partners or the Investment Manager, can substantially and adversely affect the business and prospects of the Funds and/or the companies in which they have invested. Further, downturns in the U.S. or global economy, deteriorations in the condition of the industries or sectors in which the Funds have invested, or adverse developments in the securities or credit markets may have an adverse impact on some or all of the Funds' investments.

Leverage. The Funds may borrow money from time to time to fund investments, distributions or withdrawals. Such leverage increases both the potential for profit and the risk of loss. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried, and will be lost in the event of a decline in the market value of such securities. The amount of the Funds' borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on the Funds' profitability.

Short Sales. A significant aspect of the L/S Fund's investment strategy involves entering into short sale positions. Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the L/S Fund engages in short sales will depend upon the Investment Manager's opportunities. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the L/S Fund of buying those securities to cover the short position. There can be no assurance that the L/S Fund will be able to maintain the ability to borrow securities sold short. In such cases, the L/S Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Derivative Transactions. The L/S Fund may use derivatives in an effort to hedge various market risks or to manage the L/S Fund's exposure to various equity markets. These strategies impose certain costs on the L/S Fund and involve certain risks, such as the possible default of the other party to the transaction, the lack of liquidity, the imperfect nature of the hedge or the ineffectiveness of the strategy in a particular situation, operational risks relating to margin requirements for particular instruments, and the possible accentuation of losses or reductions in gains of the underlying portfolio securities.

Specialized investment management. All derivative instruments, including options and swap contracts, involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. Accordingly, derivative products require specialized investment techniques and risk analyses that are different from those associated with stocks. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, and the ability to assess the risk that a derivative adds to the L/S Fund's portfolio. The performance of the derivative may not be knowable in advance under all possible market conditions.

Counterparty default. The L/S Fund may sustain a loss as a result of the failure of another party to a derivative (usually referred to as a "counterparty") to comply with the terms of the derivative contract. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the L/S Fund has concentrated its transactions with a single or small group of counterparties. The L/S Fund is not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty.

Disproportionate losses. Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index usually will result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties

have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

Other risks. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives, in particular privately negotiated derivatives, are complex and sometimes valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the L/S Fund. Consequently, the L/S Fund's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering the L/S Fund's and the Program's investment objective.

Concentration in the Healthcare Industry. Under normal market conditions, the Funds generally expect to invest substantially all of their assets in securities of healthcare companies. As a result, the Funds' portfolios may be more sensitive to, and possibly more adversely affected by, regulatory, economic or political factors or trends relating to the healthcare industry than a portfolio of companies representing a larger number of industries. This risk is in addition to the risks normally associated with any strategy seeking capital appreciation by investing in a portfolio of securities. As a result of its concentration, the Funds' investments may be subject to greater risk and market fluctuation than a fund that has securities representing a broader range of investments. No assurance can be given that future declines in the market prices of securities of companies in the industries in which the Funds may invest will not occur, or that such declines will not adversely affect the performance of the Funds.

Pharmaceutical Sector Risk. The success of companies in the pharmaceutical sector is highly dependent on the development, procurement and marketing of drugs. The values of pharmaceutical companies are also dependent on the development, protection and exploitation of intellectual property rights and other proprietary information, and the profitability of pharmaceutical companies may be significantly affected by such things as the expiration of patents or the loss of, or the inability to enforce, intellectual property rights. The research and other costs associated with developing or procuring new drugs and the related intellectual property rights can be significant, and the results of such research and expenditures are unpredictable. There can be no assurance that those efforts or costs will result in the development of a profitable drug. Pharmaceutical companies may be susceptible to product obsolescence. Many pharmaceutical companies face intense competition from new products and less costly generic products. The pharmaceutical sector is also subject to rapid and significant technological change and competitive forces that may make drugs obsolete or make it difficult to raise prices and, in fact, may result in price discounting. Companies in the pharmaceutical sector may also be subject to expenses and losses from extensive litigation based on intellectual property, product liability and similar claims.

Biotechnology Industry Risk. The success of biotechnology companies is highly dependent on the development, procurement and/or marketing of drugs. The values of biotechnology companies are also dependent on the development, protection and exploitation of intellectual property rights and other proprietary information, and the profitability of biotechnology companies may be significantly affected by such things as the expiration of patents or the loss of, or the inability to enforce, intellectual property rights. The research and other costs associated with developing or procuring new drugs, products or technologies and the related intellectual property rights can be

significant, and the results of such research and expenditures are unpredictable. There can be no assurance that those efforts or costs will result in the development of a profitable drug, product or technology. The biotechnology sector is also subject to rapid and significant technological change and competitive forces that may make drugs, products or technologies obsolete or make it difficult to raise prices and, in fact, may result in price discounting. Companies in the biotechnology sector may also be subject to expenses and losses from extensive litigation based on intellectual property, product liability and similar claims. A biotechnology company's valuation could be based on the potential or actual performance of a limited number of products. A biotechnology company's valuation could be affected if one of its products proves unsafe, ineffective or unprofitable. Such companies may also be characterized by thin capitalization and limited markets, financial resources or personnel. The prices of the securities of companies involved in the biotechnology sector have been and will likely continue to be extremely volatile.

Life Science and Tools Industry Risk. Life sciences industries are characterized by limited product focus, rapidly changing technology and extensive government regulation. In particular, technological advances can render an existing product, which may account for a disproportionate share of a company's revenue, obsolete. Obtaining governmental approval from agencies for new products can be lengthy, expensive and uncertain as to outcome. Such delays in product development may result in the need to seek additional capital, potentially diluting the interests of existing investors such as the Funds. In addition, governmental agencies may, for a variety of reasons, restrict the release of certain innovative technologies of commercial significance, such as genetically altered material. These various factors may result in abrupt advances and declines in the securities prices of particular companies and, in some cases, may have a broad effect on the prices of securities of companies in particular life sciences industries. Intense competition exists within and among certain life sciences industries, including competition to obtain and sustain proprietary technology protection. Life sciences companies can be highly dependent on the strength of patents, trademarks and other intellectual property rights for maintenance of profit margins and market share. The complex nature of the technologies involved can lead to patent disputes, including litigation that could result in a company losing an exclusive right to a patent. Competitors of life sciences companies may have substantially greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a larger number of qualified managerial and technical personnel. Such competitors may succeed in developing technologies and products that are more effective or less costly than any that may be developed by life sciences companies in which the Program invests and may also prove to be more successful in production and marketing. Competition may increase further as a result of potential advances in health services and medical technology and greater availability of capital for investment in these fields. With respect to healthcare, cost containment measures already implemented by the federal government, state governments and the private sector have adversely affected certain sectors of these industries. Product development efforts by life sciences companies may not result in commercial products for many reasons, including, but not limited to, failure to achieve acceptable clinical trial results, limited effectiveness in treating the specified condition or illness, harmful side effects, failure to obtain regulatory approval, and high manufacturing costs. Even after a product is commercially released, governmental agencies may require additional clinical trials or change the labeling requirements for products if additional product side effects are identified, which could have a material adverse effect on the market price of the securities of those life sciences companies. Certain life sciences companies in which the Program may invest may be exposed to potential

product liability risks that are inherent in the testing, manufacturing, marketing and sale of pharmaceuticals, medical devices or other products. There can be no assurance that a product liability claim would not have a material adverse effect on the business, financial condition or securities prices of a company in which the Program has invested.

Healthcare Technology Sector Risk. Companies in the healthcare technology sector may incur substantial costs related to product related liabilities. Many of the software solutions, health care devices or services developed by such companies are intended for use in collecting, storing and displaying clinical and health care-related information used in the diagnosis and treatment of patients and in related health care settings such as admissions, billing, etc. The limitations of liability set forth in the companies' contracts may not be enforceable or may not otherwise protect these companies from liability for damages. Healthcare technology companies may also be subject to claims that are not covered by contract, such as a claim directly by a patient. Although such companies may maintain liability insurance coverage, there can be no assurance that such coverage will cover any particular claim that has been brought or that may be brought in the future, that such coverage will prove to be adequate or that such coverage will continue to remain available on acceptable terms, if at all. Healthcare technology companies may experience interruption at their data centers or client support facilities. The business of such companies often relies on the secure electronic transmission, data center storage and hosting of sensitive information, including protected health information, financial information and other sensitive information relating to clients, company and workforce. In addition, such companies may perform data center and/or hosting services for certain clients, including the storage of critical patient and administrative data and support services through various client support facilities. If any of these systems are interrupted, damaged or breached by an unforeseen event or actions of a third party, including a cyber-attack, or fail for any extended period of time, it could have a material adverse impact on the results of operations for such companies. The proprietary technology developed by healthcare technology companies may be subject to claims for infringement or misappropriation of intellectual property rights of others, or may be infringed or misappropriated by others. Despite our protective measures and intellectual property rights, such companies may not be able to adequately protect against theft, copying, reverse-engineering, misappropriation, infringement or unauthorized use or disclosure of their intellectual property, which could have an adverse effect on their competitive position. In addition, these companies are routinely involved in intellectual property infringement or misappropriation claims and it is expected that this activity will continue or even increase as the number of competitors, patents and patent enforcement organizations in the healthcare technology market increases, the functionality of software solutions and services expands, the use of open-source software increases and new markets such as health care device innovation, health care transactions, revenue cycle, population health management and life sciences are entered into. These claims, even if not meritorious, are expensive to defend and are often incapable of prompt resolution. The success of healthcare technology companies depends upon the recruitment and retention of key personnel. To remain competitive, such companies must attract, motivate and retain highly skilled managerial, sales, marketing, consulting and technical personnel, including executives, consultants, programmers and systems architects skilled in healthcare technology, health care devices, health care transactions, population health management, revenue cycle and life sciences industries and the technical environments in which solutions, devices and services are needed. Competition for such personnel in the healthcare

technology sector is intense; the failure to attract additional qualified personnel could have a material adverse effect on healthcare technology companies' prospects for long-term growth.

Healthcare Supplies Sector Risk. If healthcare supplies companies are unable to successfully expand their product lines through internal research and development and acquisitions, their business may be materially and adversely affected. In addition, if these companies are unable to successfully grow their businesses through marketing partnerships and acquisitions, their business may be materially and adversely affected. Consolidation of healthcare providers has increased demand for price concessions and caused the exclusion of suppliers from significant market segments. It is expected that market demand, government regulation, third-party reimbursement policies, government contracting requirements and societal pressures will *continue* to change the worldwide healthcare industry, resulting in further business consolidations and alliances among customers and competitors. This may exert further downward pressure on the prices of healthcare supplies companies' products and adversely impact their business, financial condition or results of operations. Quality is extremely important to healthcare supplies companies and their customers due to the serious and costly consequences of product failure. Quality certifications are critical to the marketing success of our products and services. If a healthcare supplies company fails to meet these standards or fails to adapt to evolving standards, its reputation could be damaged, it could lose customers, and its revenue and results of operations could decline.

Risks in Non-U.S. Investments. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Funds are maintained) and the various foreign currencies in which each Fund's portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

Emerging Markets. Where each of the Funds invests in securities of foreign issuers in emerging markets and certain other issuers doing business in emerging markets, additional risks may be encountered. These include:

- **Currency Risk:** the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible.
- **Country Risk:** the value of each Fund's investments may be affected by political, legal, economic and fiscal uncertainties within the emerging markets. Existing laws and regulations may not be consistently applied.
- **Market Characteristics:** the emerging markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than more established markets and are not highly regulated. Settlement of transactions may be subject to delay and administrative uncertainties.
- **Custody Risk:** custodians may not be able to offer the level of service and safe-keeping, settlement and administration of securities that is available in more developed markets and

there is a risk that a Fund will not be recognized as the owner of securities held on its behalf by a sub-custodian.

- **Disclosure:** less complete and reliable fiscal and other information may be available to investors (including the Funds) and accounting standards may not provide the same degree of protection as would generally apply internationally.

Investments in Companies. All of the portfolio companies in which a Fund will invest are likely to face intense competition, including competition from companies with greater financial resources. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable.

Some or many of a Fund's portfolio companies may be unseasoned, unprofitable and/or have no established operating history or earnings. These companies may also lack technical, marketing, financial and other resources or may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

With respect to investments by the Program in early stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated.

Following its initial investment in portfolio companies, the Investment Manager anticipates that portfolio companies may require additional funding, and that the Program may have the opportunity to increase its investment in successful portfolio companies. There can be no assurance that the Program will make, or will have the resources to make, follow-on investments. Any decision by the Investment Manager not to make follow-on investments, or its inability to make them, may have a substantial adverse effect on a portfolio company in need of such an investment, may result in a missed opportunity for the Program to increase its participation in a successful enterprise, may result in significant dilution of any existing portfolio company investment, or may cause a decrease in the value of the Program's portfolio.

Lack of Diversification. The Program may participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Program may be materially and adversely affected by the unfavorable performance of even a single portfolio investment. There is no assurance that sufficient diversification of investments can be properly achieved.

The Program has not adopted policies requiring that portfolio companies be diversified in different geographic areas, and its investments will generally be concentrated in the Target Markets. If several investments are concentrated in one geographic area, the Program could be severely impacted by adverse developments affecting that geographic area.

Lack of Control. The PE Fund may hold minority interests in some portfolio companies and,

therefore, may have limited ability to protect its position and investment. Generally, as a condition to any investment, the PE General Partner will seek to obtain special rights and protective provisions, which will be negotiated at the time of the investment. There can be no assurance that the PE General Partner will be able to obtain such protective provisions, or that if such provisions are obtained, that they will be effective.

In certain circumstances, however, the PE Fund may be deemed to have a control or management position with respect to one or more of their portfolio companies. This in turn could expose the Funds to risk of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability, including, in the case of debt investments, lender liability.

Moreover, although the PE General Partner may seek to secure representation on the board of directors of portfolio companies and hopes to develop a good working relationship with the management of such companies, the PE Fund not expected to have an active role in the day-to-day management of the companies in which it invests. To the extent that the senior management of a portfolio company performs poorly, or if a key manager terminates employment, the PE Fund's investment in such company could be adversely affected.

Service on the Board of Directors. One or more persons affiliated with the Investment Manager may serve as directors of certain of the PE Fund's portfolio companies. Such service, especially in light of statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose the PE Fund, the PE General Partner or the Investment Manager and their partners or members and affiliates to regulatory action and/or claims by a portfolio company, its security holders and its creditors. While the PE General Partner intends to manage the PE Fund in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory actions cannot be eliminated, and such events may have a significant adverse effect on the PE Fund.

In their capacity as directors of portfolio companies, such persons will be subject to fiduciary and other duties to the Portfolio Company on whose board they serve, which duties may on occasion conflict with the best interests of the PE Fund. For example, the PE Fund's ability to sell the publicly traded securities of a portfolio company may be limited if any of them are in possession of material nonpublic information relating to such portfolio company.

Regulations Applicable to Portfolio Companies. The Funds may invest in companies that may be subject to extensive governmental regulations and oversight with respect to their business activities. The failure to comply with applicable regulations, obtain applicable regulatory approvals, or maintain those approvals so obtained, may prevent the portfolio company from bringing products and services to the market, and could subject the applicable portfolio company to civil penalties, suspension or withdrawal of any regulatory approval obtained, product recalls and seizures, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on the a Fund's investment in such company.

Investments in Restructurings. The PE Fund may make investments in portfolio companies that are restructuring in order to address actual or anticipated severe financial difficulties, which may

never be overcome. Such investments and the PE Fund's involvement in the business operations and restructuring of such portfolio companies could, in certain circumstances, subject the PE Fund to additional liabilities that could exceed the value of the PE Fund's original investment therein.

Organizational Risks

Possible Effects of Withdrawals. The Program is structured to permit periodic withdrawals of capital by Clients (from the L/S Fund). The L/S Fund may have insufficient cash to meet the its withdrawal obligation to such Clients and the L/S Fund may have to sell securities or borrow funds to meet this obligation. Such sales of securities or borrowings may occur on terms and conditions, including sale price and applicable interest rate, that are unfavorable to the L/S Fund and may otherwise be disruptive to the management of the L/S Fund's portfolio, which may decrease the value of the interests in the L/S Fund.

Limitations on Transfers of Interests and Withdrawals. There is no public market for the interests in the Funds and investors may not sell, assign or transfer their interests without the consent of the applicable General Partner. Furthermore, the interests in the Funds will not be registered under the 1933 Act or any state securities laws and may not be transferred unless registered under applicable federal and state securities laws or unless an exemption from such laws is available. The Investment Manager has no plans, and is under no obligation, to register the interests of the Funds under any such laws and such interests will not be listed for trading on any exchange. There is no secondary market for the interests in the Funds, and none is expected to develop. Although Clients may request to make withdrawals on available Withdrawal Dates, the Program imposes limitations on withdrawals and may delay payment of a portion of the withdrawal payment. A Client may not make a withdrawal prior to the date which is twelve (12) months after the date its investment in the Program. Each Fund reserves the right to suspend withdrawals under certain limited circumstances.

Incentive Allocations and Incentive Distributions. The L/S General Partner's right to receive an Incentive Allocation based, in part, on the net increase in the value of the interests in the L/S Fund, and the PE General Partner's right to receive Incentive Distributions (see "*Principal Terms of the Offering – Payments to the Investment Manager and General Partners*") may create an incentive for the Investment Manager to cause the Funds to make investments that are riskier or more speculative than would be the case if the General Partners were not entitled to receive Incentive Allocations and Incentive Distributions, as applicable. Also, since the Incentive Allocation is calculated on a basis that includes unrealized appreciation of the L/S Fund's assets, the Incentive Allocation may be greater than if it were based solely on realized gains. Moreover, if realized gains turn out to be less than the unrealized appreciation on which the Incentive Allocation was based, the limited partners in the L/S Fund will not be entitled to a return of any portion of the prior Incentive Allocations (although it will count against future Incentive Allocations).

Valuation. Valuation of each Fund's investments (which will indirectly determine the amount of the Management Fee and the Incentive Allocation with respect to the L/S Fund) may, in limited circumstances, involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the value of the interests in a Fund could be adversely affected. Accordingly, while best efforts will be used to value all investments fairly, certain investments may be difficult to value and may be subject to varying interpretations of value.

Use of a Prime Broker to Hold Assets; Counterparty Risk. Special risks exist because the assets of the L/S will be held by a prime broker rather than a bank. Due to the presence of short positions, some or all of the L/S Fund's assets may be held in one or more margin accounts which may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. In the event that the prime broker experiences severe financial difficulty, the L/S Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker's business is liquidated, resulting in a potential loss to the L/S Fund due to adverse market movements while the positions cannot be traded. Furthermore, if the prime broker's pool of assets is determined to be insufficient to meet all claims, the L/S Fund could suffer a loss. The L/S Fund has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks and other institutions. Many of these transactions expose the L/S Fund to credit risk in the event of default of its counterparty.

No Opportunity to Vote; Dependence on Investment Manager and General Partners. Clients will have no rights to vote with respect to the Funds or with respect to amendments to the Fund Agreements (except with respect to any amendment that would adversely affect the Clients in any material respect). Clients will have no right to participate in the management or operations of the Program or the Funds or to exercise voting or other rights attendant to the securities held by the Funds and, thus, must depend solely upon the ability of the Investment Manager with respect to making investment decisions and the General Partners with respect to certain other activities. In addition, Clients will not have an opportunity to evaluate the specific investments made by the Funds prior to the consummation of such investments.

Limitations on Liability; Indemnification. The Fund Agreements set forth the circumstances under which the General Partners, the Investment Manager and other Indemnified Parties are to be excused from liability to the Funds and the Clients for damages or losses that the Funds or the Clients may incur by virtue of any such Indemnified Party's performance of services for the Funds. The Fund Agreements contain similar indemnities. As a result, the Funds and the Clients may have a more limited right of action in certain cases against these persons than they might otherwise have. Additionally, in the event that a claim is made against an Indemnified Party, such Indemnified Party may be entitled to be indemnified by the Funds, in which case the assets of the Funds would have to be used to indemnify such Indemnified Party for amounts incurred in connection with such claim.

Execution of Orders. The L/S Fund's trading strategy depends on its ability to establish and maintain an overall market position in a combination of securities selected by the Investment Manager. Should the L/S Fund's trading orders not be executed in a timely and efficient manner, such Fund might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the L/S Fund might not be able to make such adjustment. In such an event, the L/S Fund would not be able to achieve the market position selected by the Investment Manager, and might incur a loss in liquidating its position, incur an opportunity cost relating to the value of the portfolio or deviate from the targeted level of portfolio risk.

Systems Risks. The L/S Fund relies extensively on computer systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to

monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the L/S Fund's activities. In addition, certain of the L/S Fund's operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties. A defect or failure in any of these systems could have a material adverse effect on the L/S Fund.

Handling of Mail. Mail addressed to a Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the applicable General Partner or the Investment Manager to be dealt with. None of the Funds, the General Partners or any of their officers, advisors or service providers will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular, the General Partners will only receive, open or deal directly with mail which is addressed to it personally (as opposed to mail which is addressed just to the Funds).

Subscription Monies. Where a subscription for interests in a Fund is accepted, such interests will be treated as having been issued with effect from the relevant subscription date notwithstanding that the subscriber for those interests may not be entered in such Fund's register of partners until after the relevant subscription date. The subscription monies paid by a subscriber for such interests will accordingly be subject to investment risk in such Fund from the relevant subscription date.

Certain Tax, ERISA and Other Regulatory Considerations

Prospective investors should see Sections XI and XIII for a discussion of certain tax, ERISA and other regulatory considerations affecting an investment in the Program.

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IX. BROKERAGE AND OTHER RELATIONSHIPS

The Investment Manager selects brokers to effect portfolio transactions for each Fund, and in doing so seeks the most favorable execution terms reasonably available. In making this determination, the Investment Manager may consider such factors as the ability to effect the transactions, the broker's facilities, reliability and financial responsibility, securities pricing and transaction expenses, execution capability, confidentiality, capital commitment, and order and processing responsiveness. Selection of brokers may also take into consideration a broker's effectiveness in providing market or industry information, arranging for access to issuer's management, investment vehicles or knowledgeable industry sources and the provision or payment of the costs of brokerage or research products or services. The Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if the Investment Manager determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, the applicable Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.

Brokerage and research products or services provided to the Investment Manager may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services (*e.g.*, quotation equipment and computer costs and expenses) providing lawful and appropriate assistance to the Investment Manager in the performance of its investment decision-making responsibilities.

The use of commissions or "soft dollars" to pay for brokerage and research products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "1934 Act"). Under Section 28(e) of the 1934 Act, research obtained with soft dollars generated by a Fund may be used by the Investment Manager to service accounts other than such Fund. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Manager, the Investment Manager will make a reasonable allocation of the cost which may be paid for with soft dollars.

Each Fund's securities transactions can be expected to generate brokerage commissions and other compensation, all of which such Fund, not the Investment Manager, will be obligated to pay. The Investment Manager has complete discretion in deciding what brokers and dealers each Fund will use and in negotiating the rates of compensation each Fund will pay. In addition to using brokers as "agents" and paying commissions, each Fund may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

A broker is not excluded from receiving business because it has not been identified as providing research services. The investment information received from a Fund's brokers may be used by the Investment Manager in servicing other investors besides such Fund. Nonetheless, the Investment Manager believes that such investment information provides each Fund with benefits by supplementing the research otherwise available to such Fund. Each Fund may invest in securities issued by brokers, dealers and other financial intermediaries or providers of research and other services to such Fund, may participate in investment transactions with such parties, or may have

investors who are principals, officers, employees, or otherwise affiliated with such parties. Such relationships or arrangements will not preclude a Fund from entering into transactions with such parties, so long as the terms on which such Fund participates are determined by the Investment Manager to be in the best interest of Clients.

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X. THE ADMINISTRATOR

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XI. CERTAIN TAX CONSIDERATIONS

Certain Material U.S. Federal Income Tax Considerations

The following summary outlines certain material U.S. federal income tax considerations relating to investments in the Funds by U.S. Investors (as defined herein) and, to a limited extent, Non-U.S. Investors (as defined herein). This summary does not contain a complete discussion of the federal tax aspects of an investment in the Funds and is intended only to provide general information for investors that hold their interests in each Fund as a capital asset and is not intended as a substitute for careful tax planning. This summary does not address the tax considerations that may be relevant to Investors subject to special treatment under the Internal Revenue Code of 1986, as amended (the “Code”), including, without limitation, U.S. expatriates, brokers or dealers in securities, traders in securities that use the mark-to-market method of accounting, tax-exempt entities (except to the limited extent discussed below), regulated investment companies, real estate investment trusts, grantor trusts, U.S. investors that have a functioning currency other than the U.S. dollar, financial institutions, insurance companies, personal holding companies, or persons who acquire an interest in a Fund in connection with the performance of services. Such persons should consult with their own tax advisors as to the U.S. federal income tax consequences of an investment in a Fund, which may differ substantially from those described herein. This summary also does not address any U.S. estate, alternative minimum, state or local, or non-U.S. (except to the limited extent discussed below) tax consequences of an investment in a Fund. If a partnership owns an interest in a Fund, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of such partnership and the applicable Fund.

As used herein, the term “U.S. Investor” means an investor that, for U.S. federal income tax purposes, is (a) a citizen or resident of the U.S., (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or of any political subdivision thereof, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust that is subject to the supervision of a court within the U.S. and the control of one or more U.S. persons or that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person. The term “Non-U.S. Investor” means any investor that is not a U.S. Investor and who, in addition, is not a partnership or other fiscally transparent entity.

The following discussion is based upon current provisions of the Code, final, temporary and currently proposed U.S. Treasury Regulations under the Code (the “Treasury Regulations”), legislative history, administrative rulings and judicial decisions, any of which could be changed by legislation or otherwise. Thus, no assurance can be given that changes, including retroactive changes, will not be forthcoming which would affect the accuracy of any statements herein. Prospective investors should be aware that, although each Fund intends to adopt positions it believes are in accord with current interpretations of the U.S. federal income tax laws, the Internal Revenue Service (“IRS”) may not agree with the tax positions taken by a Fund and that, if challenged by the IRS, a Fund’s tax positions might not be sustained by the courts.

PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS TO DETERMINE THE U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES PARTICULAR TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF

INTERESTS OF EACH FUND AS WELL AS THE APPLICATION AND EFFECT OF THE TAX LAWS OF ANY JURISDICTION WHERE THE INVESTOR IS SUBJECT TO TAXATION.

Fund Classification

It is intended that each Fund will be treated for U.S. federal income tax purposes as a partnership and not as an association, taxable mortgage pool or publicly traded partnership (a “PTP”) taxable as a corporation. A partnership is a PTP if interests in the partnership are traded on an established securities market or are readily tradable on a secondary market. Each General Partner intends to operate the applicable Fund so it will not be treated as a PTP. Each Fund intends to obtain and rely on appropriate representations and undertakings from each Client in order to ensure that such Fund is not treated as a PTP. If the IRS successfully challenged the treatment of either Fund as a partnership for U.S. federal income tax purposes, such Fund would be subject to U.S. federal income tax on its taxable income at regular corporate income tax rates, thereby materially reducing the amount of any cash available for distribution to investors. In addition, capital gains and losses and other income and deductions of such Fund would not be passed through to its investors, and its investors would be treated as shareholders for U.S. federal income tax purposes. In such case, all distributions by such Fund to the investors would be treated as dividends, return of capital or capital gain. The treatment of an entity as a partnership for U.S. federal income tax purposes may not be determinative of its treatment for certain state, local or non-U.S. tax purposes.

The discussion below assumes that each Fund will be treated as a partnership for U.S. federal income tax purposes. Neither Fund intends to request a ruling from the IRS with respect to its classification for U.S. federal income tax purposes.

Taxation of each Fund and its Investors

As a partnership, each Fund is not itself subject to U.S. federal income tax. Each U.S. Investor in the L/S Fund will be required to report its distributive share of the L/S Fund’s items of income, gain, loss or deduction whether or not such Fund makes any actual distribution of money or property to the U.S. Investor. In general, the character of each U.S. Investor’s share of such items will be determined at the Fund level. Each U.S. Investor must include in income its share of such items for any taxable year of the L/S Fund ending within or with the taxable year of the U.S. Investor. In general, allocations of such items will be made in proportion to the U.S. Investors’ capital account balances and will be adjusted to reflect any Performance Allocation to the L/S General Partner, as provided in the L/S Partnership Agreement. However, the L/S General Partner has the discretion to make special allocations of income, gain, loss and/or deduction recognized by the L/S Fund for U.S. federal income tax purposes to a U.S. Investor who withdraws all of its capital account from such Fund in such a manner as will reduce the amount, if any, by which such U.S. Investor’s withdrawal proceeds exceed such U.S. Investor’s U.S. federal income tax basis in its interest in the L/S Fund immediately before such allocation. In light of the L/S Fund’s general policy of not making distributions to U.S. Investors, each U.S. Investor will have to satisfy any U.S. federal income tax liability associated with such allocations from other sources.

Each investor in the PE Fund will be required to take into account, in the investor’s taxable year during which a taxable year of the PE Fund ends such investor’s distributive share of all items of

income, gain, loss, deduction, or credit for such taxable year of the PE Fund. An investor must take such items into account even if the PE Fund does not make any distributions to such investor during its taxable year. Consequently, an investor in the PE Fund may recognize taxable income during a period in which the investor receives no distribution from the PE Fund or experiences an economic loss or even when such income has not yet been received by the PE Fund.

Limitations on Deductibility of Deductions and Losses

An investor is allowed to deduct its allocable share of a Fund's losses (if any) only to the extent of such investor's adjusted tax basis in its interest in such Fund at the end of the taxable year in which the losses occur. In addition, investors who are individuals, trusts, or certain closely held corporations could be subject to various limitations on their ability to deduct their allocable share of deductions and losses of a Fund against other income. Such limitations include those relating to "passive losses" (as defined under Section 469 of the Code), amounts "at risk" (as defined under Section 465 of the Code), "investment interest" (as defined under Section 163 of the Code), and miscellaneous itemized deductions (under Sections 67 and 68 of the Code). Because of some of these limitations, it is possible that in a situation in which a Fund has losses, certain investors may not be able to use those losses against other income they may have. Also, if a Fund has losses from some activities and income from different activities, certain investors may not be able to net such losses against such income.

Each Fund generally intends to take the position for U.S. federal income tax purposes that its operations and activities constitute an investment activity rather than the active conduct of a trade or business. As a result, the Management Fee, together with certain other expenses, will likely be treated as "miscellaneous itemized deductions" of such Fund for U.S. federal income tax purposes. For U.S. federal income tax purposes, individuals and certain trusts and estates that hold interests in a Fund may deduct such expenses in a taxable year only to the extent that their aggregate miscellaneous itemized deductions for the year exceed 2% of their adjusted gross incomes for the year. Thus, in the case of certain investors, all or a portion of the above expenses may not be deductible in certain taxable years.

Considerations Regarding Non-U.S. Investments

Each Fund may own stock or securities of non-U.S. corporations. The discussion below is only a brief summary of some of the tax issues that may apply in such case. Each prospective investor should consult with its own tax advisors regarding the tax consequences to it of such stock or securities ownership by a Fund.

Non-U.S. entities in which a Fund invests could be treated as "controlled foreign corporations" ("CFCs"), or "passive foreign investment companies" ("PFICs") for U.S. tax purposes. An investment in a CFC or PFIC could cause a U.S. Investor to recognize income prior to the receipt of distributions from the CFC or PFIC, or in the case of a PFIC require the U.S. Investor to pay an interest charge on the tax associated with distributions or sales of stock. U.S. Investors could also be taxable in whole or in part at ordinary income rates rather than the currently more favorable capital gains rates upon the sale of stock of a CFC or PFIC. Generally, the Code provides for certain U.S. federal income tax elections (such as the "qualified electing fund" election under Section 1295 of the Code with respect to PFICs) that could mitigate some of the adverse tax

consequences of holding interests in foreign companies; however, a Fund can provide no assurance that any foreign portfolio company will provide the information necessary for a U.S. Investor to make any such election.

U.S. Investors that own (directly or through a Fund) stock in foreign corporations, including CFCs and PFICs, are subject to special reporting requirements under the Code. Each prospective investor should consult with its own tax advisor regarding such reporting requirements.

Foreign Tax Credit Limitations

Each Fund's income or gains may be subject to withholding, net income or other taxation in jurisdictions where the investments are located; the applicability of any such taxes are not addressed in this Memorandum.

With respect to creditable foreign taxes paid on the income or gains of a Fund, U.S. Investors may be entitled to claim either a foreign tax credit, or, subject to limits generally applicable to all deductions, a deduction for their share of such foreign taxes. However, the rules for determining eligibility for and limits on foreign tax credits are extremely complex and depend on a number of factors that are unique to each U.S. Investor's particular circumstances. For example, a credit for foreign taxes is subject to the limitation that it may not exceed the U.S. Investor's federal tax (before the credit) attributable to its total foreign source income in the relevant category. Furthermore, foreign taxes paid by a foreign corporation in which a Fund holds a direct or indirect equity investment generally cannot be claimed as a credit by a U.S. Investor unless the U.S. Investor is a corporation that is treated as owning (actually or constructively) at least 10% of the voting stock of the foreign corporation and certain other conditions are satisfied. U.S. Investors should consult with their own tax advisors regarding all aspects of the rules applicable to foreign tax credits and the potential availability of foreign tax credits to them with respect to the income or taxes of such Fund.

Foreign Currency Gain or Loss

Transactions involving currencies other than United States dollars could cause the Fund to recognize "foreign currency" gain or loss that will be allocated to U.S. Investors. Generally, foreign currency gain or loss is treated as ordinary income or loss. U.S. Investors should consult their own tax advisors regarding all aspects of the rules applicable to foreign tax credits, the potential availability of foreign tax credits to them with respect to the income or taxes of the Fund and the tax treatment of foreign currency gain or loss.

Tax Reporting By the Fund

Each Fund will annually provide to each U.S. Investor such information as may reasonably be necessary for such U.S. Investor to complete its tax returns (including, to the extent required, IRS Form 1065 and Schedules K-1). Because the Funds cannot provide this information until they have all necessary information with respect to their investments, a U.S. Investor may not receive a Schedule K-1 prior to the April 15 U.S. federal tax filing deadline for individual tax filers and may

need to file for tax extensions in order to allow sufficient time for the completion of its income tax returns.

Net Investment Income Tax

A U.S. Investor that is an individual is subject to a 3.8% tax on the lesser of (1) the U.S. Investor's "net investment income" for the relevant taxable year and (2) the excess of the U.S. Investor's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). Estates and certain trusts are subject to the same tax on the lesser of (a) their undistributed net investment income, or (b) the excess of their adjusted gross income over a certain threshold. A U.S. Investor's net investment income will generally include interest income and dividend income allocated to the investor by the Funds as well as the investor's allocable share of net gains from the disposition of investments held directly or indirectly by the Funds, unless such income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities), and may include other types of income derived by the Funds. The General Partners does not expect any such trade or business to exist. Prospective U.S. Investors that are individuals, estates or trusts should consult their tax advisors regarding the applicability of the net investment income tax to an investment in the Funds.

Tax-Exempt Investors

A U.S. Investor that is a tax-exempt entity is generally exempt from U.S. federal income tax on its income, except to the extent of its unrelated business taxable income ("UBTI"). UBTI is defined generally as the gross income derived from any trade or business that is regularly carried on by the tax-exempt entity and unrelated to its exempt purposes, less any directly connected deductions, and subject to certain modifications. If a tax-exempt entity is an investor in an entity treated as a partnership for U.S. federal income tax purposes that incurs income that would be UBTI if incurred directly by the tax-exempt entity, the tax-exempt entity's distributive share of such partnership's income constitutes UBTI. For the purposes of computing UBTI, the Code generally excludes from gross income certain investment income, including gain or loss from the sale or other disposition of property (other than property that constitutes inventory or that is held primarily for sale in the ordinary course of a trade or business, referred to as "dealer property"), dividends, interest, and certain rents from real property. In addition, UBTI includes "unrelated debt-financed income," which generally is defined as any income derived from property in respect of which there is "acquisition indebtedness," even if the income would otherwise be excluded in computing UBTI. Thus, if a tax-exempt investor has acquisition indebtedness with respect to its interests in a Fund, it may incur UBTI with respect to such Fund's investments.

If a transaction in which a tax-exempt investor directly or indirectly participates is treated as a "prohibited tax shelter transaction" (which includes listed transactions and certain other categories of reportable transactions), a tax-exempt investor may be subject to United States excise taxes with respect to such transaction, and such excise taxes could be significant. Tax-exempt investors could be subject to such excise taxes if they engage in a reportable transaction with respect to their investment in either Fund, or, under limited circumstances, if either Fund engages in a reportable transaction.

Each prospective tax-exempt U.S. Investor is urged to consult with its tax advisor as to the applicability of the rules relating to UBTI, the applicability of the prohibited tax shelter transaction rules to them and the implications to it of an investment in a Fund.

Non-U.S. Investors

The federal income tax treatment of a Non-U.S. Investor investing in a Fund is complex and will vary depending upon the circumstances of the Non-U.S. Investor and the activities of such Fund. If a Fund were deemed to be engaged in a U.S. trade or business (e.g., as a result of investing in an operating business organized as a pass-through entity for U.S. federal income tax purposes), then a Non-U.S. Investor would be subject to U.S. federal income tax each year on its distributive share of the taxable income of such Fund deemed to be effectively connected with a U.S. trade or business (“ECI”), as if such investor were a U.S. person, regardless of whether such Fund makes any cash distributions (and certain corporate Non-U.S. Investors could be subject to an additional 30% branch profits tax, subject to reduction by treaty). The Non-U.S. Investor would also be required to file a U.S. federal income tax return. Each Fund will be required to withhold, generally at the rate of 35%, on a Non-U.S. Investor’s allocable share of any taxable income of a Fund that is ECI (whether or not such income is distributed). Such withholding tax may be claimed as a credit against such Non-U.S. Investor’s substantive U.S. tax liability. Non-U.S. Investors should be aware that each Fund could incur ECI.

In addition, to the extent that a Fund realizes U.S. source fixed, determinable, annual or periodical income (such as U.S. source interest and dividend income) that is not ECI, the Non-U.S. Investor’s allocable share of such income generally will be subject to a 30% withholding tax. Such withholding tax may be reduced or eliminated with respect to certain types of such income under an applicable income tax treaty between the U.S. and the Non-U.S. Investor’s country of residence or under the “portfolio interest” rules contained in Code Section 871 or 881, provided that the Non-U.S. Investor provides proper certification as to its eligibility for such treatment.

Notwithstanding the foregoing, a Non-U.S. Investor’s share of the net gain recognized upon the disposition by a Fund of a United States real property interest would be treated for U.S. federal income tax purposes as if it were effectively connected with a U.S. trade or business, with consequences as described below. The term “United States real property interest” generally includes (i) shares of stock in a U.S. corporation that does not have a publicly traded class of stock outstanding if fifty percent (50%) or more of the value of the corporation’s business assets and interests in real property at any point during the preceding five years consisted of interests in U.S. real property, (ii) shares of stock in a United States corporation that does have a publicly traded class of stock outstanding where (A) the corporation satisfies the real property ownership test described in clause (i), above, and (B) a Fund held (directly or pursuant to certain attribution rules) more than five percent (5%) of the outstanding stock of any publicly traded class of shares or held shares of non-publicly traded stock with a fair market value, as of the date of the stock’s acquisition, greater than that of five percent (5%) of the publicly traded class of the corporation’s stock with the lowest fair market value and (iii) an interest in real property located in the United States. While each Fund currently does not intend to acquire or dispose of assets that qualify as United States real property interests, there can be no assurance that shares of portfolio company stock will not so qualify.

Non-U.S. Investors intending to rely on a tax treaty between the U.S. and their jurisdiction of residence should also be aware that there are various limitations, both under U.S. domestic law and certain tax treaties, on the ability of a Non-U.S. Investor to claim the benefits of a tax treaty.

Non-U.S. Investors generally will be personally liable to a Fund with respect to any withholding tax not satisfied out of their share of any distributions by such Fund.

Each Non-U.S. Investor is urged to consult with its own tax advisers regarding U.S. federal, state and local and foreign tax treatment of an investment in a Fund.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act, or (“FATCA”), provisions of the Code, subject to administrative guidance and certain intergovernmental agreements entered into thereunder, impose a 30% withholding tax on certain types of payments made to “foreign financial institutions” and certain other non-U.S. entities unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial U.S. owners or furnished identifying information regarding each substantial U.S. owner. If the payee is a foreign financial institution that is not subject to special treatment under certain intergovernmental agreements, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertakes to identify accounts held by certain U. S. persons or U. S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent them from complying with these reporting or other requirements. Withholding under this legislation on withholdable payments to foreign financial institutions and certain non-financial foreign entities will apply after December 31, 2018 with respect to the gross proceeds of a disposition of property that can produce U.S. source interest or dividends and currently applies with respect to other withholdable payments. Failure by a non-U.S. Investor that is subject to FATCA to comply with its certification and reporting requirements, or properly document its status as a person not subject to FATCA withholding, could result in withholding at a rate of 30% on withholdable payments made to the non-U.S. Investor. Prospective investors should consult their tax advisors regarding this legislation.

Partner Information Reporting Requirements

The U.S. tax rules impose certain information reporting requirements on U.S. Investors who own, directly or indirectly under attribution rules, more than certain threshold amounts of stock in a non-U.S. corporation. These persons must disclose, among other things, various transactions between themselves and those non-U. S. corporations. For purposes of these reporting requirements, stock ownership is determined with regard to certain stock attribution rules, and each U.S. Investor is treated as owning part or all of the stock owned directly or indirectly by the Fund. Similar reporting requirements apply to U.S. Investors that (a) own, directly or indirectly, more than certain threshold amounts of capital interests or profits interests in foreign entities treated as partnerships for U.S. federal income tax purposes, such as a Fund or a foreign company into which such Fund invests, or (b) contribute, in their capacity as partners, more than \$100,000 to a non-U.S. partnership, such as a Fund or a foreign company into which such Fund invests, during any twelve-month period, or (c) hold certain assets, including “specified foreign financial assets”

(which include interests in non-U.S. entities such as a Fund), in excess of certain threshold amounts. In certain circumstances, U.S. Investors may be required to file reports annually.

State, Local and Non-U.S. Taxes

In addition to the U.S. federal income tax consequences described above, each prospective investor should consult with its own tax advisors regarding the potential state, local and non-U.S. tax consequences of an investment in a Fund.

Prospective investors should consult their own tax advisers for further information about U.S. federal, state and local, non-U.S. and other tax consequences of investing in a Fund.

Taxation - Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon a Fund or its limited partners. Interest, dividends and gains payable to a Fund and all distributions by such Fund to its limited partners will be received free of any Cayman Islands income or withholding taxes. Each Fund has registered as an exempted limited partnership under Cayman Islands law.

The Cayman Islands Financial Institution Reporting Regime and FATCA. The Cayman Islands has signed two inter-governmental agreements to improve international tax compliance and the exchange of information - one with the United States and one with the United Kingdom. A Model 1(b) (non-reciprocal) inter-governmental agreement was signed with the United States (the “US IGA”), which gives effect to the automatic tax information exchange requirements of FATCA; and a similar inter-governmental agreement was signed with the United Kingdom (the “UK IGA”) (together with the US IGA, the “IGAs”), with respect to the automatic exchange of tax information relating to UK tax resident persons and entities.

Cayman Islands regulations (with respect to the US IGA, the “Cayman US Regulations”, with respect to the UK IGA, the “Cayman UK Regulations” and together the “Regulations”) were issued on 4 July 2014 to give effect to the IGAs. Pursuant to the Regulations, the Cayman Islands Tax Information Authority (the “Cayman TIA”) published on 22 July 2014 guidance notes (the “Guidance Notes”) on the application of the IGAs. The US IGA provides that Cayman Islands financial institutions (“FIs”) which comply with the Cayman US Regulations (and through them the US IGA and the Guidance Notes) will be treated as satisfying the due diligence and reporting requirements of FATCA and accordingly will be “deemed compliant” with the requirements of FATCA, will not be subject to withholding tax, and will not be required to close recalcitrant accounts. Failure to comply with the Regulations by an entity in scope is an offence and such entity is liable upon summary conviction to a fine and in certain cases to a term of imprisonment. Directors, general partners, trustees, secretaries and other similar officers, as well as controlling persons of certain entities, can also be proceeded against where the act in question is committed with the consent or connivance, or is otherwise attributable to the neglect of, any such person.

The Regulations categorize FIs as either “Reporting FIs” or “Non-Reporting FIs”. By default, all Cayman FIs will be Reporting FIs, unless they qualify as Non-Reporting FIs. The categories of

Non-Reporting FIs are defined in the Regulations by cross reference to Annex II to the relevant IGA.

In relation to FATCA, pursuant to the Cayman US Regulations a Reporting FI is, amongst other things, (i) not required to enter an “FFI agreement” with the IRS, (ii) required to register with the IRS to obtain a Global Intermediary Identification Number, (iii) required to conduct due diligence on its investors to identify whether accounts are held directly or indirectly by “Specified US Persons”, and (iv) required to report information on such Specified US Persons to the Cayman TIA. The Cayman TIA will exchange the information reported to it with the IRS annually on an automatic basis. A Non-Reporting FI will not be subject to these requirements. Both Reporting and Non-Reporting FIs may need to provide self-certification, on US tax forms, as to their FATCA status to withholding agents to avoid the imposition of the FATCA withholding tax (currently at the rate of 30%). Under the terms of the US IGA, FATCA withholding tax will not be imposed on payments made to a Fund unless it is deemed to be a Nonparticipating Financial Institution (as defined in the US IGA) as a result of “significant non-compliance”. The Cayman US Regulations do not require a Fund to withhold tax on payments made by such Fund to an account holder on account of FATCA or otherwise.

The Cayman UK Regulations impose similar requirements to the Cayman US Regulations, so that a Fund will be required to identify accounts held directly or indirectly by “Specified United Kingdom Persons” and report information on such Specified United Kingdom Persons to the Cayman TIA, which will exchange such information annually with HM Revenue & Customs (“HMRC”), the United Kingdom tax authority. There is no withholding tax regime associated with the UK IGA, nor is there any requirement for Reporting FI’s to register with HMRC. It is anticipated that further inter-governmental agreements (“future IGAs”) similar to the US IGA and the UK IGA may be entered into with other third countries by the Cayman Islands Government to introduce similar regimes for reporting to such third countries fiscal authorities (“foreign fiscal authorities”).

By investing (or continuing to invest) in a Fund, investors shall be deemed to acknowledge that:

- (i) such Fund (or its agent) may be required to disclose to the Cayman TIA certain confidential information in relation to the investor, including but not limited to the investor’s name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor’s investment;
- (ii) the Cayman TIA may be required to automatically exchange information as outlined above with the IRS, HMRC and other foreign fiscal authorities;
- (iii) such Fund (or its agent) may be required to disclose to the IRS, HMRC and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact such Fund (or its agent directly) with further enquiries;
- (iv) such Fund may require the investor to provide additional information and/or documentation which such Fund may be required to disclose to the Cayman TIA;

- (v) in the event an investor does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by such Fund, or a risk of such Fund or its investors being subject to withholding tax under the relevant legislative or inter-governmental regime, such Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned; and
- (vi) no investor affected by any such action or remedy shall have any claim against such Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of such Fund in order to comply with any of the US IGA, the UK IGA or any future IGAs, the Regulations or any of the relevant underlying legislation.

Other Taxation

Income and gains from investments held by a Fund may be subject to withholding taxes or other taxes in jurisdictions other than those described herein, subject to the possibility of reduction under applicable tax treaties. It is impossible to predict the rate of foreign tax a Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes, are not known. Neither Fund assumes responsibility for the withholding of any tax at source.

Prospective investors should consult their own counsel regarding tax laws and regulations of any other jurisdiction which may be applicable to them.

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XII. CERTAIN REGULATORY CONSIDERATIONS

ERISA Considerations

The United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to the provisions of Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification. In addition, ERISA requires the fiduciary of an ERISA Plan to maintain the indicia of ownership of the ERISA Plan’s assets within the jurisdiction of the United States district courts. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under “*Investment Program*”, the fact that the Funds have no history of operations, none of the Funds’ investments have been selected as of the date of this Memorandum and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of Interests.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but that are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, “Plans”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to non-deductible excise taxes and other penalties and liabilities under ERISA and/or the Code, and the transaction might have to be rescinded. Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to local, state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before participating in the Program.

The Plan Assets Regulation. The Department of Labor (“DOL”) has issued a regulation, 29 CFR Section 2510.3-101 (as modified by Section 3(42) of ERISA, the “Plan Assets Regulation”), describing what constitutes the assets of a Plan with respect to the Plan’s investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the Code. Under the Plan Assets Regulation, if a Plan invests in an “equity interest” of an entity (that is defined as an interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features) that is neither a “publicly offered security” nor a security issued by an investment company registered under the 1940 Act, the Plan’s assets include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established that the entity is an “operating company” or that “benefit plan investors” hold less than 25% of the equity interest in the entity. The interests in each Fund will constitute an “equity interest” in the Funds for purposes of the Plan Assets Regulation, and such interests will not constitute “publicly offered

securities” for purposes of the Plan Assets Regulation. In addition, neither of the Funds will be registered under the 1940 Act and will not qualify as an “operating company.”

The 25% Limit. Under the Plan Assets Regulation, and assuming no other exemption applies, an entity’s assets would be deemed to include “plan assets” subject to ERISA on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by “benefit plan investors” (the “25% Limit”). For purposes of this determination, the value of equity interests held by a person (other than a benefit plan investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee with respect to such assets (or any affiliate of such a person) is disregarded. The term “benefit plan investor” is defined in the Plan Assets Regulation as (a) any employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the provisions of Title I of ERISA, (b) any plan that is subject to Section 4975 of the Code and (c) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity (to the extent of such plan’s investment in the entity). Each Fund relies on this aspect of the Plan Assets Regulation. Accordingly, the General Partners believe, on the basis of the Plan Assets Regulation, that the underlying assets of the Funds should not constitute “plan assets” for purposes of ERISA. However, no assurance can be given that this will be the case at all times.

Exemptions. In the event that the 25% Limit is exceeded with respect to either Fund, the Investment Manager intends to act as an “investment manager” in managing the applicable Fund, and where necessary or appropriate in accordance with the requirements of Section 408(b)(17) or 408(b)(2), or Prohibited Transaction Class Exemptions 75-1 or 84-14. Although the Investment Manager will not initially qualify as a “qualified professional asset manager,” or “QPAM,” it is expected that it may so qualify at some point in the near future. This would make its management of the Funds eligible for limited exemptive relief from the prohibited transaction rules described above. In connection with these exemptions, the Investment Manager will require certain information or representations from each Plan investor in order to monitor its compliance with ERISA, Section 4975 of the Code and the conditions of the exemptions. Compliance with the exemptions may limit the Investment Manager’s ability to make certain investments or otherwise engage in certain transactions on the Funds’ behalf. The Investment Manager may choose not to invest in any other investment fund if, after giving effect to the investments, the Funds’ assets would be treated as assets of a benefit plan investor and the operations of that other investment fund would be subject to ERISA’s fiduciary responsibility provisions or ERISA’s or Section 4975 of the Code’s prohibited transaction provisions.

If a Fund’s assets are deemed to constitute “plan assets” under ERISA and no exemption is available, certain of the transactions in which such Fund might normally engage could constitute a non-exempt “prohibited transaction” under ERISA or Section 4975 of the Code. In such circumstances, the Investment Manager, in its sole discretion, may void or undo any such prohibited transaction, and may withdraw all or a portion of the interests in such Fund held by any investor that is a “benefit plan investor” upon terms that the Investment Manager considers appropriate.

Investment Considerations. A fiduciary of an ERISA Plan or other Plan that proposes to cause such entity to participate in the Program should consult with its counsel regarding the applicability

of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of ERISA.

In addition, before a Plan invests in either Fund, a person with investment discretion for the Plan must determine whether the investment is (a) permitted under the Plan's governing instruments and (b) appropriate for the Plan in view of the Plan's overall investment policy and the composition and diversification of its portfolio. Among other factors, such a fiduciary should consider: (i) whether the investment is prudent, considering the nature of such Fund; (ii) whether, in light of the Plan's other investments, the investment satisfies ERISA diversification requirements; (iii) whether, under ERISA, the Plan's assets will be treated as including the Plan's share of such Fund's securities and other assets; (iv) the potential impact of any UBTI that may be generated; and (v) the limited liquidity of interests of a Fund. The Investment Manager exercises no control over this decision and has no discretionary authority over whether any particular Plan should or should not invest in either Fund.

Fiduciary Appointment. For so long as the 25% Limit is not exceeded, neither the Investment Manager nor any of its affiliates will be a "fiduciary" within the meaning of ERISA with respect to any investor that is a Plan. However, to the extent that the 25% Limit is exceeded with respect to a Fund, the appropriate fiduciary of each investor in such Fund that is a Plan will appoint the Investment Manager, to the extent applicable, as an "investment manager" (as defined in Section 3(38) of ERISA) with respect to the portion of the assets of such Fund deemed to be assets of such Plan, and each such investor shall represent and warrant that it has the power to make such appointment, and that it will take such actions through its "named fiduciary" under ERISA who is authorized to act on behalf of each such investor in this regard. The Investment Manager will accept each such appointment and acknowledge that it will be a fiduciary with respect to each investor that is a Plan to the extent of such appointment.

Bonding Requirement. To the extent that the 25% Limit is exceeded, the Investment Manager will obtain a bond or bonds to the extent a bond is required to be obtained by it and in the amounts required by Section 412 of ERISA.

Reporting. Employee benefit plans are subject to certain reporting requirements, including filing an annual report with the Secretary of Labor. Under DOL regulations, a Plan may be exempt from including certain information in connection with its investment in a Fund in its annual report if the Investment Manager files a report with the Secretary of Labor on behalf of the Plan that includes a statement of such Fund's assets and liabilities and lists the assets held for investment by such Fund. To the extent that the 25% Limit is exceeded with respect to a Fund, the Investment Manager intends to file such a report.

Form 5500. Plan administrators of ERISA Plans that acquire an interest in a Fund may be required to report compensation, including indirect compensation, paid in connection with the ERISA Plan's investment in such Fund on Schedule C of Form 5500 (Annual Return/Report of Employee Benefit Plan). The descriptions in this Memorandum of fees and compensation, including the fees paid to the Investment Manager, are intended to satisfy the disclosure requirement for "eligible

indirect compensation,” for which an alternative reporting procedure on Schedule C of Form 5500 may be available.

Additional Important Considerations. The fiduciary, prohibited transaction and reporting provisions of ERISA and the Code are highly complex, and the foregoing is merely a brief summary of some of them. Each Plan should consult with its own counsel on the applicability and impact of ERISA before investing in either Fund.

The sale of interests in a Fund to a Plan is in no respect a representation by such Fund, the Investment Manager, the applicable General Partner or any other person associated with the offering of such interests that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

1940 Act Considerations

Neither of the Funds is registered as an investment company under the 1940 Act, in reliance upon an exclusion from the definition of an “investment company” under Section 3(c)(7) of the 1940 Act available to certain types of investment companies that are not publicly offered. Section 3(c)(7) of the 1940 Act permits the interests in the Funds to be owned by an unlimited number of investors (subject to limits under other applicable laws), provided that all investors are “qualified purchasers” under the 1940 Act or are otherwise entitled to invest in an entity excluded from the definition of an investment company under Section 3(c)(7) of the 1940 Act. The Funds will rely on the same exemption from registration as an investment company pursuant to the 1940 Act. Accordingly, the each Client must be a “qualified purchaser” or otherwise entitled to invest in an entity excluded from the definition of an investment company under Section 3(c)(7) of the 1940 Act. An entity such as a corporation, partnership and certain types of trusts will be treated as a “qualified purchaser” if the entity is a “qualified institutional buyer” or “QIB” pursuant to Rule 144A under the 1933 Act (other than certain dealers and participant-directed benefit plans) or owns and invests on a discretionary basis at least \$25 million in qualified investments (in each case, net of any indebtedness incurred to acquire such investments). The Client Agreement contains questions that will be used by the Funds to confirm whether a prospective Client is a “qualified purchaser” for these purposes.

Given that neither of the Funds will be registered as an investment company under the 1940 Act, Clients will not be entitled to the protections and benefits of that Act, including restrictions on or requirements relating to capital structure; composition of the board of directors or a similar managing board; approval of investment advisory and distribution arrangements and certain other matters by independent members of the managing board; affiliated transactions; custody of assets; investment policies and procedures for making changes therein; valuation and pricing of shares; bonding and certain other matters.

1933 Act and “Blue Sky” Considerations

The offering of interests in each Fund is intended to constitute a private placement under Rule 506(b) of Regulation D under the Securities Act of 1933, as amended (the “1933 Act”). Accordingly, the interests in the Funds have not been and will not be registered under the 1933

Act, or under any applicable state securities or “blue sky” laws, and, as a result, are subject to restrictions on transfer thereunder. Under the Fund Agreements, interests in the Funds are offered and sold only to “accredited investors” as defined in Rule 501(a) under the 1933 Act and may not be transferred without the consent of the applicable General Partner. Accordingly, each Client must be an “accredited investor.” The Client Agreement contains questions that will be used by the Funds to confirm whether a prospective Client is an “accredited investor” for these purposes.

Advisers Act Considerations

The Investment Manager is not currently registered as an investment adviser under the Advisers Act, in reliance upon the exemption from registration available pursuant to Rule 203(m)-1 under the Advisers Act. The Investment Manager intends to file with the Securities and Exchange Commission as an “exempt reporting adviser” under the Advisers Act.

Anti-Money Laundering Regulations

As part of each Fund’s responsibility for the prevention of money laundering, the Investment Manager and the Administrator and their affiliates, subsidiaries or associates may require a detailed verification of a Client’s identity, any beneficial owner underlying the account and the source of the payment.

The Investment Manager and the Administrator reserve the right to request such information as is necessary to verify the identity of a Client and the underlying beneficial owners of a Client’s interests. In the event of delay or failure by a Client to produce any information required for verification purposes, the Investment Manager may refuse to accept a subscription or may cause the withdrawal of any such Client from the applicable Fund, including any portion of such Fund’s interest that corresponds to any such Client. The Investment Manager, by written notice to any Client, may suspend or restrict the withdrawal rights of, or the payment of withdrawal proceeds payable to, such Client if the Investment Manager reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Funds, the Investment Manager or any of the Funds’ other service providers.

Each Client will be required to make such representations to the Investment Manager as the Funds and the Investment Manager will require in connection with applicable anti-money laundering programs or regulations, including without limitation, representations to the Funds and the Investment Manager that such Client is not a prohibited country, territory, individual or entity listed on the Department of Treasury’s Office of Foreign Assets Control (“OFAC”) website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Each Client will also be required to represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly derived from activities that may contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations.

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XIII. CAYMAN ISLANDS CONSIDERATIONS

Cayman Islands Mutual Funds Law

The L/S Fund is regulated as a mutual fund under the Mutual Funds Law (2015 Revision) of the Cayman Islands (“Mutual Funds Law”). The Cayman Islands Monetary Authority (the “Authority”) has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Law entails the filing of prescribed details and audited accounts annually with the Authority. As a regulated mutual fund, the Authority may at any time instruct the L/S Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. In addition the Authority may ask the L/S General Partner to give the Authority such information or such explanation in respect of the L/S Fund as the Authority may reasonably require to enable it to carry out its duty under the Mutual Funds Law.

The PE Fund is not required to register or be regulated as a mutual fund under the Mutual Funds Law.

Neither Fund will be subject to supervision in respect of its investment activities or the constitution of its investment assets by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the L/S Fund in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the general partner of the L/S Fund, to appoint a person to advise the L/S Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the L/S Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

Each Fund has been constituted as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law, 2014 (the “ELP Law”). A Cayman Islands exempted limited partnership is constituted by the signing of the relevant partnership agreement and its registration with the Registrar of Exempted Limited Partnerships in the Cayman Islands.

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any rights or property of an exempted limited partnership (whether held in that partnership's name or by any one or more of its general partners) shall be held or deemed to be held by the general partner, and if more than one then by the general partners jointly, upon trust as an asset of the exempted limited partnership in accordance with the terms of the partnership agreement. Any debts or obligations incurred by the general partner in the conduct of a Fund's business are the debts and obligations of that exempted limited partnership. Registration under the ELP Law entails that the exempted limited partnership becomes subject to, and the limited partners therein are afforded the limited liability (subject to the partnership agreement) and other benefits of, the ELP Law.

The business of an exempted limited partnership will be conducted by its general partner(s) who will be liable for all debts and obligations of the exempted limited partnership to the extent the applicable Fund has insufficient assets. As a general matter, a limited partner of an exempted limited partnership will not be liable for the debts and obligations of the exempted limited partnership save (i) as provided in the partnership agreement, (ii) if such limited partner becomes involved in the conduct of the partnership's business and holds himself out as a general partner to third parties or (iii) if such limited partner is obliged pursuant to the ELP Law to return a distribution made to it where the exempted limited partnership is insolvent and the limited partner has actual knowledge of such insolvency at that time.

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XIV. ADDITIONAL INFORMATION

Prospective investors and their advisers or representatives having questions or desiring additional information should contact Philip Kent Cooke, President of Crossover Capital Partners, LLC at One Federal Street, 28th Floor, Boston, MA 02116 (617) 963-0722.

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