

**Item 1 – Cover Page****VIVO CAPITAL LLC**

192 LYTTON AVENUE  
PALO ALTO, CA 94301

(650) 688-0818

[www.vivocapital.com](http://www.vivocapital.com)

MARCH 27, 2020

This brochure provides information about the qualifications and business practices of Vivo Capital LLC ("Vivo" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (650) 688-0818. 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.

Vivo is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain such an adviser.

Copies of this Brochure may be requested by contacting Zhanping Wu, Vivo's Chief Compliance Officer, at (650) 688-0818 or [zwu@vivocapital.com](mailto:zwu@vivocapital.com). Additional information about Vivo is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes:**

Since the last annual amendment of Vivo’s Form ADV Part 2A filed on March 29, 2019, Vivo has made the following material changes:

- Item 1 (Cover Page) and Item 11 (Code of Ethics, Participation or Interests in Client Transactions and Personal Trading) were updated to disclose that Zhanping Wu has assumed the role of Vivo’s Chief Compliance Officer.
- Item 4 (Advisory Business): Routine updates to Vivo’s regulatory assets under management, as well as deletion of two affiliated entities.
- Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss): Additional risk disclosures and clarifications with respect to Vivo’s investment strategies.
- Item 17 (Voting Client Securities) was updated to describe how Vivo addresses conflicts of interest between Vivo and its clients with respect to voting clients’ securities.

Vivo encourages each investor or potential investor to read the brochure carefully and to call us with any questions at the number provided on Item 1- Cover Page.

**Item 3 – Table of Contents**

Item 1	Cover Page .....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	5
Item 6	Performance-Based Fees and Side-By-Side Management .....	6
Item 7	Types of Clients.....	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9	Disciplinary Information .....	20
Item 10	Other Financial Industry Activities and Affiliations .....	20
Item 11	Code of Ethics, Participation or Interests in Client Transactions and Personal Trading .....	21
Item 12	Brokerage Practices .....	21
Item 13	Review of Accounts .....	23
Item 14	Client Referrals and Other Compensation.....	23
Item 15	Custody.....	23
Item 16	Investment Discretion .....	23
Item 17	Voting Client Securities.....	24
Item 18	Financial Information.....	24

**Item 4 – Advisory Business**

- A. Vivo Capital LLC (“Vivo” or the “Firm”), formerly known as Vivo Ventures, LLC, a California limited liability company formed on June 29, 2005, is a registered investment adviser located in California. Vivo serves as an investment adviser to pooled investment vehicles (each, a “Fund” or a “Client” and collectively the “Funds” or “Clients”)<sup>1</sup>. Vivo’s Funds are reported on Form ADV 1A. An affiliate of Vivo serves as the general partner (or similar managing body) of each Fund. Vivo currently has 28 full-time investment professionals based both in the U.S. and in Greater China. Vivo is managed by five Managing Partners: Dr. Frank Kung, Dr. Albert Cha, Dr. Edgar Engleman, Mr. Shan Fu and Dr. Chen Yu.
- B. Vivo is a global healthcare investment firm that focuses on finding and building value in healthcare companies in the U.S. and Greater China. Vivo invests in both public and private healthcare companies. Inception of the Firm was 1996.

Vivo is affiliated with entities that serve as the general partners (or similar capacity with regards to entities formed in other jurisdictions) to each of the Funds (each, a “General Partner” and, collectively, the “General Partners”) and each of the Funds is controlled by its respective General Partner. The following is a list of each of the General Partners of Vivo:

General Partners:

- Vivo Ventures V, LLC
  - Vivo Ventures VI, LLC
  - Vivo Ventures VII, LLC
  - Vivo Ventures Cayman VII (GP), L.P.
  - Vivo Capital VIII, LLC
  - Vivo Panda, LLC
  - Vivo Opportunity, LLC
  - Vivo Capital IX, LLC
  - Vivo Capital IX (Cayman), LLC
- C. The investment focus and risks of the Funds are more particularly described in each Fund’s offering and governing documents. These guidelines may provide for limits on the size, concentration, geography, type of security and/or terms of the Fund’s investments. The Firm does not tailor its advisory services to individual investors in its Funds.
- D. The Firm does not participate in wrap fee programs.

---

<sup>1</sup> “Fund” or “Client” means a private investment fund to which Vivo provides investment advice and/or invests on a discretionary basis. The individuals and other persons that invest in the Vivo private investment funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “Client” do not include “investors.”

- E. As of December 31, 2019, Vivo managed \$4,296,806,750 in client assets on a discretionary basis. Vivo does not manage any client assets on a non-discretionary basis.

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

- A. Interests in the Funds were only offered to “accredited investors” as defined in Rule 501 under Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”), or “qualified purchasers” as defined in the Investment Company Act of 1940, as amended (the “Investment Company Act”). Investors and prospective investors should refer to the Funds’ governing and offering documents for a detailed description of the fees and expenses associated with investments in the Funds.
- B. Vivo deducts management fees (the “Management Fee”) directly from the Funds’ assets paid quarterly in advance. The Firm may also be entitled to a performance fee (the “Carried Interest”), based on cumulative net profits from investments, as specified in each Fund’s governing and offering documents. The Carried Interest, if applicable, is distributed directly from a Fund’s assets and not on a pre-determined schedule. Management Fees will vary amongst the Funds.
- C. Each Fund will bear all costs and expenses related to the purchase, holding, sale or exchange of portfolio securities, Management Fee, Fund meetings, advisory committee matters, indemnification obligations pursuant to the partnership agreement, liability and other insurance premiums, expenses associated with communications and reports, all legal, accounting and regulatory filing fees relating to the Fund and its activities, and any extraordinary expenses of the Fund.

Each Fund will also bear all costs and expenses related to the liquidation of the Fund’s assets upon termination of the Fund. Investors and prospective investors should refer to the respective Funds’ governing and offering documents for a detailed description of the expenses borne by the Funds.

From time to time, in order to enhance the operations of a Vivo portfolio company and preserve and increase the value of the portfolio company, Vivo’s employees may serve as “operating executives” on a temporary basis of Vivo portfolio companies. In those occasions, the Vivo employee may enter into a consulting or employment agreement with the portfolio company. Such operating executive’s compensation from a portfolio company needs to be reasonable and commensurate with the role that such operating executive plays at the portfolio company and is determined by the portfolio company on an arm’s length basis. Vivo may also charge monitoring fees and/or transaction fees where Vivo provides significant back-office support and business development for a portfolio company, or syndicates a consortium for a buy-out transaction, and such monitoring fees and transaction fees will offset the management fees of each applicable Fund in accordance with the Fund’s governing documents.

Vivo’s employees may also serve on the boards of directors of Vivo portfolio companies and receive director fees as a result. Those director fees will offset management fees of each applicable Fund in accordance with the Fund’s governing documents.

- D. Funds are generally required to pay Management Fees quarterly in advance, as specified in each Fund's governing and offering documents. In the event Vivo does not provide services for the full period, the Management Fee is typically required to be returned to investors in the applicable Fund. In general, the amount of fees returned is calculated based on the number of days remaining in the applicable period.
- E. Neither Vivo nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products that were purchased by the Funds.

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

As stated above, the General Partners may be entitled to receive a Carried Interest.

The Carried Interest may create an incentive for the Firm to recommend to the Funds' investments that are riskier or more speculative than those which would be made under a different fee arrangement. However, the Firm is committed to acting at all times in the best interests of the Funds and believes such performance-based compensation aligns its interests with those of its investors. Notwithstanding, the Firm has implemented internal controls to address the potential conflicts associated with performance based fees, as more fully described in each Fund's governing and offering documents.

#### **Item 7 – Types of Clients**

Vivo provides investment advice to the Funds, which are private investment vehicles that are exempt from registration under the Investment Company Act. The Funds' investors are limited to individuals and entities that meet certain suitability criteria including "accredited investors" and "qualified purchasers." The Funds were marketed exclusively to institutional investors and high net worth individuals that meet these criteria.

The minimum investment thresholds in the Funds range from \$25,000 to \$25 million; however, the minimum investment may be waived at the discretion of the General Partner of each Fund.

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

- A. The Firm believes Vivo is differentiated among healthcare investors in a number of critical aspects.

First, the Firm believes that successful investing in therapeutics companies requires the ability to pick the right products. Put simply, if drugs or devices do not work or cannot get FDA approval, it is impossible to generate liquidity, let alone superior returns. Our team evaluates therapeutic products (i.e., drugs or devices that treat disease) that it believes, based on its experience in the industry, are likely to gain FDA approval. To be able to ascertain whether FDA approvals are likely, the Firm has built a team that is highly experienced at evaluating clinical and scientific data. The Firm's investment team has advanced scientific and/or medical training and many of them have published extensively in peer reviewed scientific and medical literature. The Firm believes that the ability to analyze clinical and scientific data in great detail is critical to its investment approach. The Firm has been applying this strategy consistently in making investments in both privately held and publicly traded companies. To further implement the Firm's investment strategy to capture attractive investment opportunities in the public markets, in December

2017, the Firm launched the Vivo Opportunity Fund to focus on public investments such as PIPEs, follow-ons, ATM purchases and IPOs.

Second, the Firm focuses on a “bridge” strategy, where it seeks to capitalize on business and investment synergies between the U.S. and Greater China, two of the largest healthcare markets in the world. The ability to help Western companies build capabilities to access the Chinese market has made the Firm attractive for U.S. biotech companies that now routinely consider their strategy for market entry into China. Likewise, the Firm is also able to help Chinese companies build global partnerships and access global capital markets. With the Firm’s headquarter located in Palo Alto, California and offices in Beijing, Shanghai, Hong Kong and Taipei, the Firm believes that it is well positioned to continue connecting companies in the U.S. and Greater China.

Currently, there are mainly three types of investment vehicles that are deploying capital:

- Vivo Capital Fund IX, L.P. (“Fund IX”), alongside its predecessor Funds Vivo Capital Fund VIII and Vivo Capital Fund VII, is a growth capital and private equity-focused investment vehicle, focused exclusively on the healthcare industry. Fund IX’s growth capital portfolio will primarily target investments in companies to help accelerate their platforms, including engaging with companies at critical stages in their development and expansion, and Fund IX’s private equity portfolio will focus primarily on buyouts, privatizations, and spin-off opportunities. Fund IX also has a 10% capital allocation to invest in public securities.
- Vivo Opportunity Fund, L.P. (the “Opportunity Fund”): The Opportunity Fund invests primarily in public equity or public equity-oriented securities of healthcare and life sciences companies. The Opportunity Fund enables Vivo to expand its public exposure and invest in many promising biotech public companies.
- Vivo PANDA Fund, L.P. (the “PANDA Fund” or “PANDA”): The PANDA Fund is a venture capital fund focused on early-stage venture capital deals. The Fund provides the opportunity to invest in emerging areas and companies that are considered early-stage (typically incubation deals, university spin-outs, etc.) and largely sit outside of the investment mandate for Fund IX. PANDA portfolio companies can become investment targets for Fund IX, in which case Fund IX can invest but usually let another reputable healthcare investment firm leads and sets the valuation of the financing round. In addition, PANDA Fund and Fund IX will provide notice and/or seek approval from their respective limited partner advisory committees for such cross-fund investments.

During Fund IX’s active investment period, the Opportunity Fund and Fund IX (for its 10% public securities allocation) will invest in all public investments in a pro rata fashion, buying and selling at the same time. For portfolio companies of Fund IX or its predecessor Funds that go public, Fund IX or its predecessor funds will have priority to invest in such public offerings unless it decides not to invest or has no or insufficient dry powder available. Generally speaking, the General Partner of the applicable Fund will provide disclosure and/or seek approval from the applicable limited partner advisory committee in accordance with the terms of the applicable Fund’s governing agreement for cross-fund investments.

PANDA invests in early stage venture deals and usually invests up to \$10 million USD per company. All growth and private equity deals, and all larger deals beyond \$10 million USD would fall into Fund IX's investment purview.

As a general matter, the Firm utilizes the methods of analysis and investment strategies described in the governing and offering documents of each Fund. The information contained herein is a summary only. Investors and prospective investors should refer to those documents for a complete overview of the Firm's methods of analysis and investment strategies.

Potential limited partners should be aware that an investment in the Funds involves a high degree of risk. There can be no assurance that the Funds' investment objectives will be achieved or that investment strategies employed by the Firm will be successful, or that a limited partner will receive a return of its capital. In addition, there will be occasions when the General Partners and their affiliates may encounter potential conflicts of interest in connection with the Funds. The following considerations, among others, should be carefully evaluated before making an investment in the Funds.

## **B. Risks**

The types of investments that the Funds make involves a substantial degree of risk. A Fund may lose all or a substantial portion of the value of its investments, and investors in the Funds must be prepared to bear the risk of loss of the value of their investments. Prior to making a commitment to invest in the Funds, prospective investors should carefully review the applicable offering and governing documents of the respective Fund and consult their own financial, legal and tax advisers. Material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include but are not limited to, the following:

**RISK INHERENT IN GROWTH CAPITAL INVESTMENTS.** The types of investments that the Funds anticipate making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Funds will be adequately compensated for risks taken. A loss of an investor's entire principal is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in a Fund's life, while successes often require a long maturation.

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

Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.



**INVESTMENT IN THE HEALTH CARE INDUSTRY.** The Funds will invest in companies in the health care and related industries. Concentration in a single industry may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. Instability, fluctuation or an overall decline within the health care industry will likely not be balanced by investments in other industries not so affected. In the event that the health care sector as a whole declines, returns to investors may decrease. Competitive pressures within the health care industry are intense and the securities of health care companies may be subject to significant price volatility. Health care markets are challenged by rapid development of technologies, particularly in sectors relating to biotechnology and life science, new competing products and services and improvements in existing products and services. Because certain sectors of the health care industry are subject to rapid and significant changes in technology, the portfolio companies that the Funds invest in will face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete. In addition, health care companies in the United States, Asia, Europe and other developed and emerging countries are subject to governmental regulation. Health care companies are often characterized by limited product focus, and obtaining governmental approval for new products from governmental agencies can be lengthy, expensive and uncertain as to outcome. These factors may result in abrupt advances and declines in the valuation of particular companies and, in some cases, may have a broad effect on the valuations of companies in particular sectors of the health care industry. There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges.

**CHANGING ECONOMIC CONDITIONS.** The success of the Firm's investment strategy could be significantly impacted by changing external economic conditions in the United States and global economies. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.

**NO ASSURANCE OF RETURNS.** There can be no assurance that investors will receive distributions from the Funds in an amount equal to their investment therein. The timing of profit realization is highly uncertain.

**NO ASSURANCE OF ADDITIONAL CAPITAL FOR INVESTMENTS.** After the Funds have financed a company, continued development and marketing of products may require additional financing. In particular, biotechnology and life sciences companies – a sector in which the Funds expect to invest – have substantial capital needs that are typically funded over several stages of investment. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained. Alternatively, the Funds, either directly or through one of its portfolio companies, may elect to sell developed or undeveloped technology to existing companies. No assurance can be made that buyers for such technology can be located or that the terms of any such sales will be advantageous.

**BRIDGE FINANCING.** The Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities may not be issued and such bridge loans may remain outstanding. In

such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

**RELIANCE ON THE GENERAL PARTNER.** The General Partner of each Fund will have sole discretion over the investment of the funds committed to such Fund as well as the ultimate realization of any profits. As such, the pool of funds in each Fund represents a blind pool of funds. Investors in each Fund will be relying on the General Partner to conduct the business as contemplated by this document. The loss of one or more senior investment professionals of the General Partner could have a significant adverse impact on the business of each Fund. No assurances can be given that each of the principals will continue to be affiliated with each Fund throughout its term. Any prior experience that members of the General Partner may have in making investments of the type expected to be made by the Fund may have been obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that members of the General Partner will be able to duplicate prior levels of success.

**COMPETITIVE MARKETPLACE.** The marketplace for growth capital investing has become increasingly competitive. Intermediation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in both private and public sectors and the competition for investment opportunities is at historically high levels. There can be no assurances that the Firm will locate an adequate number of attractive investment opportunities. To the extent that the Funds experience increased competition for investments, returns to investors may vary.

**MINORITY INVESTMENTS.** The vast majority of the Funds' investments are expected to be minority stakes in privately and publicly held companies. The Funds may also invest in companies for which the Funds have no right to appoint a director or otherwise exert significant influence. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Funds are not affiliated and whose interest may conflict with the interests of the Funds. In addition, during the process of exiting investments, the Funds are highly likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded to majority or controlling stakes.

**FUTURE AND PAST PERFORMANCE.** The performance of Vivo's prior Funds is not necessarily indicative of the Funds' future results. While the Firm intends for the Funds to make investments that have estimated returns commensurate with risks undertaken, there can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.

**PIPE TRANSACTIONS.** The Funds may make private investments in the securities of publicly traded companies ("PIPE" transactions). The market value of any particular investment may be subject to substantial variation. Notwithstanding the existence of a public market for the securities of a particular portfolio company of the Funds, securities acquired by the Funds in PIPE transactions will not be registered under the Securities Act, and may never be registered. If the securities are not registered, these holdings will remain illiquid and be subject to a variety of legal restrictions on their resale. Moreover, even if such securities are registered, they may be thinly traded or cease to be traded after their registration, including for example as a result of periods in which trading under a related registration statement may be

suspended. In addition, such securities may be issued by unseasoned companies or companies in financial distress and may be highly speculative. No assurance can be given that a Fund's portfolio will generate any income or will appreciate in value.

**INVESTMENTS IN SMALL AND MEDIUM-SIZED COMPANIES.** The Funds may invest a substantial portion of their assets in companies with modest capitalization. While the Firm believes that small and medium-sized companies can provide greater growth potential than larger, more mature companies, investing in the securities of such companies also involves greater risk, potential price volatility and cost. Investments in these companies often involve higher risks because the companies lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. Therefore, the securities of smaller companies may be subject to wider price fluctuations. The spreads between the bid and asked prices of the securities of these companies in the U.S. over-the-counter market typically are larger than the spreads for more actively traded securities. As a result, the Funds could incur a loss if they were to sell such a security a short time after its acquisition. When making a large sale, the Funds may have to sell a portfolio holding at a discount from quoted prices or may have to make a series of small sales over an extended period of time, because of the limited trading volume of smaller company securities.

**LIMITATIONS ON ABILITY TO EXIT INVESTMENTS.** The Funds expect to exit from their private company investments in two principal ways: (i) private sales (including acquisitions of portfolio companies by third parties) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to the Funds, 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.

**ABSENCE OF LIQUIDITY AND PUBLIC MARKETS.** The Funds' investments in private companies will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Funds and no readily available liquidity mechanism at any particular time for any of the investments held by the Funds. In addition, the realization of value from any investments will not be possible or known with any certainty until the General Partner of each Fund elects, in its sole discretion, to sell the Fund's investments and subsequently distribute the proceeds to its investors or to distribute securities to investors in lieu of cash.

**NO MARKET; ILLIQUIDITY OF FUND INTERESTS.** An investment in the Funds will be illiquid and involves a high degree of risk. There is no public market for limited partnership interests in the Funds, and it is not expected that a public market will develop. Consequently, investors will bear the economic risks of their investment for the term of the relevant Funds.

**LIMITED PORTFOLIO DIVERSIFICATION.** As is typical of growth capital firms, the portfolio holdings of the Funds will not be broadly diversified. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to investors by the Funds.

**CONFLICTS OF INTEREST.** Instances may arise where the interest of the Firm (or its members) conflicts with the interests of the Funds and their investors. For example, the existence of the General Partners' Carried Interest may create an incentive for the Firm to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based arrangements.

Further, conflicts of interest may arise as a result of the Firm's partners having investments in both the existing Vivo portfolio companies and the Funds as well as other investments.

Additional conflicts of interest may arise in the allocation of investment opportunities both within and outside the United States between the Funds and its companion investment vehicles, with the General Partners of such entities having complete discretion to allocate such opportunities among such entities in such proportions and under such terms as may be mutually determined in their sole discretion, including the circumstances where one or more companion investment vehicles participates in such opportunities in circumstances where the Funds are not participating and vice versa.

Employees of Vivo may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and its shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of a Fund, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an employee of Vivo and such individual's duties as a director of such portfolio company.

**ILLIQUIDITY OF PORTFOLIO INVESTMENTS.** The Funds may invest in companies, the securities of which are not, at the time of investment, and may never be, publicly traded. These investments may be difficult to value and to sell or otherwise liquidate, and the risk of investing in such companies is generally much greater than the risk of investing in publicly traded companies. Portfolio companies whose securities are not publicly traded are not subject to the same disclosure and other investor protection requirements that are generally applicable to companies with publicly traded securities.

In addition, the privately held portfolio companies of the Funds may be unable to be acquired or to list their securities on a securities exchange. If there is no liquid trading market for these investments, the Funds may be unable to liquidate these investments or may be unable to do so at a profit. Furthermore, the Funds may be unable to find private purchasers for the investments of the Funds. In addition, in certain circumstances, governmental or regulatory approvals may be required for the Funds to dispose of an investment of the Funds or the Funds may be prohibited by contract or for legal or regulatory reasons from selling an investment for a period of time.

Generally, most of the investments made by the Funds other than the Opportunity Fund will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, such investments will be long term in nature and may require many years from the date of initial investment before disposition.

**RISKS PARTICULAR TO THE FUNDS' CONTEMPLATED INVESTMENTS IN GREATER CHINA.** The General Partners expect that the Funds will make some investments in Greater China. In general, the Asian economic, political and legal structure differs in significant ways from those of most developed countries and emerging markets, and these differences present a variety of risks that could impair the ability of the Funds to achieve their investment objectives. Similarly, the legal systems in Greater China are largely a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The Chinese legal system is relatively new, and the government

is still in the process of developing a comprehensive system of laws, a process that has been ongoing since 1979.

**CONTINUED STATE INVOLVEMENT IN CHINESE ECONOMY.** In the past, the economy of China was a planned economy subject to one- and five-year state plans adopted by the central Chinese government authorities and implemented, to a large extent, by provincial and local authorities, which set out production and development targets. Beginning in the late 1970's, China has been transitioning itself from a state-controlled economy to a market-driven economy. Over this period, the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. Despite these measures, however, the Chinese government still owns a substantial portion of the productive assets in China and continues to play a significant role in regulating commercial development. The Chinese government also exercises significant control over Chinese economic growth through taxation, the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy, imposing credit policy for commercial banks and providing preferential treatment to particular industries or companies. While the Chinese economy has experienced extraordinarily rapid growth in the past twenty years, this growth has been uneven, both geographically and among various sectors of the economy. This growth could slow and the economy could move into recession. Conversely, the economy could overheat resulting in high inflation and increased costs of doing business. Many of the reform-oriented policies and measures implemented by the Chinese government are unprecedented or experimental, and could lead to or exacerbate fiscal deficits, inflation, or other economic imbalances. Some of these reforms or measures benefit the overall Chinese economy but may also have a negative effect on the investments of the Funds in China. For example, the financial condition and results of operations of the investments of the Funds in China may be harmed by government control over capital investments or changes in tax regulations. The current or future political leadership of China may not continue to pursue the current course of reform. The government may modify, delay or reverse any of the measures that it implements. For example, the Chinese government may implement policies that seek to restrain the rate of economic growth, control inflation or otherwise regulate economic expansion. Reform could suffer due to political changes, social unrest, diplomatic developments, war, and such economic factors as changes in rates of national and regional economic growth, unemployment and inflation. Past recent trends have included a tightening of regulations relating to or affecting foreign investment, in some cases making portfolio company investments or exits more difficult. This may continue or become exacerbated in the future.

**FOREIGN EXCHANGE CONTROLS.** In addition to managing the exchange rate between the RMB and the USD, the Chinese government imposes controls on the convertibility of the RMB into foreign currencies and the remittance of currency out of China in certain circumstances. Under existing foreign exchange laws, the RMB can be converted into foreign currencies and remitted out of China to pay current account items such as payments to suppliers for imports, labor, services, and payments of interest on foreign exchange loans. Expenses of a capital nature such as the repayment of bank loans denominated in foreign currencies require approval from appropriate governmental authorities before the RMB can be converted into foreign currency for remittance out of China. This system could be changed at any time by executive decision of the State Council and any such changes may affect the ability of the Funds to repatriate capital or profits, if any, outside China. Furthermore, the State Administration of Foreign Exchange ("SAFE") has a significant degree of administrative discretion in implementing the laws and has used this discretion to limit convertibility of current account payments out of China. Whether as a result of a deterioration in

the Chinese balance of payments, a shift in the Chinese macroeconomic prospects or any number of other reasons, China could impose additional restrictions on capital remittances abroad. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of equity and debt capital, interest and dividends paid on investments held by the Funds.

**LIMITED OPPORTUNITIES TO EXIT THROUGH CHINESE SECURITIES MARKET.** The Firm may seek to realize gains on the investments of the Funds in domestic Chinese companies by selling into the public markets of China; however, a direct domestic IPO of a China-incorporated portfolio company cannot reasonably be expected to be available in many situations. Chinese exchanges generally have much more stringent listing requirements, including both financial metric measurements (certain years of certain levels of profitability, etc.), as well as a more discretionary review by the Chinese government of the entity itself. Even where qualified in terms of financial metrics, the Chinese government may (and in many cases has) arbitrarily refused to permit the company to be listed. If a Chinese portfolio company is a foreign invested enterprise ("FIE"), it may still be difficult for it to obtain approvals to conduct a domestic listing in China and if approved, the shares held by the Funds in a newly listed portfolio company may not become immediately tradable as typically one- to three-year "lock ups" will apply. Since relatively few FIEs have been approved to be listed in China in the recent past and such listings are recent in nature, exit through the Chinese securities market is still an evolving process and the current securities regulations may change significantly, as they have changed in the past few years, and any such changes may adversely affect the liquidity of the Funds' investments in China.

Trading volume on Chinese exchanges is substantially less than that in developed countries. Further, securities of companies in China are less liquid and more volatile than securities of comparable companies in developed countries. The limited liquidity of securities markets may thus affect the ability of the Funds to dispose of securities at the price and time they wish to do so. In addition, certain securities markets in China are susceptible to being influenced by large investors trading significant blocks of securities or making large dispositions of securities resulting from the failure to meet margin calls when due. Commissions for trading on stock exchanges in China are also generally higher than commissions for trading on stock exchanges in developed countries.

In addition to their smaller size, reduced liquidity and less rigorous disclosure standards, individual securities markets of China are, to varying degrees, generally influenced by economic and market conditions in other securities markets in Asia. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries in Asia. Such reaction deepened the Asian financial crisis of 1997. Individual securities markets may be harmed by events elsewhere, and such events could adversely affect the value of the investments of the Funds.

**SPECIAL NATURE OF GROWTH CAPITAL INVESTMENTS.** The People's Republic of China ("PRC") foreign investment laws do not permit a company to issue preferred stock to its investors; therefore, it will be difficult for the Funds to reap the benefits of preferred dividends and liquidation preferences when investing in domestic companies. Typically, Funds may obtain terms which are traditionally associated with growth capital investments if such terms are approved by the applicable authorities; however, a Fund's ability to do so varies depending upon the province and city in which the prospective portfolio company is located. Subject to the review and discretion of the Ministry of Commerce ("MOFCOM") or

its local counterparts, first refusal rights in respect of the issuance of new shares, veto rights, and redemption rights would likely be available to the Funds.

**CHANGES IN CHINESE INTERNATIONAL RELATIONS.** China's relations with the world, particularly with the United States and other western nations, may have significant impact on the investments of the Funds. Any deterioration in such relations could lead to the adoption of unfavorable Chinese policies toward FIEs operating in China.

**TAX RESIDENCY/TAXABLE PERMANENT ESTABLISHMENT IN CHINA.** It is the intention of the General Partner to manage, control and operate each Fund, so far as practicable, in such a manner that each Fund will not be treated as a tax resident enterprise of or otherwise as a non-tax resident enterprise with an establishment or place of business in China for China tax purposes, although this cannot be guaranteed.

The General Partner of each Fund believes that the Fund should not be considered as a tax resident enterprise of or otherwise as a non-tax resident enterprise with an establishment or place of business in China, and should not be considered to have a taxable establishment in China as a result of, among other things, the expected methods of operation of the Fund, the General Partner, Vivo Capital LLC and any other affiliates in China that may be engaged to provide services in relation to the Fund.

However, as certain investments are expected to be primarily based in China, there can be no assurance that (i) measures adopted toward any of the above will be undertaken successfully; or (ii) the tax authorities in China will not change their tax law interpretation and enforcement practices, thereby resulting in the Fund or its affiliates being treated as a tax resident enterprise in China or otherwise as having a taxable establishment/ presence in China. In that event, the Fund or such affiliate may be subject to China Enterprise Income Tax ("EIT") on an assessment basis, resulting in additional China tax liability. In such a case, the interests of the investors may be adversely affected.

**CFIUS.** The actions of the Committee on Foreign Investment in the United States ("CFIUS"), an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person and certain other transactions involving foreign investment, may adversely impact the prospects of a portfolio company in the context of mergers with, or acquisitions by, a foreign person. CFIUS may recommend that the President block such transactions, or CFIUS may impose conditions on such transactions, certain of which may materially and adversely affect the Fund's ability to execute its investment strategy. In addition, the CFIUS process will continue to evolve. In particular, a set of reform measures known as the Foreign Investment Risk Review Modernization Act ("FIRRMA") was enacted into law and has broadened the jurisdiction of the CFIUS with respect to certain investments, including investments in certain companies that do not confer potential control over a U.S. business by a foreign person. Such legislation could impact the participation in the Fund's investments by non-U.S. Limited Partners, which in the aggregate are expected to hold a significant portion of the interests in the Fund, and may impair the Fund's ability to execute its investment strategy. The reforms enacted by FIRRMA include (i) a requirement of mandatory disclosures to CFIUS of all transactions in which a foreign government owned or controlled entity proposes to acquire a substantial interest in a U.S. business active in critical infrastructure, critical technologies, or which has access to sensitive personal data of U.S. citizens if such data might be exploited in a manner that threatens national security, and (ii) jurisdiction for CFIUS to review any investment (other than truly passive investment) by a foreign person in the same types of companies regardless of the percentage ownership interest of the foreign person. Proposed rules

implementing the FIRRMA legislation became effective on February 13, 2020. FIRRMA will increase the number of transactions involving the Fund that would be subject to CFIUS review and investigation and the timing and substantive risks described above. The outcome of the CFIUS process may be difficult to predict, and there is no guarantee that, if applicable to a portfolio company, the decisions of CFIUS would not adversely impact the Fund's investment in such company. Vivo Capital Fund IX, L.P.'s Partnership Agreement contain certain provisions that may require certain Limited Partners to be excluded from participating in an investment. Moreover, notwithstanding anything to the contrary contained in Vivo Capital Fund IX, L.P.'s Partnership Agreement or any side letter, the Limited Partners shall be restricted from any physical, logical or other access to material nonpublic technical information in the possession of any portfolio company. Material nonpublic technical information means information not in the public domain that (i) provides knowledge, know-how, or understanding of the design, location, or operation of critical infrastructure, including without limitation vulnerability information such as that related to physical security or cybersecurity or (ii) is necessary to design, fabricate, develop, test, produce, or manufacture critical technologies, including processes, techniques, or methods, it being understood that such term does not include financial information regarding the performance of a portfolio company.

**UNCERTAINTY OF PROJECTED RETURNS.** The Funds may make investments based on the General Partners' estimates or projections of internal rates of return and current returns, which in turn are based on, among other considerations, assumptions regarding the performance of Fund assets, the amount and terms of available financing and the manner and timing of dispositions, including possible asset recovery, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on the actual rate of return received upon the Funds' investments. The Funds may make investments that may have different degrees of associated risk. In addition, projected returns of unrealized investments may not reflect the value obtainable in a sale of such investments under current market conditions. If such investments were liquidated under current market conditions, the values obtained may, with respect to certain investments, be materially lower than those indicated in the projected values shown, as business plans generally assume the improvement of market conditions at the time of disposition. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns indicated herein.

**CONCENTRATION OF INVESTMENTS.** The Funds may participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of any single investment. Other than as set forth under the Funds' governing documents, investors have no assurance as to the degree of diversification of the Funds' portfolio investments, either by geographic region, asset type or sector. To the extent the Funds concentrate investments in a particular issuer, industry, security or geographic region, their investments will become more susceptible to fluctuations in value resulting from adverse economic to business conditions with respect thereto. Furthermore, if the Funds co-invest with other investment funds, a limited partner may have exposure to portfolio investments through more than one Fund. In circumstances where the General Partner intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Funds having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

**UNSPECIFIED INVESTMENTS.** A purchaser of an Interest in the Funds must rely upon the ability of the General Partner and the advisor to identify, structure and implement portfolio investments consistent



with the Funds' investment objectives and policies. The Funds may be unable to find a sufficient number of attractive opportunities that meet their investment objectives.

**INVESTMENT IN PUBLIC COMPANIES.** The Opportunity Fund expects to invest its assets in publicly traded securities and other Funds may invest a portion of its assets in publicly traded securities. The Funds' investments in securities of publicly traded companies may be sensitive to general fluctuations in the market prices of securities and trends in the overall economy, including rises in interest rates, and such fluctuations and trends may affect the value of the portfolio investments held by the Funds. Instability in the securities markets may also increase the risks inherent in a Fund's portfolio investments. In addition, by investing in publicly traded securities, the Funds will be subject to federal and state securities laws which may, among other things, restrict the Funds' ability to sell a portfolio investment.

The Funds may make investments in the securities of portfolio companies that have recently gone public and in the securities of other publicly traded companies that may be thinly traded, relatively illiquid or may cease to be publicly traded after the Funds invest. In addition, the Funds' sales of thinly traded securities could depress the market value of such securities. These circumstances or events could reduce the Funds' returns. Disposition of the Funds' public company investments may result in distributions in kind to investors. If the market price of the distributed securities declines rapidly after such distribution, investors may not be able to realize the full value of the securities at the time of distribution.

**INVESTMENTS IN SMALLER CAPITALIZATION PUBLIC COMPANIES.** Each Fund may invest in the publicly traded securities of companies with smaller market capitalizations. While a General Partner may believe that such investments often provide significant potential for appreciation, it recognizes that such investments may involve higher risks than investments in the publicly traded securities of larger companies. For example, prices of smaller capitalization stocks are often more volatile than prices of larger capitalization stocks. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant loss to investors) is higher than for larger, "blue-chip" companies. The stock of companies with smaller market capitalizations may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Such companies also may have shorter operating histories on which to judge future performance. In addition, these smaller capitalization companies are typically conducting clinical trials which may lead to negative outcomes on efficacy, safety, or both. These negative results can lead to precipitous downward changes in stock price and adversely impact portfolio valuations.

**CONTROL INVESTMENTS, DIRECTORSHIPS AND 10% OWNERSHIP.** Funds may acquire control positions in certain companies in which it invests. Additionally, officers and employees of the General Partner or the Firm may serve as directors of portfolio companies in which a Fund invests. The exercise of control over a company through a control position, or the service of an officer or employee of the General Partner or the Firm as a director of such company, could (i) expose the assets of the Fund to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. If these liabilities were to occur, the Funds, directly, and the Funds' investors indirectly, would likely suffer losses in their investments. In general, the Funds will indemnify their General Partners, the Firm and their affiliates for such claims.

In addition, a Fund's acquisition of more than 10% of the equity securities of certain publicly traded companies or the service by officers or employees of the Firm's as directors may subject the Fund to liability for "short-swing profits" under Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under Section 16(b) of the Exchange Act, holders of more than 10% of any class of equity securities of a company registered under Section 12 of the Exchange Act and certain officers and directors of such an issuer are prohibited from any purchase and sale, or any sale and purchase, of any equity or derivative security of such issuer within any period of less than six months. If the Fund engages in a transaction that results in short-swing profits, the Fund may be required to return the amount of such profit to the issuer, which could adversely affect the overall return on investment realized by the Fund. Measures to avoid short-swing liability may limit the ability of the Fund to buy or sell securities of target companies.

**MATERIAL, NON-PUBLIC INFORMATION.** By reason of its investment in a public portfolio company or otherwise, the General Partners of the Funds may acquire confidential or material non-public information or otherwise be restricted from initiating transactions in certain securities. The Funds will not be able to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. An officer, employee or other representative of the Firm may serve as a director of a Fund's public portfolio companies. As a result, the Fund (through its representatives or otherwise) may receive or be deemed to receive information that would restrict its ability to cause the Fund to buy or sell securities of a company for substantial periods of time when profit could otherwise be realized or loss avoided, which may adversely affect the ability of the Fund to buy or sell securities.

**LEVERAGE.** Certain of the Funds' portfolio companies may have capital structures with significant leverage. Consequently, the leveraged capital structure of such portfolio companies will increase their exposure to adverse factors such as rising interest rates, downturns in the economy or a deterioration in the business of a portfolio company or its industry, and may impair such companies' ability to meet their debt obligations. Leverage may also take the form of trading on margin, which will result in interest charges that could be substantial. The use of leverage will have the effect of increasing the volatility of the Funds' portfolio investments.

**INVESTMENTS WITH THIRD PARTIES; SYNDICATION OF CO-INVESTMENT OPPORTUNITIES.** Each Fund may from time to time co-invest with third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of its third party partners or co-investors. Furthermore, if a co-investor defaults on its funding obligations, the Fund may be required to make up the shortfall. Investments made with third parties through consortiums of private equity investors, partnerships, joint ventures or other similar arrangements may involve incentive compensation and/or other fees payable to such third-party partners or co-investor. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

In addition, the Fund may make and pursue investments and bear costs as Fund expenses in connection therewith with the expectation of offering a portion of its interests therein as a co-investment opportunity to limited partners and/or other third parties. In the event that the Fund is not successful in transferring such co-investment, in whole or in part, the Fund may consequently hold a greater concentration and have more exposure in the related investment than initially was intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

**FAILURE TO MAKE CAPITAL CONTRIBUTIONS.** If a limited partner fails to pay when due installments of its capital commitment to the Fund, and the contributions made by non-defaulting limited partners and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners). If a limited partner defaults, it may be subject to various remedies as provided in the applicable Partnership Agreement, including without limitation, forfeiture of all or a portion of its Interest. A default by a limited partner may also limit the Fund's availability to incur borrowings and avail itself of what would otherwise have been available credit. The General Partner may, subject to certain limitations, require an additional funding of capital contributions from the non-defaulting limited partners to fund the shortfall caused by the defaulting limited partner(s).

**CYBERSECURITY BREACHES AND IDENTITY THEFT.** The Firm's and the portfolio companies' technology and information systems may be susceptible to, amongst other things, interruption from network failures, computer viruses, telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors, power outages and catastrophic events (such as fires, tornadoes, floods, hurricanes and earthquakes) and damage. Although the Firm has implemented, and portfolio companies, will likely implement, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm, a Fund and/or a portfolio company may have to make a significant investment to fix or in certain circumstances, replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's, a Fund's and/or a portfolio company's operation and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors. Such a failure could harm the Firm's, a Fund's and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Additionally, Vivo's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct certain business functions. These systems are subject to a number of different threats or risks that could adversely affect Clients and their investors, despite the efforts of Vivo and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Vivo, its service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Vivo's systems to disclose sensitive information in order to gain access to Vivo's data or that of their Clients' investors. A

successful penetration or circumvention of the security of Vivo's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, Vivo, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

**UNFORESEEN RISKS:** The Funds may be subject to unforeseen risks, including political events, terrorism, fraud, acts of God, fire, flood, earthquakes, and outbreaks of an infectious disease, pandemic or any other serious public health concern. These unforeseen risks may have a negative effect on the performance of the Funds' investments.

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

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

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

- A. Neither Vivo 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 Vivo 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. Vivo does not have any relationship or arrangement that is material to its advisory business or the Funds with the types of entities described in this section.
- D. Vivo 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. Vivo has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Clients, requires that the Firm’s employees act in the best interests of Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Vivo’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 Vivo or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Vivo’s employees. The Code prohibits employees from engaging in personal trading in the securities of issuers on the Firm’s restricted list; requires employees to provide duplicate brokerage accounts statements and trade confirmations to the Firm or to report all securities transactions on at least a quarterly basis; and requires employees to provide a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material 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. Vivo will provide a complete copy of its Code to any Client or investor upon request to Zhanping Wu, Vivo’s Chief Compliance Officer, at (650) 688-0818.
- B. Other than acting in compliance with the Code, the Compliance Manual and the governing documents of the applicable Fund, neither Vivo nor any related person recommends to Clients, or buys or sells for Client accounts, securities in which the Firm or any related person has a material financial interest.

One managing partner of the Firm, Dr. Edgar Engleman, is Professor of Pathology and Medicine at Stanford University School of Medicine. Vivo invested in a few biopharmaceutical companies co-founded by Dr. Engleman as a result of his research activities at Stanford. Vivo disclosed any potential conflicts of interest arising from such investments to limited partners or limited partner advisory committees of applicable Funds.

- C. Vivo employees are not encouraged to but may be allowed, on a case by case basis, the opportunity to purchase shares of portfolio companies when they go public via an IPO. These shares must be held in accordance with the Code, the Compliance Manual and the governing documents of the applicable Fund. In addition, from time to time some of the managing members and employees are limited partners of the Funds. The Code, the Compliance Manual and the governing documents of the applicable Fund address these potential conflicts.
- D. Other than acting in compliance with the Code, the Compliance Manual and the governing documents of the applicable Fund, neither Vivo nor any related person recommends securities to Funds, or buys or sells securities for a Fund’s accounts, at or about the same time the Firm or any related person buys or sells the same securities for their own accounts.

**Item 12 – Brokerage Practices**

- A. Factors Used to Select or Recommend Broker-Dealers

The Firm has discretion as to the selection of brokers (and accordingly, the commission rates paid). In selecting brokers to effect portfolio transactions for the Funds, the Firm's primary consideration is obtaining "best execution", which is generally viewed as a fiduciary duty to use reasonable efforts to execute securities transactions so that a Fund's total costs or proceeds in each transaction are the most favorable under the circumstances. In evaluating whether a broker will provide best execution, the Firm will consider a range of qualitative factors, including but not limited to:

- reputation, financial strength and stability
- quality of execution
- overall costs of a trade
- error correction capabilities
- block trading and block positioning capabilities
- willingness and ability to commit capital
- confidentiality of trading activities
- market intelligence regarding trading activity

1. Research and Other Soft Dollar Benefits.

Vivo does not engage in soft-dollar arrangements with broker-dealers.

2. Brokerage for Client Referrals.

Vivo does not consider Fund referrals when selecting or recommending a broker-dealer.

3. Directed Brokerage.

Vivo does not engage in directed brokerage.

B. Aggregation of Trades.

From time to time, the Firm may aggregate the purchase or sale of securities between Funds in a pro-rata fashion, as described in our Compliance Manual and the governing documents of the applicable Fund and its respective offering documents.

**Item 13 – Review of Accounts**

- A. The Funds are managed in accordance with the applicable private placement memorandum and governing documents. The investment committee meets quarterly to discuss and review Client accounts.
- B. Except as specified above, the Firm does not utilize any specific criteria to trigger a review of Client investments at this time. Vivo monitors the investments of its Funds on an ongoing basis.
- C. On an annual and quarterly basis, Vivo reports the investment performance of each Fund to the investors in such Funds. From time to time, Vivo may provide other reports about the Funds' performance as it deems necessary or at the request of investor(s).

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

- A. Vivo does not receive an economic benefit from anyone other than the Funds for providing advisory services to the Funds.
- B. Vivo has in the past, and may from time to time in the future engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests in such Fund to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Placement agent fees are generally borne by the General Partner of a Fund.

**Item 15 – Custody**

Vivo does not maintain physical custody of its Funds' assets, other than physical stock certificates and securities (such as promissory notes and warrants) for companies in which the Funds invest. However, Vivo believes that it would generally be viewed by regulators as having custody of the assets of each Fund for which it or an affiliate serves as General Partner under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). Accordingly, Vivo will adhere to the applicable requirements of the Custody Rule with respect to each Fund for which it or an affiliate serves as General Partner or managing member. Vivo's VP of Finance will be responsible for arranging the annual independent audits of the Funds by an independent accounting firm that is registered with and subject to review and examination by the Public Company Accounting Oversight Board ("PCAOB"), in accordance with United States Generally Accepted Accounting Principles ("GAAP"), and for delivery of the Funds' annual audited financial statements to investors within 90 days of the fiscal year end (subject to reasonable delays in the event of the late receipt of any necessary financial information from any portfolio company or information from the auditor of each Fund).

**Item 16 – Investment Discretion**

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

**Item 17 – Voting Client Securities**

- A. In the event that the Firm is presented with an opportunity to vote a proxy for matters related to a portfolio company, the Firm's general policy is to vote proxies in accordance with the best interest of the Funds. The Firm believes company management generally is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, the Firm generally intends to vote proxies in line with company management. However, under circumstances when the Firm believes that company management's proposal will not maximize value for the Funds, the Firm intends to vote against company management's recommendations. The Firm is not aware of any conflicts of interest between the Firm and its Clients with respect to voting Clients' securities. In the event any such conflicts arise, the Firm will consult with its outside counsel and take appropriate actions to ensure that the Firm meets its fiduciary duties to its Clients. It is the policy of the Firm to retain records associated with all proxy voting records for six years. A copy of the Firm's proxy voting records as well as policies and procedures can be obtained upon request.
- B. This is not applicable to Vivo.

**Item 18 – Financial Information.**

Vivo is paid an advisory fee quarterly in advance as detailed above and is not required to provide a financial statement here.

Vivo has not been the subject of a bankruptcy petition at any time during the past ten years.