

**Casdin Capital, LLC**  
**Annual Amendment**

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**March 29, 2020**

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This brochure provides information about the qualifications and business practices of Casdin Capital, LLC., an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at [info@casdincapital.com](mailto:info@casdincapital.com) or (212) 897-5430. Information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Registration as an investment adviser does not imply that Casdin Capital, LLC or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Casdin Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

There have been no material changes to this brochure since the Adviser's previous brochure, which was filed on March 29, 2019.

**Item 3: Table of Contents**


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**Item 4: Advisory Business**

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Casdin Capital, LLC (hereinafter, the “Firm,” “we,” “us” or “our”), founded in 2012, is an investment advisory services firm that currently provides investment management services to its clients. Eli Casdin is the manager and owner of the Firm and, in such capacity, has sole discretion on all investment and trading decisions. Mr. Casdin is likewise the manager of our affiliates, Casdin Partners GP, LLC and Casdin Venture Opportunities Fund GP, LLC, which act as general partners to our current clients (the “General Partners”).

The Firm currently provides its services to four clients, each of which is a pooled investment vehicle, or more specifically, a private investment fund, the securities of which are offered to certain qualified investors on a private placement basis: Casdin Partners, L.P., a Delaware limited partnership (“**Casdin Partners**”), Casdin Partners Offshore, Ltd (“**Casdin Offshore**”), a Cayman Islands exempted company, Casdin Partners Master Fund, L.P., a Cayman Islands exempted limited partnership, which is a private pooled investment “master fund” in a master-feeder structure with Casdin Partners and Casdin Offshore (the “**Master Fund**”) and Casdin Venture Opportunities Fund, L.P., a Delaware limited partnership (“**Casdin Venture**”). While we consider both Casdin Partners and Casdin Offshore as clients, each invests substantially all of its investable assets in the Master Fund through which we conduct these fund’s investment activities.

In providing our advisory services to our clients, we seek to realize superior long-term adjusted total returns by primarily investing in underappreciated companies with innovative business models in the life sciences and healthcare industry. Our portfolio is generally comprised of small to mid-sized issuers in the following life sciences and healthcare sub-sectors: life sciences instrumentation and information technology, medical testing, drug development and distribution, synthetic biology and agriculture, livestock management and energy production. In addition, we also have discretion to invest in certain foreign equity securities if we determine that investments in such securities could generate risk-adjusted returns for our clients.

The Firm tailors our advisory services to the individual needs and specified investment mandates of our clients. We adhere to the investment strategy set forth in the private placement memorandum of each fund. We do not, however, tailor our advisory services to the individual needs or any specified investment mandates of the investors of our clients and those investors may not impose restrictions on investing in certain securities or types of securities.

We do not participate in any wrap-fee programs.

As of December 31, 2019, we have regulatory assets under management of \$1,314,750,904. We manage 100% of our regulatory assets under management on a discretionary basis and none of our regulatory assets under management on a non-discretionary basis.

**Item 5: Fees and Compensation**

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This brochure is only delivered to qualified purchasers and therefore does not contain our advisory service fee schedule. The fees applicable to our clients are set forth in detail in their respective governing documents and each fund’s private placement memorandum together with the relevant supplements thereto, which set forth the relevant asset-based and performance-based fee percentages applicable to investors.

As compensation for our services to our clients, the Firm, or an affiliate of the Firm, typically receives, as set forth in the respective private placement memorandum and/or the relevant supplement thereto, at a fund level, a management fee based on a percentage of assets we manage (i.e., the aggregate capital account balances of applicable investors in the fund) and a performance-based (i.e., a “performance allocation”) fee based on capital appreciation. We typically structure our performance allocation as a debit against the capital accounts of the limited partners of a fund and a credit to the capital account of the General Partner. For investors in Casdin Partners and Casdin Offshore, the performance allocation is subject to a loss carryforward requirement or “high water mark”—i.e., we only receive a performance allocation when an investor’s account value for the year has recovered any losses from prior years (reduced proportionately by any withdrawals an investor makes). In addition, an investor in Casdin Partners and Casdin Offshore may be subject to a “hurdle rate” equal to the 12 month trailing average for five-year U.S. Treasury Bills issued prior to the last day of the relevant performance period. The performance allocation is applied only to net profits of a particular limited partner for the year in excess of the “hurdle rate.” The “hurdle rate” is capped at 3% per annum. Each fund’s net profits are calculated net of the management fee, but before the performance allocation. Net profits include unrealized appreciation or depreciation of marketable positions, as well as any dividends or distributions, but do not include any unrealized appreciation on “Special Situation Investments” (as described in each fund’s private placement memorandum). For investors in Casdin Venture, the performance allocation will generally occur after an investor has received a return of all of its capital contributions. We only offer interests in our client funds to “qualified purchasers” as defined in the Investment Company Act of 1940, as amended. Qualified purchasers are generally individual investors or certain family-owned entities with over \$5,000,000 in investments or entities with over \$25,000,000 in investments.

We deduct our asset-based fees directly from our clients’ investors’ accounts each quarter. For funds other than Casdin Venture, we generally deduct performance-based compensation on an annual basis or upon a withdrawal or transfer (but only with respect to the amount withdrawn or transferred on a pro rata basis in the event of a partial withdrawal or partial transfer).

The asset-based fee that we charge investors in our clients is calculated and payable quarterly in advance. In the unlikely event that an investor is withdrawn before the end of the quarter, we will refund a pro rata percentage of the fee paid in advance.

Investors in our clients do not pay any performance-based compensation in advance.

Our fees are generally non-negotiable, but in the General Partner’s sole discretion, the management fee and performance allocation may be waived, reduced or calculated differently with respect to certain investors in our clients.

Each of our clients bear various costs, fees and expenses in addition to the compensation payable to the Firm or an affiliate of the Firm. Although we set forth enumerated lists below, all investors in our clients and prospective investors should review the private placement memorandum of their respective fund (including any relevant supplements) and other governing documents for each applicable client, which may discuss additional costs, fees and expenses not discussed below.

Our clients, and consequently the investors in our clients, generally incur the following expenses:

- offering, organizational and reorganizational expenses (including legal and accounting fees, printing costs, travel, “blue sky” filing fees and expenses and out-of-pocket expenses);

- expenses related to the research, due diligence and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments, including, without limitation, (i) third-party investment sourcing fees; (ii) fees and expenses related to obtaining research and market data (including, without limitation, travel, lodging, any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data); (iii) due diligence expenses, including, without limitation, consulting and appraisal fees; (iv) brokerage and prime brokerage fees, commissions and expenses; expenses relating to short sales; (v) clearing and settlement charges; (vi) custodial fees and expenses; (vii) bank service fees; (viii) interest expenses and fees related to financings or refinancings; (ix) fees and expenses of proxy research and voting services; and (x) fees and expenses of third-party professionals, including, without limitation, consultants, investment bankers, attorneys and accountants; and
- operational expenses, including, without limitation, (a) fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations), facilitate and manage the order execution of securities or otherwise manage any of the funds, such as Bloomberg terminals, portfolio management systems and order management systems; (b) third-party administrative fees and expenses; (c) fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys and accountants; the costs of any litigation or investigation involving activities of any of the funds; (d) third-party audit and tax preparation expenses; (e) fees, expenses (including, without limitation, expenses related to the organization and conduct of directors' and partners' meetings (including, without limitation, travel, lodging and meal expenses); (f) costs of preparing and distributing reports and notices; (g) taxes; (h) expenses incurred in connection with negotiating and complying with provisions of any side letter agreement; (i) fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the funds, including, without limitation, any governmental, regulatory, licensing, filing or registration fees or taxes (including, without limitation, fees and expenses incurred in connection with Section 13 filings, Section 16 filings and other similar regulatory filings); (j) expenses incurred in connection with the offering and sale of the interests and other similar expenses related to any of the funds (excluding fees payable to any placement agent); (k) extraordinary expenses, including, without limitation, indemnification expenses; (l) fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and (m) fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination any of the funds.

In addition, to the extent not covered or otherwise made clear above, each of Casdin Partners and Casdin Offshore bears its proportionate share of the expenses listed above incurred by the Master Fund (but without duplication).

None of the client funds has its own separate employees or office, and do not reimburse its General Partner or the Firm for salaries, bonuses, benefits, office rent and other general overhead costs of a General Partner and the Firm. A portion of the commissions generated on our clients' brokerage transactions may generate "soft dollar" credits that a General Partner and the Firm are authorized to use to pay for research and other research related services and products used by a General Partner and the Firm. Each General Partner and the Firm intend that any such uses of soft dollars will be within the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended. For more information on brokerage transactions and costs, please see Item 12: Brokerage Practices.

The fees and expenses we have enumerated above may not contemplate every type of fee or expense our clients may incur. Furthermore, the Firm may in the future provide investment management services to other/additional clients.

The allocation of expenses by the Firm between it and any client and among clients represents a conflict of interest for the Firm. The Firm allocates expenses to each client in accordance with the client's arrangements with the Firm (including applicable client disclosures). The Firm seeks to allocate shared expenses for products and services benefitting the Firm and the client and not covered in the client's arrangements in a fair and reasonable manner. The Firm allocates common client expenses among multiple clients pro rata based on participation in the relevant transaction or assets under management, provided that the Firm may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular client or group of clients or if it deems another method more equitable to the clients. Neither the Firm nor any of our principals or employees accepts compensation for the sale of securities or other investment products.

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

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The Firm or a fund's General Partner receives performance-based compensation from all of our clients. Please see [Item 2: Fees and Compensation](#) for a more detailed explanation of the performance-based compensation we receive. We do not manage any funds or accounts that do not pay performance-based compensation.

The Firm has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. The Firm reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. Finally, the Adviser's procedures also require the objective allocation for limited opportunities to ensure fair and equitable allocation among accounts. Currently, in allocating private investments, the Firm will first allocate the portion of such investment to the Master Fund that the Firm believes is desirable for the Master Fund, taking into account all relevant considerations. Only after the Master Fund has received this allocation will the Venture Fund be eligible to participate in such private investment. A more detailed description is contained in the Venture Fund's Private Placement Memorandum. This area is monitored by the Firm's Chief Compliance Officer.

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**Item 7: Types of Clients**

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Each of our clients is a pooled investment vehicle, or more specifically, a private investment fund, the securities of which are offered to certain qualified investors on a private placement basis. Any initial and additional subscription minimums are disclosed in the private placement memorandum for each pooled investment vehicle.

This brochure is not an offer to invest in any of our clients.

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

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The descriptions set forth in this brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that we consider appropriate, subject to our clients' investment objectives and guidelines. Despite

our methodology, investing in any securities involves a risk of loss that any of our clients or any of the investors in our clients must be prepared to bear.

***Investment Objective***

In providing our advisory services to our clients, we seek to realize superior long-term adjusted total returns by primarily investing in underappreciated companies with innovative business models in the life sciences and healthcare industry.

***Investment Strategy***

On behalf of our clients, we use a range of investment strategies, primarily investing in publicly-traded equity or equivalent securities, both long and short, as well as a broad array of other securities. Because Casdin Partners and Casdin Offshore invest substantially all of their assets in the Master Fund and because Casdin Venture only invests in private market securities in which the Master Fund also invests, the description of our methods of analysis and strategies in this Item 8 will refer only to the Master Fund.

The Master Fund invests predominantly in the life sciences and healthcare sector. We anticipate that a majority of the Master Fund's portfolio will be comprised of small to mid-sized issuers in the following life sciences and healthcare sub-sectors: life sciences instrumentation and information technology, medical testing, drug development and distribution, synthetic biology and agriculture, livestock management and energy production. While we anticipate that a majority of the Master Fund's portfolio will consist of equity securities of companies based in the United States, a minority of the portfolio may consist of foreign equity securities if we determine that investments in such securities could generate risk-adjusted returns.

The Firm seeks to build a concentrated portfolio of "high-conviction" names across the forgoing sub-sectors. To manage exposure to systemic and idiosyncratic risk and capitalize on assets that are mispriced, the Firm intends to use available instruments and selective shorting. The Master Fund is intended to be structured for long-term capital appreciation and minimized churn, reducing the impact of transaction costs.

***Investment Philosophy***

The Firm seeks to be long-term with respect to the Master Fund's investment portfolio. It is our current belief that it is a huge financial world with massive amounts of capital inertia and, though it takes time to get capital moving, once it starts rolling in a particular direction, it takes an incredibly long time before its momentum is spent and that appreciation of value can occur in the meantime. Therefore, the Firm tries to avoid over-optimizing the opportunity. Thus, when powerful generational trends are established, it is the Firm's philosophy that it is best to get "in-sync" with them early rather than missing the opportunity by "fine tuning" the timing until it becomes too obvious. Nevertheless, while the Firm seeks to position the Master Fund's portfolio for long term appreciation, it intends to manage in the near term. A portfolio needs to be positioned to capitalize optimally on the output of the paradigm shift while still earning a decent market beating return along the way.

The Firm invests from conviction, believing that capital appreciation is the product of patience and persistence, which it terms "investment conviction." To build conviction, we seek to become "the expert," recognizing that investing in new technologies and innovative business models begins with a deep understanding of the target markets. The Firm employs adaptive learning, concluding that we learn the most from analyzing our investment mistakes and benefit from adjusting our process accordingly. The Firm is open to all opportunities and willing to change its mind based on empirical evidence.

**Investment Approach**

The Firm employs a primary research-intensive approach to investing that is thematically driven and fundamentally based. We begin by identifying large markets undergoing fundamental change due to the thrust of a new technology. The Firm's approach immerses itself in the dynamics of that change and invests in those companies capable of converting change to profits. The Firm seeks to invest the Master Fund's assets in exciting "markets" enabled by new technology, not exciting "technologies" looking for new markets. The Firm looks for businesses with barriers to entry and sustainable competitive advantage. We pursue companies with proprietary products and technology, preferably with strong patent protection. Our belief is that successful companies, and by extension successful investments, must have capable operating management teams on board to convert good products and technology into maximum value for shareholders. The Firm finds that this is often the rate limiting factor in its search for successful investments. The Firm spends considerable amount of effort getting to know management teams and individuals within a company and analyzing past professional performance to qualify management skill.

*Extensive Primary Research:* Our research process includes interviewing numerous companies, touring physical facilities, routine discussions with industry experts and contacts, including scientific researchers, medical physicians and technologists, as well as financial market analysts. We routinely attend and solicit feedback from medical, scientific and financial meetings and conferences.

*Financial Analysis:* We apply financial analysis to determine the value and the health of the business, including capital structure and cash flow generation properties.

*Rely on analyzable data:* We rely on analyzable, unequivocal data from reputable sources to reach our investment decisions. This data includes, but is not limited to, SEC filings and press releases, Food and Drug Administration ("FDA") guidance, public records, news coverage and court documents.

Despite our thorough research and analysis and comprehensive investment strategies, investing in any security involves a risk of loss that our clients and investors in our clients must be prepared to bear. Please see below for an explanation of some of the significant risks associated with the investment strategies we employ. A more comprehensive list of risks associated with an investment in our clients is set forth in each fund's private placement memorandum.

**General Risk Factors**

*Limited Operating History.* Each of the funds (and their General Partners) and the Firm has a limited operating history upon which prospective and current Limited Partners can evaluate their anticipated performance. The Firm's investment program is speculative and may entail substantial risk, and there can be no assurance that the Firm will achieve its investment objective.

*Reliance on Key Person.* The Firm will be substantially dependent on the services of Eli Casdin, its principal owner. In the event of his death, disability, departure or insolvency, the business of the Firm may be adversely affected. Mr. Casdin will devote such time and effort as he deems necessary for the management and administration of the Firm's business. However, Mr. Casdin may engage in various other investment management business activities in addition to managing the Firm, and consequently he may not devote his complete time to client business.

*Investment Methodology Generally.* As with any investment approach or strategy, the Firms' strategy and methodology cannot assure any given level of investment return or that our clients' investment objectives will in fact be realized. Any past successes with the methodology cannot assure future results. Accordingly, there can be no assurance that the investment strategy and methodology of the Firm will prove successful when applied in the context of our clients, that use of the methodology will necessarily result in profitability or that our clients will not incur losses.



*Investment and Trading Risks in General.* All investments risk the loss of capital. No guarantee or representation is made that our clients' investment program will be successful, and investment results may vary substantially over time. Prospective investors should give careful consideration to the following factors in evaluating the merits and suitability of an investment.

*Investment Judgment; Market Risk.* The profitability of a significant portion of our clients' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that we will be able to predict accurately these price movements. With respect to the investment strategy we utilize, there is always some, and occasionally a significant, degree of market risk.

*Concentration of Investments.* The Firm has broad discretion over its clients' investment programs and may choose to allocate substantial portions of assets to a particular investment. Such an occurrence may tend to result in more rapid changes in the portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on client capital.

*Illiquidity.* The investments made for clients may be very illiquid, and consequently clients may not be able to sell such investments at prices that reflect the Firm's assessment of their value or the amount paid for such investments by clients. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by a client and other factors. Furthermore, the nature of a client's investments, especially those in private market securities, may require a long holding period prior to profitability.

*Turnover.* The Firm may invest on the basis of short-term market considerations. The portfolio turnover rate of these investments may be significant, potentially involving substantial brokerage commissions and fees.

*Leverage.* Subject to applicable margin and other limitations, the Master Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of a client's portfolio would be amplified. Interest on borrowings will be a portfolio expense of our clients and will affect the operating results of our clients. Also, a client could potentially create leverage via the use of instruments such as options and other derivative instruments.

*Prime Broker and Custody.* There is the possibility that brokerage firms and/or banking institutions at which our clients maintain custody of their assets may encounter financial difficulties including bankruptcy and/or insolvency. Our clients may therefore have potential exposure to losses as a result of such an institution's financial difficulties. There can be no assurances as to what effect such a brokerage firm's or banking institution's failure would have on client assets. Clients will rank as an unsecured creditor to their prime brokers in relation to assets that such prime brokers borrow, lend or otherwise use and, in the event of the insolvency of a prime broker, our clients might not be able to recover equivalent assets in full or in part. In addition, if applicable law permits, cash that the prime brokers hold or receive on our clients' behalf may not be treated by the prime brokers as client money, may not be segregated from the prime brokers' own cash and may be used by the prime brokers in the course of their investment business. In such event, our clients will rank as one of the prime brokers' general creditors.

*Arbitrage Positions.* The Firm's trading operations may involve arbitraging between two investments. This means, for example, that the Firm may purchase (or sell) investments (i.e., on a current basis) and take offsetting positions in options in the same or related investments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position.

***Small to Medium Cap Stocks.*** The Firm may invest a significant portion of client assets in the stocks of companies with small- to medium-sized market capitalizations that the Firm believes have potential for capital appreciation significantly greater than that of the market averages. The companies may have limited product lines, markets or financial resources and may be dependent on a limited management group. Such stocks, particularly small-capitalization stocks, involve higher risks than do investments in stocks of larger companies. For example, prices of small-capitalization, and even medium-capitalization, stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue chip” companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be illiquid.

***Currency Exchange Exposure.*** The Firm may invest in securities denominated in currencies other than the U.S. Dollar. We, however, value our securities in U.S. Dollars. The Firm may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when the Firm wishes to use them, or that hedging techniques employed by the Firm will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Firm’s positions denominated in currencies other than the U.S. Dollar will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

***Lack of Control.*** The Firm will invest in securities of companies that it does not control, which the Firm may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Firm does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Firm’s interests. In addition, the Firm may share control over certain investments with co-investors, which may make it more difficult for the Firm to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on our clients.

***Hedging Transactions.*** The Firm may utilize securities for risk management purposes in order to: protect against possible changes in the market value of clients’ investment portfolios resulting from fluctuations in the markets; (ii) protect clients’ unrealized gains in the value of their investment portfolios; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in a client’s portfolio; (v) hedge against a directional trade; (vi) hedge the credit or currency exchange rate on any of a client’s securities; (vii) protect against any increase in the price of any securities the Firm anticipates purchasing at a later date; or (viii) act for any other reason that the Firm deems appropriate. The Firm will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Firm may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Firm may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for our clients than if it had not engaged in any such hedging transaction. Moreover, a portfolio will always be exposed to certain risks that cannot be hedged.

### ***Life Sciences and Healthcare Industry Risks***

***Nature of Investments.*** The Firm plans to focus its investing in life sciences and healthcare companies. The clients’ interests may be susceptible to factors affecting the healthcare industries and to greater risk and market fluctuation than an investment in a fund that invests in a broader range of securities. The Firm intends to make investments across a broad spectrum of businesses that advance health, including but not limited to medical supplies, medical devices, diagnostic equipment and drug delivery technologies. The market for most of these is rapidly evolving and for some only beginning to develop.

As is typical for a new and rapidly evolving industry, demand and market acceptance for new products and services are subject to a high level of uncertainty. The Firm's portfolio companies may have histories of net losses and may expect net losses for the foreseeable future.

*Volatile Marketplace; Risk of Absence of Exit.* The public market for healthcare companies continues to be volatile. The state of the market may adversely affect the development of portfolio companies, the ability of the Firm to dispose of investments, and the value of investment securities on the date of sale or distribution by the Firm.

*Technological Changes May Adversely Affect Portfolio Companies.* The markets in which anticipated portfolio companies operate are characterized by rapid change, frequent new product and service introductions and evolving industry standards. Significant technological changes could render their technology or other products and services obsolete. Certain markets' growth and intense competition exacerbate these conditions. In addition, there are many competitors in the healthcare sector that have already been funded which will force our portfolio companies to compete with more established companies and compete for financing. If portfolio companies are unable to respond successfully to these developments or do not respond in a cost-effective manner, their business, financial condition and operating results will be adversely affected. To be successful, portfolio companies must adapt to their rapidly changing markets by continually improving the responsiveness, services and features of their products and services and by developing new features to meet the needs of their customers. There can be no assurance that portfolio companies will be able to meet these competitive requirements, and failure therein will result in a significantly adverse effect on the Firm's investments.

*Dependence on Single Products.* Companies in which the Firm invests may only have one product under development. There can be no assurance that the product will be approved for marketing by any regulatory agency. Further, competition may develop from other new and existing products. In either case, if a company is dependent on that one product, the consequences of such failure could be devastating to the prospects of such company.

*Future Capital Needs and Commitments; Uncertainty of Additional Funding.* The investment by the Firm's clients will probably not satisfy the long-term funding needs of some of the Firm's portfolio companies and, as a result, such portfolio companies will most likely require substantial additional funds to conduct research and development activities, clinical trials, and apply for regulatory approvals for any potential products. However, there can be no assurance that such additional financing will be available on acceptable terms, if at all. If adequate funds are not available, a portfolio company may be required: (i) to delay, reduce the scope of or eliminate one or more of its development programs or forfeit its rights to licensed products or technologies; (ii) to obtain funds through arrangements with collaborative partners or others that may require the company to relinquish rights to certain of its technologies, product candidates or products that the company would otherwise seek to develop or commercialize itself; or (iii) to license the rights to such products on terms that are less favorable to the company than might otherwise be available.

*Uncertainty of Government Regulatory Requirements; Lengthy Approval Process.* The research, development, preclinical and clinical trials, manufacturing, labeling, and marketing related to a healthcare company's products are subject to an extensive regulatory approval process by the FDA and other regulatory agencies in the United States and abroad. The process of obtaining FDA and other required regulatory approvals for drug and biologic products and medical devices, including required preclinical and clinical testing, is lengthy, expensive and uncertain. There can be no assurance that, even after such time and expenditures, a company would be able to obtain necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products or that the approved labeling will be sufficient for favorable marketing and promotional activities.

*Uncertain Ability to Protect Proprietary Technology; Reliance Upon Licenses.* The healthcare product industry places considerable importance on obtaining patent and trade secret protection for new

technologies, products and processes. A portfolio company's success will depend, in part, on its ability to obtain patent protection for its products, preserve its trade secrets and operate without infringing the proprietary rights of others. There can be no assurance of a company's success or timeliness in obtaining any patents, or of the breadth or degree of protection that any such patents will afford a company.

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**Item 9: Disciplinary Information**

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This item is not applicable.

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**Item 10: Other Financial Industry Activities and Affiliations**

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The Firm claims an exemption from registration with the CFTC as a commodity pool operator pursuant to CFTC Rule 4.13(a)(3).

The Firm and its management persons are not registered as broker-dealers or registered representatives of a broker-dealer and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Neither the Firm, nor any of our directors, officers or principals is registered as a futures commission merchant or an associated person of a futures commission merchant or has an application pending to register as a futures commission merchant or an associated person of a futures commission merchant.

Neither the Firm, nor any of our directors, officers or principals has any material relationship with any of the following:

- broker-dealer, municipal securities dealer, or government securities dealer or broker;
- other investment adviser or financial planner;
- futures commission merchant, commodity pool operator or commodity trading advisor;
- banking or thrift institution;
- accountant or accounting firm;
- lawyer or law firm;
- insurance company or agency;
- pension consultant;
- real estate broker or dealer; or
- sponsor or syndicator of limited partnerships.

The Firm has and may in the future enter into additional agreements, or "side letters," with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the applicable fund. For example, such terms and conditions may provide for special rights to make future investments in the fund, other investment vehicles or managed accounts; special redemption rights, including those relating to frequency or notice; a waiver or rebate in fees to be paid by the investor; rights to receive reports from the fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Firm and such investors. The modifications are solely at the discretion of the relevant fund and may, among other things, be based on the size of the investor's investment in the fund, an agreement by an investor to maintain such investment in the fund for a significant period of time, or other similar commitment by an investor.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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As an investment adviser, the Firm stands in a position of trust and confidence with respect to our clients, our investment funds. The Firm has a fiduciary duty to place the interests of our client funds before the interests of the Firm and the Firm's Employees (defined below). All of our personnel must put the interests of our clients before their own personal interests and must act honestly and fairly in dealings with our clients. All of our personnel must also comply with all federal and other applicable securities laws.

To promote our fiduciary duties and legal obligations, we have adopted a Code of Conduct, which contains a code of ethics policy (the "**Code of Ethics**"). The Code of Ethics is predicated on the principle that the Firm owes a fiduciary duty to its clients. Accordingly, the Firm and its Employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients. At all times, the Firm and its Employees must:

- Place client interests ahead of the Firm and their own – As a fiduciary, the Firm must serve in its clients' best interests. In other words, the Firm's Employees may not benefit at the expense of advisory clients.
- Engage in personal investing that is in full compliance with the Code of Ethics – Employees must review and abide by the Firm's Personal Investments policy.
- Avoid taking advantage of its or their position – Employees must not accept investment opportunities, gifts or other gratuities from individuals seeking to conduct business with the Firm, or on behalf of an advisory client, unless in compliance with the Firm's Gift Policy.
- Maintain full compliance with the Federal securities laws – Employees must abide by the standards set forth in Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") which requires the advisers to adopt a code of ethics.

The Firm's Personal Investments policy set forth in the Code of Ethics is designed to ensure that no client is disadvantaged in any respect by the transactions executed by any principal, officer or employee (collectively, "**Employees**") of the Firm. Employees are prohibited from trading securities for their own account within sectors that the Firm invests or otherwise specifically prohibits, except for mutual funds and other pooled investment entities (including, but not limited to, venture capital funds, hedge funds and commodity pools). In addition, Employees are required to provide periodic reports regarding transactions and holdings in any "Reportable Security" (as defined in Section 202(a)(18) of the Advisers Act and, additionally, are required to submit other reports to the Firm's Chief Compliance Officer in an effort to enable the Firm to determine with reasonable assurance any indications of "scalping", "front-running" or the appearance of a conflict of interest with the trading by clients.

The foregoing notwithstanding, the Employee may choose to personally invest, directly and/or indirectly, in a client fund. Such investors may be in possession of information relating to such fund that is not available to other investors and prospective investors. The Employees are not required to keep any minimum investment in a fund. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to other investors. Investments by the Employees in a client fund could incentivize the Employees of the Firm to increase or decrease the risk profile of a fund.

As described above and further in the Code of Ethics, the Firm places restrictions on personal trades by Employees, including that they disclose their personal securities holdings and transactions to the Firm on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Subject to internal compliance policies and approval procedures, the Employees may buy and sell securities for their own account or the account of others, but may not buy securities from or sell securities to clients.

Finally, the Firm may, under certain circumstances, determine that it is in line with certain clients' investment strategies and in the best interest of our clients to have one client purchase a security from another client that is selling the same security, otherwise known as a "cross trade." If the Firm decides to engage in a cross trade, the Firm will determine that the trade is in the best interests of both clients involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients. The Firm generally intends to execute cross trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two fund clients may occur as an "internal cross", where the Firm instructs the custodian for the clients to book the transaction at the price determined in accordance with the Firm's valuation policy. If the Firm effects a cross trade, the Firm will not receive any fee in connection with the completion of the transaction.

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**Item 12: Brokerage Practices**

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The Firm is responsible for the placement of the portfolio transactions of our clients and the negotiation of any commissions paid on such transactions. Portfolio securities normally are purchased through brokers on securities' exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price.

JPMorgan Chase & Co. serves as prime broker and custodian for our clients and clears (generally on the basis of payment against delivery) the securities transactions for our clients which are effected through other brokerage firms. Securities transactions are executed by brokers selected by the Firm in its sole discretion and without the consent of our clients. In placing portfolio transactions, the Firm will seek to obtain the best execution for our clients, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria. In addition, subject to the Firm's obligations to seek best execution, the Firm may consider referrals of investors in selecting brokers.

The Firm 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 investment and research information or to pay higher commissions to such firms if the Firm determines such prices and commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. The Firm is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by the Firm, and the asset-based management fee is not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by one fund may be utilized by the

Firm or its affiliates in connection with its investment services for other funds. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

The Firm has the option to use “soft dollars” generated by the funds to pay for brokerage, research and research related services. The term “soft dollars” refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by such investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934, as amended (“**Section 28(e)**”), provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the general partner or the investment manager in the performance of investment decision-making responsibilities. It is the policy of the Firm to utilize “soft dollars” for brokerage and for research and research-related services and products that are within the safe harbor afforded by Section 28(e).

We do not recommend, request or require that a client, nor do we permit a client to, direct us to execute transactions through a specified broker-dealer.

The Firm periodically reviews areas pertaining to brokerage services and relationships, the use of soft dollars, brokerage capabilities and matters relating to execution quality.

When the Firm determines that it would be appropriate for more than one fund to participate in an investment opportunity, the Firm will seek to execute brokerage orders for all of the participating investment accounts on an equitable basis. If the Firm has determined to transact at the same time for more than one of the investment accounts, the Firm will generally place combined orders for all such accounts simultaneously, and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Firm will allocate the trade among the different accounts on a basis that it considers equitable.

The Firm will take all reasonable measures to ensure that Trade Errors (as defined below) and other errors do not occur and has implemented safeguards to limit Trade Errors and other errors. On occasion, errors may occur with respect to trades executed on behalf of the Firm’s clients. Trade Errors and other errors frequently result in losses but may, occasionally, result in gains. The Firm will endeavor to detect Trade Errors and other errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker, the Firm will seek to recover any losses associated with such error from such third party. Unless the Firm determines, in its sole discretion, that a Trade Error or other error was the result of its willful misconduct, recklessness, willful and material breach of a client’s agreement with the Firm or gross negligence, any net losses associated with the Trade Errors and other errors that are not recovered from a third party will be borne by the client. The Firm will establish internal policies regarding the manner in which such determinations are to be made consistent with its fiduciary duties, but investors should be aware that, in making such determinations, the Firm will have a conflict of interest in doing so.

#### **Item 13:           Review of Accounts**

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We maintain comprehensive review procedures for the ongoing monitoring of portfolio investments. In connection therewith, we typically conduct in-depth weekly reviews of investments held by our clients. In addition, our investment personnel generally (i) review international and domestic events on a daily basis to determine the effect on securities held in our portfolios, (ii) meet informally every day to discuss new ideas, potential upcoming securities transactions and to review names held in our portfolios and (iii) monitor portfolio risk on a daily basis.



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

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We do not receive economic benefits from non-clients for providing investment advice or other advisory services to our clients. The Firm does not currently have any arrangement to compensate any party for acting as a placement agent or introducing investors to the funds.

**Item 15: Custody**

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While the Firm does not take or maintain physical custody of any client assets, because the Firm serves as the investment adviser to unregistered private investment funds, the Firm is deemed to have access to and therefore constructive custody of its clients' funds and securities under Rule 206(4)-2 of the

Advisers Act (the "**Custody Rule**"). Accordingly, in order to comply with the Custody Rule and mitigate the risks inherent in this type of arrangement, the Firm has taken the following action in accordance with the Custody Rule:

- *Qualified Custodian.* Custodians will be banks or broker-dealers unaffiliated with the Firm. Currently, as discussed in Item 12: Brokerage Practices, JPMorgan Chase & Co. acts as a qualified custodian by maintaining the Firm's client funds and securities. In addition, JPMorgan Chase Bank accounts are maintained by our administrator for client cash flows.
- *Annual Audit and Financial Statements.* The Firm ensures its clients receive (i) an annual audit from an outside auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB) and (ii) the results of such annual audit in audited financial statements sent to the clients and the investors in each client within 120 days after the end of the fiscal year.

*Annual Audit and Financial Statements.*

The Firm will conduct all business operations in such a way that all client cash will be preserved in the safekeeping of independent custodians. The Firm ensures the safekeeping of client assets through the consistent application of its policies and procedures, as well as the periodic reviews of portfolios, cash flows and standardized billing processes. In addition, imbedded into the asset safeguarding practices employed by the Firm are the strength of fund disbursement procedures followed by custodians and broker/dealers through which the Firm conducts business. Taken together, the safeguards substantially reduce the chance of the misappropriation of client assets.

**Item 16: Investment Discretion**

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*Scope of Authority.* The Firm accepts discretionary authority to manage our clients' securities accounts. Essentially, this means that we have the authority to determine, without obtaining specific client consent, which securities to buy or sell and the amount of securities to buy or sell. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in each of our clients' private placement memorandum or other governing documents.

*Procedures for Assuming Authority.* Before accepting their subscriptions for interests, we provide all investors in our clients with a private placement memorandum and other governing documents that set forth, in detail, our investment strategy and program and the terms of investment for investors. By



completing our subscription documents to acquire an interest in one of our client funds, investors give us complete authority to manage their investments in accordance with the private placement memorandum and governing documents they each received.

In addition, the Firm entered into investment management agreements with the clients, pursuant to which we were granted authority and responsibility for the management, operation and control of the investment and trading activities of each of the clients. In addition, the Firm and its affiliates are responsible for the offering of limited partner interests in each fund and solicitation of investors, to the fullest extent permitted by applicable law.

**Item 17: Voting Client Securities**

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To the extent the Firm has been delegated proxy voting authority on behalf of its clients, the Firm complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Firm votes proxies with respect to client accounts, such proxies are voted in the best interests of its clients.

In voting proxies, the Firm utilizes the services of a third-party proxy agent that generally votes in favor of routine corporate housekeeping proposals, including selection of auditors and increases in or reclassification in common stock and votes against proposals that make it more difficult to replace members of the board of directors.

The Firm's clients are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Firm and a client exists, the Firm will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action.

Upon request, any of our clients or any of the investors in our clients can obtain a copy of our proxy voting policies and procedures and information about how the Firm voted the client's proxies.

**Item 18: Financial Information**

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We do not require, nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

The Firm has never been the subject of a bankruptcy petition.

**Item 19: Requirements for State-Registered Advisers**

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This item is not applicable.