



PART 2A OF FORM ADV
FIRM BROCHURE
CORMORANT ASSET MANAGEMENT, LP

**200 Clarendon Street
52nd Floor
Boston, MA 02116
Tel: (857) 702-0370**

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This brochure provides information about the qualifications and business practices of Cormorant Asset Management, LP. If you have any questions about the contents of this brochure, please contact Neb Obradovic at (857) 702-0386 or neb@cormorant-asset.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority, and references in this brochure to Cormorant Asset Management, LP as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about Cormorant Asset Management, LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

This brochure is not an offering or solicitation of interests in the funds managed by Cormorant Asset Management, LP or its affiliates.

ITEM 2 – MATERIAL CHANGES

Cormorant is updating its firm brochure (the “Brochure”) as of March 26, 2020 as a part of its annual amendment filing. This Brochure replaces the last version of Cormorant’s Brochure dated March 29, 2019.

This version of the Brochure contains no material changes other than a description of the delegation of certain of its advisory services to its affiliate, Cormorant Asset Management Puerto Ricco, LLC (“Cormorant PR”), a limited liability company organized under the laws of Puerto Ricco. In addition, the Brochure has been updated for completeness and accuracy.

In the future, when we amend the Brochure for our annual update, and the amended version contains material changes from the last annual update, we will identify and discuss those changes either on this page or as a separate document accompanying the Brochure. For documentation purposes, we will always provide the date of the last annual update of the Brochure.

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ITEM 4 – ADVISORY BUSINESS

Firm Description and Principal Owners

Cormorant Asset Management, LP (together with its advisory affiliates, “Cormorant” or the “Firm”) is organized under the laws of the State of Delaware, and has its principal office at 200 Clarendon Street, 52nd Floor, Boston, MA 02116. Cormorant is registered as an investment adviser with the Securities and Exchange Commission (the “SEC”) and is subject to the relevant rules and regulations promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The business of Cormorant is also conducted through its affiliates, organized as Delaware limited liability companies, Cormorant Asset Management GP, LLC, Cormorant Global Healthcare GP, LLC, Cormorant Private Healthcare GP, LLC, and Cormorant Private Healthcare GP II, LLC (each the “General Partner,” and, together, the “General Partners”) and Cormorant PR (as described further below). Cormorant is fully controlled by Bihua Chen, and Ms. Chen is the sole managing member of the General Partners and Cormorant PR.

Cormorant has delegated a part of its advisory services to Cormorant Asset Management Puerto Ricco, LLC (“Cormorant PR”), which is organized under the laws of Puerto Ricco. Cormorant PR is fully owned and controlled by Bihua Chen. Cormorant PR is charged with providing discretionary investment advisory services to the Advisory Clients’ portfolios.

Types of Advisory Services

Cormorant provides discretionary investment advisory services to the following advisory clients (the “Advisory Clients” or “Portfolios”):

- **Hedge Fund:** Cormorant Global Healthcare Master Fund, LP, a Cayman Island exempted limited partnership that is the main fund in a master-feeder hedge fund (the “Hedge Fund”) with Cormorant Global Healthcare Fund, LP, a Delaware limited partnership as the onshore feeder (the “Onshore Feeder”); and, Cormorant Global Healthcare Offshore Fund, Ltd., a Cayman Island exempted limited company as the offshore feeder (the “Offshore Feeder”);
- **Private Equity Funds:**
 - Cormorant Private Healthcare Fund I, LP, a Delaware limited partnership that is a private equity fund (the “PE Fund”), organized via mini master-feeder structure with Cormorant Private Healthcare Offshore Fund I LP, a Cayman Island exempted limited partnership as the offshore feeder (the “Offshore Private Feeder”);
 - Cormorant Private Healthcare Fund II, LP, a Delaware limited partnership that is a private equity fund (the “PE Fund II”), organized via mini master-feeder structure with Cormorant Private Healthcare Offshore Fund II LP, a Cayman Island exempted limited partnership as the offshore feeder (the “Offshore Private Feeder II”); and,
- **Separately Managed Account:** a single separately managed account (the “Account”).

Unless specifically noted otherwise, the Hedge Fund, the PE Fund, and the PE Fund II are each referred to in this Brochure as a “Fund” and collectively as the “Funds.” In sections of this Brochure discussing our private equity funds, we will refer to the PE Fund and the PE Fund II as the “PE Funds.”

The objective of the Hedge Fund is to seek superior risk-adjusted returns with low market correlation. Cormorant aims to accomplish this objective primarily through a combination of long investment positions and short selling in order to achieve capital appreciation, while attempting to preserve capital and mitigate risk through hedging activities. The Hedge Fund invests substantially, but not solely, in publicly traded equity securities in the healthcare and life science industries. Cormorant provides discretionary investment advisory services to the Account in accordance with the same objective and similar parameters as the Hedge Fund.

The PE Funds’ investment objective is to generate significant long-term capital appreciation by creating or

investing in market innovative companies in the biotechnology and life sciences marketplace (each a “Portfolio Company” and, collectively, the “Portfolio Companies”). Cormorant expects to achieve this objective by primarily investing in “crossover” (or mezzanine) round or pre-IPO Portfolio Companies in the biotech, medical device, diagnostics, generics, pharmaceutical, specialty pharmaceutical and life science research tool sectors. Cormorant, may also invest in Portfolio Companies through PIPEs (i.e., private investment in public equity) and in start-up Portfolio Companies, including start-ups organized, managed and funded with Cormorant’s or its affiliates’ proprietary capital.

Tailored Relationships

Cormorant does not tailor its advisory services to the individual needs of investors in the Advisory Clients (“Investors”) and does not accept Investor imposed investment restrictions. Investors are informed of Cormorant’s investment strategy for an Advisory Client prior to making their investment.

When deemed appropriate, Cormorant has established, and may in the future establish, separately managed accounts for particular investors. These accounts are subject to investment objectives, guidelines, restrictions, fee arrangements and other terms that are individually negotiated. These account relationships generally involve significant account minimums.

Wrap Fee Programs

Cormorant does not participate in any wrap fee programs.

Assets under Discretionary and Non-Discretionary Management

As of December 31, 2019, Cormorant had approximately \$3,318,024,177 in Regulatory Assets under Management, all on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Management Fees; Performance Allocation and Carried Interest Distributions

With respect to the Hedge Fund, Cormorant receives a monthly management fee, in advance, in an amount equal to 0.1667% (2.0% annualized) of each investor’s Series A capital account and 0.125% (1.5% annualized) of each investor’s Series F capital account, generally calculated based on the net asset value of the applicable investors’ investment in the fund as of the beginning of each month, and computed prior to the payment or accrual of any performance allocation. The General Partner is entitled to receive an annual performance allocation equal to 20% of the net appreciation in the value of each investor’s Series A capital account, and 17.5% of net appreciation in the value of each investor’s Series F capital account, in both cases subject to a customary high-watermark. Series F was available to investors at the Hedge Fund’s launch and is currently closed.

With respect to the PE Funds, Cormorant receives a quarterly management fee at the beginning of each calendar quarter in an amount equal to .50% (2.0% annualized) of the sum of (i) the aggregate net capital contributions of each investor in the fund attributable to the cost of investments in Portfolio Companies that have not yet made an initial public offering and (ii) the capital account balance of such Investor attributable to each Portfolio Company that has made an initial public offering, payable until the 7th anniversary of the initial closing date. In addition, the General Partner may receive carried interest distributions (the “Carried Interest Distributions”), based on, among other factors, return of paid-in capital contributions, proceeds received by the fund and the preferred return and subject to a clawback provision. The Carried Interest Distributions are generally deducted from proceeds distributed by the fund’s from time to time (including upon the liquidation of the fund) as determined by its General Partner.

Management fee, performance allocation, and carried interest distribution may, in the sole discretion of Cormorant or the General Partners (as applicable) be waived, reduced, or rebated with respect to certain Investors, including affiliates of the General Partners or Cormorant.

Cormorant also receives from the Account an asset based monthly management fee and an annual performance based fee, subject to a customary high-watermark, in the amounts set forth in the agreement between Cormorant and the Account investor.

Cormorant will reduce management fee by 100% of (i) the Funds' share of directors' fees paid by Portfolio Companies to Cormorant or its affiliates and their respective managers, members or employees directly attributable to the Funds' investment in such Portfolio Companies, and (ii) all net fee income received by the Cormorant, its affiliates and their members or employees (not otherwise employed by or engaged as a consultant or other service provider by a Portfolio Company) from Portfolio Companies directly attributable to the Funds' investment in such Portfolio Companies.

Investors invested in the Advisory Clients do not have the ability to choose to be billed directly for fees incurred. Cormorant (or an affiliate) deducts fees from Investor assets invested in the Advisory Clients. A portion of the management fees are shared by Cormorant with Cormorant PR in exchange for the advisory services provided by Cormorant PR to the Advisory Clients.

Other Fees and Expenses

In connection with the investment management services Cormorant provides, it will bear all of its own normal and recurring operating expenses and overhead costs, except that research and research-related expenses may be paid for through the permitted use of "soft dollars" (as described in Item 12 - Brokerage Practices). Management fee may exceed the expenses borne by Cormorant on behalf of its Advisory Clients.

In addition to fees payable to Cormorant, the Advisory Clients, and therefore their respective Investors, may pay a variety of expenses related to each Advisory Client's investments and operations, including, without limitation, brokerage and other transaction costs, clearing and settlement charges, trade break fees, consulting expenses, research expenses (including research related travel expenses), legal fees and other expenses in connection with conducting due diligence and negotiating the terms of certain investments, custodial fees, initial and variation margin, interest and commitment fees on debit balances or borrowings, stock borrowing fees and proxy solicitation expenses, legal expenses, audit and tax preparation expenses, accounting fees, costs of the administration of the Advisory Clients (including, but not limited to, fees and expenses of an administrator and third party valuation services), regulatory costs and expenses (including filing and licensing fees), organizational expenses, premiums for liability insurance, fees for risk management services, indemnification expenses, entity-level taxes, issue or transfer taxes, costs of reporting to investors, costs of litigation, any extraordinary expenses, and other similar expenses related to the Advisory Clients. Certain Advisory Clients, including the PE Funds will also bear expenses related to the purchase, sale, recapitalization or refinancing of portfolio companies (including broken deal expenses), placement agent fees, legal fees and other expenses in connection with conducting due diligence and negotiating the terms of investments in portfolio companies.

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

As described in Item 5 above, Cormorant (and/or its affiliates) receives both asset based fees and performance-based compensation from each of the Advisory Clients. It should be noted that such an arrangement, may create an incentive for Cormorant to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation, or to favor an Advisory Client that pays

higher asset based fees or performance allocation over another Advisory Client that pays lower asset based fees or performance allocation. Since performance-based allocation is calculated on a basis that includes unrealized appreciation of the Advisory Client's assets, such allocation may be greater than if it were based solely on realized gains.

Cormorant has addressed this conflict by adopting and following a trade allocation policy that no allocation decisions may be based on the fees or allocations paid by a particular Advisory Client. A description of Cormorant's policy on addressing potential portfolio trading conflicts can be found below under Item 12, "Trade Aggregation and Allocation." All Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to a particular Advisory Client and the risks associated with such performance-based compensation prior to making an investment.

Cormorant is required to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Advisory Clients, but Cormorant and its affiliates are not otherwise subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the Advisory Clients. Cormorant recognizes that it is a fiduciary and as such must act in the best interests of the Advisory Clients.

ITEM 7 – TYPES OF CLIENTS

As previously described in Item 4, Cormorant's clients consist of the Hedge Fund, the PE Funds, and the Account. Investors in the Hedge Fund and the PE Funds consist of institutional investors and other sophisticated investors.

The minimum investment in the Hedge Fund is \$1,000,000, which may be reduced by the General Partner of the Onshore Feeder or Board of Directors of the Offshore Feeder, as applicable. The Interests in the Onshore Feeder may only be purchased by investors that are "accredited investors," as defined in Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), and "qualified purchasers," as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "1940 Act"). U.S. investors in the Offshore Feeder must also be "accredited investors" and "qualified purchasers." Shares in the Offshore Feeder are typically offered to eligible investors that are not U.S. Persons or U.S. tax-exempt entities.

The minimum capital commitment for an Investor in the PE Fund and PE Fund II is \$5,000,000. The General Partner reserves the right to reject or accept only a portion of the capital commitment of any prospective Investor in its discretion. Capital commitments of lesser amounts may be accepted at the discretion of the General Partner. The Interests are being offered only to investors that are accredited investors and qualified purchasers. The General Partner may admit certain friends and family as Investors on terms more preferential than those generally available to Investors.

The Account was established for a sophisticated institutional investor and involves a significant minimum investment.

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

As a general matter, the methods of analysis and investment strategies utilized by Cormorant are described in the Advisory Client's offering and governing documents, which are provided to such Advisory Client's Investors prior to the time of an investment. The information contained herein is a summary only, and Investors should refer to the Advisory Client's offering and governing documents for a complete overview of Cormorant's methods of analysis and investment strategies and the risks associated therewith.

Investment Strategies and Methods of Analysis

Investment Objective and Strategy

The objective of the Hedge Fund is to seek superior risk-adjusted returns with low market correlation. Cormorant aims to accomplish this objective primarily through a combination of long investment positions and short selling to achieve capital appreciation while attempting to preserve capital and mitigate risk through hedging activities. Most of the Hedge Funds' assets are invested on a global basis in publicly traded equity securities in the healthcare and life science industries.

The PE Fund and the PE Fund II investment objective is to generate significant long-term capital appreciation by creating or investing in market innovative companies in the biotechnology and life sciences marketplace. Cormorant intends to achieve this objective by primarily investing in "crossover" (or mezzanine) round or pre-IPO biotech and life sciences companies. Cormorant expects to hold its investments in Portfolio Companies until after a successful IPO of such Portfolio Company's shares or in connection with an acquisition of such Portfolio Company by another company.

The life science industry has and will continue to play a major role in our society and economy. Due to its importance to the economy as well as the difficulty of assessing scientific, technological and clinical assets, Cormorant believes that there are significant market inefficiencies, and therefore opportunities for superior risk-adjusted return, in the life sciences industry. In addition, Cormorant has a long-term investment horizon and believes this to be a key perspective that differentiates its investment philosophy. Cormorant believes that the most attractive investment opportunities are those where Cormorant has a differentiated view on the business and financial outlook of a potential investment, with clearly defined stock drivers or catalysts.

Investment Process

Cormorant uses a fundamental, research intensive approach that focuses primarily on scientific research to identify investment opportunities. The identification process is based on Cormorant's research and understanding of drugs and technologies developed by both private and public biotechnology and life sciences companies. Following the identification of potential investments, Cormorant will conduct therapeutic area reviews and research of such companies. The purpose of this research is to understand a company's products, business model, strategy, marketplace, competition, and ultimately to identify key variables in a potential investment. Cormorant also intends to maintain an analytical "edge" in understanding those variables by bringing an independent perspective on the business and financial outlook of such potential investments developed through a detailed fundamental analysis utilizing such research. Cormorant will typically invest in companies where Cormorant's outlook is meaningfully different than the consensus of the market.

In carrying out the Hedge Funds' investment objective Cormorant focuses on long and short positions that Cormorant has a reasonable expectation will produce positive returns. The long positions typically include securities that Cormorant believes to be undervalued or that Cormorant believes will increase in value. The short positions typically include securities that Cormorant believes to be overvalued or that Cormorant believes will decrease in value. Additionally, Cormorant may engage in long or short trading strategies to generate profits from irrational market behavior or short-term valuation anomalies. Further, particularly on the long side, Cormorant tends to concentrate investments in the ideas that Cormorant holds the highest convictions. As a result, a significant portion of the Hedge Fund's assets may be invested in securities of a limited number of issuers. Consistent with the investment philosophy, the Hedge Fund is not constrained by diversification requirements or other limitations as to the types of securities, other investment instruments, industries, sectors, countries or asset classes in which it may be invested. The Hedge Fund invests in companies both within and outside the U.S., with U.S. opportunities likely comprising a majority of the portfolio.

In carrying out the PE Funds investment objectives, Cormorant focuses on investments that Cormorant has a reasonable expectation will produce significant returns. Cormorant invests each of the PE Fund's assets in a selective number of Portfolio Companies, and intends to hold its investments in Portfolio Companies until after a successful IPO of such Portfolio Company's shares or in connection with an acquisition of such Portfolio Company by another company. In the event of and following the IPO of a Portfolio Company, each Fund will hold the shares of such Portfolio Company for such period of time as may be determined by Cormorant in its sole discretion. Cormorant may invest in Portfolio Companies both within and outside the U.S., with U.S. investments expected to comprise a majority of the Portfolio. Cormorant, when deemed appropriate, may use leverage in its investment program.

Cormorant expects that the PE Fund, the PE Fund II and the Hedge Fund will each seek to participate in the initial public offering (if any) of the shares of one or more of the Portfolio Companies, even if the Hedge Fund was not invested in the applicable Portfolio Company prior to the initial public offering of such company's shares. In most cases, the opportunity to purchase shares of a Portfolio Company that are available as a part of such Portfolio Company's initial public offering shall be made in accordance with Cormorant's allocation policies and taking into account each of the Fund's investment objectives, investment portfolio, available cash and taking into consideration investment restrictions set forth in their respective governing agreements, and/or any legal, tax or other regulatory restrictions that may be applicable to the Funds or the applicable Portfolio Company.

Risk of Loss

Risks Associated with the Investments Generally

Investment and Trading Risks. An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Cormorant's investment program will be successful. Cormorant invests substantially all of the Funds' assets in securities, some of which may be particularly sensitive to economic, market, industry and other variable conditions. The markets in which Cormorant invests have in recent years experienced significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Funds. Therefore, an investor should only invest in the Funds if it can withstand a total loss of its investment.

Risks Associated with the Life Sciences, Biotechnology and Healthcare Industry. Companies in the life science, biotechnology and healthcare industry are subject to certain risks not typical of investments made in other industry sectors, including the following:

- The financial performance of many healthcare companies is highly dependent on third-party and government reimbursement policies that are under constant review and are subject to change at any time. Any such change could adversely affect the viability of one or more such companies.
- New legislative and regulatory initiatives by state and federal legislative bodies or the Food and Drug Administration ("FDA") could impede, rather than promote, the growth of the healthcare industries in the future, and Cormorant may have difficulty identifying attractive healthcare investment opportunities, and otherwise profitable investments could become unprofitable.
- Many healthcare companies derive a large portion or all of their value from a single product. The viability of these products and financial performance of these companies is highly dependent on completing successful clinical trials, obtaining FDA approval and receiving third-party reimbursement.
- Many life science companies face high research and development costs and obsolescence of their

products. These factors may have a significant adverse effect on the financial condition and operating results of these companies.

- Many life sciences/health care companies will depend heavily upon intellectual property for their competitive position. There can be no assurance that the companies will be able to obtain patents for key inventions. Moreover, within the life sciences/health care industry, patent challenges are frequent. Even if patents held by the company are upheld, any challenges thereto may be costly and distracting to the company's management.
- As the Funds invest primarily in securities of healthcare companies, its investment performance will be closely tied to and affected by the healthcare industries. Companies in the healthcare industries are often faced with the same obstacles, issues or regulatory burdens, and their securities may react similarly and move in unison to these or other market conditions. Among the key drivers of healthcare industries growth are the current and future state and federal legislative and regulatory climates.

Concentration of Investments. From time to time, the Funds' portfolios could be concentrated in a particular type of security, industry or industry segment, geographic location or market capitalization. This may be the result of the Funds' opportunistic investing, external market forces or the lack of liquidity in one security as compared to other securities the Funds hold. Losses incurred in a position making up a significant percentage of the Funds' capital could have a material adverse effect on the Funds' overall financial condition. This limited diversity could expose the Funds to significantly greater volatility than in a more diversified portfolio.

Leverage. Where appropriate, Cormorant may use leverage and may increase the use of leverage by various means, which may include, increasing the number and extent of the "long" positions by borrowing (e.g., by purchasing securities on margin) and entering into short sales. Such leverage increases both the possibilities for profit and the risk of loss. In a downward trending market the use of leverage for long positions could have a material adverse effect on the Funds' profitability and operations, and the reverse is true in a rising market with respect to short positions. However, Cormorant does not anticipate that the Funds will incur indebtedness in connection with their operations, other than interest on margin debts or deposits with respect to securities positions.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter ("OTC") options that Cormorant may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for options is relatively illiquid, particularly for relatively small transactions.

Short Sales. Cormorant may from time to time engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities the Funds borrow but do not actually own, usually made with the anticipation that the prices of the securities will decrease, thus creating the potential to make a profit by purchasing the securities at a later date at the lower prices. The Funds will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security

outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a “long” position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. Cormorant’s ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect the Funds’ ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, Cormorant may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. Further, additional cost can be incurred in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Funds are subject to strict delivery requirements. The inability to deliver securities within the required time frame may lead to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Funds to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact Cormorant’s ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by unrelated third- party.

Purchasing Securities of Initial Public Offering. From time to time the Funds may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. The Funds may invest in securities that are “new issues,” as defined by Rule 5130. Rule 5130 and Rule 5131 restricts certain persons from participating in “new issues.”

Portfolio Liquidity and Transfer Restrictions (PIPEs and Similar Investments). The Funds may invest in so-called “PIPE” transactions, in which a private purchase of common stock or a security convertible into common stock is anticipated to be followed shortly by a registered public offering of such common stock, or of common stock of the same class. As securities sold in a PIPE transaction will generally be restricted only for the period from the private sale until the issuer’s registration statement with the SEC covering resale of such securities becomes effective, Cormorant may pay more for such securities than for other private placement securities. If the issuer is unable to obtain an effective resale registration statement for a PIPE, the PIPE will remain restricted under U.S. securities laws (subject to the availability of some other exemption) and Cormorant may be unable to recover from the issuer an amount sufficient to compensate for the loss of liquidity of such security.

Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act. The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive governmental intervention. Such intervention was in certain cases implemented on

an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, certain of these interventions have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers such as Cormorant. The Dodd-Frank Act may directly affect Cormorant by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. Until the SEC implements the new reporting requirements, it is unknown how burdensome such new reporting requirements will be.

Pursuant to the Dodd-Frank Act, the Funds and Cormorant may be designated as “Systemically Important Financial Institutions” or “SIFIs”. Any entity so designated will be subject to regulation by the Federal Reserve Board. In the area of derivatives, the Dodd-Frank Act provides for the registration and comprehensive regulation of “major swap participants.” Although Cormorant believes that is unlikely to be the case, consequences of being so classified could be substantial and adverse. In addition, the cost of derivative transactions may substantially increase as result of the Dodd-Frank Act as additional margin, capital and collateral obligations are implemented.

The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available from banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses. Market disruptions may from time to time cause dramatic losses, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Broker Risk. The Funds’ assets may be held in one or more accounts maintained by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Funds’ assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Funds’ assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Funds’ assets or in a significant delay in having access to those assets.

General Economic and Market Conditions. The success of Cormorant’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund’s investments), trade barriers, currency exchange controls, and national and international political circumstances. Further, Cormorant’s activities can be affected by unforeseen events and circumstances beyond Cormorant’s control, including, without limitation, acts of God, war, riots, fire, flood, hurricane, earthquake, explosion, outbreaks of an infectious disease, pandemic or any other serious public health concern, act or threat of terrorism, labor strikes, theft, cyber-attacks, malicious damage, electricity line rupture, energy blackouts, failure of technology, social instability, etcetera. These factors may affect, among other things, the level and volatility of securities’ prices, the liquidity of the Funds’ investments and the availability of certain securities and investments. Volatility or illiquidity could impair the overall profitability or result in losses.

Risks Associated with the Hedge Fund

Equity Securities of Growth Companies. A portion of the Hedge Fund's assets may be invested in equity securities of companies that Cormorant believes have potential for capital appreciation significantly greater than that of the market averages, so-called "growth" companies. The market capitalization of the growth companies in which the Hedge Fund will invest may range from small to large capitalizations. Growth stocks are generally more sensitive to market movements than other types of stocks, primarily because their stock prices are based heavily on future expectations. Securities of growth companies may be traded in the OTC markets. While OTC markets have grown rapidly in recent years, many OTC securities trade less frequently and in smaller volume than exchange-listed securities. The values of these securities may fluctuate more sharply than exchange-listed securities, and the Hedge Fund may experience some difficulty in acquiring or disposing of positions in these securities at prevailing market prices.

Undervalued and Overvalued Equity Securities. The Hedge Fund's investment strategy focuses on investing in companies that Cormorant believes are undervalued and overvalued. Opportunities in undervalued equity securities arise from market inefficiencies or due to a lack of wide recognition of the potential impact (positive or negative) that specific events or trends may have on the value of a security. Opportunities in overvalued equity securities arise when a stock's current price is not justified by its earnings outlook or price/earnings (P/E) ratio and, therefore, is expected to drop in price. Overvaluation may result from an emotional buying spurt, which inflates the stock's market price, or from a deterioration in a company's financial strength. The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investing long in undervalued securities and investing short in overvalued securities present opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Hedging. The Hedge Fund may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, Cormorant's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Hedge Fund's hedging strategies may also be subject to Cormorant's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. The Hedge Fund's portfolio is not expected to be completely hedged at all times and at various times Cormorant may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, the Hedge Fund's assets may not be adequately protected from market volatility and other conditions.

Derivative Investments. Derivative instruments or "derivatives" include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, a relatively small adverse market movement may expose the Hedge Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Cormorant from promptly liquidating unfavorable positions and subject the Hedge Fund to substantial losses.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. For example, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or contracting counterparty to fulfill its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the Hedge Fund has forward contracts. Although Cormorant seeks to trade with responsible counterparties, failure by a counterparty to fulfill its contractual obligation could expose the Hedge Fund to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any currency market traded by the Hedge Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Cormorant would otherwise recommend, to the possible detriment of the Hedge Fund. Market illiquidity or disruption could result in significant losses to the Hedge Fund.

Foreign Securities. The Hedge Fund may invest in securities of non-U.S. issuers. Investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Hedge Fund’s assets denominated in that currency and thereby impact total return on such assets. The Hedge Fund may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Hedge Fund assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory, reporting, accounting, auditing, and financial reporting standards and requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for the Hedge Fund to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of the Hedge Fund’s trades affected in such markets.

In addition, changes or modifications in existing judicial decisions or in the current positions of the IRS,

either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain non-U.S. investments which could adversely impact the Hedge Fund's portfolio.

Exchange Traded Funds. Cormorant may invest in and sell short shares of exchange traded funds ("ETFs") and other similar instruments. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

American Depositary Securities & Receipts. In certain instances, rather than directly holding securities of non-U.S. companies, the Hedge Fund may hold these securities through an American Depositary Receipt (an "ADR"). An ADR is issued by a U.S. bank or trust company to evidence its ownership of securities of a non-U.S. company. The currency of an ADR may be U.S. dollars rather than the currency of the non-U.S. company to which it relates. The value of an ADR will not be equal to the value of the underlying non-U.S. securities to which the ADR relates as a result of a number of factors. These factors include the fees and expenses associated with holding an ADR, the currency exchange relating to the conversion of foreign dividends and other foreign cash distributions into U.S. dollars, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of the Hedge Fund, as a holder of an ADR, may be different than the rights of holders of the underlying securities to which the ADR relates, and the market for an ADR may be less liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the ADR and, as a consequence, the performance of the investor holding the ADR.

Loans of Portfolio Securities. The Hedge Fund may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of the Hedge Fund's assets, in an attempt to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Hedge Fund could experience delays in recovering the securities it lent. To the extent that the value of the securities the Hedge Fund lent has increased, the Hedge Fund could experience a loss if such securities are not recovered.

Counterparty Risk. Some of the markets in which the Hedge Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes the Hedge Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Hedge Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Hedge Fund has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. The Hedge Fund is not restricted from concentrating any or all of its transactions with one counterparty. The ability of the Hedge Fund to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Hedge Fund. Counterparty risks also include the failure of executing brokers to honor, execute, or settle trades.

Pursuant to the Dodd-Frank Act, some derivatives transactions will be subject to mandatory clearing and will also be subject to the margin requirements set forth by the clearinghouse. The additional margin, capital and collateral obligations may increase the cost of derivatives transactions and thereby potentially decrease the profitability of certain positions.

Transaction Execution and Costs. As Cormorant expects to actively manage the Hedge Fund's portfolio, purchases and sales of investments may be frequent and may result in higher transaction costs. In addition, in many cases relatively narrow spreads may exist between the prices at which the Hedge Fund will purchase

and sell particular positions. The successful application of the Hedge Fund's investment strategy will therefore depend, in part, upon the quality of execution of transactions, such as the ability of broker-dealers to execute orders on a timely and efficient basis. Although Cormorant will seek to utilize brokerage firms that will afford superior execution capability to the Hedge Fund, there is no assurance that all of the transactions will be executed with optimal quality. Furthermore, due to the degree of trading, total commission charges and other transaction costs may be expected to be high. The level of commission charges, as an expense of the Hedge Fund, may therefore be expected to be a factor in determining future profitability of the Hedge Fund.

Risks Associated with the PE Funds

Early Stage Investments. The PE Funds may invest a portion of its assets in newly formed or pre-revenue Portfolio Companies. Most of these types of investments are made at an early point in a company's life cycle. These "early stage" or "seed" investments can create value inherent in particular companies or situations that can be realized only with substantial effort or expense. Often the success of the investment will depend not only on the efforts of its management team, but also upon actions of other key individuals, or extraneous factors including political or economic developments over which Cormorant has little or no control. Many early stage companies face significant competition from other firms, both established and start-up.

Early stage investments are typically made in firms that are seeking to develop and bring to market new, unproven technology. This endeavor is subject to a number of risks, including: failure to develop or perfect the technology as planned; obsolescence; patent infringement and similar claims that prevent the technology from being used or licensed; lack of market acceptance of the technology; and loss of key personnel. These companies are typically dependent on the abilities of key individuals, including founding entrepreneurs, owners or employees with critical technological skills or ownership of important patents or other intellectual property, and marketing and financial professionals. The growth and development of early stage companies may depend on the regular injection of additional capital and financing beyond that which the Fund is prepared or able to invest; such financing may not be available from other sources. Venture stage companies are typically thinly staffed and may lack the internal resources or procedures and controls to detect and prevent accounting errors, or more serious losses caused by the misconduct or negligence of officers, employees or agents.

The very significant returns that have been earned in a small portion of venture capital investments have in large part resulted from the completion of highly successful initial public offerings or acquisitions that have permitted the venture investors to sell their equity interests at multiples of original cost. There can be no assurance that, at the time a given venture investment matures, the public securities markets will support an initial public offering to permit such returns or that the venture-backed company's fundamentals will warrant such returns.

Non-Controlling Investments. The PE Funds may make minority equity investments in Portfolio Companies where it may have limited influence. Such a Portfolio Company may have economic or business interests or goals that are inconsistent with those of the PE Funds, and the PE Funds may not be in a position to limit or otherwise protect the value of its investment in the company, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect the investments. The PE Funds' control over the investment policies of these companies may also be limited.

Controlling or Substantial Investment Positions. From time to time, the Funds may form or purchase (possibly with other accounts or funds managed by the General Partner, Cormorant, or their respective affiliates) a large enough position in a Portfolio Company to participate, actively or passively, in its management and control. The Funds, through the General Partner, may also designate a Cormorant Representative to serve on the boards or management committees of such Portfolio Companies. There are numerous risks associated with such investments. At times, the Cormorant Representative will be required to make decisions that he/she considers to be in the best interests of such Portfolio Company that at times may not be in the best interest of the Funds, and vice versa. In addition, the Funds may be subject to claims by other investors in such Portfolio Companies, who may, among other things, object to the manner in which the Funds exercises its rights to participate in

the management of the Portfolio Companies. Creditors of the issuer might seek to hold the Funds responsible for obligations of such Portfolio Companies. A controlling group of shareholders might be subject to claims against such Portfolio Companies that arise in other areas, including, but not limited to, tort, securities and environmental law. Defending any such claims may be very costly and time-consuming and any liability in connection therewith could be substantial and may be borne by the Funds.

Down Round and Cram Down Financings. A Portfolio Company in which the PE Funds invests may experience a down round financing that is the Portfolio Company raises capital that is based on the Portfolio Company's valuation that is lower than the Portfolio Company's valuation in its prior financing round in which the PE Funds may have invested. As a result of the lower valuation, the equity outstanding immediately prior to the down round will suffer dilution. A Portfolio Company may also engage in a "cram down" financing. A cram down financing is a term that is often used to describe a down round financing in which existing investors lead a new financing that includes terms that may be severely dilutive to non-participating investors and that may include other features, such as forced conversions and "pay-to-play" mechanisms, that may have the perceived effect of punishing non-participating stockholders. In a severe cram down, existing stockholders who do not participate in the round may end up with little or no meaningful ownership stake in the Portfolio Company. In addition to further consolidating ownership of the Portfolio Company, investors willing to participate in a cram down may often also receive ancillary deal terms and preferred stock rights and preferences (such as super-priority liquidation preferences, "drag along" rights and special voting rights) that are superior to the prior rounds. If the PE Funds do not participate in a cram down financing, its equity ownership could be significantly reduced.

Investments in Illiquid Assets. An investment in the PE Funds requires a long-term commitment with no certainty of return. Many of the investments may be illiquid, and there can be no assurance that the PE Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind. Additionally, the PE Funds may acquire securities that cannot be sold except pursuant to a registration statement filed under the 1933 Act, or in accordance with Rule 144 promulgated under the Securities Act. There can be no assurance that private purchasers can be found for such investments.

Portfolio Investments Longer Than Term. Although Cormorant expects that the investments in Portfolio Companies will be disposed of prior to the end of the term, the PE Funds may have to sell, distribute or otherwise dispose of its investments in Portfolio Companies at a disadvantageous time. As a result, the PE Funds may sell, distribute or otherwise dispose of its investments in Portfolio Companies for a price which is less than the price that could have been obtained if the investments in Portfolio Companies were held for a longer period of time.

Potential Liabilities. The PE Funds may negotiate the right to appoint one or more of the members, managers, directors, officers or employees of Cormorant as a member of the Portfolio Company's board of directors. Such membership on the board of directors of a Portfolio Company can result in the PE Funds or the individual director being named as a defendant in litigation or other disputes or investigations. Similarly, disputes arising out of down-round financings may result in the PE Funds, or their Management, being named as defendants. Typically, Portfolio Companies will have insurance to protect directors and officers, but this insurance may be inadequate. The PE Funds will also indemnify their Management among others, for liabilities incurred in connection with operations including liabilities arising from such disputes. The Investors may be required to return distributions previously made to them to satisfy indemnification obligations. While Cormorant intends to manage the PE Funds in a way that will minimize exposure to these risks, the possibility of successful claims or lawsuits or adverse regulatory action cannot be eliminated, and such events could have significant adverse effects.

Limitations on Ability to Exit Investments. Cormorant expects to exit from its investments in two principal ways: (i) private sales and (ii) initial public offerings; provided, however, that in the event of an initial public offering, the PE Funds expects to hold the shares of the applicable Portfolio Company until such time as

Cormorant determines in its sole discretion to dispose of such shares. At any particular time, one or both of these avenues may not be available, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

Contingent Liability on Disposition of Investments. Most of the PE Funds' investments involve private securities. In connection with the disposition of an investment in private securities, the PE Funds 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 a business. The PE Funds also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied by the Investors to the extent of their investment in the PE Funds.

Reliance on Portfolio Company Management. The day-to-day operations of each Portfolio Company will be the responsibility of such Portfolio Company's management team. Although Cormorant is responsible for monitoring the performance of each its investment and generally intends to invest in Portfolio Companies operated by strong management, there can be no assurance that the existing management team or any successor will be able to operate any such Portfolio Company in accordance with the PE Funds' expectations.

Competitive Marketplace and Difficulty of Locating Suitable Investments. The marketplace for investing in early state biotechnology, healthcare and life science companies is competitive and involves a high degree of uncertainty. Substantial amounts of capital and a large number of funds have been dedicated to making investments in the private sector and additional funds with similar investment objectives and/or sourcing methodologies may be formed in the future by other unrelated parties. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the PE Funds to invest all of their commitments in opportunities that satisfy the investment strategy. The process of identifying, structuring, implementing and realizing attractive investment opportunities is highly competitive. Cormorant will compete for investment opportunities with many other investors, some of which will have greater resources than the PE Funds. It is possible that the PE Funds' commitments will not be fully utilized if a sufficient number of attractive investments are not identified and consummated by during the Investment Period.

Follow-On Investments. The PE Funds may be called upon to provide follow-on funding for its Portfolio Companies or have the opportunity to increase its investment in Portfolio Companies. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a Portfolio Company in need of such an investment or may diminish the proportionate ownership in such Portfolio Company and thus its ability to influence such Portfolio Company's future management.

Bridge Loans. From time to time, the PE Funds may lend to Portfolio Companies on a short-term, unsecured basis or otherwise invest on an interim basis in Portfolio Companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans may be convertible into a more permanent, long-term security; however, for reasons not always in the PE Funds' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investment may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the PE Fund.

Business Risks. The PE Funds' investment portfolios consist primarily of securities issued by privately-held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk, as well as risks related to general market conditions, which can result in substantial losses.

Cybersecurity Risk

The computer systems, networks or devices used by Cormorant, and its service providers, employ a variety of protections designed to prevent damage or interruption from computer viruses, computer and network failures, telecommunication failures, infiltration by unauthorized persons and security breaches. Despite such precautionary measures, systems, networks, or devices can be breached. Cormorant, and its Advisory

Clients, can be negatively impacted as a result of cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses; impediments to trading; inability to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which the Advisory Clients invest; counterparties of Cormorant and its Advisory Clients; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and other parties.

ITEM 9 – DISCIPLINARY INFORMATION

Cormorant has no legal or disciplinary events to report.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration

Neither Cormorant, nor its management persons, are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Futures, Commodity Pool Operator, Commodity Trading Advisor

Neither Cormorant, nor its management persons, are registered or have an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Related Person Arrangements

Cormorant Global Healthcare GP, LLC, Cormorant Private Healthcare GP, LLC, and Cormorant Private Healthcare GP II, LLC serve as general partners, and Cormorant PR serves as a sub-advisor, to the Advisory Clients, and are controlled by Bihua Chen. In addition to Ms. Chen, Kevin Phillip and Paras Malde serve as directors of the Offshore Fund.

Arrangements with Other Investment Advisers

Cormorant does not recommend or select other investment advisers for its Advisory Clients nor does it have any other business relationships with any other advisers that create a material conflict of interest.

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

Code of Ethics

Cormorant has adopted a Code of Ethics (the “Code”) in accordance with Rule 204A-1 of the Advisers Act. The Code applies to Cormorant’s “Access Persons.” Generally, Access Persons include any partner, officer or director of Cormorant and any employee or other supervised person of Cormorant who, in relation to the Advisory Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All Cormorant employees are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account Cormorant’s status as a fiduciary and requires Access Persons to place the interests of the Advisory Clients above their own interests and the interests of Cormorant. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Cormorant’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and at least annually thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. Access Persons are generally not permitted to trade for their personal accounts securities held by the Advisory Clients, must obtain pre-approval before trading in reportable securities for their personal accounts, and are required to hold their personal investments for a certain predetermined time period. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

The Code also seeks to ensure the protection of nonpublic information about the activities of the Advisory Clients. Investors or prospective Investors may obtain a copy of the Code by contacting the Chief Compliance Officer, Neb Obradovic, at neb@cormorant-asset.com.

Possible Conflicts of Interest

As explained in Item 10 above, Cormorant Global Healthcare GP, LLC, Cormorant Private Healthcare GP, LLC and Cormorant Private Healthcare GP II, LLC serve as the general partners to the Funds. The General Partners and Cormorant’s employees also invest directly in the Funds. Investments in the Funds made by such parties generally are not subject to the management or performance-based fees described in Item 5 above.

Cormorant believes that Access Persons investments in Advisory Clients aligns the Access Persons’ interests with those of the Advisory Clients. Nonetheless, the fact that the General Partners and Cormorant’s employees have financial ownership interests in certain of the Advisory Clients creates a potential conflict in that it could cause Cormorant to make different investment decisions absent such financial ownership interests. Cormorant addresses this potential conflict by impressing upon Access Persons their fiduciary duty to act in the best interests of Advisory Clients and Investors and by requiring Access Persons to submit securities holdings and transaction reports in accordance with Rule 204A-1, mandating pre-clearance process for certain personal securities transactions, and by prohibiting Access Persons from transacting in securities in the universe of securities in which Cormorant invests.

Cormorant and its affiliates have a material financial interest with respect to fees paid by the Advisory Clients and Investors. Management fees are payable without regard to the overall success or income earned by the Advisory Clients and therefore may create an incentive on the part of Cormorant to raise or otherwise increase assets under management to a higher level than would be the case if Cormorant were receiving a lower or no management fee. Performance-based fees may create an incentive for Cormorant to make investments that are riskier or more speculative than in the absence of such incentive allocations.

Cormorant addresses these potential conflicts through regular monitoring of the Advisory Clients for consistency with the investment objectives, strategies, and target capacity. Further, Cormorant carefully considers the risks involved in any investments and Cormorant provides extensive disclosure to Investors regarding the potential risks that come with an investment in the Advisory Clients. The Code requires Access Persons to place the interests of the Advisory Clients over their own and those of Cormorant, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

ITEM 12 – BROKERAGE PRACTICES

Selecting Brokerage Firms

Cormorant is authorized to determine the broker-dealers used to execute trades and to negotiate any commissions paid on such transactions. Cormorant's primary consideration in placing transactions with a particular broker-dealer is to obtain execution of orders in the most effective manner possible at the most favorable net price. Cormorant also takes into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer, the execution capabilities required by the transaction(s), the ability and willingness of the broker-dealer to facilitate transactions promptly and at reasonable expense, the importance to the account of speed, efficiency or confidentiality and the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, as well as any other matters Cormorant deems relevant to the selection of a broker-dealer for a particular transaction.

Cormorant may also consider the quality comprehensiveness and frequency of available research and other products and services considered to be of value. The products and services furnished by broker-dealers may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, order of call and the availability of stocks to borrow for short trades.

Cormorant is authorized to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such research and trading related products and services or to pay higher commissions to such firms if Cormorant determines such prices or commissions are reasonable in relation to the overall services provided. Accordingly, the Advisory Clients may be deemed to be paying for research and other products and services with "soft" or commission dollars.

Research and Other Soft Dollars Benefits

Cormorant currently does not use commissions or "soft dollars" generated by the Advisory Clients to pay for brokerage and research products or services. Should Cormorant decide to use soft dollars in the future, Cormorant such use will fall within the safe harbor created by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Advisory Clients, Cormorant will make a reasonable allocation of the cost attributable to research assistance that may be paid for with soft dollars pursuant to the Section 28(e) safe harbor referenced above.

If in the future, Cormorant determines to use soft dollars to obtain research or other products or services from broker-dealers, it will receive a benefit because it does not have to produce or pay for the research, products or services. Cormorant also has the authority to cause the Advisory Clients to pay brokers directly for research.

Further, Cormorant has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on a client's interest in receiving most favorable

execution. Such soft dollar benefits may be used to service all of Cormorant's Advisory Clients and not just those that paid for the benefits. It is anticipated that any soft dollar benefits received by Cormorant will be applicable to all of Cormorant's Advisory Clients.

Brokerage for Client Referrals

Cormorant does not consider whether it receives client referrals from a broker in selecting broker-dealers.

Directed Brokerage

Cormorant does not recommend, request or require that a client direct Cormorant to execute transactions through a specified broker-dealer.

Trade Aggregation and Allocation

When the purchase and sale of securities is considered to be in the best interest of more than one Advisory Client, the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Advisory execution prices for identical securities purchased or sold on behalf of multiple accounts in any one day may be (but are not required to be) averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, will be made in a manner that Cormorant considers to be equally as favorable to the Advisory Clients as to any other party.

Allocation of investment opportunities (as applicable) among the Advisory Clients will be made by Cormorant based upon such factors as Cormorant deems appropriate, including, without limitation, the investment objectives and available investment capital of the Advisory Clients. Neither Cormorant nor any of its principals, members, managers, affiliates or employees are under any obligation to first offer any investment opportunities to a particular Advisory Client or to allocate investments, as between one Advisory Client or another, in any particular manner, other than as Cormorant in its sole discretion shall determine; provided, that Cormorant will seek to allocate investment opportunities that are appropriate for more than one Advisory Client on a "pari-passu" basis. No allocations may be made to an Advisory Client based on such Advisory Client's performance or the amount or structure of fees. Allocations of limited opportunity investments such as IPO's will be allocated in the same manner as other securities.

ITEM 13 – REVIEW OF ACCOUNTS

The Advisory Clients are under continuous review by the Cormorant. Such reviews include a review of existing investments, potential investments, investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. Cormorant considers, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

Investors are expected to receive the following: unaudited monthly capital account statements; periodic investor letters; annual audited financial statements within 120 days of the fiscal year end; and a Schedule K-1, when applicable.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

No persons other than Investors in the Advisory Clients provide Cormorant with an economic benefit for providing investment advice or other advisory services to the Advisory Clients. Cormorant does not have any arrangements under which it receives any economic benefit, including sales awards or prizes.

Currently, Cormorant does not, directly or indirectly, compensate any person for client referrals. There will be no sales charges payable to the Advisory Clients in connection with the sale of interests therein. While there are presently no such solicitation or referral relationships in place, Cormorant may, in the future, enter into arrangements pursuant to which it compensates third parties for investor and client referrals. Such arrangements will be made in compliance with Rule 206(4) 3 under the Advisers Act.

ITEM 15 – CUSTODY

Cormorant and the General Partners are deemed to have custody of the Advisory Clients' assets and securities by virtue of their status as investment manager or general partner. The qualified custodians are Goldman Sachs & Co. 200 West St., #200 New York, NY 10282, Morgan Stanley & Co. 1585 Broadway New York, NY 10036, Bank of America Merrill Lynch, 1 Bryant Park, 6th Floor, New York, NY 10036, and JPM Morgan Prime, 383 Madison Avenue, New York, NY 10179.

To ensure Cormorant is in compliance with Rule 206(4)-2 under the Advisers Act, Cormorant or the Advisory Clients' administrators provide Investors with audited financial statements for their respective Advisory Clients within 120 days of the end of such Funds' fiscal years (i.e., generally by April 30). Investors should carefully review such statements.

ITEM 16 – INVESTMENT DISCRETION

Cormorant has complete discretionary authority to manage securities accounts on behalf of the Advisory Clients, and is authorized to make transaction for the Advisory Clients. There are no specific limitations placed on this authority, provided that Cormorant will exercise its discretionary authority in accordance with the investment objectives and strategy and applicable limitations, if any, set forth in applicable offering documents or other governing agreements of each Advisory Client. Investors do not have the ability to impose limitations on the discretionary authority of Cormorant. Investors investing in one of Cormorant's privately offered funds must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, Investors investing in Cormorant's privately offered funds domiciled in the US must execute a limited partnership agreement that contains a power of attorney.

Cormorant has discretionary authority to manage the Account. The Account is subject to investment objectives, guidelines, and restrictions, and fee arrangements, as well as other terms that are individually negotiated with the Account owner, and set forth in an investment management agreement.

ITEM 17 – VOTING CLIENT SECURITIES

Cormorant has adopted a written proxy voting policy and related procedures which are intended to assure that Advisory Clients securities are voted in the best interests of the Advisory Client, and which address material conflicts of interest that may arise between Cormorant and its Advisory Clients. Generally, Cormorant expects that its interests (including the interests of its Investors) are aligned with the management teams of the companies in which Cormorant invests. Cormorant will vote in accordance with the recommendation of the issuer's management on routine housekeeping proposals. Cormorant will vote non-routine matters on case-by-case basis, taking into account a number of factors that Cormorant deems relevant. At times, Cormorant may abstain from voting proxies, if doing so is in the best interest of its Advisory Clients, or otherwise appropriate, such as when its Advisory Clients have exited their position in a particular issuer. Cormorant will not allow Investors to direct Cormorant's vote in a particular situation.

Cormorant constantly monitors for occasions in which the voting of proxies could present a conflict of interest between Cormorant and its Advisory Clients. If Cormorant believes that a material conflict of interest exists with respect to any proxy vote, the Chief Compliance Officer will consult with the Portfolio Manager, and outside counsel, if necessary, to resolve the conflict. In such situations, Cormorant will

generally seek to mitigate the conflict by either appointing an independent third party to vote such proxies or will disclose the conflict to the affected Advisory Client (or its Investors) and consult with such Advisory Client (or its Investors) on how to vote.

Advisory Clients and Investors may obtain additional information regarding how Cormorant voted proxies and may obtain a copy of Cormorant's proxy voting policies and procedures by contacting the Chief Compliance Officer, Neb Obradovic, at neb@cormorant-asset.com.

ITEM 18 – FINANCIAL INFORMATION

Cormorant is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients.