

Effective June 30, 2021, Hillhouse Capital Management, Ltd. changed its name to Hillhouse Investment Management, Ltd. and promptly filed an other than annual amendment to Part 1A of its Form ADV to reflect the name change.

Following this page is the Part 2A of the Registrant's Form ADV, which remains unchanged from the version filed with the SEC on March 31, 2021.



Hillhouse Capital Management, Ltd.

Form ADV, Part 2A – Brochure

This Brochure provides information about the qualifications and business practices of Hillhouse Capital Management, Ltd. (“HCM”). If you have any questions about the contents of this Brochure, please contact HCM at +852 2179-1988 or at hcminfo@hillhousecap.com.

HCM is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser. Registration as an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

March 31, 2021

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ITEM 2: MATERIAL CHANGES

HCM last filed an annual update to this brochure (this “Brochure”) on March 30, 2020 and has not updated this Brochure since that annual update. While this update to the Brochure contains changes and updates to certain information, HCM is of the opinion that they do not constitute material changes since it last filed an annual update to this Brochure.

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ITEM 4: ADVISORY BUSINESS

Overview

Founded in June 2005, Hillhouse Capital Management, Ltd. (“HCM”) provides investment advice to clients organized as privately-offered pooled investment vehicles or similar structures (the “Funds”) and may from time to time, also advise managed accounts or similar relationships. The Funds and all such HCM-advised managed accounts are referred to herein as “clients.”

HCM is a wholly-owned subsidiary of Hillhouse Capital Group Limited, which itself is a wholly-owned subsidiary of Hillhouse Capital Group Holdings Limited. Mr. Lei Zhang directly owns 100% of Hillhouse Capital Group Holdings Limited. HCM is part of the “Hillhouse Capital Group,” a multinational group of related advisory entities.

To comply with local operational requirements (including the issuance of local work visas), HCM engages local affiliates based in Hong Kong (Hillhouse Capital Management Limited), the People’s Republic of China (the “PRC” or “China”) (Hillhouse (Beijing) Advisory Limited and Shanghai Gaoling Equity Investment Management Ltd.), Singapore (Hillhouse Capital Management Pte. Ltd.) and the United States (HH Research Inc.). While these local affiliates are not registered as investment advisers with the United States Securities and Exchange Commission (the “SEC”), HCM subjects these local affiliates’ personnel to its compliance policies and deems their books, records, and personnel to be within the scope of HCM’s retention and production obligations.

Another HCM affiliate, Hillhouse Capital Advisors, Ltd. (“HCA”), which is discussed in Item 10, is registered as an investment adviser with the SEC. While the investment programs and activities of HCA and HCM overlap, HCA generally focuses more on publicly-listed (or similarly liquid) investment opportunities, while HCM generally focuses more on less liquid investment opportunities, including venture capital, private equity, private debt and buyout transactions. HCM and HCA also share certain policies, personnel and resources.

Accordingly, certain information on HCM contained in this Brochure, including information regarding personnel, is presented on an aggregate basis for HCM, HCA, and the local affiliates.

Investment Philosophy and Strategies

HCM’s investment philosophy is to seek long-term, risk-adjusted returns through bottom-up analysis and fundamental proprietary research. As part of HCM’s bottom-up analysis, it performs both qualitative and quantitative assessments of potential investments with a particular focus on opportunities upon which it can gain insights and discover value in an ever-changing world.

In general, HCM’s client portfolios generally focus on less-liquid investment opportunities. However, client portfolios may also hold investments in publicly-listed securities or instruments with similar liquidity.

While HCM applies its general investment philosophy across all of its clients' accounts, it operates numerous investment strategies by tailoring investment programs and trading and investment decisions for each client account. Investment strategies that HCM provides vary across clients and may vary over time.

Markets and Investment Opportunities

HCM primarily invests for client accounts in equity and debt securities, but could, and does, invest in a wide range of securities and other financial instruments including, without limitation: share capital; common and preferred stock (privately-placed and exchange-traded); shares of beneficial interest; partnership interests and similar financial instruments; bonds, notes, debentures and other debt instruments (whether subordinated, convertible, or otherwise); commodities; currencies; interest rate, currency, commodity, equity, debt, and other derivative products (including, without limitation, (i) futures contracts (and options on futures contracts) relating to stock indices, currencies, other financial instruments, and all other commodities, (ii) swaps, options, warrants, caps, collars, floors, and forward rate agreements, (iii) spot and forward currency transactions, and (iv) agreements relating to or securing such transactions); equipment lease certificates; equipment trust certificates; loans; accounts and notes receivable and payable held by trade or other creditors; trade acceptances; contract and other claims; executory contracts; participations; mutual funds; money market funds; structured securities; repurchase agreements; obligations of governments and instrumentalities; commercial paper; certificates of deposit; bankers' acceptances; trust receipts; choses in action; real estate, including fee interests, leaseholds, mortgages, or other real estate assets; and any other obligations and instruments or evidences of indebtedness of whatever kind or nature; in each case, of any person, corporation, government, or other entity whatsoever, whether or not publicly traded or readily marketable. At times, HCM makes investments for client accounts that are not freely tradeable or do not have a readily ascertainable market.

HCM invests client assets in a wide range of countries, markets and exchanges in Asia and throughout the world, including, without limitation, markets in the PRC, Hong Kong, the United States ("U.S."), Europe, Australia, Singapore, Taiwan, Korea, Japan, Indonesia, India, Vietnam, Malaysia, Thailand, and elsewhere. Clients also face indirect exposure to some or all of the instruments and investments listed above through investments in special purpose vehicles and similar entities.

Advisory Services

HCM manages its current client accounts on a discretionary basis, but could provide advisory services on a non-discretionary basis. HCM manages client accounts in accordance with any investment restrictions or guidelines set forth in the offering documents for each Fund or, for non-Fund clients, in accordance with the authority delegated to it (including any limits on that authority) under the applicable client's investment management agreement or governing documents. HCM consults with each client on its investment objectives and strategies and tailors its services and advice to those objectives and strategies.

HCM had approximately \$39.49 billion of assets under management as of December 31, 2020, all of which is managed on a discretionary basis. The amount of assets under management reported in this Brochure is lower than the amount of "regulatory assets under management" that HCM

reports in Part 1, Item 5 of its Form ADV because Item 5 requires an adviser to report assets under management *inclusive* of any uncalled commitments and *without deducting* any outstanding indebtedness or other accrued but unpaid liabilities. To prevent the appearance of an overstatement of HCM's assets under management, HCM has calculated assets under management in this Brochure *exclusive* of uncalled commitments and *taking into account* certain unpaid liabilities and outstanding indebtedness.

Fund Structures

The structure of HCM's advisory relationship can vary in accordance with a specific client agreement, and services can be provided by HCM directly or through an affiliate. Many Funds are organized as master-feeder structures. A master-feeder structure is commonly used to accumulate capital raised from U.S. taxable, U.S. tax-exempt, and non-U.S. investors into one central vehicle – a master fund – in order to enhance the critical mass of investable assets, improve economies of scale under which the fund arrangements operate and enhance operational efficiencies, thereby reducing costs. Other client relationships are structured without a master-feeder structure, such as a single partnership or company. HCM commonly serves as, controls, or is under common control with an entity that serves as, a general partner (or similar controlling entity) of Funds organized as partnerships or other structures. The general partner of one Fund could also act as the general partner (or similar controlling entity) of other Funds or investment vehicles.

HCM and the other Hillhouse Capital Group entities advise, in addition to the Funds and accounts disclosed in Item 5.K. and Item 7.B. of Part 1A of the HCM and the HCA Form ADVs, numerous non-U.S. accounts and vehicles (including PRC funds denominated in *renminbi* ("RMB") and co-investment vehicles) which are deemed not to be advisory relationships within the scope of the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and which are not discussed in this Form ADV.

Managed Accounts

HCM currently does not, but may in the future, advise individualized managed accounts on terms that are agreed to with the applicable client.

Co-Investments

HCM and its affiliates, from time to time, form, sponsor, manage, arrange, offer or advise investment vehicles or accounts in connection with a particular investment strategy or theme, and also establish, sponsor or advise, on a transaction-by-transaction basis, an investment vehicle or account through which certain persons could invest alongside or independently of one or more clients (each such vehicle or account, a "Co-Investment Arrangement") in companies in which one or more clients make, or have made, an investment (each, a "Portfolio Company," and, collectively, "Portfolio Companies"). Certain Co-Investment Arrangements participate in individual investments or a series of related or unrelated investments alongside one or more other clients of HCM and its affiliates. Certain Co-Investment Arrangements also make investments independently of (and not alongside) other clients of HCM and its affiliates. In addition, certain Funds (and other HCM clients) from time to time co-invest with each other. HCM's fee and

compensation practices for Co-Investment Arrangements are subject to a case-by-case agreement with the applicable investor.

At times, co-investors participating in a Co-Investment Arrangement pay no management fees or carried interest in connection with the co-investment, or pay them at a lower rate, and the transaction fees received by HCM or its affiliates in respect of a co-investor's pro rata portion of any investment will not offset the management fee paid by the applicable Fund to HCM or its affiliate. Co-investors will likely also acquire their interest in the Portfolio Company at the same time as the applicable Fund or purchase their interest from the applicable Fund after such Fund has consummated the full investment. Moreover, investors approached as potential co-investors will in most cases not bear any transaction costs of investments that are not consummated or be subject generally to the same risks to which the applicable Fund is throughout the investment process. In sum, awarding a co-investment opportunity to an investor generally will afford it proportionately greater exposure to a particular investment at a proportionately lower cost. In addition, co-investors could be subject to different liquidity terms than other investors in the applicable Fund, and/or might have the ability to elect whether or not to participate in follow on investments.

When HCM determines to offer co-investment opportunities, HCM generally has complete discretion to determine to whom HCM will offer these co-investment opportunities. HCM could offer co-investment opportunities to some investors but not all of them, will generally determine the terms and conditions of co-investments in its sole discretion, and the allocations of any co-investment opportunities among investors (to the extent any investor is offered any co-investment opportunities) will not correspond to their pro rata interests in the applicable Fund. HCM takes into account various facts and circumstances deemed relevant for determining allocations relating to co-investment opportunities and establishing co-investment structures. Such factors include, among others, a potential co-investor's certainty of funding and execution; the potential co-investor's size of commitment to the applicable Fund; expertise of the co-investor and its ability to make a meaningful contribution to the co-investment such as in sourcing or completing the transaction or providing operational skill or insight; preferences of the target company; the overall strategic benefit to the transaction, the applicable Fund or HCM in offering a co-investment opportunity to the potential co-investor; the expertise of the potential co-investor with respect to the geographic location or business activities or industry of the prospective target company; the investment objectives and existing portfolio of the potential co-investor; the legal or regulatory constraints to which the proposed investment is expected to give rise; ease of process with respect to arranging a co-investment group; other potential legal, regulatory, tax, reporting, public relations, competition, confidentiality, financial and other factors; and other facts or circumstances that HCM deems appropriate or relevant. HCM is not required to consider all of these factors, and some factors will be more or less important depending upon the nature of the particular investment and related circumstances. HCM expects to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors.

HCM, at times, causes a Fund to temporarily warehouse a portion of an investment opportunity in order to facilitate a co-investment by one or more affiliated or third-party co-investors and fund such warehoused investment by calling capital from investors of such Fund and/or drawing down on the applicable Fund's credit facility. If such co-investment is not ultimately consummated, the Fund will end up holding a larger portion of such investment than it otherwise expected or desired

to hold, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic or business conditions.

Please see “*Investment Allocations and Related Conflicts*” below for additional information relating to investment allocations.

Investment Allocations and Related Conflicts

HCM faces a number of conflicts in allocating investment opportunities among its various clients, including clients with similar or identical investment strategies or objectives and clients that have separate and distinct, but overlapping, investment strategies or objectives. HCM also faces additional allocation conflicts in connection with certain proprietary or principal vehicles owned or controlled by HCM and its affiliates. These conflicts are heightened by the fact that the various Funds and other clients sponsored, advised, or managed by HCM and its various affiliates have different management and incentive fee structures.

In circumstances where investment opportunities presented to HCM or any of its affiliates fall within the investment strategies or objectives of more than one client, HCM and its affiliates will have significant latitude in determining the allocation of such opportunities among its various clients and third parties. In some circumstances, HCM will allocate the same or similar trade or investment opportunities among clients and proprietary or principal vehicles. In other circumstances, HCM will allocate investment opportunities to certain clients or to proprietary or principal vehicles and not to other clients. Where investment opportunities fall within the investment strategy or objectives of more than one client, HCM’s policy is to allocate investment opportunities among eligible clients fairly and equitably, to the extent possible, over a period of time, taking into account a variety of considerations. In an effort to ensure fairness in the allocation of investment opportunities among HCM’s clients, HCM has adopted allocation policies and procedures that permit HCM to take into account various factors, including: the suitability of the investment for each of HCM’s clients; HCM’s clients’ investment objectives, strategies and focuses; the pre-money valuation of the prospective Portfolio Company; the portfolio composition of HCM’s clients, including market and industry sector exposure, and the anticipated holding period of the prospective investment; the expected amount of capital required for the investment as well as the applicable client’s projected future capacity for investment; the applicable client’s liquidity and reserve levels; the applicable client’s actual or projected capacity for investment and the timing thereof; the applicable client’s targeted rate of return; the stage of development of the prospective Portfolio Company or other investment; the risk profile or other attributes of the investment opportunity; the expected life cycle of the applicable client and its ability to make or dispose of an investment; any allocation targets (e.g., geographical targets and size targets) of the applicable client; the sourcing of the investment opportunity within HCM; the nature of returns from the investment (e.g., current income, expected rate of return and long-term capital growth); the management, control or governance rights (or the anticipated management, control or governance rights) of the prospective Portfolio Company; the representation on the board (or similar governing body) or creditors committee (or similar committee with respect to creditors or lenders) of the prospective Portfolio Company; the extent of any covenant, representation, warranty, default rights and remedies in respect of the prospective investment opportunity; the liquidation preference, subordination within equity or debt structure and security of the prospective Portfolio Company; the HCM personnel who will monitor, oversee or have a level of engagement

with the investment opportunity; the potential to gain influence or control over the prospective portfolio investment; the ability of the applicable client to accommodate structural, timing, regulatory, legal, and other aspects of the investment process or the investment itself; legal, tax, contractual, regulatory; and other considerations deemed relevant in good faith.

To the extent that all or a portion of an investment opportunity is inappropriate for HCM's clients, HCM, its employees and its affiliates could participate in such opportunities, subject to HCM's policies and procedures.

Co-Investment Allocation Conflicts. The allocation of co-investment opportunities also raises the potential for certain conflicts of interest, including that HCM has the incentive to allocate such opportunities in a manner that benefits HCM economically by virtue of fees and other compensation that will be payable to HCM by the co-investors and/or by encouraging co-investors to enter into a relationship, or expand their relationship, with HCM.

At times, HCM offers co-investment opportunities on a systematic basis to investors that make sizeable commitments to or investments in Funds or to other persons or for other reasons, including in connection with broader strategic relationships, and could for administrative convenience or otherwise form one or more special co-investment vehicles for this purpose. HCM also offers co-investment opportunities to strategic investors (which might include one or more investors in a Fund), including in relation to specific industry sectors, geographies, strategies, or other focus. The exercise of such co-investment rights could limit the amount of the investment opportunity available to a client and will limit the amount of co-investment opportunities available to other potential co-investors. In addition, HCM could, from time to time, offer co-investment opportunities to its consultants, servicers and certain entrepreneurs and experienced operational professionals in Portfolio Companies for which such consultant, servicer, entrepreneur or experienced operational professional provides services. The size of such co-investment opportunities will depend, in part, on the level of participation in respect of sourcing, evaluating and negotiating a particular portfolio investment.

Clients are also permitted to provide credit, equity, or other support, including letters of credit and equity commitment letters, in order to facilitate its and/or a co-investor's participation in a potential investment. Other co-investors expected to co-invest in a potential investment are not always parties to such undertakings or commitments. To the extent they are not, the funding obligation under an equity commitment letter or similar undertaking and any related commitment as well as the risk of loss with respect to any deposit will remain the primary obligation and risk of the originating Fund or other investment entity and any co-investors participating in the relevant investment will be liable only for their respective shares of the funding obligation or deposit as and when, and to the extent that they enter into a joinder or other equity commitment undertaking, which (if entered into) typically will not occur until after signing of the relevant transaction documents. In addition, subject to any requirements in respect of principal transactions, HCM and its affiliates may provide similar support and services.

In addition, at times, HCM causes a Fund to temporarily warehouse a portion of an investment opportunity in order to facilitate a co-investment by one or more affiliated or third-party co-investors and fund such warehoused investment by calling capital from investors of such Fund

and/or drawing down on the applicable Fund's credit facility. If such co-investment is not ultimately consummated, the Fund will end up holding a larger portion of such investment than it otherwise expected or desired to hold, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic or business conditions. The risk of a co-investment not being consummated will increase if an investment decreases in value during the warehousing period, which increases the risk that the warehousing Fund will likely be required to bear the losses in connection with any such investment. When co-investors purchase their interest from a warehousing Fund after that Fund has consummated the investment, the price paid by co-investors is determined by HCM, the relevant Fund general partner, or their affiliates in their sole discretion, taking into account the cost of the investment to such Fund, the cost of capital and other factors and might not reflect the full cost incurred by such Fund in connection with the investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the investment (if applicable) or the risk borne by such Fund in connection with purchasing and warehousing the investment.

ITEM 5: FEES AND COMPENSATION

General

Clients typically compensate HCM, in part, on the basis of asset management fees calculated as a percentage of the funded and unfunded capital commitments of a client, or of a client's assets under management. HCM generally deducts or charges asset management fees from or to client accounts on a quarterly basis and such fee rates are individually agreed to with HCM's clients. In certain instances, HCM (or its affiliate) charges a one-time upfront fee. Asset management fees that are deducted or charged on a quarterly basis are generally payable by clients in advance of the beginning of each calendar quarter.

HCM also enters into arrangements to receive performance-based fees/allocations, with rates and other terms being individually agreed to with the applicable client. HCM assesses performance-based fees/allocations based on realized capital appreciation and may, in the future, assess such fees/allocations on unrealized capital appreciation. In certain instances, such performance fees/allocations are subject to a threshold amount, hurdle, benchmark, or preferred return. In some cases, HCM receives a portion of its clients' realized investment profits as performance fees/allocations upon disposition of the relevant investment, but in other cases HCM deducts or receives performance-based fees/allocations from client accounts annually, or collects them directly from clients on an annual basis. HCM's fee and compensation practices for Co-Investment Arrangements are subject to a case-by-case agreement with the applicable client.

Neither HCM nor any of its "supervised persons" (as defined in the glossary of terms to the SEC Form ADV) accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Performance-Based Compensation

HCM receives performance-based fees and allocations, as described above. HCM agrees to or arranges such fees/allocations with clients before entering into advisory relationships and fees and other economic terms are agreed to on a client-by-client basis and terms vary among clients. The

receipt of performance-based compensation creates an incentive for HCM to make investments that are riskier or more speculative than those HCM would otherwise make in the absence of such incentive compensation. HCM addresses this conflict by focusing on long-term relationships with its clients and Fund investors, and by managing the Funds in accordance with the applicable advisory agreement and/or governing documents.

HCM charges clients both asset-based fees and performance-based fees/allocations. Charging asset-based fees and performance-based fees/allocations creates a conflict of interest because it creates an incentive to allocate the best-performing assets into client accounts on which HCM charges performance-based fees/allocations. Additionally, the allocation of performance fees and allocations at different rates, or subject to different hurdle rates or preferred returns, creates an incentive for HCM or its affiliates to disproportionately allocate time, services, or functions to accounts or vehicles with higher fees/allocations (or subject to a lower hurdle rate or preferred return), or to allocate investment opportunities to such accounts or vehicles.

HCM and its advisory affiliates recognize the possibility of such a conflict being detrimental to their clients and seek to address it through HCM's allocation policies and procedures and other relevant measures. Please see Item 4, "*Investment Allocations and Related Conflicts*" for additional information on HCM's investment allocation policies and procedures. HCM does not charge performance-based fees where such an arrangement would violate Section 205 of the Advisers Act, pursuant to Rule 205-3 thereunder.

Valuation of Assets

The asset management fees and the performance-based fees/allocations charged to or made by a client are calculated based on valuations ascribed to a client's holdings by HCM, which presents a conflict. Valuations are also used for determining the prices at which interests in Funds are redeemed or purchased, which underscores the importance of the need to address any such conflict. HCM addresses this conflict by adhering to its valuation practices, which include:

- Engaging third party administrators, auditors, pricing sources, and valuation agents, from time to time, to assist in certain valuation processes and confirmations; and
- A Valuation Committee that seeks to implement HCM's valuation policies and procedures and to make determinations and recommendations regarding the valuations ascribed to client holdings.

HCM's valuation policies and procedures generally (i) seek to ensure that HCM's determinations of fair value of client assets is appropriate, (ii) require all such determinations to be made in good faith, and (iii) address relevant accounting standards.

Specific valuation procedures differ based on the type of security and/or instrument and the observability of market inputs. Certain terms related to HCM's valuation policies and procedures are incorporated into written investment management agreements entered into with its clients and/or a Fund's governing documents. There can be no assurance that the value assigned to an investment at a certain time will equal the value that a client is ultimately able to realize.

Expenses and Other Fees

Each client bears its own expenses and HCM's general policy is that it assesses expenses against client accounts to the extent that such expenses are permissible client expenses under the applicable client agreements. Allocable client expenses generally include: management fees and performance fees/allocations; organizational and administration fees and expenses; taxes; costs incurred in connection with the researching, evaluation, acquisition, monitoring and disposition of investments (whether or not consummated); transaction costs; financing costs; insurance costs; certain regulatory and tax compliance costs; and fees relating to service providers engaged for a client's business and operations, including, without limitation, attorneys, auditors, accountants, valuation services, consultants, and custodians; and such other fees and expenses as are provided for under the arrangement with each client. HCM (or an affiliate), in certain circumstances, will pay a client expense out-of-pocket and be reimbursed by offsetting from proceeds otherwise payable to such client.

Certain expenses are charged to more than one client, in which case HCM determines the appropriate allocation of expenses among each client depending on the nature of the expense. Certain expenses are allocated between clients on a pro rata basis (as appropriate) while others are allocated more specifically based on other factors, such as the relevant clients that have incurred the cost or received the benefit arising from the expenses.

Clients incur brokerage and other transaction costs. Please see Item 12, "*Brokerage Practices*" below for a discussion of certain brokerage expenses. HCM has no affiliated broker-dealers.

HCM could elect to (or to cause its affiliates to) rebate or offset cash and non-cash consideration received or due to it as a result of actions taken with respect to a client's investment, including, e.g., customary break-up fees, commitment fees, monitoring and directors' fees and transaction, financing, divestment and other similar fees (all to the extent that the receipt of such monies is consistent with applicable law). HCM's and its affiliates' obligations to do so will be governed by the agreements with each affected client, which could include provisions on the calculation of non-cash consideration.

HCM or its affiliates currently, and will from time to time, provide services (including advisory services) to Portfolio Companies. In such a situation, HCM (or an HCM affiliate) is, and will be, entitled to compensation from these Portfolio Companies, notwithstanding the fact that HCM (or any such affiliate) is entitled to compensation from the parent client entity. The receipt of such compensation could adversely impact the performance of the relevant Portfolio Companies, and the amount of such compensation and its financial impact on a Portfolio Company may not be specifically reported to investors or clients. In certain cases, HCM (or a relevant affiliate) could be obligated to, in accordance with the agreements with each relevant client, or could determine to, rebate or offset compensation owed to it by a client by some or all of the compensation payable to it by a Portfolio Company, but this will not always be the case. Please see Item 10, "*Relationships with Portfolio Companies*" for additional information on HCM's services arrangements with Portfolio Companies. There can be no assurance that any such compensation will be established on an arm's length basis.

Out-of-pocket expenses associated with a completed investment made by the applicable client generally are borne by the relevant Portfolio Company or a related investment vehicle through which the investment is made by such applicable client and capitalized as part of the acquisition price of the relevant transaction to the extent not reimbursed by a third party. Where the relevant Portfolio Company bears such expenses, each direct and indirect equity owner of the company will indirectly bear a portion of such expenses. In certain transactions, however, certain expenses could be allocated to and borne by (a) holding companies or other vehicles through which certain, but not all, of the direct and indirect equity owners of the Portfolio Company invest or (b) a specific client. In such circumstances, this will result in such client bearing a greater portion of such costs and expenses than would be the case if such costs were paid by the relevant Portfolio Company.

Refunds and Fee Waivers

In the event of the termination of a client's advisory agreement during a quarterly period, to the extent required under such client's advisory agreement, such client, without request, will receive a pro rata refund of the portion of the asset management fee paid in advance for the remaining balance of the quarter. Additionally, unless otherwise agreed to with a client, HCM generally assesses a pro rata asset management fee to any client account created on any date other than the first day of any calendar quarter.

HCM has the authority to, in its sole discretion, waive all or part of any fees or expenses payable by or attributable to its clients, their underlying investors, or other clients. Certain of HCM, its affiliates and/or each of their personnel have invested in one or more of the Funds directly or indirectly through vehicles established by HCM or its affiliates for their personnel. HCM, its affiliates and/or its affiliates' personnel are not generally subject to asset management fees or performance-based fees/allocations with respect to their investments in the Funds.

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

HCM receives performance-based compensation as described in Item 5, "*Fees and Compensation*" above. As described above, HCM does not engage in side-by-side management practices.

ITEM 7: TYPES OF CLIENTS

HCM serves as an investment adviser to pooled investment vehicles whose underlying investors are "accredited investors" (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended) and/or "qualified purchasers" (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended) and/or "knowledgeable employees" (within the meaning of Rule 3c-5 under the U.S. Investment Company Act of 1940, as amended). Underlying investors in the pooled investment vehicles HCM advises include endowments, foundations, non-profit organizations, pensions, corporates, government entities, family offices, trusts, and other businesses or institutions. As noted in Item 4, HCM and the other Hillhouse Capital Group entities also advise non-U.S. accounts and vehicles (including co-investment vehicles) that are not deemed advisory clients under the Advisers Act and not discussed in this Brochure.

HCM could also provide investment advice to institutional clients such as endowments, foundations, non-profit organizations, pensions, corporates, government entities, family offices, trusts, and other businesses or institutions.

Minimum Account Size

Certain of the Funds require a minimum capital commitment or investment amount, but the general partners of such Funds may accept capital commitments or investment amounts in lesser amounts in their sole discretion. HCM generally does not require clients or investors to maintain a minimum investment to continue an advisory relationship or to remain invested in the Funds.

Advisory Agreements

HCM's clients typically enter into a written investment management, advisory, or similar agreement (and/or enter into or become subject to a limited partnership or similar organizational agreement with HCM or one of its affiliates) in establishing an advisory relationship with HCM or its affiliates. HCM will not assign any advisory agreements without client consent.

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

Methods of Analysis

HCM's research process employs fundamental, quantitative, and qualitative analysis, including cyclical analysis. HCM focuses on developing a deep, fundamental understanding of investment opportunities through rigorous due diligence and analysis. HCM's bottom-up approach to analysis and research is generally conducted on a company-by-company basis, but could extend to competitors and industries. HCM evaluates the up-side and down-side of the companies and opportunities identified and monitors them closely. HCM also conducts, as appropriate, on-site visits, cross-checks, and detailed financial analysis of investment opportunities. HCM's analysis includes vigilant monitoring that continues the due diligence process after an investment is entered into a client's portfolio.

Sources of Information

HCM incorporates local expertise stemming from grassroots research to generate powerful independent and proprietary views that drive its investment strategy. HCM generally adheres to an exhaustive research framework, including, as appropriate, face-to-face communication with management, analysis of publications and other media, site visits, expert networks, analysis of data and information from clients and Portfolio Companies, and dialogue with suppliers, customers, and competitors. Please see Item 10, "*Expert Networks*" and "*Data*" below for some potential conflicts of interest that are expected to arise from using these sources of information.

Investment Strategies

General Strategy. HCM's investment decisions are based on bottom-up analysis and research. HCM generally focuses on private (or otherwise less liquid) investment opportunities, including venture capital, private equity, private debt and buyout transactions, across multiple industries, but

a material portion of client investments could become listed and HCM could also participate in publicly-listed (or similarly liquid) investment opportunities. Although HCM monitors macro-economic factors and market trends, HCM generally avoids market-timing strategies and focuses primarily on bottom-up opportunities.

HCM invests globally with a particular focus on companies or assets having substantial relations with Asia. HCM focuses on understanding fundamental risks, uncovering long-term growth potential, and targeting industries that it understands and can monitor.

Short Strategy and Hedging. HCM, from time to time, utilizes short sales and maintains short positions in order to hedge risks that are present in or that could affect a client portfolio, to generate returns for a client account, or to structure and manage risks in an investment strategy.

Risk Factors

Clients should be aware that any investment with HCM involves a high degree of risk and is suitable only for investors of substantial means who have no need for liquidity with respect to the amount invested and can afford to lose all of their investment. There can be no assurances that HCM's clients will receive any return of, or on, their capital.

Investors are advised to review the applicable Fund's offering materials for a more extensive description of the risks of investing in the Funds.

Investment risks include, but are not limited to, the following:

Risk of Loss. HCM does not guarantee the future performance of any client portfolio, the success of any investment decision, strategy, or advice that HCM could employ or provide, or the success of HCM's overall management of any client. Any investment made in connection with HCM's advice or management involves significant risk, including the risk of loss of all or substantially all capital invested. Investors should be prepared to bear the loss of the entire amount of their investment.

International Investments Risk. HCM's investments include equity and debt securities in a number of international jurisdictions including securities with a substantial relationship with Asia. International investments involve a broad range of political, economic, legal, tax, and financial risks. Many of these risks are not typically associated with investments in securities of companies in economies that are developed and have been regulated over a longer period of time. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainty as to the status, interpretation and applications of laws and (iv) foreign exchange controls.

Moreover, non-U.S. companies might not be subject to uniform accounting, auditing, and financial reporting standards, practices, and requirements comparable to those applicable to U.S. companies. Further, investing in securities of non-U.S. entities that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the U.S. government or entities organized or domiciled in the U.S. These considerations include

changes in exchange rates and exchange control regulations; political and social instability; expropriation; imposition of foreign taxes; less liquid markets and less available information than is generally the case in the U.S.; higher transaction costs; foreign government restrictions; less government supervision of exchanges, brokers and issuers; greater risks associated with counterparties and settlement; difficulty in enforcing contractual obligations; and greater price volatility.

Further, income or proceeds received by a client from sources within some countries could be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a client will reduce its net income or return from such investments.

Emerging Markets Risk. Investing in an emerging market involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Emerging economies differ from other large economies in many respects, including the level of development, growth rate, and allocation of resources.

Such risks could include: (i) increased risk of nationalization, expropriation of assets, or confiscatory taxation; (ii) greater social, economic, and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity, and smaller capitalization of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (ix) differences in auditing and financial reporting standards, which could result in the unavailability of material information about issuers; (x) less extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; (xii) less protection through registration of assets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of shareholders and other interest holders; and (xiv) less developed laws regarding internal controls designed to ensure the accuracy of financial reporting and third-party attestation of the effectiveness of those controls.

Moreover, the value of HCM's investments could be adversely affected by uncertainties associated with international political developments. Changes in political, economic, and social conditions and government policies in Asia could have a substantial detrimental impact on HCM's clients' investments. These changes could include: (i) promulgation of new laws, regulations, and economic policies; (ii) changes in the interpretation or enforcement of laws or regulations; (iii) introduction of measures to control inflation or stimulate growth; (iv) changes in the rate or method of taxation; and (v) the imposition of additional restrictions on currency conversion and remittances abroad.

Political/Sovereign Risk. With respect to any emerging market country, there is a heightened risk of nationalization, expropriation or confiscatory taxation, political changes, government regulation, economic or social instability or diplomatic developments (including war) which could affect adversely the economies of such countries and the value of clients' investments in those countries. In addition, the inter-relatedness of the economies in emerging market countries has deepened over the years, with the effect that economic difficulties in one country often spread

throughout the region. No assurance can be given that clients' investments will not be adversely affected by circumstances in countries outside of where investments are located.

Availability of Suitable Investment Opportunities and Investment Risk. For HCM's investment strategies to be successful, it must be able to identify and select appropriate investment opportunities. Additionally, HCM competes for investment opportunities with operating companies, financial institutions, and other institutional investors, including private equity, hedge, and other investment funds, which could negatively impact HCM's ability to take advantage of suitable investment opportunities. Successful implementation of the investment strategy adopted by HCM requires accurate assessments of general economic conditions, the detailed analysis of individual companies or industries, the relationship between a security and its derivatives, the risk correlation between a wide variety of investments, and the future behavior of other financial market participants. Even with the most careful analysis, the direction of the financial markets is often driven by unforeseeable economic, political, and other events and the reaction of market participants to these events. HCM's clients should be aware that the value of their investments and the return derived from them could fluctuate. There can be no assurance that HCM's strategy will be successful and an unsuccessful strategy could result in significant losses to HCM's clients' investments. Further, there can be no assurance that the investments HCM chooses will achieve HCM's clients' investment objectives. Additionally, though investments are monitored in accordance with HCM's policies, as well as risk management policies and restrictions in prospectuses, investment advisory agreements or governing documents, there can be no guarantee that losses will be avoided at all times. There is a risk that HCM's clients' investments will be lost entirely or in part. Past performance should not be construed as an indication of the future results of an investment that HCM monitors, recommends, or trades for its clients.

Strategy Risk. Fundamental analysis, by itself, does not attempt to anticipate market movements. This presents a potential risk and, although HCM considers overall market conditions in its investment strategies, the price of a security could move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the investment. Likewise, HCM's long-term growth strategy might not take advantage of short-term gains that could be profitable. If HCM's predictions are incorrect, a security could decline sharply in value before client investments are sold.

Hedging Policies/Risks. In connection with the consummation of investments, HCM's clients might or might not employ hedging techniques designed to protect such clients against adverse movements in currency or prices. In the event a client does employ hedging techniques, it will do so in order to: (i) protect against possible changes in the market value of such client's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect such client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in such client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of such client's securities; (vii) protect against any increase in the price of any securities such client anticipates purchasing at a later date; or (viii) act for any other reason that HCM deems appropriate. HCM's clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. HCM might be unable to anticipate the occurrence of a particular risk and, therefore, might be unable to attempt to hedge

against it. While HCM's clients could enter into hedging transactions to seek to reduce risk, such transactions could result in a poorer overall performance for HCM's clients than if they had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Leverage and Borrowing. HCM's clients leverage their investment activities. The use of leverage allows HCM's clients to make additional investments, thereby increasing their exposure to assets, such that their total assets could be greater than their capital. However, leverage also magnifies the volatility of changes in the value of clients' portfolio. As discussed herein, the effect of the use of leverage by HCM's clients in a market that moves adversely to their investments could result in losses to such clients, which would be greater than if such clients were not leveraged.

HCM's clients pledge their securities to counterparties in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to counterparties to secure HCM's clients' margin accounts decline in value, clients could be subject to a "margin call," pursuant to which clients must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to HCM's clients can apply essentially discretionary margin, "haircut," financing and collateral valuation policies. Changes by counterparties in any of the foregoing could result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices.

HCM's clients also borrow money from and/or enter into guarantees, pledges or financing arrangements with third-parties or investors to make investments or satisfy other obligations outside of a brokerage arrangement. The terms of any such borrowings, guarantees, pledges or financing arrangements could require HCM's Funds and other clients to pledge or encumber their assets to provide security to any such counterparty. Such counterparties that provide other types of asset-based or secured financing to HCM's clients could have rights similar to those of brokers providing leverage. The lender could provide HCM's Funds and other clients varying levels of credit, or no credit at all, for different investors, but all investors would still participate in the benefits and risks associated with a credit facility's use. Borrowing arrangements involve costs and expenses, including interest on amounts borrowed, which are generally for the account of the relevant client. Because the credit facility's interest rate is based in part on the creditworthiness of all the underlying investors and the terms of the applicable client's governing documents, it could be higher than the interest rate an investor could obtain individually. In certain situations, a client could also pay a fee on the undrawn portion of a credit facility, a one-time financing fee and/or other recurring fees and expenses. There can be no assurance that clients will be able to secure or maintain adequate financing.

Amounts borrowed under a credit facility could be secured by pledges of HCM's right to call capital from, the right of a client to receive amounts funded by, investors or other collateral, including clients' assets. Such borrowing subjects investors to other risks and costs, which would be expected to significantly increase if a client borrows based on its net asset value, especially if such net asset value subsequently decreases materially. Borrowings generally may be used for any partnership or corporate purpose, including payments of expenses and management or similar fees to HCM or one of its affiliates.

As described herein, all such borrowings will generally be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. There is no guarantee that any such costs will be recovered by a client's investment returns. The use of leverage will decrease the investment return if such client fails to recover the cost of such leverage.

Equity Risk. Because of the nature of HCM's investment strategies, clients are subject to the risk that prices will fall over short or extended periods of time, and clients could lose all, or a substantial portion, of the value of their investments.

Risks Associated With Publicly Traded Securities. In certain circumstances, HCM causes its clients to invest in publicly traded securities, and its clients can hold publicly traded securities following a listing of or partial exit from an investment. When investing in public securities, HCM and its clients will generally be unable to obtain financial covenants or other contractual rights, including management rights, that they might otherwise be able to obtain in making privately negotiated investments. Moreover, HCM and its clients might not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. Furthermore, clients would be limited in their ability to make investments, and to sell existing investments, in public securities if HCM or its affiliates have material, non-public information regarding the issuers of those securities or as a result of other internal policies. The inability to sell public securities in these circumstances could materially adversely affect the investment results of clients. In addition, clients could sell a Portfolio Company to a public company where the consideration received consists (at least in part) of stock of the public company, which could be subject to lock up periods. Client investments in securities of publicly traded companies will be sensitive to movements in the stock market and trends in the overall economy. Moreover, the ability of Portfolio Companies to refinance debt securities will depend for example, on their ability to sell new securities in the public high yield debt market.

Business Risk. Investments made by HCM's clients might report poor results and industry and/or economic trends and developments could have a greater impact on certain companies in comparison to the market as a whole. The prices of these companies' securities could decline in response.

Market Risk and Disruptions. Clients and Portfolio Companies could be materially affected by market, economic and political conditions globally and in Asia in particular (including any slowdown in the growth rate of Asian economies), as well as in the sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. These factors are outside HCM's control, and could adversely affect the liquidity and value of clients' investments and could reduce the ability of clients to make attractive new investments.

The price of a security could decline in response to certain tangible and intangible events and conditions, including, but not limited to: conditions directly involving the issuers of the securities; general economic conditions; overall market changes; local, regional, or global political, social, or economic instability; governmental responses to economic conditions; and currency, interest rate, and commodity price fluctuations. Such events are beyond HCM's control and could be independent of a security's particular underlying circumstances. Further, the global financial

markets have undergone and could further undergo pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has, in certain cases, been implemented on a sudden and “emergency” basis. This has substantially limited the ability of market participants to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action, these interventions could be perceived as unclear in scope and application and such perceptions can contribute to general uncertainty in the markets. Clients could incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships (on which HCM could base its advice) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions could from time to time cause dramatic losses for HCM’s clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. It is impossible to predict what additional interim or permanent governmental restrictions could be imposed on the markets and/or the effect of such restrictions on HCM’s strategies.

Convertible Securities. Clients could invest in convertible securities, including (but not limited to) bonds, debentures, notes, preferred stock, securities-related contracts or other securities that could be converted into or exchanged for an amount of securities of, or other rights relating to, the same or different issuer within a particular period of time at a specified price, formula or other calculation methodology. A convertible security could entitle its holder to receive interest that could be paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. In certain situations, the investment value of a convertible security could be influenced by changes in interest rates. The credit standing of the issuer and other factors could also have an effect on the convertible security’s investment value.

A convertible security could be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a client is called for redemption, such client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on a client’s ability to achieve its investment objective.

Interest Rate Fluctuations Risk. The prices of some of the financial derivative instruments in which HCM might invest client assets could be sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of HCM’s clients’ long and short positions to move in directions that were not initially anticipated. Additionally, interest rate increases generally will increase the costs of borrowing. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose HCM’s clients to losses.

Investments in Non-OECD Countries. Some countries that HCM’s clients invest in are not members of the Organisation for Economic Co-operation and Development (the “OECD”). Investments in non-OECD countries could be subject to more substantial risks in political and macro-economic conditions, such as significant currency fluctuations, changes in governmental

controls over the economy and high rates of inflation. Many non-OECD countries have experienced these problems in the past. There can be no assurance that a recurrence of such problems will not have a materially adverse effect on clients' investments.

Moreover, the economies of non-OECD countries generally are more heavily dependent upon international trade than those of OECD countries and, accordingly, have been and could continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect clients' investments in non-OECD countries.

Risks Related to Less Liquid Investments

Liquidity Risk. Some companies or investments in which HCM's clients invest might not be well known, could have few shares outstanding, could have contractual or regulatory restrictions on disposal, or could be particularly susceptible to political and economic events. Securities issued by such companies could be difficult to buy or sell and the value of such securities could rise and/or fall substantially before such securities could be bought or sold.

Uncertain Exit Strategies. Due to the illiquid nature of many investments that clients are expected to make, HCM is unable to predict with confidence what the exit strategy will ultimately be for any investment, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated could be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Although investments by clients occasionally generate some current income, private equity and similar investment transaction structures typically will not provide for liquidity of such clients' investments prior to that time. It is unlikely there will be a public market for such investments at the time of their acquisition. In the case of privately negotiated transactions that involve equity or equity-linked investments in private companies, clients generally will not be able to sell their securities or instruments publicly unless the issuer has gone public and such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases a client will be prohibited by contract or other limitation from selling certain securities or instruments for a period of time (e.g., due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result might not be permitted to sell an investment at a time it might otherwise desire to do so. Further, disposition of such investments could require a lengthy time period or result in distributions in kind to investors. Thus, the range of disposal strategies available to clients would be further limited.

A client could invest in investments which cannot be advantageously disposed of prior to the date that such client will be dissolved, either by expiration of such client's term or otherwise. Although HCM expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, it could be necessary or advisable for such client to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Valuation of Investments. Clients' investments include securities or other financial instruments or obligations that are very thinly traded or for which no market exists and which could be difficult to value accurately. Although HCM will determine the fair value of such investments based on various factors and could engage an independent third party to review such valuations, the valuation of such investments is inherently subjective and subject to increased risk that the information utilized to value the investment or to create price models might be inaccurate or subject to other errors. In addition, securities which HCM believes are fundamentally undervalued or overvalued might not ultimately be valued in the capital markets at prices and / or within the time frame HCM anticipates. Because of this significant uncertainty as to the valuation of illiquid investments, the values of such investments might not necessarily reflect the values that could actually be realized by clients. Under certain conditions a client could be forced to sell its investments at lower prices than it had expected to realize or defer – potentially for a considerable period of time – sales that it had planned to make. In addition, under limited circumstances, HCM might not have access to all material information relevant to a valuation analysis with respect to an investment. As a result, the valuation of an investment, could be based on imperfect information and is subject to inherent uncertainties.

Risk of Early Stage Companies. Investments in the equity of private companies at an early stage of development involves a high degree of business and financial risk. Early-stage companies with little or no operating history could require substantial additional capital to support expansion or to achieve or maintain a competitive position, could produce substantial variations in operating results from period to period or could operate at a loss. Such companies might face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks could adversely affect the performance of such investments and result in substantial losses.

Additional Capital Requirements of Portfolio Companies. Certain Portfolio Companies or pooled investment vehicle holdings, especially those in a development, acquisition, or “platform” phase, from time to time require additional financing to satisfy working capital requirements or acquisition strategies. Following its initial investment in a company, a client could be called upon to provide additional capital to, or have the opportunity to increase its investment in, an investment opportunity. Although clients could make a follow-on investment, there is no assurance that those clients and their co-investors (if any) will provide all necessary follow-on capital. The amount of such additional financing will depend upon the maturity and objectives of the particular Portfolio Company. Each such round of financing (whether from a Fund or other investors) is typically intended to provide a Portfolio Company with enough capital to reach the next major corporate milestone, and the amount of such additional funding will depend upon the maturity and objectives of such Portfolio Company. If the funds provided are not sufficient, a Portfolio Company might have to raise additional capital at a price unfavorable to the existing investors, including the relevant client, or there could be severe penalties for a failure to fund required contributions. In addition, a client or such other investor might make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in a Portfolio Company in order to preserve the Fund's proportionate ownership when a subsequent financing is planned, or to protect the such Fund's investment when such Portfolio Company's performance does not meet expectations. The availability of capital is generally a function of

capital market conditions that are beyond the control of the applicable Fund or any Portfolio Company. There can be no assurance that the applicable Fund or a Portfolio Company will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Bridge Financings. From time to time, a client might lend with respect to an investment or a potential investment on a short-term, unsecured basis (including, without limitation, in the form of loans, convertible debt or other forms of credit) in anticipation of a future issuance of more permanent, long-term equity or debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security. However, for reasons not always in such client's control, such long-term securities might not be issued and such bridge loans could remain outstanding. In such event, the interest rate on such loans might not adequately reflect the risk associated with the unsecured position taken by such client.

Availability of Financing. Clients' ability to invest in Portfolio Companies depends in part on the availability and terms of any borrowings that are required or desirable with respect to such investments. For example, from time to time, the market for private investment transactions has been adversely affected by a decrease in the availability of senior or subordinated financings for transactions. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair a client's ability to consummate these transactions and would adversely affect such client's returns.

Nature of Investment. Certain clients could invest in companies that are experiencing or are expected to experience severe financial difficulties, which difficulties might never be overcome. Clients could also make investments in companies in a conceptual or early stage of development that might not have a proven operating history on which to judge future performance. Such investments are considered highly speculative and could result in the loss of the relevant clients' entire investment. Since certain clients might only make a limited number of investments and since many of HCM's investments could involve a high degree of risk, poor performance by a few of its investments could significantly reduce the total returns to such clients.

HCM could have limited ability to evaluate the management of such companies based on past performance, and such companies could rely more on individual members of the management team than would be the case for more established companies. Instances of fraud and other deceptive practices committed by the management teams of portfolio companies in which a client has an investment could undermine HCM's due diligence efforts with respect to such companies. If such fraud is discovered, it could materially adversely affect the valuation of a client's investments and could contribute to overall market volatility that could negatively impact a client's investments.

Third Party Involvement. From time to time, HCM's clients co-invest in Portfolio Companies with one or more third parties. Such investments could involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor could have financial, legal, or regulatory difficulties, resulting in a negative impact on such investment, could have economic or business interests or goals which are inconsistent with the relevant clients, or could be in a position to take or block action in a manner contrary to such clients' investment objectives. In addition, clients could, in certain circumstances, be liable for the actions of such third-party co-

investors. In circumstances where a management group is included as a third-party co-investor, such third party could receive compensation arrangements relating to such investments, including incentive compensation arrangements or fees based on the value of assets managed, that could cause its interests to diverge from those of clients.

Reliance on the Management of Portfolio Companies. Although it is HCM's intention to ensure that Portfolio Companies have strong management teams and/or to assist in enhancing management teams, there can be no assurance that any Portfolio Company's management team will be able to operate successfully. With respect to early-stage or recently developed investment opportunities, HCM could have limited ability to evaluate the management of such companies based on past performance, and such companies could rely more on individual members of the management team than would be the case for more established companies. Instances of fraud, other deceptive practices and/or other misconduct committed by the management teams of Portfolio Companies in which a client has an investment could undermine HCM's due diligence efforts with respect to such investments or otherwise adversely affect the operations of the Portfolio Companies. If such fraud, other deceptive practices and/or other misconduct is discovered, it could materially adversely affect the valuation of a client's investments.

Non-Controlling Investments. HCM expects that in certain circumstances clients will hold less than fifty percent (50%) of the outstanding voting interests of a number of their Portfolio Companies, or could hold investments in securities that do not entitle them to voting rights, and therefore would have a limited ability to protect its investments in any such Portfolio Company. If appropriate given the ownership stake of a particular client, HCM might negotiate for representation on the board of directors of a Portfolio Company or appropriate minority shareholder and supervisory rights to protect such client's investment. However, there can be no assurance that these measures will give HCM the influence it would need to protect such client's investment. As a result, clients will be subject to the risk that a Portfolio Company it does not control, or in which it does not have a majority ownership position, can make business decisions with which it disagrees, and the equity holders and management of such a Portfolio Company might take risks or otherwise act in ways that are adverse to clients' interests. If a client lacks the necessary liquidity in such Portfolio Company, HCM might not be able to dispose of such client's investments in the event that it disagrees with the actions of such Portfolio Company, and if not, such client would therefore suffer a decrease in the value of such client's investment.

Dependence on Patents, Trademarks and Other Intellectual Property. Certain client investments will depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a Portfolio Company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties could lead to the termination of the research and development of a Portfolio Company's particular product.

Environmental Risks. The ordinary operation of, or the occurrence of an accident with respect to, a Portfolio Company asset could cause major environmental damage, which could result in significant financial distress to such asset or Portfolio Company if not covered by insurance. In addition, persons who arrange for the disposal or treatment of hazardous materials could also be

liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons.

Certain environmental laws and regulations could require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination. Clients could therefore be exposed to substantial risk of loss from environmental claims arising in respect of their investments. Furthermore, changes in environmental laws or regulations or the environmental condition of an investment might create liabilities that did not exist at the time of its acquisition and that could not have been foreseen. Community and environmental groups could protest about the development or operation of Portfolio Company assets, which could induce government action to the detriment of clients and their investments. New and more stringent environmental or health and safety laws, regulations and permit requirements, or stricter interpretations of current laws, regulations or requirements, could impose substantial additional costs on a Portfolio Company, or could otherwise place a Portfolio Company at a competitive disadvantage compared to other companies, and failure to comply with any such requirements could have an adverse effect on one or more Portfolio Companies.

Even in cases where clients are indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of clients to achieve enforcement of such indemnities.

Access to Information. HCM and its clients will not necessarily have access to all available information to determine fully the origination, credit appraisal and underwriting practices utilized with respect to the investments or the manner in which the investments have been serviced and/or operated. As a result, due diligence activities might provide less information than could otherwise be obtained in other similar transactions.

Third Party Advisors and Other Service Providers. Clients and the Portfolio Companies will retain or pay for certain advisors and service providers (including accountants, administrators, lenders, bankers, brokers, attorneys, investment sourcing professionals, consultants, and investment or commercial banking firms) who also provide services to or have other relationships with HCM or its affiliates and could include former employees of HCM or its affiliates. While HCM will generally seek to engage advisors and service providers on behalf of clients and the Portfolio Companies on the basis of the quality of advice and other services provided, these relationships will likely influence HCM in deciding whether to select or recommend an advisor or service provider to perform services for clients or the Portfolio Companies (the cost of which will generally be borne directly or indirectly by clients or the Portfolio Companies, as applicable). In certain circumstances, advisors and other service providers will charge rates or establish other terms for advice and services provided to HCM, other clients or any of their affiliates or portfolio companies that are different from and more favorable than those charged in respect of advice and services provided to a given client and the Portfolio Companies.

HCM and its clients could also invest in existing or future service providers to such persons, which could give rise to certain conflicts of interest, and there is no guarantee that the terms under which

such service providers are engaged by such persons will represent arm's length terms. HCM currently (and will in the future) provide services (including advisory services) to Portfolio Companies.

Investments Through Offshore Holding Companies. Clients could invest in Portfolio Companies operating in a country indirectly through holding companies organized outside of that country. Government regulation in the country where a Portfolio Company locates could, however, restrict the ability of such Portfolio Company to pay dividends or make other payments to a foreign holding company. Additionally, any transfer of funds from a holding company to its operating subsidiary, either as a shareholder loan or as an increase in equity capital, could be subject to registration or approval with or by government authorities in the country where the Portfolio Company locates. Such restrictions could materially and adversely limit the ability of any holding company in which clients invest to grow, make investments or acquisitions that could be beneficial to its businesses, pay dividends, or otherwise fund and conduct its business.

Uncertainty of Financial Projections. Projected operating results provided by companies or generated internally will normally be based primarily on management or internal judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results could vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

Due Diligence Risk. Before making an investment, due diligence that is deemed reasonable and appropriate based on the facts and circumstances applicable to each asset or company will be conducted. Due diligence generally entails evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties are involved from time to time in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants could present a number of risks primarily relating to reduced control of the functions that are outsourced. In addition, if third-party providers are unable to be engaged in a timely manner, HCM's ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, HCM will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that HCM carries out with respect to any investment opportunity might not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful.

Controlling Interests. Because of its equity ownership, representation on the board of directors and/or contractual rights, a client could often be considered to control, participate in the management of, or influence the conduct of Portfolio Companies. The designation of HCM's professionals as directors and the exercise of control over a Portfolio Company could impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of fiduciary duties, violation of laws and governmental regulations (including securities laws), and other types of liability, for which the limited liability generally afforded to investors could be ignored. If these liabilities were to arise,

a client could suffer a significant loss, exposing the assets of such client to claims by a Portfolio Company, its other security holders, its creditors, or governmental agencies, which could exceed the value of such client's initial investment in that Portfolio Company.

Investments in Early-Stage and New Companies. HCM causes certain clients to make investments in the securities of early stage companies or entirely new companies. Investments in such early stage or newly formed companies might involve greater risks than generally are associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Many of these Portfolio Companies will need substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies also have shorter operating histories on which to judge future performance, have untested management and, in many cases, if operating, will have negative cash flow. Start up enterprises might not have significant or any operating revenues and any such investment should be considered highly speculative and could result in the loss of a client's entire investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on clients' other investments. There is not likely to be a readily available market for these investments, many of which could be difficult to value. Such Portfolio Companies generally face intense competition, including from companies with greater financial resources, more extensive marketing and service capabilities and a larger number of qualified personnel.

Moreover, Portfolio Companies in which clients invest could have significantly fewer products, services or clients than more established companies, and competition to such Portfolio Companies might develop from other new and existing companies, products and services. If a Portfolio Company is dependent on a limited number of products or services or the business of a limited number of clients, a significant risk exists that a proposed service or product cannot be developed successfully with the resources available to the Portfolio Company. There can be no assurance that the development efforts of any Portfolio Company will be successful, or, if successful, will be completed within the budget or time period originally estimated. The consequences of failure of such products or services or the loss of such clients could be devastating to the prospects of such Portfolio Company, which in turn could negatively affect the performance of clients.

Difficulty of Bringing Suit. The ability of a client to bring suit against a Portfolio Company or its directors, executive officers, or other shareholders could be limited. Many Portfolio Companies are likely to be organized under the laws of countries other than the U.S., their directors and officers are likely to reside outside of the U.S., and substantially all of their assets could be located outside of the U.S. As a result, it is likely that a client will be unable to effect service of process within the U.S. upon such entities or their directors and officers. Even where an entity is successfully sued in the U.S., enforcement of the judgment in certain jurisdictions is impossible and in other jurisdictions could be difficult.

In particular, laws and legal standards differ in many Asian countries from those in the United States. These laws and standards could have a material effect on client investments, as well as the general economic and political environment in one or more Asian countries. The general trend of legislation in certain Asian countries has somewhat enhanced the protection afforded foreign investment and has improved the legal climate for business. However, certain Asian countries do not have well developed shareholder rights and provide inadequate legal remedies for breaches of

contract (for example, a shareholders' agreement). Also, shareholder claims that are common in jurisdictions such as the United States, including class action securities law and fraud claims, could be difficult to pursue as a matter of law or as a practical matter in certain Asian countries. A lack of comprehensive and enforceable legal and regulatory systems in certain Asian jurisdictions is likely to adversely affect client investments and prevent clients from enforcing their rights. In certain instances, the acquisition of client investments will involve an ongoing commitment to local agencies and entities, including governmental agencies and the extent to which such local agencies and entities will recognize the contractual and other rights of the parties they deal with could be uncertain. Moreover, there can be no assurance that this trend in economic legislation will not be slowed, curtailed or reversed, particularly in the event of a change in leadership, social disruption or other circumstances affecting the social, political or economic status of certain countries. Such a shift could have a material adverse effect on the business and prospects of Portfolio Companies.

Governmental Licenses. Portfolio Companies could be dependent upon the grant, renewal or continuance in force of appropriate contracts, licenses, permits and regulatory approvals and consents which might be valid only for a defined time period, might be subject to limitations and might provide for withdrawal in certain circumstances. There can be no assurance that such contracts, licenses, permits and regulatory approvals and consents would be granted, renewed or continue in force, or if so, on what terms. Additionally, governments and other regulators might impose conditions on the operations and activities of a Portfolio Company as a condition of granting its approval or to satisfy regulatory requirements. Such conditions, which could be statutory or commercial in nature, could limit a Portfolio Company's ability to invest in competing industries or acquire significant market power in a particular market, or provide a disincentive to do so. Further, a governmental agency might impose conditions of ongoing ownership or equivalent requirements on a Portfolio Company in respect of underlying projects. This could include a requirement that certain assets remain managed by a Portfolio Company, clients or their affiliates. Such conditions could be susceptible to revision or cancellation and legal redress could be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

Assumption of Catastrophe Risks. Clients could be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; political and social instability; popular unrest in opposition to government policies that facilitate foreign investment; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which clients participate (or has a material effect on locations in which HCM operates) the risks of loss can be substantial and could have a material adverse effect on clients' investments. There can be no assurance that any appropriate insurance will be available on commercially reasonable terms, or at all, or that HCM will decide to obtain such insurance on behalf of clients. In addition, the businesses, operating results and financial conditions of clients' Portfolio Companies could be adversely affected in a material respect if such natural disasters or other similar events occur.

Covid-19, Which has been Designated as a Pandemic by World Health Authorities. The ongoing spread of Covid-19 has had, and will likely continue to have, a material adverse impact on local

economies in the affected jurisdictions and also on the global economy, as cross-border commercial activity and market sentiments are increasingly impacted by the outbreak and governmental and other measures that seek to contain its spread (including border closures, travel restrictions and quarantine measures). In addition to these developments having adverse consequences for certain Portfolio Companies and other issuers in which clients invest and the value of clients' investments therein, the operations of HCM (including those relating to clients) have been, and could continue to be, adversely impacted, including through quarantine measures and travel restrictions imposed on HCM personnel or service providers based or temporarily located in affected countries, or related health issues of such personnel or service providers. Any of the foregoing events could materially and adversely affect HCM's ability to source, manage and divest client investments and its ability to fulfil client investment objectives. Similar consequences could arise with respect to other comparable epidemics and infectious diseases.

Local Intermediary Risk. Client transactions could be undertaken through local brokers, banks, or other organizations in Asia and other parts of the world, and clients will be subject to the risk of default, insolvency, or fraud of such organizations. Such local brokers, banks, and other organizations are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of insolvency. However, the practical effect of these laws and their application to clients' assets are subject to substantial limitations and uncertainties. There can be no assurance that any money advanced to such organizations will be repaid or that clients would have any recourse in the event of default. The collection, transfer, and deposit of bearer securities and cash expose clients to a variety of risks including theft, loss, and destruction.

Derivative Instruments Risk. HCM invests client assets in derivative instruments. The prices of derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements could also be highly volatile. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and national and international political and economic events and policies. The value of futures, options, and swap agreements also depends upon the price of the assets underlying them. In addition, such instruments are subject to counterparty risk. Certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks of creditworthiness of the counterparty, market risk, liquidity risk, and operations risk. If a counterparty's creditworthiness declines, the value of any agreements with such counterparty can be expected to decline, potentially resulting in loss. In connection with exchange-listed or centrally-cleared instruments, clients are subject to the risk of failure of any of the clearing houses or clearing members through which their positions are cleared.

New Market Structure Requirements Applicable to Derivatives. The Dodd Frank Act enacted, and the CFTC and SEC have issued or proposed rules to implement, both broad new regulatory requirements and broad new structural requirements applicable to over the counter ("OTC") derivatives markets and, to a lesser extent, listed commodity futures (and futures options) markets. Similar changes are in the process of being implemented in the European Union, Japan, and other major financial markets. These changes include, but are not limited to: requirements that many categories of the most liquid OTC derivatives (currently limited to specified interest rate swaps and index credit default swaps) be executed on qualifying, regulated exchanges and be submitted

for clearing; real time public and regulatory reporting of specified information regarding OTC derivative transactions; enhanced documentation requirements, margin requirements for uncleared derivatives; position limits; and recordkeeping requirements.

While the CFTC and other regulators intend these changes to mitigate systemic risk and to enhance transparency and execution quality in the OTC derivative markets, the impact of these changes is not known at this time. For instance, cleared OTC derivatives are subject to margin requirements established by regulated clearinghouses, including daily exchanges of cash variation (or mark to market) margin and an upfront posting of cash or securities initial margin to cover the clearinghouse's potential future exposure to the default of a party to a particular OTC derivatives transaction. Furthermore, "financial end users," such as clients, that enter into OTC derivatives that are not cleared are generally required to exchange margin to collateralize such derivatives. Under the new rules, the level of margin required to be exchanged in connection with uncleared derivatives in many cases is substantially greater than the level typically required by market participants or clearinghouses.

These changes could significantly increase (to the extent relevant to a client's investments) the costs to clients of utilizing OTC derivatives, reduce the level of exposure clients are able to obtain (whether for risk management or investment purposes) through OTC derivatives, and reduce the amounts available to clients to make non derivative investments. These changes could also impair liquidity in certain OTC derivatives and adversely affect the quality of execution pricing obtained by clients, all of which could adversely impact clients' investment returns. Furthermore, the margin requirements for cleared and uncleared OTC derivatives could require that a client, in order to maintain its exemption from CPO registration under CFTC Rule 4.13(a)(3), limit such client's ability to enter into hedging transactions or to obtain synthetic investment exposures, in either case adversely affecting such client's ability to mitigate risk.

Position Limits. The Dodd Frank Act significantly expanded the scope of the CFTC's authority and obligation to require reporting of, and adopt limits on, the size of positions that market participants can own or control in commodity futures and futures options contracts and swaps. The Dodd Frank Act also narrowed existing exemptions from such position limits for a broad range of risk management transactions. In accordance with the requirements of the Dodd Frank Act, the CFTC is required to establish, and the CFTC has proposed but not yet adopted, additional speculative position limits on additional listed futures and options on physical commodities and economically equivalent OTC derivatives; position limits applicable to swaps that are economically equivalent to U.S. listed futures and futures options contracts, including contracts on non-physical commodities, such as rates, currencies, equities and credit default swaps and aggregate position limits for a broad range of derivatives contracts based on the same underlying commodity, including swaps and futures and futures options contracts. A person (including HCM and its affiliates) is generally required to aggregate positions it owns or controls (including held indirectly through entities in which a person has a 10% or greater ownership interest) for purposes of current and proposed position limits, subject to certain exemptions for, among other things, independently traded positions.

The full impact of these recent changes is not known at this time. Individually and collectively, current and proposed position limits and associated aggregation requirements could increase the costs to clients of maintaining positions in commodity futures and futures option contracts and

swaps, and reduce the level of exposure clients are able to obtain (whether for risk management or investment purposes) through commodity futures and futures option contracts and swaps. These requirements could also impair liquidity in certain swaps and adversely affect the quality of execution pricing obtained by clients, all of which could adversely impact clients' investment returns.

Investments in Restructurings. Clients from time to time make investments in restructurings that involve Portfolio Companies that are experiencing or are expected to experience financial difficulties. These financial difficulties might never be overcome and could cause such Portfolio Companies to become subject to bankruptcy proceedings. Investments in restructurings could be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences and lender liability and by a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments. Such investments would, in certain circumstances, subject clients to certain additional potential liabilities that have the potential to exceed the value of the original investments therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor will have its claims subordinated or disallowed or be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, a bankruptcy court could reclaim a payment to a client if the court determines that the payment or distribution is a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy or insolvency laws.

Investments in Operating Turnarounds. In some cases, the success of HCM's and its clients' investment strategy depends in part on HCM's ability to effect improvements in the operations of a Portfolio Company. The activity of identifying and implementing restructuring programs and operating improvements at Portfolio Companies entails a high degree of uncertainty. There can be no assurance that HCM will be able to successfully identify and implement such improvements.

Investments in Junior Securities. Clients invest in Portfolio Companies that have already received one or more rounds of financing. The securities in which clients will invest in these instances could be among the most junior in a Portfolio Company's capital structure and thus subject clients to a greater risk of losing all or part of its invested capital. There will often be no collateral to protect clients' investment in such securities once made.

Short-Selling Risk. HCM engages in short-selling securities on behalf of its clients, which involves: (i) selling securities which might or might not be owned by the short seller; and (ii) borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short-selling allows a client to profit from a decline in market price to the extent such decline exceeds the transactions costs and the costs of borrowing the securities.

A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit. This would in turn increase the cost to a client of buying those securities to cover the short position. There can be no assurance that a client will be able to maintain the ability to borrow securities sold short. In such cases, a client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself

cause the price of the securities to rise further, thereby exacerbating the loss. In addition, short-selling activities are subject to restrictions imposed by other foreign governmental and regulatory authorities and various securities exchanges. Such restrictions could inhibit or prevent HCM from entering into a short position on behalf of a client.

Particular Risks Relating to Investments in China and Other Asian Countries

Investments Generally; Asia Investment Risks. Investing in Asia involves different risks than investing in other countries or regions such as the United States. These risks include, among others: (a) less publicly available information; (b) varying levels of governmental regulation and supervision; (c) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws and (d) foreign exchange controls. Moreover, companies in Asia generally are not subject to uniform accounting, auditing and financial reporting standards, practices, and requirements comparable to those applicable to companies in other countries or regions, such as U.S. companies.

Political and economic structures in countries with emerging economies or stock markets could lack social, political and economic stability and could undergo rapid and significant evolution and development. HCM and its clients could invest in companies and assets established in, or having substantial business relations with Asia, as well as outside of Asia (including, for the avoidance of doubt, the U.S. and Europe). Many countries in Asia could be considered emerging market countries and could be subject to greater degrees of political and social instability than other developed countries. Accordingly, expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect the assets of the clients held in Asia. Furthermore, the inter-relatedness of the economies in emerging market countries (including those in Asia) has deepened over the years, with the effect that economic difficulties in one country often spread throughout the region. There can be no assurance that clients will not be materially and adversely affected by such events.

The economies of many Asian countries are dependent upon international trade and, accordingly, could be materially and adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values, commodity values and economic conditions in the countries with which they trade. A slowdown in the economies of the U.S. and Europe could adversely affect economic growth in certain Asian countries which, to varying degrees, depend on exports to those economies. In addition, the economies of certain Asian countries are vulnerable to weaknesses in world prices for their commodity exports or fluctuations of worldwide commodity prices. Certain Asian countries have from time to time experienced high rates of inflation and have extensive external debt.

There generally are different methods of governmental supervision and regulation of exchanges, brokers and obligors in Asia than there are in other countries or regions such as the United States, and such supervision and regulation could be less predictable. Clients could face difficult approval and registration procedures, and, if they are foreign entities, could be subject to legal or regulatory constraints or prejudices that do not affect local investors.

Market and Economic Risks. Clients and Portfolio Companies could be materially affected by market, economic and political conditions globally and in the PRC, Hong Kong or Taiwan

(collectively “Greater China”) in particular (including any slowdown in the growth rate of Chinese economies), as well as in the sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. These factors are outside HCM’s control, and could adversely affect the liquidity and value of clients’ investments and could reduce the ability of clients to make attractive new investments. More recently, economic and financial market conditions have significantly deteriorated as compared to prior periods. Global financial markets have, in recent years, experienced considerable declines in the valuations of equity and debt securities, an acute contraction in the availability of credit and the failure of a number of leading financial institutions. As a result, certain government bodies and central banks worldwide undertook unprecedented intervention programs. These events have led to a diminished availability of credit and an increase in the cost of financing, which could hinder the initiation of new leveraged transactions and, could result in further declines in valuations of equity and debt securities, adversely affecting the private investment sector. To the extent these conditions exist, they could adversely impact the investments of clients.

Greater China Regulatory and Political Risks. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but could also have a negative effect on Portfolio Companies and/or clients. In addition, new reforms or the readjustment of previously implemented reforms in Greater China could have a significant negative effect on clients. Changes in political, economic, social conditions and governmental policies in Greater China could have a substantial impact on clients and include: (a) the promulgation of new laws and regulations; (b) changes in the interpretation or enforcement of those laws and regulations; (c) the introduction of measures to control inflation or stimulate growth; (d) changes in the rate or method of taxation; (e) imposition of trade barriers or other policies of China or other countries where they have business relationships and (f) the imposition of additional restrictions on currency conversion and remittances abroad.

Certain conditions in Greater China that could have a significant impact on clients’ investments and clients’ overall investment strategy. For example, the emergence of a domestic consumer class in Greater China is still at an early stage, making Greater China heavily dependent on exports, and as a result, the impact of currency fluctuations, currency convertibility, interest rate fluctuations and higher rates of inflation on clients’ investment returns could be more acute. Also, Chinese companies could be adversely affected by protective trade barriers or other policies in the countries where they have business relationships or to which they export. In addition, aggregate trading volumes on securities markets in Asia are substantially lower than trading volumes in the United States, and Chinese markets have experienced extreme volatility in recent times. Securities of most companies in Asia are less liquid and more volatile than securities of comparable U.S. companies. Such factors could complicate and increase risks associated with investments and exits by clients.

Executive Order and Sanctions Risks. In recent years, there have been significant developments in the economic sanctions laws of various jurisdictions and the implementation and enforcement of such laws. The U.S. government, for example, has the authority to impose economic sanctions on non-U.S. entities and individuals that engage in targeted activities (e.g., transactions with certain U.S.-sanctioned persons, cyberattacks, narcotics trafficking, terrorist activities or material

contribution to erosion of Hong Kong's autonomy) outside of U.S. jurisdiction. In the event that any Portfolio Company held by a client becomes subject to any economic sanctions, that client could be subject to material adverse consequences, including restrictions on disposition, distributions and movements of funds. In addition, such designations will likely significantly limit HCM's exit options, including the potential pool of purchasers, available with respect to such Portfolio Company and negatively impact the terms (including price) of any such exit. Furthermore, Executive Order 13959 limits the ability of U.S. persons to directly or indirectly acquire, or after a period of time hold or sell, certain securities of companies the United States has designated for investment restrictions, which could cause HCM to divest from such securities or implementing alternative structures, to address the restrictions. If a client were to hold securities restricted under Executive Order 13959 (or a similar sanction or order) and did not make and execute a commitment to divest or otherwise effectively mitigate the restrictions, U.S. persons would be prohibited from purchasing, and would ultimately be required to divest, any underlying ownership interests.

Market Based Economic and Legal Reforms in China. China's economy has been a centrally planned economy subject to a series of state economic plans adopted by the Chinese government. Over the past few decades, the Chinese government has been reforming the economic system by transitioning to a more market oriented economy. Such reforms are believed to have resulted in significant economic and social advancement. Many of the reforms are unprecedented and are expected to be refined and improved upon while political, economic and social factors could also lead to further re adjustment.

Despite these reforms, the government continues to exercise a considerable degree of control over China's economic growth through the increased attention to particular industries or companies, and its allocation of resources. Moreover, the legal rules and regulations in China, including with respect to tax laws that apply to foreign entities or foreign investment, are relatively new and are subject to frequent changes. There can be no assurance regarding the trend of these economic reforms or the effects they might have on Portfolio Companies and clients. The presence of suitable investment opportunities for clients could depend, in part, on China's continued liberalization of policies regarding foreign investment and encouragement of private sector initiatives.

Accordingly, government actions or failure to continue with economic liberalization policies in the future (or changes in the government itself) could have a significant impact on economic conditions in China, which in turn could affect Portfolio Companies and clients' returns. Economic reforms enacted in China that have led to more open markets and encouraged foreign investment could be curtailed, stalled or reversed. Changes in policy with regard to taxation, fiscal and monetary policies, repatriation of profits, and other economic regulations are possible, any of which could have an adverse effect on private investments.

Clients could be subject to various laws and regulations applicable to foreign investment in China. Chinese legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, recently enacted laws and regulations might not cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the legal system is a civil law system based on written statutes. The legal system is based in part on government policies and internal rules (some of which might not be

published) that might have a retroactive effect. As a result, compliance by HCM, clients or Portfolio Companies with any applicable Chinese laws could be impacted.

Privatization Risk. Clients at times invest in state owned entities that have been or that will be transferred from government to private ownership. It is impossible to predict whether there will be any further privatizations or what the terms or effects of such privatizations might be. There can be no assurance that any privatizations will be undertaken or, if so undertaken, that they will be successfully completed. There can also be no assurance that if a privatization is undertaken, Clients will have the opportunity to participate. Clients should be aware that political changes or changes in economic factors could result in a shift in the policies on privatization in the PRC and other jurisdictions in Asia. Should these policies change in the future, there is a possibility that governments determine to return projects and companies to state ownership. In such a situation, the level of compensation that would be provided to the owners of the private companies concerned cannot be accurately predicted but could be substantially less than the amount invested in such companies.

Currency Risk. Clients will generally be exposed to significant foreign currency risk in their investments. Certain clients primarily will invest in Portfolio Companies operating in non U.S. currencies (such as the RMB). To the extent that the U.S. dollar appreciates relative to these currencies, the U.S. dollar value of these investments is likely to be adversely affected. In addition, if the currency in which clients receive dividends, interest or other types of payments (such as liquidating payments) declines in value against the U.S. dollar before such payments are distributed, the dollar value of these payments could be adversely affected if not sufficiently hedged. Further, the ability of clients and Portfolio Companies to convert freely between the U.S. dollar and the local currencies might be restricted or limited and, in a number of instances, exchange rates and currency conversion are controlled directly or indirectly by governments or related entities.

The value of the RMB against the U.S. dollar and other currencies can fluctuate and is affected by, among other things, changes in China's political and economic conditions. On July 21, 2005, the Chinese government changed its policy of pegging the value of the RMB to the U.S. dollar to permit the RMB to fluctuate within a band against a basket of certain foreign currencies, determined by the People's Bank of China. Since the adoption of this policy, the value of RMB against the U.S. dollar has fluctuated on a daily basis within narrow ranges. Appreciation or depreciation in the value of the RMB relative to the U.S. dollar could have an adverse effect on the performance of clients financial position and the value of client investments, and clients' cash flows.

The Chinese government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the country. Under existing Chinese foreign exchange regulations, payments of current account items, such as profit distributions and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from the Chinese State Administration of Foreign Exchange by complying with certain procedural requirements. Approval from the appropriate governmental authorities is required, however, when RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of bank loans denominated in foreign currencies. The government is permitted to, at its discretion, restrict access in the future to foreign currencies for current account transactions. The foreign exchange control system could adversely affect clients' performance and the value of their investments and assets. Clients could be adversely affected by

delays in, or a refusal to grant, any required governmental approval for investment or repatriation of equity and debt capital, interest and dividends paid on investments held by clients. There can be no assurance that clients will be permitted to repatriate capital or profits, if any, over the life of its term.

HCM could cause clients to enter into hedging transactions designed to reduce such currency risks. Furthermore, Portfolio Companies could be subject to risks relating to changes in currency values, as described above. If a Portfolio Company suffers adverse consequences as a result of such changes, clients could also be adversely affected as a result.

Restrictions on Foreign Investment. Foreign investment in the securities of issuers operating in many Asian countries is restricted or controlled to varying degrees. These restrictions or controls could at times limit or preclude foreign investment in certain issuers in certain Asian countries and increase the costs and expenses of clients. Certain Asian countries, including China, require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit investment by foreign persons to a specific class of securities of a company that could have less advantageous terms than the classes available for purchase by nationals. Certain countries restrict investment opportunities in issuers or industries deemed important to national interests. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is deterioration in a country's balance of payments or for other reasons, a country could impose temporary restrictions on foreign capital remittances abroad. Non convertibility of certain currencies could introduce an additional degree of uncertainty to determining values of investments held by clients. Clients could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application of restrictions on investments.

In China, corporate law and foreign investment related laws and regulations might also provide limited flexibility in structuring transactions, and the techniques and complexity frequently deployed in growth equity / venture capital transactions in the United States or Europe might not be available under the current Chinese legal framework. In addition, certain regulations or rules issued by Chinese authorities limit the ability of residents of China to use offshore vehicles to acquire domestic companies owned by them, which in turn could limit the ability of the Funds and other clients to invest in Chinese companies. In addition, the listing of a company on the stock market in China is generally subject to more stringent and substantive requirements than in the United States or Europe, which could result in fewer exit opportunities or channels for foreign investment.

Public Market Illiquidity and Regulation. The securities markets of a number of Asian countries are smaller and less liquid than the major securities markets in various developed countries. Downturns in the Asian economies are likely to seriously affect the securities markets in such economies, including potentially markets on which clients could take Portfolio Companies public, which could impede or prevent clients from successfully exiting from their investments. A high proportion of the shares of many companies in Asia are held by a limited number of persons. A limited number of issuers in many securities markets in Asia represent a disproportionately large percentage of market capitalization and trading value. The limited liquidity of many securities markets in Asia could affect clients' ability to acquire or dispose of securities at the price and time

they wish to do so. The illiquidity of client investments could continue even if the underlying companies obtain listings on their respective home country exchanges. In addition, settlement systems in certain emerging market countries are less developed than in more established markets and could impede clients' ability to effect transactions in these countries. A lower trading volume in the securities markets of various Asian countries as compared to certain other countries could also complicate exit strategies pursued by a client, by making dispositions of investments through a public offering potentially unfeasible. Further, the regulatory standards of securities markets in certain Asian countries in many respects require less disclosure than the United States. Furthermore, there could be a lower level of monitoring and regulation of the markets and the activities of investors in such markets, and enforcement of existing regulations could be extremely limited. Consequently, should clients make investments through the public markets in Asia, the prices at which clients acquire investments could be affected by other market participants' anticipation of such client's investments, by trading by persons with material non-public information and by securities transactions by brokers in anticipation of transactions by such client in particular securities.

In addition, in certain countries in Asia, publicly listed securities could be subject to longer "lock up" periods compared to the United States and other developed countries as well as other restrictions on disposition. For example, China's A share market requires a lock up period between one and three years. Also, after the expiration of such lock up period, a shareholder that holds 5% or more of the shares of the relevant listed company is subject to volume restrictions on disposition of shares in a given period. As such, if certain clients invest in a Portfolio Company listed on China's A share market, clients might not be able to fully exit such investment for a long period of time.

Interdependence of Securities Markets. The individual securities markets of Asian countries are, to varying degrees, influenced by economic and market conditions in other securities markets. 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 Asian countries. There can be no assurance that individual securities markets in many Asian countries will not continue to be affected negatively by events elsewhere, or that such events will not adversely affect the value of client investments.

A slowdown in the economies of the United States, the European Union and certain Asian countries could adversely affect economic growth in other Asian countries, many of which depend on exports to those countries. The economic performance of clients' Portfolio Companies could be adversely affected by any global economic downturn and by any worsening of the economic conditions in one or more Asian countries and other global economies.

Reporting Standards; Limited Information. Companies in many Asian countries, including China, are subject to accounting, auditing and financial standards and requirements that differ, in some cases significantly, from those applicable to companies in the United States. In particular, the assets and profits appearing on the financial statements of a company might not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with generally accepted accounting principles in the United States. In addition, for companies that keep accounting records in local currency, inflation accounting rules in some Asian countries require, for both tax and accounting purposes, that certain assets and

liabilities be restated on the company's balance sheet in order to express items in terms of currency of constant purchasing power while other countries do not permit such restatement. Inflation accounting could indirectly generate losses or profits or disguise true losses or profits. There is generally substantially less publicly available information about companies in some Asian countries than there are reports and ratings published about U.S. companies. In addition, information available to HCM and its clients, including both general economic and commercial information and information concerning specific enterprises or assets, might be less reliable and less detailed than information available in more economically developed countries. As a result of these factors, it is possible that HCM's due diligence activities will provide less information than due diligence reviews of companies in various developed countries. The lower standards of due diligence in certain countries will increase the risk related to client investments in these countries. In certain cases, entrepreneurs of some companies might deliberately falsify or cover up certain company reports or practices, and HCM and its clients could be misinformed regarding its Portfolio Companies. It is also possible that the entrepreneurs of client Portfolio Companies, after clients have invested in such entities, engage in acts that are in violation of their agreements with the relevant client, or otherwise engage in certain acts that damage clients' interests.

In addition, independent registered public accounting firms operating in China are not permitted to be subject to inspection by the Public Company Accounting Oversight Board of the United States (the "PCAOB"), which impairs the PCAOB's ability to conduct inspections and investigations of the audits of public companies with China-based operations. Consequently, clients could be deprived of the benefits of such inspections of companies with China-based operations. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of such auditors' audit procedures or quality control procedures as compared to auditors that are subject to PCAOB inspections.

Any of these issues could undermine the performance of clients' investments. While HCM will endeavor to conduct appropriate due diligence in connection with each investment, no guarantee can be given that they will obtain the information or assurances that an investor in a more developed economy would obtain before proceeding with an investment.

Government Involvement in the Economy; Governmental Interventions. For the past several years, many Asian governments have followed policies of deregulating economic activity, thereby reducing the extent of their involvement in the business sectors of their local economies. Although these policies are continuing, these governments still exercise significant control over their respective economies. Governmental actions concerning the economy could continue to have an important effect on entities doing business in those countries, and on market conditions, prices and returns on investments.

Extreme volatility and illiquidity in certain Asian markets has in the past led to, and could in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding investments. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when or if these

restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on clients' investments.

Credit Ratings. Any downgrade in credit ratings of an Asian country by any international agencies could have a negative impact on the abilities of the government or the companies of the negatively affected country to raise financing and could have an adverse impact on the liquidity positions of such government and companies. This, in turn, could adversely impact clients and their investments.

New Sector Risk. Growth investments / venture capital investments in Asia are in their early stages, and in this respect they should be considered riskier than other more established asset classes. Additionally, given the sector's short history in the region, it would be difficult for an investor to assess the potential future performance, regulations, taxation and risks associated with expanding investments in the Asian growth investment / venture capital market. With the development of this sector, new regulations could be promulgated by the Asian governments which could have a negative impact on clients and their investments.

ITEM 9: DISCIPLINARY INFORMATION

To HCM's knowledge, after due inquiry, there are no legal or disciplinary events that would be material to a client's or prospective client's evaluation of HCM's advisory business or the integrity of HCM's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither HCM nor any member of its management is registered, or has an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant (an "FCM"), a commodity pool operator (a "CPO"), a commodity trading advisor ("CTA"), or an associated person of a registered FCM, CPO, or CTA. HCM and certain of its affiliates act as CPOs for their clients, but they are exempt from registration with the Commodity Futures Trading Commission (the "CFTC") pursuant to CFTC Rule 4.13(a)(3) under the U.S. Commodity Exchange Act. This exemption is based primarily upon clients' limited commodity interest trading. Unlike registered CPOs, HCM and its relevant affiliates are not required to deliver to investors disclosure documents or certified annual reports contemplated by CFTC rules applicable to registered CPOs. Likewise, HCM and certain of its affiliates act as CTAs for some of their clients, but are exempt from registration as CTAs and therefore are not required to satisfy certain requirements contemplated by CFTC rules applicable to registered CTAs.

All qualifying HCM personnel (and qualifying personnel of the non-U.S. affiliates discussed in Item 4) are treated as "access persons" by HCM within the meaning of Rule 204A-1 under the Advisers Act, and are subjected to HCM's Code of Ethics. Please see Item 11, "*Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*" below for additional information about HCM's Code of Ethics.

An HCM affiliate, HCA, is also an SEC-registered investment adviser. While HCA and HCM, from time to time, invest in similar strategies or companies, HCA generally focuses on publicly-listed (or similarly liquid) investment opportunities, while HCM generally focuses on private (or otherwise less liquid) investment opportunities, including venture capital, private equity, private

debt and buyout transactions. Therefore, investment results could differ as between HCM's clients and HCA's clients. To address these conflicts of interests, HCM has adopted policies and procedures, including an allocation policy. Please see Item 4, "*Investment Allocations and Related Conflicts*" for more information.

HCM, HCA and other entities are members of what is referred to as "Hillhouse Capital Group," which is a multinational group of related advisory entities. Hillhouse Capital Group could engage in and provide a broad range of banking, advisory and investment services to their clients and customers. HCM believes that clients will generally benefit from the relationships and activities resulting from these services, which are expected to generate attractive investment opportunities and analytics. Nevertheless, situations arise in which the interests of Hillhouse Capital Group will conflict with the interests of clients or Fund investors, including those set forth below.

Investments by Other Hillhouse Capital Group Clients. As a result of the expansive nature of Hillhouse Capital Group's business, clients of the various members of Hillhouse Capital Group will invest in companies that could compete with, are customers of, or are service providers or suppliers to, the Portfolio Companies of one or more other clients. This would give rise to certain conflicts of interest. First, the various members of Hillhouse Capital Group could take actions for their clients and their Portfolio Companies for commercial reasons that have adverse consequences for other clients or their Portfolio Companies, such as seeking to increase market share at the expense of a Portfolio Company of another client (as a competitor), withdrawing business from a Portfolio Company of another client in favor of a competitor that offers the same product or service at a more competitive price (as a customer), increasing prices in lock step with other enterprises in the industry (as a supplier) or commencing litigation against a Portfolio Company of another client (in any capacity). Secondly, one member of Hillhouse Capital Group could obtain information while dealing with its clients and Portfolio Companies that it is prohibited from acting on or disclosing to another member of Hillhouse Capital Group as a result of confidentiality requirements or applicable law, even though such action or disclosure would be in clients' interests. In such circumstances, HCM might not pursue certain actions on behalf of a client or a portfolio company, which could result in a benefit to another client. In addition, to the extent not restricted by confidentiality requirements, Hillhouse Capital Group would ordinarily seek to apply the experience obtained by managing each client to benefit other clients.

Investing with Related Parties. Clients often make investments in the same Portfolio Company. Differences between each client, including their respective terms, investment periods, structures and investment strategies, could result in a given client making or exiting its investment at a different time, at a different effective price or with differing costs or terms than other clients. Situations could arise where other clients co-investing with a client invest on different (and more favorable) terms than those applicable to such client and have interests or requirements that conflict with and adversely impact such client (for example, with respect to the timing of acquisitions and disposals or control rights) and, accordingly, investments could be acquired at different times in different parts of the capital structure at lower or higher prices or valuations and on different terms than those upon which a given client acquires an investment.

The different prices paid for, or terms of, securities held by clients will create conflicts of interest. The other clients' view of the investment and their interests could diverge from those of a given client and the other clients will be acting in their own interests and could take actions that are

adverse to the interests of such client, including actions that could affect the value of such client's investment. Further, there can be no assurance that a given client and the other clients would exit such investment at the same time or on the same terms. This could cause the other clients to dispose of, increase their exposure to or continue to hold the investment at a time when a given client has adopted a different strategy. For example, following the initial public offering of a Portfolio Company in which both a given client and another client hold an interest, such client could exit at a different time and at a different valuation from another fund. As a result, the actions of the other clients could affect the value of such client's investment. For example, a sale by another client of its investment could put downward pressure on the value of a given client's interest if such client opts to hold such interest for a longer term.

In addition, certain client investments are often pooled with one or more other clients (an "Asset Pool"), including for the purposes of seeking a full or partial exit from one or more investments, or obtaining leverage or other financing. For example, there could be situations in which it would be advantageous to the clients to pool certain investments together to obtain or access certain rights in respect to certain portfolio companies. In such circumstances, an Asset Pool could be managed or controlled by HCM or any of its affiliates (or controlled by a Fund). The consummation of any such transaction might not require the consent of the LP Advisory Committee (as defined below) or the investors and will involve the exercise of HCM's and its affiliates' discretion with respect to a number of material matters, which are likely to create actual or potential conflicts. For example, in determining the proportionate interest of each client in the Asset Pool (or particular classes or tranches of securities or other interests in the Asset Pool), HCM and its affiliates will be required to determine the relative value of assets contributed to the Asset Pool, and value of securities or interests (or particular classes or tranches thereof) issued by the Asset Pool. In making this determination HCM and its affiliates could, but are not required to, engage or seek the advice of any third party independent expert. However, even if such advice was sought, valuing such assets and interests and, therefore, the value of each client's interest in, or proceeds received from, any Asset Pool, will be subjective. While HCM will seek to make allocation determinations in accordance with its policies and its duties, the appropriate allocation among each client of expenses and fees incurred or generated in the course of evaluating potential investments often will not be clear, in particular with respect to an investment that was not consummated and may not be proportional to invested capital or other metrics in specific instances or over time.

Investing in Different Levels of the Capital Structure. Clients currently (and will in the future) invest in a broad range of asset classes throughout the corporate capital structure. As HCM establishes more funds, vehicles and accounts, including those that focus on different parts of the corporate capital structure (for example, preferred equity, convertible debt, subordinated debt or senior debt), both the range of asset classes in the corporate capital structure in which clients invest and the extent of such investments by clients will increase. A given client could make investments in other parts of the capital structure of a company in which another client has or will have an investment in an equity or debt tranche. As an investment adviser to both clients, HCM would owe a fiduciary duty to both clients. Consequently, given the differing tranches and corresponding priorities in the capital structure of a single company, HCM would face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one client and the other client (e.g., with respect to the structure and terms of the equity securities, the value of the equity securities, the enforcement of rights and remedies and the resolution of restructurings or

bankruptcies). For example, a given client could acquire a significant equity stake in a company for which another client is a creditor, whether as a lender, holder of debt securities or otherwise. As a creditor of the company, the other client would have an incentive to take actions, consistent with its obligations to maximize returns to its investors that would be adverse to the interests of such client as a holder of more junior securities. The other client would be under no obligation to take any action or refrain from taking any action to prevent or mitigate any losses by such client. There can be no assurance that any such conflict will be resolved in a manner that is beneficial to any particular client.

There can also be no assurance that clients will invest in, or exit or otherwise achieve liquidity from, the same company at a similar time or on similar terms, and there can be no assurance that a given client's return on any such investment will be similar to the returns achieved by another client, even if such client and such other client invest in the same or similar parts of a company's capital structure. Similarly, depending on the nature of the securities or instruments held, the liquidity options available to each client are expected to vary. For example, the ability to syndicate or refinance the investment made by each client could differ materially.

Also, to the extent that HCM could, through a given client's governing rights with respect to such company, determine the terms and conditions (including price) that are offered and ultimately agreed to with another client, HCM will face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, such clients. There can be no assurance that such terms and conditions that are ultimately agreed to with such other client will reflect terms and conditions that could have been obtained in an arm's length transaction with a non-affiliated party. In addition, where a given client and another client or other entity invest in different parts of the capital structure of a particular company, their respective interests are likely to diverge significantly in the case of financial distress of the company. If such other client or other entity had the potential to incur a loss on its investment as a result of such difficulties, HCM's ability to recommend actions in the best interests of a client is likely to be impaired.

Certain clients of HCM's affiliates are also expected to invest in equity securities of publicly traded companies that are actual or potential Portfolio Companies of HCM. The trading activities of those clients could be different from, or inconsistent with, activities that are undertaken for the account of a given client in such securities or instruments.

Due to various conflicts described herein, actions could be taken by HCM, and/or on behalf of a given client, that are adverse to other clients.

Restrictions Arising from Activities of Other Clients. Hillhouse Capital Group regularly obtains confidential information regarding various target companies and other investment opportunities. If a member of Hillhouse Capital Group receives confidential information with respect to a company, the other members and their clients are likely to therefore face, as a result of securities law prohibitions on trading on the basis of material non-public information or applicable industry conventions, restrictions on their ability to pursue a transaction with that company or dispose of an investment. Moreover, the confidentiality agreements members of Hillhouse Capital Group enter into often include provisions, such as "standstills," that would prevent other clients from acquiring or disposing of investments, potentially for extended periods.

In addition, HCM and other members of Hillhouse Capital Group trade securities and debt instruments in the secondary market. In the absence of information barriers, Hillhouse Capital Group's receipt of non-public information about a particular company would, as a result of securities laws or applicable industry conventions (such as with respect to secondary loan trading), generally restrict the trading activities of the entire Hillhouse Capital Group with respect to that company. In certain circumstances, Hillhouse Capital Group will have an incentive not to take certain actions that would impede the operation of certain clients, including, for example, where such clients might wish to, or are actively seeking to, trade out of any investment. In light of these consequences, Hillhouse Capital Group could decline to receive non-public information on a company or otherwise pursue an investment opportunity for a client if doing so would prevent other clients from trading securities or debt instruments currently in their portfolio or of interest to them.

In addition, in the event that multiple clients invest in a single Portfolio Company, each client could be subject to regulatory or legal restrictions or constraints that might not have applied had such other clients not also invested in the same issuer. Hillhouse Capital Group does not generally erect temporary information barriers to restrict the transfer of confidential information with respect to certain companies to avoid the restrictions described in the preceding paragraphs with respect to such companies. However, in instances where temporary barriers are erected, clients' ability to benefit from Hillhouse Capital Group's expertise outside any such barrier will be limited. In addition, in the event that a temporary information barrier is breached, even if inadvertently, clients will likely face the same restrictions on its investment activities as they would have faced had the temporary information barrier not been established in the first place.

In addition, HCM clients may be seeking to sell shares in Portfolio Companies at the same time, which could cause competition for the best pricing available or result in cutbacks of orders, and place a given client in a worse financial position than it would be in if HCM had no other client orders. HCM clients may also be buying and selling interests in a Portfolio Company at the same time or close in time, which creates a situation where HCM is, or may appear to be, making opposing investment decisions for different clients.

Expert Networks. HCM uses "expert networks," which are consulting firms that facilitate communications between their consulting clients and retained third-party professionals who possess particular business expertise and experience and agree to help the consulting clients better understand products, services, companies, business issues and industries. Expert networks may be used to obtain research and other information that may assist HCM in its investment decision-making process. One of the potential risks of using an expert network is that the retained expert could communicate material non-public information about a company in breach of a confidentiality agreement, another duty, or otherwise in violation of applicable securities laws. Another potential risk of using an expert network is that the expert could communicate trade secrets or other proprietary or confidential information about a company in breach of a duty of confidentiality or loyalty, the use of which could violate applicable law. HCM administers compliance programs that are intended to address these risks. However, one result of these policies is that the use of these expert networks could result in HCM determining to restrict trading in certain securities or opportunities, which could be for several reasons, including to prevent the receipt or use of material non-public information. These restrictions could apply to all HCM

clients and could result in foregone investment opportunities, as well as situations where HCM clients are prevented from exiting existing positions, which could cause or exacerbate losses.

Activities and Compensation of Third Parties. HCM will retain third parties, such as accountants, administrators, lenders, bankers, brokers, attorneys, investment sourcing professionals and consultants, to provide services to clients, and the expenses of such third parties may be treated as client expenses. Certain third parties could participate in general meetings for HCM personnel, work on HCM matters as their primary business activity, receive access to HCM's confidential information and/or participate in certain benefit arrangements.

Time and Attention of Personnel. Members of Hillhouse Capital Group share certain personnel and other resources. Shared personnel include administrative personnel as well as professionals who provide portfolio advice. Such shared personnel of Hillhouse Capital Group could have conflicts of interests in allocating their time and resources between the members of Hillhouse Capital Group. Different performance or management compensation structures or incentives apply to shared personnel in certain circumstances, which also creates a conflict of interest. HCM has adopted policies and procedures, including a Code of Ethics, to address these conflicts of interest.

Information Sharing. Members of Hillhouse Capital Group will have access to information across its platform relating to business operations, trends, budgets, customers and/or users, assets, funding and other metrics that is used by HCM to identify and/or evaluate potential investments for clients, as well as, facilitate the management of investments, including through operational improvements. As a result, HCM's ability to buy or sell certain securities on behalf of its clients could be restricted by applicable securities laws, regulatory requirements, information held by HCM, and contractual obligations applicable to HCM. Similarly, HCM's access to material, non-public information about companies will limit HCM's ability to buy and sell securities related to those companies (or, potentially, other companies) during certain times.

Data. HCM receives or obtains various kinds of data and information from clients and their Portfolio Companies, including data and information relating to business operations, trends, budgets, customers and other metrics. HCM may be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes, as a result of its access to (and rights regarding) this data and information from clients and their Portfolio Companies. Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information, and regulatory limitations on the use of material non-public information, HCM is generally free to use data and information from clients' activities to assist in the pursuit of HCM's various other activities, including to trade for the benefit of HCM or its clients. Any confidentiality obligations in the governing documents of clients generally do not limit HCM's ability to do so.

Service by HCM Professionals on Portfolio Company Boards of Directors. HCM's professionals will from time to time serve on the boards of directors of its Portfolio Companies by virtue of the agreements HCM could negotiate with Portfolio Companies at the time a client makes an investment. While the interests of a client as a shareholder in a Portfolio Company generally align with the interests of shareholders more broadly, the fiduciary duties of HCM's professionals to the relevant Portfolio Companies and their shareholders as directors could conflict with the interests of such client. For example, it could be inconsistent with a director's fiduciary duties to share information he/she receives regarding the relevant Portfolio Company with HCM personnel

overseeing an investment in a different Portfolio Company even though that information would be beneficial to the other Portfolio Company and other client.

Client Relationships and Other Business Ventures. In the course of its advisory business, HCM will represent potential purchasers, sellers, investors, lenders and other involved parties with respect to businesses which would also be suitable for investment by a client. HCM, acting on behalf of those clients, could recommend actions for such clients that are not in the best interest of a given client. HCM will be under no obligation to decline such engagements in order to make investment opportunities available to any particular client. In addition, HCM has long-standing relationships with companies and investment funds with investment objectives similar to or the same as those of its clients and which could be in a position to compete with clients for investment opportunities. In determining whether to pursue a particular transaction in which clients might invest, HCM and its affiliates will consider these relationships, and there could be certain potential transactions which will not be available for investment by a client in view of such relationships. Each of HCM and its affiliates will engage in other business ventures to the extent not prohibited by the relevant clients' governing documents, independently or with others, including ventures involving investing in securities or managing or participating in other investment funds, or pursuing co-investments with a client or otherwise investing in Portfolio Companies independently of such client. Other ventures undertaken by HCM and its affiliates could be competitive with a client. Conflicts of interest will arise from time to time as a result of such activities, including in allocating management time, services or functions. Other employees assigned to HCM will work on projects for affiliates, and conflicts of interest will therefore arise in allocating management time, services or functions among such affiliates.

Strategic Business Partners. Hillhouse Capital Group has formed and will continue to form relationships with third-party strategic partners to allow clients to take advantage of their expertise, often in particular industries, sectors and/or geographies. These strategic partners often have close business relationships with Hillhouse Capital Group and provide services that are similar to, and that overlap with, services Hillhouse Capital Group provides to clients, including sourcing, conducting due diligence on or developing potential investments, as well as structuring, managing, monitoring and disposing of investments.

Hillhouse Capital Group determines the compensation of its strategic partners on a case-by-case basis, and this compensation would take the form of one or more of the following: cash payments from Hillhouse Capital Group, a client or a Portfolio Company; grants of carried interest generated by a client; stock option or equity grants in a Portfolio Company; profits interests in a Portfolio Company; and/or other similar payments from Hillhouse Capital Group, a client or a Portfolio Company. This creates a conflict of interest because Hillhouse Capital Group has an incentive to structure compensation under strategic business partnerships so that clients bear the costs (directly or indirectly) instead of Hillhouse Capital Group. Hillhouse Capital Group could also offer strategic partners the opportunity to co-invest alongside clients in certain investments, in some cases regardless of whether such partner played a significant role in sourcing or managing the specific investment.

Diverse Investor Group. Fund investors could have conflicting investment, tax and other interests with respect to their investments. As a consequence, conflicts of interest are expected to arise in

connection with decisions made by HCM, including with respect to the nature or structuring of investments that could be more beneficial for one investor in a Fund than for another investor in the same Fund, especially with respect to an investor's individual tax situations. The nature and diversification of each Fund's investments, as well as the manner in which HCM makes, structures, holds and exits them, could therefore lead to a more favorable legal, tax or regulatory outcome for some investors. In selecting investments appropriate for each Fund, HCM will consider the investment objectives of the Fund as a whole, not the investment objectives of any investor.

Limited Partner Advisory Committee. Many Funds have a Limited Partner Advisory Committee or a similar body (an "LP Advisory Committee") that is empowered to provide on behalf of the Fund consents to and ratifications of, among other things, situations where HCM may be conflicted. The LP Advisory Committee will generally have the ability to bind the Fund, even though other investors may disagree with a given action, and other investors may have no opportunity to cause the LP Advisory Committee to take or refrain from taking any action. In addition, LP Advisory Committee members are generally selected by HCM and may serve at the pleasure of HCM. Investors that serve on a LP Advisory Committee will have interests that differ from, or conflict with, the interests of other investors due to different legal, tax or regulatory regimes, their interests in other Funds or their overall relationship with Hillhouse Capital Group (including direct or indirect economic interests in Hillhouse-affiliated entities), as set forth in the governing documents of the relevant Fund. Accordingly, an LP Advisory Committee can make decisions that benefit its members, a Fund or HCM, even if they are adverse to other investors. Similarly, investors that serve on an LP Advisory Committee do not need to take into account the interests of other investors in voting on matters presented to partners more generally.

Relationships and Transactions with Portfolio Companies. HCM is also associated with (or could directly or indirectly own or control) businesses established by, involving or seeded by its current and former personnel (including but not limited to other asset managers, investment consultants, advisors and Portfolio Companies) and other similar strategic relationships (collectively, with Hillhouse Capital Group, the "Hillhouse Network"). Members of the Hillhouse Network share resources such as technology infrastructure and office space in addition to back office personnel. Members of the Hillhouse Network from time to time compete for transactions in the same or similar securities, industries and/or sectors or take conflicting positions with respect to a particular security, industry and/or sector. Legal, regulatory and/or operational barriers could limit the members of the Hillhouse Network from coordinating in such activities and transactions.

In addition, HCM, its affiliates, or other members of the Hillhouse Network provide, and may, in the future, provide, services (including investment advisory services) to Portfolio Companies or to affiliates of Portfolio Companies ("Services Arrangements"). Compensation paid to HCM, its affiliates, or other members of the Hillhouse Network under Services Arrangements will not necessarily be repaid or rebated to clients, depending upon the relevant client agreement. Services provided under these Services Arrangements are generally carried out on an arm's length basis, but such determination will generally be made by HCM or one of its affiliates, which presents a conflict. The potential for HCM, its affiliates, or other members of the Hillhouse Network to indirectly profit creates an incentive for HCM to influence Portfolio Companies to enter into Services Arrangements. HCM recognizes the conflicts in these situations and relies upon its compliance and conflicts policies to manage actual and potential conflicts.

Without limiting the generality of the foregoing, HCM, its affiliates and other members of the Hillhouse Network provide, and may, in the future, provide, investment advisory services for Portfolio Companies and their affiliates. These arrangements, accordingly, present a conflict of interest in that HCM, through a client's ownership interest in a Portfolio Company, could influence that Portfolio Company or one of its affiliates to engage HCM, its affiliates, or other members of the Hillhouse Network. In addition, HCM, its affiliates or other members of the Hillhouse Network will receive any fixed and incentive compensation agreed to with each such Portfolio Company (or its affiliate), which in many cases is not repaid or rebated to clients, which poses an additional conflict. While the compensation received from the Portfolio Company (or its affiliate) is expected, in the aggregate, to be commensurate with fees charged by other third-party alternative investment managers, that determination will generally be made by HCM or one of its affiliates, which poses an additional conflict.

Portfolio Companies may not be treated as affiliates of HCM and its affiliates. As a result, any restrictions or conditions in the governing documents for the applicable Funds that relate specifically to HCM and its affiliates do not apply to such Funds' Portfolio Companies, even if a Fund has a significant economic interest in a Portfolio Company and/or ultimately controls it.

In addition, certain members of HCM's management constitute and/or serve as the directors of the Fund general partners, Funds, and various investments and investment vehicles of the Funds. Each of these relationships creates a conflict of interest. HCM addresses this conflict of interest by negotiating all of its investment management agreements with its clients on arm's-length terms and disclosing the terms to Fund investors.

Platform Companies. HCM could establish or invest in Portfolio Companies that in turn seek to acquire interests in other companies or assets. These investment opportunities could be structured as "platform companies," as operating joint ventures, holding companies, partnerships, structured finance vehicles, incubators, start-up and other platform companies or other similar arrangements. A platform company typically retains its own qualified management team to operate, administer and manage the company on a daily basis, including by sourcing the underlying assets. Members of the management team could render services exclusively to the platform company or provide the same or similar services to unaffiliated third parties or to other Funds or Portfolio Companies, including similar platform companies of predecessor funds, successor funds and other Funds.

Members of a platform company management team could receive separate compensation for services rendered to unaffiliated third parties or to Funds or portfolio companies. Any compensation the management team receives, regardless of whether Funds, portfolio company or unaffiliated third party pays, would be in addition to, and would not offset, the management fee payable by the Limited Partners. Given that HCM otherwise pays the salaries of HCM's employees, HCM would have an incentive to convert existing HCM employees into members of a platform company's management team.

Investments in Asset Managers, Insurance Companies or Similar Businesses. From time to time, a client could make investments in asset managers, insurance companies or other similar businesses, which could include holding an interest in or investing in any pooled investment vehicles or similar structures in connection with such investment in an asset manager, insurance company or similar businesses. HCM will allocate such investment opportunities in accordance

with its allocation policies and procedures. In the event that such investment opportunities involve substantive integration with Hillhouse Capital Group, limitation pursuant to applicable law, regulations or applicable client agreements, rely significantly upon the personnel, distribution, branding, research, investment expertise, or other resources of Hillhouse Capital Group or subject to any other limitations or restrictions, HCM could determine that such investment opportunities are appropriate solely for HCM's proprietary or principal investment activities and therefore not within the investment focus of a client.

Interests of HCM Professionals in the Funds and Other Entities. HCM professionals generally invest in funds and structures that constitute our clients. While HCM believes this helps align the interests of HCM professionals with those of the clients' other investors and provides a strong incentive to enhance client performance, these arrangements also give rise to conflicts of interest. For example, HCM professionals have an incentive to influence the allocation of an attractive investment opportunity to a client in which they stand to personally earn the greatest return.

Hillhouse Employee Personal Investments. While HCM personnel are subject to stringent personal trading and conflicts policies and procedures, HCM personnel are permitted to personally invest in certain assets, including: limited partnership interests in venture capital funds, growth funds, private equity funds, credit funds, hedge funds and other alternative investment funds (the "Investee Funds") and co-investments alongside such funds; and equity or economic interests in third-party investment fund general partners and managers (together with the managers of Investee Funds, the "Investee Managers"). Such investments could include anchor investments or otherwise provide significant economic or governance rights in certain Investee Funds, including rights to appoint a voting member or observer on the relevant investment committee or limited partner advisory committee. Family office vehicles associated with HCM's officers or employees also have certain governance rights with certain Investee Managers.

Investee Funds and other funds managed by Investee Managers ("Stakes and Seed Funds") pursue a broad range of investment strategies and invest in a broad range of securities and instruments and other assets globally. Any Stakes and Seed Fund could invest in securities or other financial instruments of companies (or issuers) in which clients also have an interest. Any Stakes and Seed Fund could compete for the same types of investments. Also, a Stakes and Seed Fund could purchase investments from, or sell investments to, a client. Stakes and Seed Funds could also invest in competitors of clients or their respective portfolio companies. Actions taken by any Investee Manager in respect of any of the foregoing could adversely impact a client.

Fees and Expenses. Different performance and management fees are charged for substantially similar products HCM manages or advises, which also creates a conflict of interest. Please see Item 5, "*Fees and Compensation*" above for information regarding how HCM is compensated by its clients, the conflict of interest created by allocating investment opportunities among clients, and how HCM addresses such conflict of interest.

HCM does not recommend or select third-party investment advisers for its clients. None of HCM, HCA, or any other affiliate receives compensation, directly or indirectly, from any of the others for any recommendation of the other. In addition, none of HCM, HCA, or any other affiliate,

directly or indirectly, pays or receives compensation to or from third parties in connection with recommending advisory services.

However, in certain circumstances, clients could enter into joint ventures with third-party managers or other persons with respect to the management of specified portfolio investments or categories of portfolio investments and in connection therewith, such third-party managers or other persons could receive management fees and/or performance-based compensation such as a carried interest in vehicles through which such joint ventures invest. Any compensation of such third-party managers or of joint venture partners that will reduce a client's returns from the relevant portfolio investments will not offset carried interest or management fees paid to HCM and will increase the cost of the investors' investment in clients.

Warehoused Investment. During the term of a client, the general partner (or similar controlling entity) of such client or any of its affiliates could initially purchase all or part of an investment intended to be made by such client or fund the purchase of, make a cornerstone investment in connection with or provide financing in connection with, all or part of an investment made by such client if, in each such case, the general partner (or similar controlling entity) of such client determines that it would be necessary or appropriate, including from a legal, tax or regulatory standpoint, in order to facilitate the making of such investment by such client. In such situations, it is generally expected that, (a) the general partner (or similar controlling entity) of such client or its affiliate (as applicable) could transfer the relevant warehoused investment to such client or (b) such client could repay the general partner (or similar controlling entity) of such client or its affiliate (as applicable) for such funding or financing, typically at a price or in an amount (as applicable) generally equal to the cost of such warehoused investment plus interest thereon. In such cases, such client will pay all closing costs in connection with such warehoused investment, including costs incurred in connection with the transfer of such warehoused investment to such client (if applicable). There is no guarantee, however, that such warehoused investment will be transferred to such client at all (due to legal, tax, regulatory or other reasons), or that the price paid by such client for such warehoused investment would represent the price that would have been obtained in a transaction negotiated at arm's length.

Prior to the initial investment or initial closing of the applicable client, the general partner (or similar controlling entity) of such client or any of its affiliates could purchase, fund the purchase of, make a cornerstone investment in connection with or provide financing in connection with one or more investments to temporarily warehouse such investments for such client. Following the initial investment or closing of such client, the general partner (or similar controlling entity) of such client will use commercially reasonable efforts to procure that the general partner (or similar controlling entity) of such client or its affiliate (as applicable) transfers each such pre-investment or -closing investment to such client at a price equal to the cost of such investment plus interest thereon or on such other terms as permitted under such client's governing documents. In connection with, or in lieu of, the foregoing, HCM could enter into arrangements with one or more non-affiliated persons (including any existing investors of any client and potential investors in a client) whereby such persons agree to initially fund all or a portion of the cost of such pre-initial investment or pre-closing investments.

There is no guarantee, however, that such pre-initial investment or pre-closing investments will be transferred to a client at all (due to legal, tax, regulatory or other reasons), or that the price paid by

such client for each such pre-initial investment or pre-closing investment would represent the price that would have been obtained in a transaction negotiated at arm's length.

Other conflicts not discussed above are expected arise in connection with HCM's advisory business. Investors are urged to consult the offering and other governing documents of the relevant clients.

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

General Code of Ethics

HCM expects its employees to be responsible for maintaining the highest ethical standards when conducting business. In keeping with these standards, HCM's employees must always place its clients' interests ahead of their own. Moreover, HCM's employees should adhere to the spirit as well as the letter of the law and be vigilant in guarding against anything that could inappropriately skew their judgment.

Pursuant to Rule 204A-1 under the Advisers Act, HCM has adopted a Code of Ethics (the "Code") which sets forth standards of business and personal conduct for all HCM employees, and addresses conflicts of interest that could arise from personal trading by employees or gifts and entertainment received or provided by employees. The Code sets forth, among other things, standards for the purpose of deterring wrongdoing and promoting: (i) honest and ethical reporting; (ii) full, fair, accurate, timely, and understandable disclosure in reports and documents; (iii) compliance with applicable laws, rules, and regulations; (iv) prompt internal reporting of violations of the Code; and (v) accountability for adherence to the Code. Clients or potential clients can obtain a copy of the Code by writing to HCM's Chief Compliance Officer at the address on the cover page of this Brochure.

As discussed in Item 10, qualifying personnel of the non-U.S. affiliates discussed in Item 4 are treated as "access persons" by HCM within the meaning of Rule 204A-1 under the Advisers Act, and are subjected to the Code.

Interest in Client Transactions

Clients of HCM and its affiliates (such persons, the "Other Hillhouse Investors") from to time to time hold investments similar to or the same as those made or proposed to be made by other HCM clients. Investments held by Other Hillhouse Investors could be in the same or similar securities as those held by HCM's other clients, but acquired at different times, at lower or higher prices or valuations, and on different terms than those upon which HCM's clients acquire an investment. The different prices paid for, or terms of, securities held by the Other Hillhouse Investors creates conflicts of interest. HCM has adopted an aggregation and allocation policy to help assure investment opportunities are recommended or allocated in a fair and equitable manner. As described more fully in Item 5, "*Fees and Compensation*," HCM takes various factors into account in making recommendation and allocation decisions.

Please see Item 5, “*Fees and Compensation*,” and Item 10, “*Other Financial Industry Activities and Affiliations*,” above for a discussion of the conflict of interest created by allocating investment opportunities among client accounts and how HCM addresses the conflict of interest.

Personal Trading

The Code is designed to assure that the personal securities transactions, activities, and interests of HCM’s employees do not interfere with their judgment in advising HCM’s clients. HCM discourages its employees from excessive personal trading due to the conflicts of interest (real and apparent) that such trading could present. Employees are required to seek pre-clearance for all reportable personal securities transactions and provide post-trading details of all approved personal trades. Employees are also required to provide HCM with detailed information regarding their reportable personal securities holdings, which they are required to update on a quarterly basis. Although employees are not prohibited from personal trading, employees are prohibited from short-term trading or speculation, and employees must present any investment opportunities suitable for any investment strategy of HCM’s clients to such clients prior to engaging in any transaction related thereto for personal benefit. To minimize the risk of conflicts of interests, employees and their immediate family members are not permitted to make personal trades in any security, company, asset, or investment product (i) located in or having a substantial business relation to Asia, or (ii) under research, traded in, or contemplated to be traded in by HCM, in each case without the consent of the Compliance Officer.

Service on Boards of Directors

Representatives of HCM, HCA, or their other affiliates, from time to time, serve on the boards of directors of Portfolio Companies and other companies. A HCM representative serving as a director for a company has fiduciary duties to the company, as well as to HCM’s clients. These separate fiduciary obligations could create conflicts of interest that must be addressed to ensure the HCM representative serving as director does not breach his or her fiduciary obligations. In addition, if HCM obtains material, non-public information by virtue of a representative serving as a director of a company, HCM generally would be precluded from trading or making a recommendation with respect to the securities of such company. HCM has adopted internal policies and procedures to address conflicts of interest that arise from time to time in connection with service on the board of directors of a company.

Other Business Ventures

HCM, its affiliates, and its clients will engage in other business ventures to the extent not prohibited by agreements with its clients, independently or with others, including ventures involving investing in securities or managing or participating in other investment funds, or pursuing co-investments with HCM’s clients or otherwise investing in Portfolio Companies independently of its clients. Other ventures undertaken by HCM and its affiliates in certain circumstances are competitive with its clients. Conflicts of interest arise as a result of such activities, including in allocating management time, services or functions and allocating investment opportunities.

In addition, as discussed above, HCM and its affiliates provide investment advisory services to Co-Investment Arrangements and/or Portfolio Companies, and also invest directly or indirectly in investment opportunities. HCM recognizes the conflicts in these situations and relies upon its allocation and other internal policies and procedures to ensure fair and equitable allocation of investment opportunities, and to address other conflicts of interest.

Conflicted Transactions

For a number of the Funds, HCM and its affiliates are and will be among the largest investors. As a result, certain transactions by such Funds could constitute “principal transactions” (as such term is used under the Advisers Act). With respect to principal transactions, cross trades, related-party transactions and other transactions and relationships involving potential conflicts of interest (collectively, “Conflicted Transactions”), the general partner of the relevant Fund will act in accordance with the policies and procedures established by HCM to address these potential conflicts of interest and to authorize or ratify such transactions. HCM expects that any Conflicted Transaction for which consent is required under its policies and procedures or applicable law to be submitted for review and approval to the relevant LP Advisory Committee or board of directors of the general partner of the relevant Fund (so long as the majority of the members of such board is comprised of independent directors) and the decision of the LP Advisory Committee or such board will be binding on the relevant Fund.

Other conflicts not discussed above could arise in connection with the management and operation of HCM’s clients.

ITEM 12: BROKERAGE PRACTICES

HCM has discretionary authority to invest client assets under its management and thereby direct trades. HCM chooses various brokers for more efficient and/or less expensive transactions, or for non-financial relationship reasons. HCM endeavors to select brokers that provide the best execution for securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances (“Best Execution”). In selecting brokers to effect portfolio transactions, HCM considers various factors, including, without limitation: price; quality of execution, including the reliability, promptness, level of accuracy and confidentiality in executing orders; extensiveness of the broker’s distribution network; commission rates or other transaction costs; HCM’s access to the broker’s trading desk; the broker’s familiarity with HCM’s investment practices; and the value of certain brokerage or research services. HCM does not consider whether it receives referrals from a broker-dealer or third party in selecting a broker.

Directed Brokerage

Clients sometimes request that HCM use a particular broker-dealer to effect transactions in recognition of services clients receive from the broker-dealer or from a third party. Agreement to any such request by a client must be pre-approved by HCM’s Chief Compliance Officer. A client’s direction of brokerage services could cost such client more money and could prevent such client from receiving the most favorable execution of such client’s transactions.

Soft Dollar Arrangements

While HCM currently does not have any formal soft dollar arrangements, HCM or its affiliates could enter into arrangements whereby HCM receives research or other products or services (other than execution) from a broker or other third party in connection with client securities transactions, known as “soft dollar benefits.” These soft dollar benefits would be received in connection with commission fees paid to those brokers to execute client transactions. These research products and services would be intended to provide HCM with valuable research and services that HCM would otherwise have to produce or purchase from third parties with its own funds.

Any transaction in which soft dollar benefits are being received will be carefully evaluated to determine that the transaction complies with HCM’s duty to seek Best Execution. However, as a result of any soft dollar benefits HCM receives, HCM could have an incentive to select or recommend a broker based on receipt of soft dollar benefits.

Section 28(e) of the Securities Exchange Act of 1934 establishes a safe harbor allowing investment managers to use client funds, by way of commission dollars, to purchase certain “brokerage and research” services. Pursuant to this safe harbor, the brokerage and research services, if any, must provide HCM with lawful and appropriate assistance in the performance of its investment decision-making responsibilities. Further, HCM will make a good faith determination that the amount of commissions paid by clients is reasonable in light of the value of the brokerage or research services received. This means that clients could pay commissions to a broker in an amount greater than the amount another broker might charge.

HCM would only enter into soft dollar arrangements if it believes that the products or services it could obtain through soft dollar arrangements would benefit all of its relevant client accounts, rather than benefitting just one account. HCM currently does not require soft dollar benefits to be allocated proportionately to the amount of soft dollar benefits generated by each client account. Therefore, it is possible that such soft dollar benefits could provide a benefit to some clients who have not generated a proportionate share of commissions used to pay for these benefits. However, it is also possible that clients could benefit from these arrangements to a greater extent than the commissions they generated.

HCM has instituted certain procedures governing soft dollar benefits. Soft dollar benefits could be received from a broker in consideration of directing transaction business on behalf of a client to the broker only if:

- The soft dollar products or services fall within the Section 28(e) safe harbor;
- The soft dollar products or services are of demonstrable benefit to HCM’s clients;
- HCM seeks to affirm that the soft dollar product or service assists in the investment decision-making process and the commissions paid are reasonable in relation to the products or services received;
- Transaction execution is consistent with Best Execution standards and brokerage rates are not in excess of customary full-service brokerage rates;
- Disclosure is made to clients of HCM’s practices for receiving the soft dollar products or services; and

- Client(s) has consented in writing to the receipt of soft dollar products or services.

Trade Aggregation

HCM generally aggregates its client orders when doing so will result in a better overall price for its clients' trades and as otherwise consistent with the terms of its allocation policies. Aggregation or "bunching" describes a procedure whereby an investment manager combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, net asset value, available cash, lifespan of HCM's clients and other factors. HCM will not aggregate orders among clients of HCM and/or its affiliates where such activity is inconsistent with or is prohibited by local law, regulations or exchange rules.

ITEM 13: REVIEW OF ACCOUNTS

HCM reviews and evaluates its clients' investment objectives and performance on a regular basis. HCM also reviews strategies to ensure compliance with investment objectives and restrictions. Reviews are primarily conducted by the relevant portfolio manager and could periodically be conducted by an investment committee that is comprised of HCM's Chief Investment Officer, and other senior members of HCM's research team.

Fund investors receive an annual report containing audited financial statements, generally within 120 days following the end of the Fund's fiscal year. Fund investors also receive relevant tax information for the Fund in which they are invested. In addition, clients and investors receive unaudited statements with information on their account activity on a quarterly basis (or on a more frequent basis, depending on the Fund terms or the client agreement). These written financial statements and reports typically do not include a listing of portfolio investments.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Neither HCM nor any related person of HCM, directly or indirectly, compensates any person for client referrals. Should HCM determine to enter into a solicitation arrangement for client referrals, HCM will disclose the arrangement in writing as required by Rule 206(4)-3 under the Advisers Act and will comply with all other applicable requirements of the Rule.

No person, other than HCM's clients, provides HCM with an economic benefit for providing advisory services to its clients. Please see Item 12, "*Brokerage Practices*," above for a discussion of certain soft dollar benefits that HCM could receive in connection with certain brokerage relationships.

Related persons of HCM serve as directors on the boards of public and private companies in which one or more of HCM's clients invest. In certain circumstances, HCM receives director's fees in connection with such service. Please see Item 11, "*Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*," for a description of HCM's process for addressing conflicts of interest created by its related persons serving as directors.

ITEM 15: CUSTODY

HCM is deemed to have custody over certain of its clients' assets under Rule 206(4)-2 of the Advisers Act (the "Custody Rule") because of its authority to access client assets and its role as a general partner of a Fund. The term "custody" is defined under the Custody Rule as holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. HCM does not physically hold client assets. Instead, for clients within the scope of the Custody Rule, HCM maintains client securities and funds with a "qualified custodian" in accordance with the Custody Rule. Client funds and securities are held with a bank, broker-dealer, or other independent, qualified custodian. HCM's Chief Compliance Officer is responsible for ensuring that any qualified custodian with custody of client assets that fall under the Custody Rule is properly qualified. Further, HCM could satisfy the audit provision of the Custody Rule through an annual audit of the relevant clients. Where required, audited financial statements are prepared and delivered to underlying investors in accordance with the Custody Rule. Item 13, "Review of Accounts" above describes the content and frequency of other reports delivered to underlying investors.

ITEM 16: INVESTMENT DISCRETION

HCM generally has discretionary authority to manage assets on behalf of its clients, including authority to determine which investments are bought and sold and the amounts appropriate for that client. HCM could, however, also enter into non-discretionary arrangements.

As noted above under Item 7, "Types of Clients," clients generally enter into written investment advisory agreements with HCM before establishing an advisory relationship with HCM and these agreements can contain limitations on HCM's authority. For Funds and other categories of clients, limitations on HCM's authority or other material terms of the advisory relationship can be found in written investment management agreements, in the organizational or governing documents of the applicable clients or in disclosure documents applicable to such clients.

ITEM 17: VOTING CLIENT SECURITIES

HCM has and will accept proxy voting authority to vote client securities. This creates a potential conflict of interest because of the possibility of HCM voting client securities to further its own interests at the expense of its clients' interests. HCM takes seriously its responsibility to exercise proxies on behalf of clients and have adopted written policies and procedures to do so in a manner consistent with Rule 206(4)-6 promulgated under the Advisers Act. These policies and procedures are reasonably designed to ensure that proxies are voted in the best interest of HCM's clients, which generally means voting proxies with a view to enhancing the value of client securities.

The financial interest of HCM's clients is the primary consideration in determining how proxies should be voted. Further, as the decision to invest in a company normally represents confidence in the company's management, HCM will typically give serious consideration to management recommendations. HCM will generally support management recommendations regarding internal operations and those without significant economic effects. Conversely, management proposals that are likely to have significant economic effects, involve management interests or where HCM lacks

confidence in the management team will be subject to greater scrutiny on a case-by-case basis. The following is a brief summary of principles, rather than rules, that reflect the long-term approach that guides (but does not obligate) HCM's investment and proxy voting decisions regarding common proxy proposals.

1. Board of Directors: HCM will generally support resolutions that promote the effectiveness of boards in acting in the best interest of shareholders. HCM generally supports the election of a majority of independent directors.
2. Auditors and Auditor Compensation: Where all members of a company audit committee are independent, HCM will generally support the election of directors, the appointment of auditors, and the approval of the auditor compensation recommended by the board of directors.
3. Changes in Capitalization: HCM recognizes the need for the management of a company to have flexibility to issue or repurchase shares to meet changing financial conditions. HCM will generally support changes in capitalization when a reasonable need for change is demonstrated. HCM is, however, aware that new shares could dilute the ownership interest of shareholders, and HCM will not generally support changes resulting in excessive dilution of existing shareholder value.
4. Corporate Restructuring, Mergers, and Acquisitions: HCM believes proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, HCM will analyze such proposals on a case-by-case basis, weighing heavily the views of its research analysts that cover the company and its investment professionals managing the portfolios in which the stock is held.
5. Management Compensation: HCM's goal is to support compensation arrangements that are tied to long-term corporate performance and shareholder value. These arrangements should better align management's interests with those of shareholders and should induce management to purchase and hold equity in the company. Stock option plans that are overly generous or excessively dilutive to other shareholders generally will not be supported.
6. Other Issues: HCM will address business issues specific to a company or those raised by shareholders of a company on a case-by-case basis with a focus on the potential impact of the vote on value for its clients.

Procedurally, HCM will take reasonable measures under the circumstances to obtain knowledge of meetings and other events giving rise to solicitation of proxies, assure that proxies are received in sufficient time for HCM to take action, vote proxies, and return the proxies to the parties soliciting them in time to be counted. Clients could direct (in certain cases) the vote of HCM in a particular solicitation, obtain information from HCM about how it voted clients' securities, and obtain a copy of HCM's proxy voting policies and procedures by writing to Hillhouse Capital Management, Ltd., Attn: Chief Compliance Officer, at the address on the cover page of this Brochure.

If a HCM representative serves on the board of directors for a Portfolio Company in which a client invests, unique conflicts of interest in relation to proxies could exist. In such circumstances, HCM's Chief Compliance Officer or its designee will undertake a review prior to any vote by the proxy recipient to determine whether a material conflict of interest exists between the applicable HCM representative and the interests of such client, or between the HCM representative and such client and company shareholders. In the event a material conflict of interest is identified, the Chief Compliance Officer or his or her designee will take such steps as he or she deems necessary to determine how to vote the proxy in the best interests of the relevant client. In each instance, when exercising their voting discretion, HCM's representatives will seek to avoid any direct or indirect conflict of interest between a client(s) and their voting decisions.

ITEM 18: FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair HCM's ability to meet its contractual commitments to clients.