
Item 1. Cover Page

Social Capital PEP Management LLC

March 15, 2016

This Brochure contains information about the qualifications and business practices of Social Capital PEP Management LLC and The Social+Capital Partnership, L.L.C. (collectively, the “Adviser”). If you have any questions about the contents of this Brochure, please contact Ryan Purcell at 650-521-9007 or compliance@socialcapital.com. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. SEC registration does not imply a certain level of skill or training.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

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ITEM 4. ADVISORY BUSINESS

Social Capital PEP Management LLC ("SCPEP") is a newly-formed investment adviser with its principal place of business in Palo Alto, California. SCPEP intends to commence operations on or about May 1, 2016 and has submitted an application to be registered with the SEC as an investment adviser. The Social+Capital Partnership, L.L.C. ("SCP") is an affiliate of SCPEP and, upon the approval of SCPEP's application for registration, intends to file a single Form ADV with SCPEP as a relying adviser. SCP currently files Form ADV Part 1A with the SEC as an exempt reporting adviser ("ERA") and will maintain its ERA status until SCPEP becomes a registered investment adviser. SCPEP and SCP are collectively referred to herein as the "Adviser". Chamath Palihapitiya is the ultimate principal owner of the Adviser. As of the date of this Brochure, SCPEP has not yet commenced operations as an investment adviser and SCP is not yet relying on SCPEP's registration filing. As a result, some of the responses contained herein are based on SCPEP's expectations with respect to its investment advisory business.

SCPEP provides discretionary investment advisory services to open-ended long/short private investment funds (the "Public Funds"), and SCP provides similar services to closed-ended venture capital private funds (the "Private Funds", and collectively with the Public Funds, the "Funds"). The Adviser may also provide discretionary investment advisory services to other client accounts, including separately managed accounts.

The Adviser provides advice to its clients based on the specific investment objectives and strategies described in the relevant governing documents of each Fund (collectively, the "Fund Documents") or the investment management agreement for other clients as applicable. The Adviser currently does not tailor advisory services to the individual needs of its clients, and clients may not impose restrictions on investing in certain types of securities and other financial instruments.

As of the date of this Brochure, SCPEP does not have any assets under management. As of January 1, 2016 SCP had total regulatory assets under management of \$1,268,054,802.06.

ITEM 5. FEES AND COMPENSATION

Public Funds

SCPEP will charge an investment management fee based on the value of assets under management of each investor in the Public Funds. The range of investment management fees generally will be between 0% to 1% per annum, depending on the date of the investor's investment in the Public Funds.

Management fees will be charged quarterly in advance as of the first business day of each quarter and will be computed on a subscription by subscription basis. If an investor in the Public Funds invests during a quarter or makes an additional subscription during a quarter, the management fee will be charged as of the effective date of the subscription based upon the

value of the investment as of the applicable date and will be prorated for the number of days remaining in the quarter. To the extent an investor in the Public Funds elects to withdraw or is required to withdraw during a quarter, a pro rata portion of the management fee paid in advance will be refunded, based on the number of days remaining in the quarter.

Management fees may be modified or waived for an investor in the Public Funds that is a member, principal, employee or affiliate of SCPEP, relatives of those persons and certain other investors.

Management fees will be deducted from the Public Funds by the Public Funds' administrator pursuant to instructions from SCPEP.

SCPEP or its affiliate, Social Capital PEP GP LLC, may also receive performance-based compensation, which is compensation that is based on a share of net capital appreciation of the assets of a client. The performance-based compensation received from the Public Funds generally will be 20% of the net capital appreciation and will be subject to a loss carryforward and for investments locked up for at least two years, a clawback provision. Performance-based compensation generally will be allocated to the recipient as of the end of each applicable incentive allocation period and upon an intra-year withdrawal by an investor in the Public Funds. In certain instances, the incentive allocations will effectively be calculated over multi-year periods. The Adviser's performance-based compensation with respect to the Public Funds is calculated taking into account both realized and unrealized gains.

The performance-based compensation may be reduced or waived for an investor in the Public Funds that is a member, principal, employee or affiliate of SCPEP or Social Capital PEP GP LLC, relatives of those persons and certain other investors.

More detailed information about the fees and allocations paid by investors in the Public Funds may be found in the applicable Fund Documents. In addition, these fees and allocations may be negotiable for separately managed account clients.

Private Funds

SCP may charge an investment management fee based on the capital commitments of each investor in the Private Funds. The range of investment management fees generally will be between 0% to 2% per annum, depending on SCP's annual budget, as approved by the Private Funds' Advisory Boards. Such fees are subject to change on an annual basis based upon SCP's annual budget and on criteria set forth in the relevant Private Fund's Fund Documents.

Management fees will be charged quarterly in advance as of the first business day of each quarter and will be prorated for any partial quarter based on the number of business days in such quarter.

SCP directly deducts the investment management fee from the Private Funds in accordance with SCP's annual budget.

Additionally, SCP or its affiliates is generally entitled to receive carried interest or similar profit distributions ("Carried Interest") from the Private Funds. Carried Interest is a performance-based profit allocation based on a share of the income and gains of the assets in each Private Fund. For SCP's main Private Funds, Carried Interest allocations are typically 30% of distributions after the Private Funds' investors have received a return of their contributed capital. For SCP's Private Funds established with the mandate of investing in follow on rounds of portfolio companies held by an existing main Private Fund, Carried Interest allocations are typically 15% of distributions after the Private Funds' investors have received a return of their contributed capital.

More detailed information about the fees and Carried Interest paid by investors in the Private Funds may be found in the applicable Fund Documents.

Funds Generally

In addition to paying investment management fees and, if applicable, performance-based compensation, the Funds will also be subject to other expenses such as directors' fees and expenses, fees paid to a proxy agent, costs of independent appraisers, legal, accounting, tax preparation and other tax related expenses (including preparation costs of financial statements, tax returns and reports to shareholders), auditing, consulting and other professional expenses, each Fund's pro rata share of Fund-related insurance costs (including the majority of D&O insurance for the Adviser, errors and omissions insurance, fidelity insurance and other similar policies), administration expenses (including administrator fees and expenses), research-related expenses (including, without limitation, research-related travel expenses for investment personnel and fees and expenses of investment advisers and independent consultants incurred in investigating and evaluating investment opportunities), investment-related expenses (i.e., expenses that, in the Adviser's discretion, are related to the investment of the Funds' assets, whether or not such investments are consummated) such as commissions, brokerage fees, interest on margin accounts and other indebtedness, and investment-related legal costs other than investment-related travel expenses, expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, certain compliance and reporting expenses and expenses attributable to regulatory filings which are made with respect to the Funds or assets of the Funds (including Section 13, Section 16 and non-U.S. position reporting filings), fees paid to proxy and securities class action advisory firms, organizational expenses, expenses relating to the offer and sale of the Funds' interests and withdrawals/redemptions and transfers thereof, custodial fees, bank service fees, taxes applicable to the Funds on account of its operations and other reasonable expenses related to the purchase, holding, sale or transmittal of the Funds' assets. The Private Funds also bear the costs and expenses associated with any Private Fund information meetings, expenses of the Private Funds' advisory board meetings and reimbursement of reasonable out-of-pocket costs for the advisory board members and the general partner of the Private Funds to attend such meetings, and all expenses that are not normal administrative and overhead expenses, including all legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings relating to the Private Funds brought by or against the

Private Funds, the Adviser, or its affiliates or their respective members, partners, directors, equity holders, employees or agents or former members, partners, directors, equity holders, employees or agents.

The Funds bear their own expenses as described in the applicable Fund Documents. Each Other Account (as defined in Item 16 – “Investment Discretion”) bears its own expenses as set forth in its respective investment management or other agreement with the Adviser. Expenses borne by a Fund may differ from the expenses borne by the Other Accounts, including other Funds. In certain instances, a Fund may bear expenses that the Adviser has agreed to bear for one or more Other Accounts. In other instances, the Other Accounts may bear expenses that the Adviser has agreed to bear for a Fund.

Common expenses will be incurred on behalf of the Funds and one or more Other Accounts. The Adviser seeks to allocate those common expenses among the Funds and the Other Accounts in a manner that is fair and reasonable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive compensation, or conflicts relating to different expense arrangements with certain clients). Under its current expense allocation policy, the Adviser generally expects to allocate common expenses among its clients pro rata based on the client’s assets under management at the time the expense is paid. The Adviser expects, however, to deviate from pro rata allocations where it deems doing so to be fair and equitable, for example with respect to expenses that, in the Adviser’s view, disproportionately benefit a particular client or group of clients. Where the Adviser determines that an expense disproportionately benefits a particular client, the Adviser may charge all or part of the expense to that client. Nonetheless, the portion of a common expense that the Adviser allocates to the Funds for a particular product or service, may not reflect the relative benefit derived by the Funds from that product or service in any particular instance. The Adviser’s expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Adviser in good faith will be final and binding on the Funds.

Please refer to Item 12 of this Brochure for a discussion of the Adviser’s brokerage practices.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As set forth in Item 5 above, the Adviser or its affiliates may receive performance-based compensation based on a share of net capital appreciation of the assets of a client. For the Public Funds, the performance-based compensation payable generally will be 20% of the net capital appreciation (including realized and unrealized gains) annually and will be subject to a loss carryforward and in certain cases, a clawback provision. For the Private Funds, the performance compensation is generally structured through a “waterfall” mechanism whereby the Adviser or its affiliates receive a stated percentage of the realized proceeds from the investments. These differences in the timing and nature of the Funds’ performance-based compensation structure could at times provide an incentive for the Adviser to favor certain Funds over others in allocating investment opportunities, expenses, etc.

ITEM 7. TYPES OF CLIENTS

The Adviser provides discretionary investment advisory services to the Funds. The Adviser may also provide discretionary investment advisory services to other client accounts, including separately managed accounts.

The initial subscription amount minimum is disclosed in the applicable Fund Documents for the Funds. The minimum may be waived at the discretion of the Adviser.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Adviser will utilize a variety of methods and strategies to make investment decisions. The Adviser's investment goal is to achieve capital appreciation primarily through a combination of long, short and private investments in the global securities markets.

Investment Strategy:

The Advisor bases its investment strategy for the Private Funds and the Public Funds on intensive fundamental research, proprietary analyses, network insight, and company analysis. The Advisor's fundamental research seeks to identify general investment themes for each industry through a top-down and bottom-up analysis to uncover and understand major trends and developments that affect the sectors in which the Public Funds invest. The Advisor also makes investment decisions utilizing proprietary analyses to determine which companies benefit from new technology breakthroughs or standards, or which companies can reinforce their leadership through scale and competition. The Advisor has a team of technology and financial professionals focused on proprietary research and insights, particularly with respect to growth. The Advisor believes that proprietary research is critical to gaining the conviction necessary to hold concentrated positions for the long term. In addition to its proprietary analysis, the Advisor utilizes fundamental company analysis, including an evaluation of price/earnings multiples and free cash flow analysis, and scenario analysis and risk-reward models.

With respect to the Public Funds, the Adviser will also engage in short-sales of securities as an essential part of the Adviser's goal of achieving capital appreciation, rather than solely as a hedging tool.

There can be no assurances that a client will achieve its investment objective or that the strategies pursued and methods utilized by the Adviser for the Public Funds or the Private Funds will be successful under all or any market conditions. Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective investors should speak with their legal, tax, and financial advisors prior to making an investment with the Adviser. The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks.

Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategy

A brief explanation of the material risks associated with the Adviser's principal investment strategy and methods of analysis follows.

- Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.
- Short Selling Risk. Short selling transactions expose clients to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser, on behalf of a client account, might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- Lack of Diversification. SCPEP's client accounts are expected to be concentrated primarily in long and short publicly traded common stocks, and may not be as diversified as other investment vehicles. Additionally, at times a client account may have a significant portion of its assets invested in a single position. Accordingly, a client's portfolio may be subject to more rapid change in value than would be the case if a client were required to maintain a wide diversification.
- Leverage. Leverage is the use of borrowed funds for investment. While the use of certain forms of leverage, including margin borrowing, structured products or derivative instruments, can substantially improve the return on invested capital, such use may also increase the adverse impact to which the client's portfolio may be subject. The Adviser's use of leverage for client accounts can result in more volatile performance. The use of leverage may result in (1) greater losses from investments than would otherwise have been the case had the client not borrowed funds to make the investment, (2) margin, collateral calls or interim margin requirements that may force premature liquidations of investment positions, and (3) losses on investments when the investment fails to earn a return that equals or exceeds the cost of borrowing.
- No Portfolio Hedging; Volatility. While the Public Funds and accounts with similar strategies will engage in short selling, they generally will do so based on specific company prospects and not to serve as a portfolio hedge. Further, the Adviser expects those portfolios to be concentrated on its long investments. The Private Funds do not engage in short selling or

other hedging techniques. Accordingly, a client account's portfolio will likely be subject to more rapid and extreme change in value than would be the case if the client account engaged in significant hedging activities.

- Allocation of Investments and Regulatory Limitations. It is anticipated that the Public Fund and the Private Funds may over time have significant overlap with respect to particular issuers. At times where multiple funds managed by the Adviser hold substantial positions in a particular issuer, the Funds may become subject to certain securities laws restrictions that may impact each Fund's liquidity and portfolio management (e.g., Rule 144, the short swing and disclosure requirements of Section 16 of the Exchange Act, the Hart-Scott-Rodino Antitrust Improvements Act and similar foreign securities and antitrust regulations). Additionally, as a result of the Adviser's allocation policies, a Fund may not receive its desired allocation of a particular investment.
- Securities Restrictions. To the extent that a Fund owns a controlling stake in, has representatives on a board of directors, or is deemed an affiliate of a particular portfolio company, it may be subject to certain securities laws restrictions that could affect both the liquidity of the Fund's interest and its ability to liquidate its interest without adversely impacting the investment's price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 under the Act and the disclosure requirements of Sections 13 and 16 of the Exchange Act and the short swing profit and disclosure requirements of Section 16 of the Exchange Act. In addition, to the extent that affiliates of a Fund are subject to such restrictions, the Fund, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Fund stands to benefit from such affiliate's stock ownership.
- Custody Risk. There are risks involved in dealing with the custodians or prime brokers who settle trades for client accounts. Although the Adviser monitors the prime broker and other custodians of client assets and believes them to be appropriate, there is no guarantee that the prime broker, or any other custodians that may be used from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, it is likely that losses would be incurred due to assets being unavailable for a period of time, the ultimate receipt of less than full recovery of the assets, the ultimate receipt of different assets, or some combination of all of the foregoing.
- Reliance on Key Personnel. The Adviser relies heavily on the services of the Founder and CEO of the Adviser, Chamath Palihapitiya. Mr. Palihapitiya is responsible for all of the major decisions affecting the clients. Should Mr. Palihapitiya determine to discontinue managing the affairs of, or withdraw from, the Adviser or should Mr. Palihapitiya die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Adviser, the business and results of the operations of the clients may be adversely affected.

- Reliance on Advisors: The Adviser engages individuals who are not full-time employees of the Adviser to provide services in connection with the management of client accounts ("Advisors"). There are risks and potential conflicts of interest associated with engaging Advisors. Advisors may have relationships with third parties that could create a conflict of interest with the Funds and one or more Other Accounts. Advisors may, for example, also provide consulting or advisory services to other investment managers or companies, serve as directors or officers of public and/or private companies, and/or be an investor in the Funds and/or one or more Other Accounts or participate in co-investment opportunities. Certain of these positions and relationships may create an incentive for an Advisor to provide advice that may benefit the Consultant or entities other than the Adviser or its clients. In addition, an Advisor may have access to material, non-public information, which could be inadvertently disclosed to the Adviser. If the Adviser were to receive such information, the Adviser may be prohibited, by law, policy or contract, for a period of time from acquiring or disposing of a particular security for the benefit of the Funds or the Other Accounts.

Risks Associated with Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks)

- Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.
- Micro, Small and Medium-Capitalization Companies. The client accounts may have investments in micro and/or smaller-to-medium sized companies of a less seasoned nature whose securities are traded in the over-the-counter market. While securities of micro, small and medium-capitalization companies may provide significant potential for appreciation, the securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small capitalization companies, an investment in those companies may be illiquid.

- Illiquid Portfolio Company Investments. Investments made by the Private Funds are typically illiquid. Any return of capital or realization of gains will generally require a disposition of some or all of an investment. A Fund's ability to dispose of investments may be limited for several reasons. For example, illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by the relevant Fund. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. Investments in publicly-traded companies (including portfolio companies that have made initial public offerings) may also be subject to legal or contractual restrictions on resale, including the possibility that the general partner of or the Adviser to a Fund will be in possession of material nonpublic information about the portfolio company. In addition, the ability to exit an investment through public markets will depend on market conditions, particularly the market for initial public offerings. Liquidity post-initial public offering may also be limited due to legal, contractual or other regulatory reasons.
- Technology Industry Related Risks. The client accounts may have significant investments in the securities of technology companies which may be volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.
- Private Investments. The client accounts may have exposure to and may invest in private companies across a variety of industry sectors but will focus primarily on technology companies. These private companies typically have modest revenues and may or may not be profitable. Further, the Adviser's Private Funds will invest in securities of unseasoned early stage companies with little or no operating history. These early stage companies represent highly speculative investments. Both types of companies may require additional capital, after a client account's investment, to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.
- Additional Capital. Early-stage investments often require several rounds of capital infusions before the portfolio company reaches maturity. If an investor does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant

negative impact on both the portfolio company and the face value of the investor's original investment. The Funds may not be able to or may not intend to provide all necessary follow-on financing. Accordingly, third-party sources of financing may be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Funds. Furthermore, each Fund's capital is limited and may not be adequate to protect the Fund from dilution in multiple rounds of portfolio company financing.

- Reliance on Portfolio Company Management. The day-to-day operations of a portfolio company are the responsibility of such company's management team. Although the Adviser will monitor the performance of portfolio companies and generally will seek to invest in companies operated by capable management, there can be no assurance that an existing management team, or any successor team, will be able to successfully operate a portfolio company in accordance with the Adviser's strategy.
- Risks of Certain Dispositions. In connection with the disposition of an investment in a portfolio company or otherwise, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the relevant Fund.
- Board Participation. It is expected that employees of the Adviser will serve as directors of some of the Funds' portfolio companies and, as such, may have duties to persons other than the investing Fund. Although holding board positions may be important to a Fund's investment strategy and may enhance the ability of a Fund to manage investments, director seats may also have the effect of impairing a Fund's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the investing Fund, its general partner and the Adviser's personnel to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director-related claims. In general, the Funds will indemnify the general partner, the Adviser and relevant employees from such claims. In addition, it is possible that employees of the Adviser may serve as directors of publicly-traded companies in a Fund's investment portfolio. In the event that an employee serving as a director is exposed to material, nonpublic information with respect to a particular company, the Funds may be prohibited for periods of time from purchasing or selling the securities of such company. Such restrictions may have an adverse effect on the value of the investments of the relevant Fund.
- Trading in Options. The Adviser may engage from time to time in various types of options transactions on behalf of client accounts. The purchase or sale of an option involves the payment or receipt of a premium by the client and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other

instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the client loses its premium. Selling options, on the other hand, involves potentially greater risk because the client is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

- Exchange Traded Funds. Exchange traded funds (“ETFs”) (which generally are registered investment companies) are effectively portfolios of securities. Accordingly, ETFs have many of the same risks as direct investments in common stocks or bonds although the potential lack of liquidity in an ETF could result in its value being more volatile than that of the underlying portfolio of securities. There may also be certain risks to the extent a particular ETF is concentrated on a particular sector, geographic region or asset class, and is not as diversified as the market as a whole. As an investor in an ETF, a client account would bear its ratable share of the ETF's management fees and expenses in addition to the client account's own fees and expenses. As a result, investors in the Funds and other client accounts of the Adviser, in effect, will be paying two or more levels of fees and expenses with respect to investments in ETFs.
- Emerging Markets and Non-U.S. Securities. Investing in securities of non-U.S. governments and non-U.S. companies which are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, greater difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.
- Fixed-Income and Debt Securities. The client accounts may invest in fixed income securities and other debt securities. Certain of these securities may be unrated by a recognized credit-rating agency or below investment grade, which are subject to greater risk of loss of principal and interest than higher-rated debt securities. Accordingly, these securities tend to be more sensitive to economic conditions and tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which primarily react to fluctuations in the general level of interest rates. Issuers of lower-rated debt securities are often highly-leveraged and may not have access to more traditional methods of financing. Furthermore, trading in these types of securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. Moreover, it is likely that an economic downturn could affect the ability of the issuers to repay principal and pay interest thereon resulting in a high potential of default.

- Commodities and Futures Contracts. Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and a client account may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting the client accounts to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risks.

The foregoing does not purport to be a complete explanation of the risks involved in trading securities or with respect to any investment strategy.

ITEM 9. DISCIPLINARY INFORMATION

This Item is not applicable.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This item is not applicable.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser has adopted a Code of Ethics (the “Code”), which sets forth the ethical and fiduciary principles and related compliance requirements under which the Adviser operates and the procedures for implementing those principles. The Code obligates the Adviser and its employees to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are also required to comply with applicable federal securities laws.

Clients or prospective clients may obtain a copy of the Code by contacting Ryan Purcell, the Adviser’s General Counsel and Chief Compliance Officer, by e-mail at compliance@socialcapital.com, or by telephone at 650-521-9007.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information

to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law.

The Adviser and its employees may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment, which includes disclosure of gifts and business entertainment in excess of certain de minimis thresholds and pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a certain de minimis threshold.

Under the Code, the Adviser's employees generally must obtain prior approval from the Chief Compliance Officer or his designee prior to purchasing or selling any security who may deny permission to execute the transaction. The Adviser's Code prohibits the Adviser or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer.

The Code requires the Adviser's employees to submit quarterly transaction reports (or brokerage statements) that detail the individual's securities transactions for the quarter to the Chief Compliance Officer, and requires that the Chief Compliance Officer or his designee periodically monitor employee trading activity to detect potentially improper behavior. In addition, employees must submit an annual report of brokerage accounts and holdings along with an annual acknowledgement and certification stating that the individual will comply with the Code.

The Adviser typically does not engage in principal transactions. In the event of a principal transaction, the Adviser will disclose to the client in writing before the completion of the transaction the capacity in which the Adviser is acting with respect to the arrangement, and will obtain the client's consent to such transaction as required by Section 206(3) of the Investment Advisers Act of 1940, as amended.

ITEM 12. BROKERAGE PRACTICES

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, net price, the financial stability and reputation of the broker-dealer, and the research, brokerage or other services provided by such broker-dealer.

In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates. Thus, a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's operations committee (the

“Operations Committee”) and portfolio managers will meet periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

The Adviser receives research or other products or services other than execution from a broker-dealer in connection with client securities transactions. This is known as a “soft dollar” relationship. The Adviser will limit the use of “soft dollars” to obtain research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the Securities and Exchange Commission or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

The Adviser’s Operations Committee meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser’s overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services. The Adviser may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as “paying-up”), resulting in higher transaction costs for clients.

Research and brokerage services obtained by the use of commissions arising from a client’s portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other client accounts.

The Adviser and its related persons did not acquire any products or services with client brokerage commissions (or markups or markdowns) within its last fiscal year because SCPEP is a newly-formed entity that had no clients during the last fiscal year, and clients of SCP generally do not invest in publicly traded securities that would necessitate the services of a broker-dealer.

In some instances, the Adviser obtains a product or service that it uses, in part, for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be based on the Adviser's evaluation of the actual use of the product or service by its personnel for brokerage and research purposes. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and clients.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend these private funds as an investment to clients. The Adviser may place client portfolio transactions with firms that have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

The Adviser may purchase or sell the same security for multiple clients contemporaneously and using the same executing broker. The Adviser may, but is not required to, aggregate client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. Aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, the Adviser will generally allocate the securities purchased or proceeds of sale pro rata among the participating client accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a client account participating in the trade may pay a higher price than if the Adviser did not aggregate the order. If an aggregated order is only partially filled, the Adviser will allocate the securities

or proceeds in a manner deemed fair to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

The Adviser may on occasion experience trade, administration, operations and other human errors when conducting investment and administration activities on behalf of clients. The Adviser will endeavor to detect and correct the error as soon as practicable and to scrutinize carefully its policies and procedures with respect to the error with a view toward revising its procedures to prevent or reduce future errors, if necessary. With respect to any error identified, the Adviser will, on a case by case basis, determine whether or not the error resulted in a loss to the affected clients. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that clients are treated fairly. In the event that a client account incurs a trade error as a result of the Adviser's gross negligence, willful default or fraud, the trade error will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. While the Adviser has broad discretion to resolve a particular error in any appropriate manner that is consistent with the policy, trade errors that result other than by breach of the above-stated standard of care are generally borne by the client account, whether the error results in a loss or a gain to the client account.

ITEM 13. REVIEW OF ACCOUNTS

Each client account is reviewed by the Adviser's Public Fund investment committee (the "Public Investment Committee") and Private Fund investment Committee (the "Private Investment Committee"), as applicable, at least quarterly to determine whether securities positions should be maintained in a Public Fund or a Private Fund based on current market conditions. Matters reviewed include, but are not limited to, diversification, concentration risks, geographic risks, industry risks, stage risks, cash reserves, general market prospects and specific issuer prospects.

Investors in the Funds will receive annual audited financial statements and other monthly and quarterly reports from the Funds pursuant to the terms of the Fund Documents.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser will receive certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements will create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser's "soft-dollar" practices, including the Adviser's procedures for addressing conflicts of interest that arise from such practices.

ITEM 15. CUSTODY

The Adviser is deemed to have custody of client assets because its affiliates serve as the general partner to a limited partnership. The Adviser intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

ITEM 16. INVESTMENT DISCRETION

The Adviser provides investment advisory services to clients on a discretionary basis. Prior to assuming discretion over a client's assets, the Adviser will enter into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion. The Adviser has the authority to determine the securities and the amount of the securities to be purchased and sold for client accounts.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account. Each of the Public and Private Investment Committee seeks to allocate investments in a manner that is fair to all of the Adviser's clients. While it is anticipated that there may be overlap among certain Fund portfolios, each Fund will invest pursuant to its focus, mandate, objective, liquidity, concentration, risk tolerance and other applicable parameters. Each of the Public and Private Investment Committee has broad authority to make investment decisions based on a host of factors such as risk/return opportunity, absolute performance potential and portfolio construction preferences.

Allocations among the Private Funds generally will be based on the Private Funds' vintage, capital, strategies and restrictions. In general, allocations of new investments are made to the most recently launched Private Fund. For follow-on investments (i.e., investments in the securities of a company already held by one or more Private Funds), the Private Fund(s) that made the prior investment(s) will have priority over any dedicated follow-on investment Private Fund, which will have priority over all other new Private Funds. To the extent that multiple Private Funds have an existing investment in such issuer, such Private Funds will have the right to participate in the follow-on investment on a pro rata basis based on each such Private Fund's existing holdings of such issuer.

Allocations among the Funds generally will be based on whether the security or the issuer is publicly traded. If the issuer has publicly-traded securities, the Public Funds generally will be given priority over the Private Funds. If the issuer does not have any publicly traded securities, the Private Funds generally will be given priority. If securities are offered as part of an initial public offering, the Public Fund will be given priority over the Private Funds.

In certain circumstances, more than one Fund may invest in the same issuer and/or the same security at the same time or at different times. In these situations, conflicts may arise because investment decisions made with respect to one Fund's investment may have an adverse impact on the value of another Fund's investment. In addition, in certain circumstances liquidity may only be offered to a particular level of an issuer's capital structure, in which event only the Fund holding such security may have the ability to liquidate its position.

The decision to sell a publicly-traded security will be made in accordance with the investment mandates of each Fund. If more than one Fund is selling a publicly-traded security, fully executed orders will be allocated on a pro rata, average price basis unless otherwise determined by the Public Investment Committee. In instances where the Public Fund and the Private Funds invest in the same private security and the investment in the private security is partially realized, the disposition generally will be allocated at the same price pro rata based upon the ownership percentage of each participating Fund.

Certain clients may at times invest in the same issuers that other clients have made significant investments in at an earlier stage. The Adviser may face a conflict regarding such an investment because the later investment in the issuer by another client could also benefit the already invested client by providing valuable new capital to an issuer. Additionally, one or more of the Adviser's clients may, from time to time, make an investment in a portfolio company in which one or more other clients invests in a different part of the capital structure. To the extent a client holds securities in a portfolio company with rights, preferences and privileges that are different than those held by other clients in the same portfolio company, the Adviser may be presented with decisions when the interests of a client and the Adviser's other clients are in conflict. As a result, there may be conflicts between clients with respect to voting the securities of such issuers and other matters relating to various investments.

In addition, the Adviser's affiliates may from time to time, establish separate investment accounts or vehicles that are comprised of proprietary and employee capital (referred to as "Proprietary Accounts") in order to evaluate possible investment strategies for purposes of, but not limited to, seeding a new investment strategy with the goal of establishing a new investment fund for third party investors. The Adviser generally will treat any Proprietary Accounts in the same manner as client accounts with respect to the investment allocation and other procedures described in the Fund Documents. As a result of the Funds' investment strategies and other considerations, there may be times when the activities for the Funds differ from the activities for the Proprietary Accounts and/or accounts in which the Adviser and its affiliates have significant personal investments, including with respect to investment allocations and trading.

The Adviser may, but is not required to, provide co-investment opportunities to third parties, including investors in the Funds, strategic investors and/or other third parties not affiliated with the Adviser. Co-investment opportunities are determined in the sole discretion of the Adviser, and an investor that desires to participate in a potential co-investment may not receive the full amount, or any amount, of its desired co-investment. The terms applicable to any co-

investment opportunity will be established in the sole discretion of the Adviser, and co-investors may not be subject to any fee in relation to the co-investment opportunity.

Purchase and sale transactions (including swaps) may be effected between the Adviser's clients subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities and (ii) no brokerage commission or fee (except for customary transfer fees or commissions paid to a third party broker) or other remuneration will be paid to the Adviser in connection with any such transaction.

ITEM 17. VOTING CLIENT SECURITIES

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In fulfilling its obligations to advisory clients, the Adviser seeks to act in a manner that will enhance the economic value of the underlying securities held by each client.

If a material conflict of interest exists between the Adviser and a client, the Chief Compliance Officer, in possible consultation with the Operations Committee, will develop an alternative voting process for the proxy that seeks to minimize the conflict of interest.

The Adviser makes copies of its proxy voting policies and procedures, as well as records regarding its proxy voting history, available to clients upon request. To receive either or both of the foregoing documents, please contact Ryan Purcell, the Adviser's General Counsel and Chief Compliance Officer, by e-mail at compliance@socialcapital.com, or by telephone at 650-521-9007.

ITEM 18. FINANCIAL INFORMATION

This Item is not applicable.