

Item 1
Cover Page



Form ADV Part 2A

Firm Disclosure Brochure

March 30, 2020

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This firm disclosure brochure (the “Brochure”) provides information about the qualifications and business practices of Decheng Capital, LLC and certain of its affiliates (collectively, “Decheng” or the “Firm”) for purposes of Form ADV. If you have any questions about the contents of this Brochure, please contact us at the number listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. From time to time in this and other documents Decheng may refer to itself as a “registered investment adviser” by virtue of its registration with the SEC. This title does not imply any level of training or skill. Additional information about Decheng is also available on the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Item 2
Material Changes

This Brochure was prepared in connection with the Firm's initial application for investment adviser registration and, as such, there are no material changes to disclose. In the future, this Item will disclose a summary of any and all material changes that occur between annual updating amendments to the Form ADV.

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Item 4

Advisory Business

A. Decheng was founded in 2011 and is principally owned by its Managing Member, Xiangmin (“Min”) Cui. Historically, the Firm’s venture-oriented strategy focused on providing capital and strategic support to early stage life science companies with revolutionary technologies and growth stage healthcare companies with strong market presence. Over the years, Decheng has evolved into a stage-agnostic investor, targeting companies of varying maturation – from incubation-phase businesses to publicly-traded issuers.

B. Decheng provides investment management services to pooled investment vehicles (each a “Fund” or “Client” and collectively the “Funds” or “Clients”), which are sponsored by affiliates of Decheng that serve as the general partner to the limited partnerships (the “General Partner”). Interests in the Funds are privately offered to qualifying investors pursuant to Regulation D under the Securities Act of 1933, as amended (“Securities Act”), and each Fund qualifies for an exclusion from registration under Section 3(c)(7) of the Investment Company Act of 1940, as amended (“Investment Company Act”). As of the date of this Brochure, the Funds include:

- Decheng Capital China Life Sciences USD Fund I, L.P.
- Decheng Capital China Life Sciences USD Fund II, L.P.
- Decheng Capital China Life Sciences USD Fund III, L.P.

The Funds are subject to the investment objectives, terms and conditions outlined in their respective offering documents which depending on the Fund include the summary of principal terms, limited partnership agreement, private placement memorandum, subscription documents and/or investment management agreement. Collectively, these documents are referred to herein as the “Governing Documents.” While Decheng focuses on the strategies discussed throughout the Brochure, the Firm does not necessarily limit the types of investments on which it advises.

C. To the extent agreed upon in the Governing Documents, Decheng tailors its investment advisory services to be consistent with each Fund’s investment strategy, return profile, concentration limits, time horizon, liquidity mandates and other related objectives, as defined therein. Underlying investors may not impose restrictions on investing in certain securities or types of securities.

D. Decheng does not participate as a sponsor of or portfolio manager to any wrap fee programs.

E. As of December 31, 2019, the Firm had approximately \$906 million in assets under management, all of which was managed on a discretionary basis.

Item 5

Fees and Compensation

A. As an SEC registered investment adviser which provides services to private funds that exclusively accept “Qualified Purchasers,” as defined by the Investment Company Act, Decheng is not required to disclose its specific compensation terms in this Sub-Item.

B. The Funds pay the Firm an annual management fee, which is prorated and directly deducted from the Funds each quarter. The calculation of the management fee is derived from the most recent valuation of the portfolio, as determined by the General Partner with the input from the fund administrator, auditors, valuation agents, and/or other relevant service providers.

C. The Funds bear all costs of organization and operation, including all trading costs and expenses (e.g., brokerage commissions, transaction fees, spreads, custody, taxes, interest and borrowing costs, clearing, and settlement charges), and all ongoing legal, accounting, tax, bookkeeping, professional, expert and consulting fees and expenses (including the fees and expenses of the directors, the administrator, attorneys and compliance consultants (with certain limitation) for the General Partners and Decheng, research consultants, research-related fees and expenses, portfolio and risk management systems, and quotation services and related equipment), and each Fund’s proportionate share of its costs and expenses. The Funds also pay some or all of these expenses on their behalves and allocate them among the relevant capital accounts.

The General Partners and Decheng generally bear their own operating, general, administrative and overhead costs and expenses, other than the expenses described above. A portion of these costs and expenses may be paid, however, by brokers and futures commission merchants that execute securities trades for the Funds or other accounts of Decheng or its affiliates.

D. The management fee is paid in advance. With respect to the venture capital funds, carried interest is paid to General Partners in arrears upon the disposition of a portfolio asset. Prospectively, funds with a public market mandate will pay to their General Partner or Decheng an annual performance-based fee in arrears, subject to any relevant high-water marks and hurdle rates of return.

E. Except as otherwise disclosed, neither the Firm nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products.

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

As outlined in Item 5 of the Brochure, Decheng and/or the General Partners are generally entitled to receive carried interest or performance fees based, as specified in the Governing Documents. The existence of carried interest and other incentive-based compensation may motivate the Firm to make investments that are riskier or more speculative than those which would be made under a different compensation arrangement. In addition, to the extent the Firm agrees to manage assets where it (or an affiliate) does not charge a performance-based fee or charges a lower fee rate, Decheng may have an incentive to favor clients that they believe will pay a higher incentive-based compensation. However, the Firm is committed to acting at all times in the best interests of its Clients. To this end, the Firm has implemented internal controls, which are further described in the Firm's compliance policies and procedures, to address the potential conflicts associated with performance-based fees.

Item 7
Types of Clients

The Firm provides investment advisory services to pooled investment vehicles that are excepted from the definition of investment company pursuant to Section 3(c)(7) under the Investment Company Act. As disclosed in other areas of this Brochure, investment in the Fund is only available to Qualified Purchasers and the minimum initial commitment is \$5 million.

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

A. The firm builds a concentrated portfolio of healthcare and life science companies, and each of them will have potential to generate solid return in a 3-5 years. In addition, The Firm also applies venture capital investment principles to public market, but with shorter time to exit and liquidity. The Firm leverages its team's expertise in biomedical research, technology development, financing and company building, with exclusive focus in pharmaceuticals, medical devices, diagnostics, life sciences tools, healthcare service and agriculture biotechnologies.

B. and C.

The Firm's strategy and a corresponding investment in the Funds involve a significant degree of risk. There can be no assurance that the Fund's investment objectives will be achieved, or that an investor will receive a return of his, her or its capital. Risks associated with an investment in the Funds include, but are not limited to, the following, and should be carefully evaluated before making an investment in the Fund and the LP interests offered hereby.

General

Investing involves a high degree of business and financial risk that can result in substantial losses. In order for the Funds to succeed, Decheng must be able to accurately identify potentially successful business enterprises, a process which is difficult even for those with extensive experience in the investment field.

An investment in the Funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an investor's capital contribution. Therefore, investors should not subscribe for limited partnership interests unless they can bear such a loss. Moreover, there can be no assurance that the Funds' investment objectives will be achieved, and investment results may vary materially from one reporting period to the next. Consequently, an investment in a Fund is suitable only for sophisticated investors with other substantial assets who are capable of making an informed independent decision as to the risks involved in an investment in the Funds.

General Economic and Market Conditions

The success of the Firm's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of security prices and the liquidity and the value of the securities held by the Funds. Unexpected volatility or illiquidity could impair the Funds' profitability or result in it suffering losses.

In addition, the world's financial markets have over the past several years experienced significant turmoil, resulting in reductions in available credit, significantly increased costs of credit, volatility in equity values and the realignment of major investment banks and other financial institutions. These events have materially and adversely impacted the availability of financing to a wide variety of businesses, including venture capital and other investment funds, and their portfolio companies. As a consequence, the global market experienced a significant downturn in initial public offerings as well as merger and acquisition activities. These

downturns reflected, among other things, the absence of acquisition capital and the significant challenges involved in arriving at appropriate valuation judgments regarding potential transactions in the current environment. Turbulence in the state of the world's financial markets could have a material and adverse impact on the Fund and its portfolio companies, including their ability to obtain leverage where appropriate and/or identify and execute transactions and carry out the Fund's objectives.

Nature of Investments

The portfolio companies in which the Funds will invest are likely to face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. 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.

Many of the Funds' 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.

The Firm expects to invest in companies primarily in their early to later stage rounds of investments. Particularly 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 Firm anticipates that Portfolio companies will require additional funding, and that the Firm may have the opportunity to increase its investment in successful Portfolio companies. There can be no assurance that the Firm will make, or will have the resources to make, follow-on investments. Any decision by the Firm 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 Funds to increase their 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 Funds' portfolios.

Unspecified Use Of Proceeds

As of the date of this Brochure, the General Partner has not selected any Fund investments, other than the warehoused investments described in the Brochure. Investors in the Funds will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Firm and, accordingly, will be dependent upon the judgment and ability of the general partner in investing and managing the capital of the Funds. No assurance can be given that the Firm will be successful in obtaining suitable investments, or if such investments are made, that the objectives of the Funds will be achieved.

Warehoused Portfolio Investments

This Brochure describes certain warehoused investments that may be transferred to the Funds at cost following the Funds' initial closing. Investors should not rely on the fact that such transfers will occur. Neither the General Partner nor any of its related persons makes or shall make any representations regarding the attractiveness of such investments. In this context, the nature of such transactions involves an inherent conflict of interest between the General Partner, the Firm and the investors, in particular because the current holders of such investments may be able to shift the risks and burdens of such investments to the Funds after gaining knowledge about such investments (e.g., relating to a decline in value) during the period prior to such transfers.

Long-Term Investment

An investment in the LP interest of a Fund is a long-term investment. The inherent nature of venture capital investing dictates a significant length of time between the initial investment and realization of gains, if any. Venture capital investments, if successful, typically take up to five years or more from the date of investment to reach a state of maturity where disposition is possible, and early and expansion stage investments in privately held companies can take even longer to reach liquidity. Investors must be able to bear the economic risks of an investment in the LP interests for an indefinite period of time.

Investments Longer Than Term

The Firm may invest in investments which may not be advantageously disposed of prior to the date that a Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner expects that investments will be either disposed of prior to dissolution or suitable for in-kind distribution at dissolution, the Firm may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

No Assurance of Profitability

No assurance can be given as to the Firm's ability to choose, make and realize any particular investment. There can be no assurance that the Firm will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments and transactions described herein. Investments made by the Firm are subject to a wide range of risks, including the impact of terrorist acts or threats thereof, economic trends and other externalities beyond the control of the Firm or the General Partner, which could cause such investments to lose value. There can be no assurance that any investor will receive any distribution from the Funds. Accordingly, an investment in the Fund should only be considered by persons that can afford a loss of their entire investment.

Lack of Diversification

The Fund intend to participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Funds may be materially and adversely affected by the unfavorable performance of even a single portfolio investment. In addition, while it is the intention of the General Partner not to invest more than 20% of the Funds' committed capital in any one portfolio company, there is no assurance that sufficient diversification of investments can be properly achieved.

The Firm will focus on investments in companies in the technology sector. There can be no assurance that the Firm's strategy in focusing on investments in such companies will result in success. Thus, the performance of the Funds will be closely linked to the performance of the technology sector and the Funds could be severely impacted by adverse developments affecting the technology sector. The Firm has not adopted

policies requiring that portfolio companies be diversified in different geographic areas. If several of the Funds' investments are concentrated in one geographic area, the Funds could be severely impacted by adverse developments affecting that geographic area.

Reliance Upon Portfolio Company Management

Although the General Partner will generally hope to develop a good working relationship with the management of portfolio companies, the Firm is 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 Firm's investment in such company could be adversely affected.

Projections

Projected operating results of a portfolio company in which the Firm invests normally will be based primarily on financial projections prepared by each portfolio company's management. In all cases, projections are only estimates of future results that are based upon information received from the portfolio company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Lack of Control

The General Partner expects that the Firm will hold minority interests in most companies and, therefore, may have limited ability to protect its position and investment. Generally, as a condition to any Firm investment, the 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 Fund 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 Firm may be deemed to have a control or management position with respect to one or more of its portfolio companies. This in turn could expose the Firm 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.

Service on the Board of Directors

Persons affiliated with Decheng serve as directors on the board of certain companies. Such service, especially in light of statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose the Firm or the General Partner and its partners and affiliates to regulatory action and/or claims by a portfolio company, its security holders and its creditors. While the General Partner intends to manage the Funds 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 Funds.

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 Funds. For example, the Firm'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 Fund may invest in portfolio 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 Funds' investments in such company.

Illiquid Fund Investments

The portfolio companies in which the Firm expects to make investments will initially be privately held. As a result, there will be no readily available secondary market for the Funds' interests in such portfolio companies, and those interests will be subject to legal restrictions on transfer. Therefore, there is no assurance that the Firm will be able to realize liquidity for such investments in a timely manner, if at all. Unless a portfolio company subsequently succeeds in obtaining approval from the relevant authorities to list its shares on a recognized exchange, this avenue to liquidity will not be available to the Funds, which must then rely on other means to achieve liquidity. In addition, the Funds may be precluded from selling its shares in a public portfolio company for some time after such Portfolio company's initial public offering, if any. Although the General Partner expects that investments will be either disposed of prior to dissolution or suitable for in-kind distribution at dissolution, the Firm may have to sell, distribute or otherwise dispose of fund investments at a disadvantageous time as a result of dissolution.

Restrictions on the Sale or Distribution of Portfolio Company Securities

The Funds may be prohibited by lock-up agreements or insider trading restrictions from distributing or selling portfolio company securities for a period of time, during which the price of a portfolio company's securities could decline. In addition, the General Partner may, in its sole discretion, elect not to sell or distribute securities beyond the lock up period.

Liability of Limited Partners

The General Partner may require each investor to return distributions made to such investor for the purpose of meeting such investor's pro rata share of a Fund's indemnification and other obligations.

Use of Leverage in Certain Investments

The Funds' portfolio companies may employ varying degrees of leverage. As a result, economic downturns, operating problems and other general business and economic risk may have a more pronounced effect on the profitability and survival of such companies. Moreover, rising interest rates may significantly increase portfolio company interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Firm may suffer a partial loss or total loss of capital invested in the portfolio company. Additionally, the securities acquired by the Firm

may be the most junior in what will typically be a complex capital structure of the portfolio company, and thus subject to greatest risk of loss.

Competition for Investments

The business of identifying and structuring investments of the types contemplated by the Firm is competitive and involves a high degree of uncertainty. When making follow-on investments in portfolio companies in later rounds, the Firm expects to encounter intense competition from other investment funds and strategic investors. Historically, the primary competition for venture capital investments has been from venture capital funds and corporations, venture capital affiliates of large industrial companies, wealthy individuals and foreign investors. Additional competition is anticipated from industrial and financial companies investing directly, rather than through investment funds. There is no assurance that the Firm will succeed in finding investments on similar or favorable terms in comparison to its competitors.

Difficulty of Locating Suitable Investments

The Firm may find it difficult to find a sufficient number of attractive investment opportunities to meet its investment objectives and therefore there is no assurance that the Firm will succeed in sourcing investment opportunities that meet the Funds' investment criteria and, even if successful, that those selected investments will produce competitive returns. An investor must rely on the ability of the General Partner and the managing members of the General Partner to identify, structure and implement investments consistent with the Funds' objectives and policies. The investment performance of prior funds or investments managed by any of the managing members of the General Partner cannot be relied on as an indicator of the Firm's future performance or success. Investors will not have the opportunity to evaluate the business, financial and other information which will be used by the General Partner and the managing members of the General Partner in their analysis, selection and monitoring of portfolio company investments for the Firm.

Establishment of Additional Funds

Subject to the terms of the Governing Documents, the General Partner and the Firm may organize a new investment fund after certain benchmarks have been achieved and upon the occurrence of certain other events. Any such new fund may be interested in the same investment opportunities as the existing Funds. There is no assurance that investors in the existing Funds will be offered the opportunity to participate in any subsequent funds.

Co-Investment Opportunities

The General Partner may offer to other private investors, groups, partnerships, or corporations, the right to participate in co-investment opportunities with the Firm whenever the General Partner, in its discretion, so determines. In connection with any such co-investment opportunities the General Partner will be entitled to receive management fees, carried interest or other compensation and may organize one or more limited partnerships or other investment vehicles to facilitate such transaction. Investors are advised that the Funds could incur certain fees and expenses with regard to actual or prospective co-investment opportunities, certain of which may be characterized as "broken deal expenses" related to a proposed transaction does not materialize into a realized portfolio investment.

Item 9
Disciplinary Information

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

Item 10
Other Financial Industry Activities and Affiliations

- A.** Neither the Firm nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.
- B.** Neither Decheng nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C.** Neither the Firm nor any of its management persons have a relationship or arrangement that is material to Decheng's advisory business or its Clients.
- D.** Decheng does not recommend or select other investment advisers for the Funds.

Item 11

Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

A. The Firm has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Funds, requires that the Firm’s employees act in the best interests of Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. The Firm’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by the Firm or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm’s employees. The Code requires employees to provide duplicate brokerage accounts statements, or their electronic equivalent, and trade confirmations to the Firm or to report all securities transactions on at least a quarterly basis; and requires employees to provide a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material nonpublic information (“insider trading”) and other confidential information and policies and procedures addressing conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions. The Firm provides a complete copy of its Code to any Fund, investor, prospective Fund or prospect investor upon request to the Chief Compliance Officer. Investors may contact the Firm to receive a copy of the Firm’s Code.

B. From time to time, consistent with a Fund’s investment objectives and subject to satisfaction of the policies and procedures set forth in the Code and in the Firm’s compliance manual (the “Compliance Manual”), the Firm may recommend that a Fund acquire or sell securities in which a related person of the Firm has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested related person of the Firm could benefit from such a purchase or sale of the applicable security by a Fund. However, the Firm has policies and procedures designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions. These procedures are further detailed in the Firm’s policies and procedures. Certain terms of the Governing Documents and the equity participation of Decheng’s related persons in the Funds further mitigate such conflicts.

The Firm generally does not itself trade securities on a principal basis with the Funds. Certain related persons of the Firm, however, could be principals (and in the future other funds may be deemed principals), based on SEC staff guidance, due to an investment in any such fund or related person by the Firm and controlling persons exceeding 25% of that fund’s or related person’s assets. To the extent that the Firm and/or its related persons engage (or are deemed to engage) in principal securities transactions, any such transactions will comply with applicable law. The Firm and/or its related persons may have interests in such transactions that are adverse to the Funds or other clients. In the event that the Firm decides to engage in a principal transaction, it will disclose to investors of the Fund the material terms of the transaction and receive approval from such investors, prior to engaging in the principal transaction.

To the extent permitted by applicable law and the applicable Governing Documents, the Firm may effect “cross transactions” with Clients, where the Firm may cause a Client to purchase investments from another Client, or it may cause a Client to sell investments to another Client. The Firm would recommend the Clients to enter into such transactions only if the transactions were consistent with the best interests of the Clients and at a price that the Firm and/or its related persons believe constitutes best execution for Clients.

Neither the Firm nor any related party receives any commission or commission equivalent in connection with these transactions.

C. From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Governing Documents, the Firm or a related person of the Firm may invest in the same securities that are recommended to a Client. A potential conflict of interest could arise in that the Firm or the interested related person of the Firm could benefit from the Client's ownership of, or subsequent sale of, the applicable security. However, the Code and the Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of Decheng's related persons. In particular, the Code requires that the Firm's related persons abide by policies and procedures, including a pre-clearance procedure, in connection with certain of their personal securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.

D. From time to time, in appropriate circumstances and subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Governing Documents, Decheng may in the future establish certain investment vehicles through which Decheng personnel and other related persons or business associates may invest alongside a Fund in one or more investment opportunities. Such vehicles, referred to as "co-investment vehicles," generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the applicable Client that is invested in that investment opportunity. The Firm's Code and Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions.

Certain service providers (or their affiliates), including administrators, lenders, brokers, attorneys, consultants and investment banking firms, that the Firm may retain or seek to have retained for the Funds or their portfolio companies (or with respect to the Funds' portfolio investments therein) may also have relationships with, or have provided goods or services to, the Firm, its affiliates or other organizations to which senior investment professionals of the Firm have been affiliated. The Firm may choose to engage or seek to have engaged the same service providers to provide services to the Funds, portfolio companies, the Firm or its affiliates. In some cases, these service providers may provide services for one or more of these parties on terms that are more beneficial than those afforded to other of these parties. There can be no guarantee that the Funds or any of their portfolio companies will receive the most beneficial terms offered by any particular service provider. These services and relationships, or more favorable terms offered by service providers, may influence the Firm and its affiliates in deciding whether to select such a provider to perform services for the Funds or portfolio companies.

The Governing Documents generally provide that the Clients will be responsible for all costs and expenses in connection with their operation, other than the costs and expenses that will be the responsibility of the Firm or other third parties. To the extent possible, third-party expenses incurred in connection with consummated transactions may be borne by the respective portfolio companies. The Firm's out-of-pocket expenses are generally reimbursed by the applicable portfolio company or the Funds. A conflict of interest could arise in the Firm's determination whether certain costs or expenses that are incurred in connection with the operation of the Clients meet the definition of partnership operational expenses for which the Clients are responsible, or whether such expenses should be borne by the Firm. The Funds will be reliant on the determinations of the Firm in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between the various funds advised by the Firm. There can be no assurance that errors will not arise in such allocations.

The Firm may, from time to time, be presented with investment opportunities that fall within the primary investment objective of a Fund and one or more other Fund. In these situations such investment opportunities will generally be allocated on a basis that the general partner of each such Fund, working with its affiliates, determines in good faith to be fair and reasonable taking into account the sourcing of the transaction, the history of the transaction (including the business interests and other requirements of third parties involved in the transaction), the relative amounts of capital available for investment and other relevant considerations such as the contractual and legal restrictions applicable to each such Fund. Notwithstanding the foregoing, the Firm shall not be obligated to offer a Fund any investment opportunity. The members of the Firm that are involved in the allocation process will be empowered to take into account other considerations as they deem appropriate to ensure a fair and equitable allocation of opportunities, and will be entitled to vary their approach to allocation from time to time in light of such factors as they consider relevant, including developing market practice. Similarly, the individuals responsible for allocation decisions may change in the future based on the personnel needs of the Firm and developing market practice.

Notwithstanding the allocation process described above, depending on the timing of the relevant transaction, a co-investment may begin as a purchase and subsequent sale transaction (e.g., where the Firm, a Client and/or one or more other Clients closes on an acquisition first, and then subsequently “sells” a joint venture interest to another of the Firm, a Client and/or the other Clients), where other procedures would otherwise apply. This may occur, for example, in circumstances where one or more conditions to the later-acquiring party’s investment need to be satisfied before it is able to participate. It will also be within Firm’s discretion to determine to co-invest one or more of its Clients in such opportunities or otherwise create shared economics. Such transactions would occur on terms that may not be arms-length, but that the general partner determines are reasonable for such Client.

Item 12

Brokerage Practices

A. While most of Decheng's investments involve private transactions which are individually negotiated without the use of a broker or dealer, the Firm will from time to time execute transaction in public securities for existing Funds and also plans to launch future funds with a focus on public markets. In all situations, Decheng is authorized to determine the broker or dealer to be used for each securities transaction for the Funds. In selecting brokers or dealers to execute transactions, the Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Nevertheless, Decheng has an obligation to seek "best execution" for Clients' securities transactions and has implemented processes to ensure adherence to such principle.

Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"), is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. While Decheng does not currently have any active soft dollar arrangements, the Firm may enter into such relationships for future private funds. To the extent this occurs, the Firm will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include: 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: services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager 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 SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, Decheng may receive a product or service that may be used, in part, by the Firm for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Firm will make a good faith effort to determine the relative proportion of the product or service used to assist the Investment Manager in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Firm 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 Decheng from its own resources unless otherwise a Fund level expense.

Although the Firm will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products

or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between Decheng and its Clients.

In selecting brokers and negotiating commission rates, the Firm will generally take into account the financial stability and reputation of brokerage firms, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, custodial and other services provided for the enhancement of the Firm’s portfolio management capabilities, the size and type of the transaction, the difficulty of execution and the ability to handle difficult trades, and the operational facilities of the brokers and/or dealers involved (including back office efficiency) and the research, brokerage or other services provided by such brokers.

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

When appropriate, the Firm may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades. Some Funds will maintain accounts with prime brokers, through which it executes trades, borrow funds in connection with trades, clear and settle its securities transactions and maintain custody of its securities. Further, the Funds may also be required (or find it advantageous) to maintain custody of certain of its non-U.S. securities at brokers or financial institutions located in non-U.S. jurisdictions.

The Firm or the General Partner is responsible for selecting brokerage counterparts and the Firm generally does not permit Client directed brokerage.

B. When the Firm determines that the purchase or sale of a security is appropriate with regard to multiple Clients, Decheng may, but is not required to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When aggregating client orders, Decheng will follow the following guidelines:

- (i) no Client will be favored over any other Client;
- (ii) unless the timing of market orders is specified by Decheng to be different among clients, each client that participates in an aggregated order will participate at the average share price for all Decheng’s transactions in that security on a given business day (or such shorter period, as applicable) or as specified in these procedures, and transaction costs will be shared *pro rata* based on each client’s participation in the transaction;
- (iii) if the aggregated order is filled in its entirety, it will be allocated among accounts in accordance with Decheng’s investment allocation policy; and

- (iv) if the aggregated order is partially filled, (a) for situations involving only discretionary clients, the order will generally be allocated among these clients *pro rata* based on their relative net asset values, or (b) for situations involving non-discretionary clients, such allocations will be made in accordance with Decheng's investment allocation policy.

When orders are not aggregated, trades will generally be processed in the order that they are placed with the broker or counterparty selected by Decheng. As a result, certain trades in the same security for one Client (including a Client in which Decheng and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Item 13
Review of Accounts

- A.** The Firm's investment professionals review the holdings of Clients' portfolios formally on a quarterly basis, as well as informally on a continuous and ongoing basis.
- B.** The Firm does not utilize any specific criteria to trigger a review of investments at this time.
- C.** Written audited financial statements will be provided to investors in each Fund, generally within 90 days of the Fund's fiscal year end. Additionally, the Firm or its affiliate seeks to provide investors with unaudited Fund financial information on a quarterly basis.

Item 14
Client Referrals and Other Compensation

A. No one other than the Funds provides an economic benefit to the Firm for providing investment advice or other advisory services to the Funds, unless otherwise disclosed in the Brochure and/or the Governing Documents.

B. As of the date of this Brochure, neither Decheng nor any of its related persons compensates any person who is not a supervised person for Client or Fund referrals. However, from time to time, in the context of organizing a Fund, the Firm may compensate one or more placement agents for referrals of Fund investors. A prospective investor solicited by a placement agent or other third party will be advised of any such arrangement, including the receipt of fees. Similarly, if the Firm decides to engage a third party for direct Client referrals, the relationship will be structured in accordance with the applicable cash solicitation rules and affected prospects will be informed of the arrangement, including details of the fee share.

Item 15

Custody

Decheng is subject to Rule 206(4)-2 under the Advisers Act, also known as the “Custody Rule,” which sets forth specific requirements relating to Client securities or certain other assets over which the Firm has actual or constructive custody. While most of the Firm’s investments come in the form of privately offered securities, cash, public securities and other assets that do not meet the requirements of the SEC’s privately offered securities exception are held at a qualified custodian. Further, the Firm ensures that any pooled investment vehicles’ financial statements audited by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB), in accordance with U.S. Generally Accepted Accounting Principles (GAAP), are delivered to the underlying investors in the Funds within 120 days of each Fund’s fiscal year end.

Item 16
Investment Discretion

Decheng provides investment advice directly to the Funds on a discretionary basis in accordance with the investment guidelines set forth in the Governing Documents. Such authority generally permits the Firm (or in certain situations the General Partner) to determine, amongst other things, the securities to be bought and sold, the timing and nature of the transactions, the price at which a security is transacted, the brokers or dealers used to execute the transaction, and the custodians where Client assets are held.

Item 17
Voting Client Securities

Decheng will vote Clients' securities (i.e., proxies) on their behalves. When the Firm accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its Clients. Absent special circumstances, proxies will generally be voted in line with company management, as the Firm believes these individuals are more appropriately suited to make decisions that impact the issuer. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that the Firm maintains with persons having an interest in the outcome of certain votes, Decheng takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict. Clients may contact Decheng to request information about how the Firm voted proxies for that client's securities or to get a copy of the Firm's proxy voting policies and procedures.

Item 18
Financial Information

- A. The Firm does not require or solicit prepayment of more than \$1,200 in fees from any Fund six months or more in advance.
- B. The Firm does not believe any financial conditions currently exist that are reasonably likely to impair its ability to meet contractual or other commitments to the Funds.
- C. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.