

**Item 1 – Cover Page**

**Part 2A of Form ADV  
Brochure for:**

**Redmile Group, LLC**

**One Letterman Drive, Bldg. D, Suite D3-300  
San Francisco, CA 94129  
415.489.9980/redmile\_legal@redmilegrp.com  
Website: [www.redmilegroup.com](http://www.redmilegroup.com) / [www.redmilegrp.com](http://www.redmilegrp.com)**

**March 31, 2022**

**This brochure provides information about the qualifications and business practices of Redmile Group, LLC (“Redmile”). If you have any questions about the contents of this brochure, please contact us at 415.489.9980 or via email at [redmile\\_legal@redmilegrp.com](mailto:redmile_legal@redmilegrp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Redmile is a registered investment adviser. Registration of an investment adviser does not imply any certain level of skill or training.**

**Additional information about Redmile also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

This Brochure, dated March 31, 2022, serves as Redmile’s annual updating amendment to its last Brochure, which was filed on March 31, 2021. We have not updated this Brochure since that annual update. While this update to our Brochure contains changes and updates to certain information, we do not believe the changes and updates since we last filed an annual update to our Brochure are material. Please note that this updated Brochure reflects certain new Funds that we have formed since the last annual update to our Brochure. We encourage you to read the Brochure in its entirety.

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## **Item 4 – Advisory Business**

**Description of Advisory Firm.** Redmile Group, LLC (the “Firm” or “Redmile”), a Delaware limited liability company, was formed in March 2007 and became operational shortly thereafter. Jeremy Green is the managing member and principal owner of the Firm. The Firm generally provides investment management and advisory services to private investment funds (“Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended, and separately managed accounts (the Funds and separately managed accounts, each a “client” and collectively, “clients”). The Firm focuses primarily on making investments in U.S. and non-U.S. healthcare companies.

The Firm provides investment management and advisory services to three types of Funds: open-end funds that invest primarily in public equities (the “Pooled Investment Vehicles”), closed-end venture capital or growth equity funds (the “VC Partnerships”) and closed-end funds that invest primarily in public equities (the “RedCo Partnerships”). The firm also provides investment management and advisory services to certain special purpose vehicles (“SPVs”), which typically are structured to implement a specific trade thesis or to invest in and around a specific company.

The Pooled Investment Vehicles consist of U.S. and non-U.S. private investment funds. Certain affiliates of Redmile serve as the general partner or special shareholder of certain of these Pooled Investment Vehicles (collectively, the “General Partners”). Certain Pooled Investment Vehicles invest directly and/or in parallel and certain others invest via a master-feeder or mini-master feeder structure.

The VC Partnerships are organized as Delaware limited partnerships or Cayman Islands exempted limited partnerships and each VC Partnership is managed by a separate general partner that is an affiliate of Redmile (collectively, the “VC General Partners”). Certain VC Partnerships invest via a master-feeder structure.

The RedCo Partnerships are organized as Delaware limited partnerships or Cayman Islands exempted limited partnerships and each RedCo Partnership is managed by a separate general partner that is an affiliate of Redmile (collectively, the “RedCo General Partners”). Certain RedCo Partnerships invest via a master-feeder structure.

**Description of Advisory Services.** The Firm manages the portfolios of the Pooled Investment Vehicles and other clients on a discretionary basis according to the investment objectives and restrictions of each Pooled Investment Vehicle or client. The investment objective and strategy for each Pooled Investment Vehicle is described in more detail in its respective offering materials. Please see Item 8 for a more detailed description of the strategies pursued by the Pooled Investment Vehicles.

Redmile provides portfolio management and advisory services for the VC Partnerships, RedCo Partnerships and SPVs. Redmile manages the VC Partnerships, RedCo Partnerships and SPVs in accordance with the investment objective and investment strategy described in their respective offering documents, which typically include a confidential private placement memorandum, limited partnership agreement, subscription agreement and subscription questionnaire.

Redmile also serves as the investment manager to certain separately managed accounts. In this capacity, Redmile provides portfolio management and advisory and other services to specific accounts. Redmile works with each of its separately managed account clients to develop investment guidelines based upon the client’s specific investment objectives. Separately managed accounts are typically governed by a written agreement between the separately managed account client that generally provide more favorable terms than those of the Pooled Investment Vehicles, including with respect to management fees, performance fees and/or liquidity, among other terms. Separately managed account clients can amend their investment guidelines as their needs change or impose restrictions on investing in certain securities or types of securities.

**Client Tailored Services and Client Imposed Restrictions.** Redmile does not tailor its portfolio management services to the individual needs of investors in the Funds.

**Wrap Fee Programs.** Redmile does not participate in wrap fee programs.

**Assets Under Management.** As of December 31, 2021, Redmile had approximately \$9.1 billion in client net assets under management on a discretionary basis. Redmile currently does not manage assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Pooled Investment Vehicles**

**Management Fee (Generally).** For its services in evaluating, selecting and, where appropriate, negotiating investments for the Pooled Investment Vehicles, and otherwise managing and administering the Pooled Investment Vehicles' activities and affairs, the Pooled Investment Vehicles will pay Redmile a management fee as of the beginning of each quarter. The management fee is generally between 0.25% and 0.50% per quarter (between 1% and 2% per year) of the net assets of a limited partner's capital accounts or a shareholder's common shares, as applicable, before accrual of any applicable incentive allocation or fee. For Pooled Investment Vehicles that are part of a mini-master or master-feeder structure, the management fee generally will be paid at the master fund level (but with net assets reduced by feeder-fund level expenses). However, the Firm may elect to have the management fee paid at the feeder-fund level. If the management fee is paid at the feeder-fund level, there will be no management fee paid at the master fund level.

The General Partner and the Firm, each in its sole discretion, have in the past agreed, and may in the future agree, to waive or reduce the management fee charged to investors that are members, directors, principals, employees or affiliates of the General Partner or the Firm, relatives of such persons and certain large, strategic or other investors.

Please see below for information regarding management fee offsets.

**Designated Investments.** Certain Pooled Investment Vehicles were previously authorized to acquire securities for which there is no ready market, such as private or restricted securities. In the event that such Pooled Investment Vehicles made such investments, the General Partner or the Firm could, each in its sole discretion, designate such investment a "Designated Investment." The Firm has discontinued accepting new capital for participation in Designated Investments and does not intend to enter into any new Designated Investments (though it has made follow-on investments in existing Designated Investments and may make future follow-on investments in existing Designated Investments). For Pooled Investment Vehicles that are Delaware limited partnerships (the "Partnerships"), a designated capital account is issued for each Designated Investment made by the Partnership. For Pooled Investment Vehicles that are Cayman Islands exempted companies (the "Companies"), Designated Investments are held in a separate class of common shares and a separate series of such common shares is issued for each Designated Investment.

For purposes of determining the management fee, Designated Investments are valued at fair value, until such investments are liquidated or otherwise realized or deemed realized, unless the Firm or the General Partner, each in its sole discretion, determines that a different valuation is more appropriate.

**Special Investments.** Certain Pooled Investment Vehicles are authorized to (other than at the time of initial purchase of an investment) designate as a "Special Investment" any investment that is reasonably deemed by Redmile to (i) exceed its concentration or risk parameters then in effect, (ii) be subject to legal or contractual restrictions on sale or (iii) properly be held until resolution of a special event or circumstance; provided, that the proportion of the relevant Pooled Investment Vehicle's net asset value designated as Special Investments may not exceed 10% at the time of most recent designation. Redmile's authority to designate an investment as a Special Investment only applies to then existing public positions of the relevant Pooled Investment Vehicle that Redmile reasonably expects to be able to exit within three to 12 months, and does not permit designating an investment as a Special Investment at the time of purchase. Any such designation will be applicable to all then existing investors who participated in the investment pre-designation.

For purposes of determining the management fee, Special Investments will generally be valued at fair value until such investments are liquidated or otherwise realized or deemed realized, unless Redmile, in its sole discretion, determines a different valuation is more appropriate.

**Expenses.** The General Partner and/or the Firm will render the services set forth in the applicable partnership or investment management agreement at their own expense, including the salaries of employees necessary to render such services and all general overhead expenses attributable to their employees.

The Pooled Investment Vehicles will pay for or reimburse the General Partner and/or the Firm for their own expenses, including the fees payable to the General Partner or the Firm, the registrar and transfer agent and the administrator, directors' fees, legal, accounting (including outsourced accounting), auditing and other professional expenses, insurance costs (including D&O and E&O insurance for the Firm and directors), research expenses and investment expenses such as commissions, trading and support services including payments to assisting brokers, interest on margin accounts and other indebtedness, custodial fees, direct fees and expenses such as legal fees and due diligence expenses related to the analysis, purchase or sale of investments (including Designated Investments, Special Investments and Co-Investments (as defined below)) whether or not the investment is consummated, proxy voting service fees, expenses of regulatory compliance, filings and reporting (including but not limited to Form PF, Section 13 and Section 16 filings) that are in connection with, relate to or derive from the Pooled Investment Vehicle or its investment activities, and other expenses related to the purchase, sale or transmittal of the Pooled Investment Vehicles' assets. To the extent applicable, one of the Pooled Investment Vehicles (the "ERISA Fund") that is designed to accept subscriptions from pension and profit-sharing plans maintained by U.S. corporations and unions, individual retirement accounts and Keogh plans, entities that invest the assets of such accounts or plans and other entities investing plan will pay insurance costs (including D&O and E&O insurance for the Firm and directors) in accordance with the requirements of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Generally, expenses directly attributable to a particular Designated Investment, Special Investment or Co-Investment, as determined by the General Partner and/or the Firm, will be charged as follows (if applicable): (a) with regard to the Partnerships, such charges will be attributed to the basic capital account of those limited partners participating in Designated Investments or such Special Investment, and (b) with regard to the Companies, such charges will be attributed to that class/series of common shares not representing Designated Investments, Special Investments or Co-Investments (where applicable), held by those shareholders participating in such Designated Investment, Special Investment or Co-Investment. Co-Investors, for purposes of this paragraph, may be in a unique position of not holding a class of common shares beyond that class of common shares representing a Co-Investment (or Co-Investments). As such, the Firm may attribute such charges/expenses to the reserve that the Firm is entitled to retain out of the capital contributions of such Co-Investors.

The Pooled Investment Vehicles will pay their own organizational expenses, including expenses of the initial offer and sale of common shares. A Pooled Investment Vehicle's organizational expenses may be amortized over a period of up to 60 months from the date the Pooled Investment Vehicle commenced operations, which is a departure from U.S. generally accepted accounting principles ("GAAP"). Please see the additional disclosure related to the Pooled Investment Vehicles' expenses in the section entitled "Conflicts of Interest."

### **VC Partnerships and RedCo Partnerships**

**Management Fee (Generally).** The VC Partnerships will pay the VC General Partners and the RedCo Partnerships will pay the RedCo General Partners, or, in each case, an affiliate designated thereby, an annual management fee of an amount between 0% and 2% of the aggregate capital commitments of the partners, payable on a semi-annual basis in advance. The management fee may be waived or reduced as described in the offering documents and limited partnership agreements of the VC Partnerships or RedCo Partnerships, as applicable.

Furthermore, the VC General Partners and RedCo General Partners have entered into and may, in the future, enter into a side letter or similar agreement with a limited partner of any of the VC Partnerships or RedCo Partnerships, without the approval of any other limited partner in such partnerships, which has the effect of establishing rights under, or altering or supplementing the terms of a VC Partnership's or RedCo Partnership's offering documents. Certain limited partners, including (i) those who provide strategic and/or technical advice to a VC General Partner, RedCo General Partner, the Firm or their affiliates; (ii) VC General Partner members, RedCo General Partner members or Firm employees, and (iii) investors in one or more Funds who have a certain collective minimum capital commitment/investment have a reduced or zero management fee.

Please see below for information regarding management fee offsets.

**Organizational Expenses.** Each VC Partnership and RedCo Partnership will bear all expenses associated with its organization and the offering of the limited partner interests, including, but not limited to, out-of-pocket costs incurred by or on behalf of the VC General Partners, RedCo General Partners or their respective affiliates in connection with the marketing, formation, and organization of the VC Partnerships or RedCo Partnerships and the VC General Partners or RedCo General Partners, as applicable, including legal, accounting, travel, meeting, printing and other fees and expenses incident thereto. With respect to the VC Partnerships, the aforementioned expenses are subject to a cap. Expense caps are detailed in the relevant VC Partnership's or RedCo Partnership's offering documents. For other VC Partnerships and RedCo Partnerships, the partnership shall bear all private placement fees, finder's fees or other similar fees paid to an independent third party in connection with the sale of interests in the applicable VC Partnership or RedCo Partnership.

**Operating Expenses.** The VC General Partners, the RedCo General Partners, the Firm or an affiliate thereof will be responsible for all of the normal day-to-day overhead expenses of managing the VC General Partners, the RedCo General Partners and the Firm, including, without limitation, wages and salaries of employees, rent, utilities and expenses for administrative, clerical and related support services, except to the extent that legal, accounting or other specialized consulting, advisory or professional services are required that the VC General Partners, the RedCo General Partners, the Firm or an affiliate thereof would not normally be expected to render with their own professional staff (the costs of which services will be borne by the applicable VC Partnership or RedCo Partnership pursuant to the following paragraph).

The VC Partnerships and RedCo Partnerships shall bear all costs and expenses incurred in connection with the purchase, holding, sale or proposed sale of any such partnership's investment (whether or not any such purchase or sale is consummated), including, but not by way of limitation, interest on and fees and expenses arising out of all permitted borrowing made by such partnership, real property or personal property taxes on investments, including documentary, recording, stamp and transfer taxes, brokerage fees or commissions, legal fees, investment related travel expenses, expenses incurred in performing due diligence with respect to a purchase, sale or exchange of securities (whether or not ultimately consummated), expenses incurred in connection with the investigation, prosecution or defense of any claims by or against such partnership, including claims by or against a governmental authority, audit and accounting fees, consulting fees relating to investments or proposed investments, taxes applicable to such partnership on account of its operations, expenses associated with the preparation and filing of tax returns, any sales or other taxes, fees or government charges which may be assessed against such partnership, fees incurred in connection with the maintenance of bank or custodian accounts, and all expenses incurred in connection with the registration of such partnership's securities under applicable securities laws or regulations. Such VC Partnership or RedCo Partnership shall also bear expenses incurred by the applicable VC General Partner or RedCo General Partner in serving as the partnership representative, the management fee (to the extent that it is above 0%), any fees or other compensation payable to placement agents or selling agents, the cost of liability and other premiums for insurance protecting such partnership, the applicable VC General Partner or RedCo General Partner, its managers, and the Firm and its managers and employees from liability to third parties that relates to such partnership and their activities and investments, all out-of-pocket expenses of preparing and distributing reports to partners, fees and expenses relating to outsourced finance and accounting services, fees and expenses relating to specialized consulting, advisory or professional services, fees and expenses relating to regulatory compliance of such partnership, the applicable VC General Partner, RedCo General Partner and/or the Firm, meeting expenses, expenses associated with such partnership's communications with partners, including preparation and distribution of financial statements and annual or other reports to the limited partners, out-of-pocket costs associated with such partnership's meetings or Advisory Committee matters, expenses of members of the applicable Advisory Committee (including travel-related costs and expenses), all legal, custodial, audit, appraisal, administration and accounting fees relating to such partnership and their activities, all expenses relating to litigation and threatened litigation involving such partnership, including indemnification expenses, premiums for insurance to protect such partnership, the applicable VC General Partner or RedCo General Partner, the members of the VC General Partner or RedCo General Partner, the Firm, the members of the Firm, the members of the applicable Advisory Committee and any of their respective partners, members, stockholders, managers, managing directors, officers, directors, trustees, employees, consultants, agents or affiliates in connection with the activities of such partnership, and all other expenses properly chargeable to the activities of such partnership.

**SPVs.** The fees and expenses relating to any SPV typically are negotiated on a case by case basis.



## **All Clients**

**Management Fee Offsets.** The management fee paid by each client, to the extent that it is above 0%, will be offset by an amount equal to one hundred percent (100%) of the amount of any cash or other compensation paid as directors, consulting, management service, advisory, consultant, transaction, commitment, breakup or broken deal fees or similar fees to the applicable General Partner, VC General Partner, RedCo General Partner, the Firm or any of their respective members, employees or affiliates by any portfolio company in which the client holds an investment or any portfolio company in which the client expected to invest but issuance of securities was not consummated (net of any unreimbursed expenses of the General Partner, VC General Partner, the RedCo General Partner, the Firm or any of their respective members, employees or affiliates, and as adjusted for any similar reductions with respect to any related entities (if applicable) pro rata in proportion to the amounts invested by such entities in the portfolio company paying any such fees to prevent double counting).

**Co-Investments.** In certain instances, after all of Redmile's clients have been allocated what Redmile believes to be the appropriate amount of an investment, given such clients' capacity, restrictions, investment objectives and risk profile, among other considerations, excess capacity remains available. If Redmile determines, based on the above investment allocation principles, and any other relevant investment allocation criteria, that allocating the full amount of an investment opportunity to the client(s) is inappropriate, the excess portion of such investment opportunity from time to time is offered as a co-investment opportunity (a "Co-Investment") to persons selected by the Firm ("Co-Investors"). Such Co-Investors sometimes include the principals, employees or affiliates of the Firm, whether or not such persons are investors in the Funds. The Firm sometimes finds that an investment opportunity is inappropriate for the Funds, but appropriate as a Co-Investment. There is no guarantee for any Fund investor that it will be offered Co-Investment opportunities. As a general matter, the allocation of Co-Investment opportunities is entirely discretionary and it is expected that many investors who have expressed an interest in Co-Investment opportunities will not be allocated any Co-Investment opportunities or will receive a smaller amount of a Co-Investment opportunity than the amount requested. The Firm will take into account various facts and circumstances in allocating Co-Investment opportunities.

Further, the Firm has entered into agreements with certain investors that include terms and conditions applicable to such investor and its investment in the Funds that would not apply to other investors' investment in any of the Funds. Other investors will not receive a copy of the agreement memorializing such terms and conditions (even if in the form of a side letter) and may be unable to elect to receive any rights or benefits granted to such investor. Specific examples of such additional rights and benefits include discounts on fees or performance-based compensation, as well as the presentation of Co-Investment opportunities. The existence of any such arrangements could result in fewer Co-Investment opportunities being made available to other investors. The Funds typically bear their share of expenses for unconsummated transactions, and Redmile will endeavor to treat all Funds and any Co-Investors fairly and equitably in allocating such expenses.

Generally, Co-Investments are available via one of the Pooled Investment Vehicles to which Redmile provides investment management and advisory services. Co-Investments may also be available via the VC Partnerships or RedCo Partnerships. Additional information with regard to Co-Investments, as related to the VC Partnerships and RedCo Partnerships, can be found in the offering documents of the VC Partnerships and RedCo Partnerships. In connection with any Co-Investment by third-party Co-Investors, the Firm from time to time establishes SPVs to facilitate such Co-Investors' investment alongside a Fund. An investor may not redeem a Co-Investment until that particular Co-Investment is liquidated or otherwise realized or deemed realized.

Co-Investments will be valued at fair value, until such investments are liquidated or otherwise realized or deemed realized, unless the Firm, in its sole discretion, determines a different valuation is more appropriate. The Firm does not receive a management fee, a performance fee and/or a performance allocation with respect to certain Co-Investments.

Performance/incentive based fees and allocations are discussed in Item 6, "Performance-Based Fees and Side-By-Side Management" below.

*Additional information regarding management fees and expenses can be found in the Funds' offering documents. Such offering documents contain a complete description of each of the Funds' management fees and expenses.*

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

### **Pooled Investment Vehicles**

Redmile charges an incentive allocation or incentive fee where applicable with regard to the Pooled Investment Vehicles and its clients other than the VC Partnerships and the RedCo Partnerships. The amount of such incentive allocation or incentive fee is generally 20% of each limited partner's share of net profits of the Pooled Investment Vehicle (including realized and unrealized gains and losses), subject to a loss carryforward provision, allocated or charged as of the end of each Pooled Investment Vehicle's fiscal year and upon withdrawal or redemption of interests or shares during the year. For this purpose, net profits shall include net unrealized gains and losses on investments other than Designated Investments and Special Investments and net profits or losses from the liquidation, realization or deemed realization of Designated Investments and Special Investments (if any).

For Pooled Investment Vehicles that are part of a mini-master or master-feeder structure, an investment allocation generally will be made at the master fund level (but with net profits reduced by feeder-fund level expenses). However, the amount of an incentive allocation may alternatively be paid, without affecting the fund investors' economics, as a fee at the feeder-fund level, but the investors will not be subject to paying incentive compensation at both levels.

The General Partner or the Firm, as applicable, in its sole discretion, has in the past agreed, and may in the future agree, to waive or reduce the incentive compensation charged to investors that are members, directors, principals, employees or affiliates of the General Partner or the Firm, relatives of such persons and certain large, strategic or other investors.

The Firm generally will receive an incentive fee or allocation upon the liquidation, realization or deemed realization of a Co-Investment. Generally, this Co-Investment incentive compensation will be calculated separately with respect to each Co-Investment and will not be subject to a "loss carryforward" provision or "claw back" provision.

### **VC Partnerships and RedCo Partnerships**

A portion of each VC Partnership's and RedCo Partnership's net investment proceeds will be distributed, if earned, to the applicable VC General Partner or RedCo General Partner, or their respective affiliates, as carried interest distributions. Generally, Redmile or an affiliate is entitled to receive 20% of the investment profits of the applicable VC Partnership or RedCo Partnership, pursuant to a distribution waterfall described in the offering documents of the VC Partnership or the RedCo Partnership. For the RedCo Partnerships, a preferred return must be distributed to investors before the applicable RedCo General Partner or an affiliate is entitled to a carried interest distribution.

The VC General Partners and RedCo General Partners have entered into and may, in the future, enter into a side letter or similar agreement with a limited partner, without the approval of any other limited partner, which has the effect of establishing rights under, or altering or supplementing the terms of any of the VC Partnerships' or RedCo Partnership's offering documents. Finally, the Firm has in the past agreed, and may in the future agree, to waive or reduce any carried interest allocated to the applicable VC General Partner or RedCo General Partner with respect to investments in the VC Partnerships or RedCo Partnerships by investors that are members, directors, principals, employees or affiliates of the Firm, relatives of such persons and certain large, strategic or other investors.

**SPVs.** The performance-based compensation relating to any SPV typically is negotiated on a case by case basis.

Performance-based fee arrangements create an incentive for Redmile to recommend investments that are riskier or more speculative than those that we would recommend under a different fee arrangement. In the allocation of investment opportunities, performance-based fee arrangements also create (i) an incentive for Redmile to favor clients with performance or incentive fee arrangements over clients that are not charged, or from which we will not receive, a performance fee; and (ii) an incentive for us to favor clients from which we will receive a greater performance fee over clients from which we will receive a lesser performance fee. In an effort to mitigate this inherent conflict of interest, the Firm has implemented an allocation policy and reviews its trade allocations to seek to confirm that investments are allocated among its clients in a manner that Redmile believes over the long term is fair and equitable to its clients.

*Each Fund's offering documents contain a complete description of the performance-based fees (i.e., the incentive allocation, incentive fee or carried-interest) associated with such Fund.*

## **Item 7 – Types of Clients**

Redmile serves as investment manager to Pooled Investment Vehicles, VC Partnerships, RedCo Partnerships, SPVs and separately managed accounts. In certain limited circumstances, Redmile also provides certain consulting services to clients.

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

Following is a description of some of the more significant investment strategies that Redmile uses on behalf of its clients generally, investment instruments in which Redmile's clients invest, and the risks associated with them. Not all of the investment strategies, investment instruments and associated risks are relevant to all clients.

**Investment Objective.** Redmile will implement the investment objectives of the Funds described in each Fund's offering documents. There can be no assurance that the investment objectives of the Funds will be achieved. Furthermore, an investment in the Funds may be deemed speculative and is not intended as a complete investment program. The Funds are designed for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Funds.

**Types of Investments.** The Firm will seek to achieve the objectives of the Funds stated in their respective offering documents, by investing primarily in U.S. and non-U.S. healthcare companies. Pooled Investment Vehicles and RedCo Partnerships generally invest in public equities, which sometimes includes investments in illiquid, publicly-quoted securities. The Pooled Investment Vehicles and RedCo Partnerships from time to time also invest in private companies and/or non-equity asset classes where the Firm believes such investments offer a superior risk-reward. The VC Partnerships generally invest in private equity investments structured as equity and equity-related investments principally in healthcare related businesses. The Firm may also invest in fields related to healthcare where due diligence shows that healthcare assets are the driving force behind value creation and in other sectors from time to time.

Notwithstanding the foregoing, the Firm generally has broad and flexible investment authority. In order to maintain flexibility and to capitalize on investment opportunities as they arise, the Firm is not required to invest any particular percentage of the Funds in any type of investment or region, and the amount of the portfolios which is invested in any type of investment or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities. Accordingly, investments may at any time include long or short positions, if applicable, in U.S. or non-U.S. publicly-traded or privately-issued common stocks, preferred stocks, stock warrants and rights, bonds, notes or other debentures or debt participations, convertible bonds, convertible preference shares, fund interests, swaps, options (including options on stock market indices), futures contracts, commodities, forward contracts and other securities or financial instruments including those of investment companies.

**Investment Approach/Strategy.** The following are key principles behind the Firm's investment approach and strategy:

- The Firm has a broad healthcare focus.
- Healthcare is a truly global market.
- Generally, the Firm has a longer-term investment horizon.
- Fundamentals are key and drive real value.
- Patience is a virtue. While the Firm's process is based on fundamental research, it recognizes that specific knowledge may not be useful for years.

**Research Process.** "Fundamental research" is at the heart of the Firm's investment process. The Firm seeks to recognize product cycles and investment themes before they become the focus of mainstream investors. As part of this process, the Firm utilizes a number of different avenues to provide information leading to an investment decision. The following are sources for the Firm's ideas: (a) contacts with physicians; (b) focus outside of the United States; (c) dialogue with companies; (d) attendance at medical conferences; (e) meetings with private companies; and (f) regular dialogue within the team. The Firm utilizes a note and model process. The following are the Firm's protocols:

- Company Financial Models: The Firm maintains proprietary models on a broad range of companies, including investments by the Pooled Investment Vehicles and potential future investments.
- Market Models: The Firm also builds and maintains market models for a number of key medical markets.
- Investment Theses: Investments are generally preceded by a research note explaining the thesis, the expected fair value and the risks inherent in such investment.
- Regular Dialogue: The Firm shares findings from its research process with its team in brief research notes in order for it to internally leverage its information and ideas.

**Risk Management.** The Firm's risk Management protocols include the following: (a) single product/market risk analysis; (b) longs and shorts, if applicable, are not necessarily matched; (c) no pre-defined views on exposure; and (d) stop-loss rules. Investing in securities involves risk of loss that clients and limited partners and shareholders of clients should be prepared to bear. Redmile cannot assure clients or limited partners and shareholders of clients that (a) the Funds will achieve their investment objectives, (b) its investment strategies will prove successful; or (c) they will not lose all or part of their investment.

THE FOLLOWING IS A BRIEF SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH THE FIRM'S MANAGEMENT AND INVESTMENTS. FOR A MORE COMPREHENSIVE DISCUSSION OF RISK, CURRENT AND POTENTIAL INVESTORS SHOULD REFER TO EACH FUND'S OFFERING DOCUMENTS.

While the following summary of certain of these risks should be carefully evaluated before making an investment in any Fund, the following does not intend to describe all possible risks of such an investment. Risks to the Firm's clients include, but are not limited to, the following:

- Investment/Certain Risk: The Funds are speculative investments and are not intended as a complete investment program. Investment in the Funds is suitable only for persons who can bear the economic risk of the loss of their investment, who have limited need for liquidity in their investment and who meet the conditions set forth in each of the Funds' offering documents. There can be no assurance that the Funds will achieve their investment objectives. Investment in the Funds involves significant risks.
- Future and Past Performance: The past performance of the Funds as well as the performance of other clients advised by the Firm is not necessarily indicative of the Funds' future results. While the Firm intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the Funds' objectives will be achieved. Loss of principal is possible on any given investment.
- Epidemics and Pandemics: In the winter of 2020, the global outbreak of Coronavirus (or COVID-19) created enormous unprecedented economic and social uncertainty throughout the world. As of the date of this brochure, that uncertainty continues. The ultimate impact of the Coronavirus outbreak (or of any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, but as of the date of this brochure, Coronavirus and the reactions to it have already had dramatic adverse effects on global, national and local economies and on financial markets, and there is a significant likelihood that the negative impact will persist for some time. In particular, disruptions to commercial activity across economies due to the imposition of quarantines, remote working policies, "social distancing" practices and travel restrictions, and/or failures to contain the outbreak despite these and other measures, could materially and adversely impact the Funds' investments, both in the near- and long-term in a variety of industries and regions or globally. The impact of Coronavirus on the health of Redmile's employees and the imposition of restrictions on Redmile's employees (including "shelter-in-place" or "lock-down" directives) could materially disrupt Redmile's business activities and negatively affect Redmile's ability to effectively monitor and manage the Funds' portfolio and operate the Funds in general. Similar operational disruptions have occurred and may continue to occur in respect of service providers, counterparties (including providers of financing) and the markets in which a client trades.
- Non-Diversification: The clients' portfolios are invested primarily in equities and equity-related securities, with an emphasis on healthcare companies and are not widely diversified among a wide range of issuers, geographic areas, capitalizations or types of securities. Accordingly, the investment portfolio of a client may be subject to more rapid change in value than if such client were required to maintain wide diversification. Further, if a Designated Investment becomes freely tradable, and the Firm or the General Partner continues to hold the security as a Designated Investment and also makes an additional investment in the relevant security in certain clients' portfolio, an investor participating in such Designated Investment will have greater exposure to such security than an investor not participating in such Designated Investment.
- Investing in Healthcare Companies: Investing in securities and other instruments of healthcare companies involves substantial risks including, but not limited to, the following: change in government policies; companies having limited or no operating histories, or limited products, markets and financial resources; rapidly changing technologies; unanticipated problems in connection with the development of new products; scarcity of management and marketing personnel with appropriate technological or medical training; the

possibility of lawsuits, regulatory changes and/or governmental action; changing investors' sentiments and preferences with regard to investments in healthcare companies; volatility in the global stock markets; extensive government regulation; substantial and ongoing capital needs of companies; length, expense and uncertainty of process for obtaining government approval for new products; and delays in generating products (as well as more general ongoing capital requirements), which may result in the need for companies to seek additional capital, potentially diluting the interest of existing investors, such as the relevant clients.

- Risks Associated with the Healthcare Industry: The healthcare industry is dominated by large multi-national corporations, which may be better able to adapt to the challenges presented by continuing rapid and major scientific, regulatory and technological changes as well as related changes in governmental and third party reimbursement policies than certain clients' portfolio companies. Certain clients' portfolio companies may be at least partially dependent for their success upon governmental and third party reimbursement policies, and any change to such policies could adversely affect the viability of a portfolio company. Further, many healthcare-related companies offer products and services that are subject to governmental regulation and may be adversely affected by changes in governmental policies or laws. The healthcare sector has been the subject of an especially high level of legislative and regulatory scrutiny and often contrary initiatives in recent years in preparation for and in response to the Patient Protection and Affordable Care Act of 2010 (the "Affordable Care Act"), the focus on the level of drug prices, election results in the United States and ongoing initiatives to amend or repeal the Affordable Care Act. Within the healthcare industry, the development of products generally is a costly and time consuming process. Many highly promising products ultimately fail to prove safe and effective. Products under development and pre-clinical testing generally will require extensive clinical testing prior to application for commercial use. There can be no assurance that the research or product development efforts of any client's portfolio companies or those of their collaborative partners will be successfully completed, that specific products can be manufactured in adequate quantities at an acceptable cost and with appropriate quality, or that such products can be successfully marketed or achieve customer acceptance. There can be no assurance that any client's portfolio companies will be able to obtain patents for key inventions or uphold any challenges thereto, which may be costly and distracting to the portfolio companies' management.
- Technological Obsolescence: Certain healthcare and medical technology related businesses are characterized by single product focus and rapidly changing technologies. Success in a business with a single product focus is particularly sensitive to technological changes and the development of alternative competing products. These changes and developments may render existing products and technologies obsolete or less effective compared with newly introduced products and technologies.
- Investments in Royalty Interests: Clients may purchase royalty interests. Royalty interests are generally derived from long-term contractual agreements between licensors and licensees, and there may be provisions in such agreements that restrict each of the clients' ability to transfer such royalty interests without the express written consent of the licensors or licensees. Distributions to limited partners of any of the clients from royalty interests, if any, will be tied to the revenue levels achieved by the products underlying each royalty interest. Although the variations in revenue are typically gradual and cyclical, in certain cases they could be material and adverse.
- Early Stage Investments: Certain clients focus on emerging biopharmaceutical companies typically raising Series A through pre-IPO mezzanine stage investments. While such clients may invest in newly-formed companies under unique circumstances, certain clients will principally focus on companies that offer a strong scientific foundation with established leadership. To the extent that such clients do invest a portion of their assets in newly-formed or pre-revenue portfolio companies, the following risks may apply. Most of these types of investments are made at an early point in a company's life cycle. These "early stage" or "seed" investments can create value inherent in particular companies or situations that can be realized only with substantial effort or expense. Often the success of the investment will depend not only on the efforts of its management team, but also upon actions of other key individuals, or extraneous factors including political or economic developments over which the Firm has little or no control. Many early stage companies face significant competition from other firms, both established and start-up. Early stage investments are typically made in firms that are seeking to develop and bring to market new, unproven technology. This endeavor is subject to a number of risks, including: failure to develop or perfect the technology as planned; obsolescence; patent infringement and similar claims that prevent the technology from being used or licensed; lack of market acceptance of the technology; and loss of key personnel. These companies are typically dependent on the abilities of key individuals, including founding entrepreneurs, owners or employees with critical



technological skills or ownership of important patents or other intellectual property, and marketing and financial professionals. The growth and development of early stage companies may depend on the regular injection of additional capital and financing beyond that which such clients are prepared or able to invest; such financing may not be available from other sources. Venture stage companies are typically thinly staffed and may lack the internal resources or procedures and controls to detect and prevent accounting errors, or more serious losses caused by the misconduct or negligence of officers, employees or agents. The very significant returns that have been earned in a small portion of venture capital investments have in large part resulted from the completion of highly successful initial public offerings or acquisitions that have permitted the venture investors to sell their equity interests at multiples of original cost. There can, of course, be no assurance that, at the time a given venture investment matures, the public securities markets will support an initial public offering to permit such returns or that the venture-backed company's fundamentals will warrant such returns.

- High-Growth Company-Related Risks: Certain clients invest in high-growth companies, which may allocate, or may have allocated an unusually high percentage of their available capital to research and product development. The securities of these companies may experience outlier material price movements associated with the perceived prospects of success of their research and development programs. In addition, companies in which certain clients invest could be adversely affected by the lack of commercial acceptance of a new product or products or by technological change and obsolescence. Many of these companies may participate in undeveloped or limited markets, have limited products, rely on proprietary technology that may be difficult to protect from competitors, have no proven profit-making history, operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or are in the (highly unpredictable) developmental stages of their businesses. The U.S. Food and Drug Administration ("FDA") approval process is inherently unpredictable and in many cases the success or failure of the companies in which such clients invest will depend on the outcome of this process.
- Legal and Regulatory Risks in Medical Technology and Biopharmaceutical Portfolio Companies: Legal and regulatory changes could occur during the term of certain clients that may adversely affect such clients. The products and compounds of portfolio companies and some of such clients' assets may be subject to extensive and rigorous regulation by U.S. local, state and federal regulatory authorities and by foreign regulatory bodies. There can be no assurance that products developed by each of such clients' portfolio companies will ever be approved by such governmental authorities. Discovery of previously unknown problems with a product, manufacturer or facility can result in restrictions on the use or the manufacture of such product. Such event would likely have a significant and adverse effect on the performance of a particular product or associated royalty interest and could have a material adverse effect on the aggregate performance of such clients.
- IPOs: Certain clients invest in IPOs. IPOs often involve a limited number of shares available for trading, unseasoned trading, a lack of investor knowledge about an issuer and a limited operating history on the part of the issuer. In addition, some companies pursuing IPOs are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. Accordingly, income or loss attributable to such investments may materially adversely affect such clients' performance. Such clients are generally precluded for some time from selling their shares in portfolio investments that have gone public because of investment limitations, lock ups or other liquidity restrictions, and during such time the price of the portfolio investment's securities could decline precipitously.
- Investments in PIPE Transactions: Certain clients invest in private investments in public equities ("PIPEs") or private financing of public companies. In a PIPE transaction, such client will typically bear the price risk from the time of pricing until the time of closing. In addition, such client often has to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC's preparedness to declare effective a resale registration statement covering the resale of the shares sold in the private financing.
- Restricted Securities: Certain clients invest in restricted securities, which are securities that cannot be offered for public resale unless registered under the applicable securities laws or that have a contractual restriction that prohibits or limits their resale (i.e., Rule 144A securities). Such investments may include private placement securities that have not been registered under the applicable securities laws. Rule 144A securities

are restricted securities that can be resold to qualified institutional buyers but not to the general public and therefore may be considered to be illiquid.

- Unanticipated Delays and Uncertainty of Product Development: Unanticipated problems may arise in connection with the development of new products or technologies, and many of such efforts could ultimately be unsuccessful. For example, regulatory approval is often required to market or sell, drugs, devices, medical technologies and other healthcare-related products. The approval process typically takes many years, and is extremely expensive and uncertain. In addition, as part of the regulatory approval process, companies may need to conduct preclinical studies involving animals, and clinical trials involving humans. Even if results from preclinical studies are favorable, the results in clinical trials on humans may differ, and results from initial clinical trials may not reflect those obtained in later stage trials. Preclinical studies and clinical trials are costly and lengthy and the results of these studies and trials are highly uncertain. Delays in commercializing products may therefore result in the need to seek additional capital, potentially diluting the interests of investors. These various factors may result in abrupt advances and declines in the securities prices and/or valuation of particular companies in the healthcare industry and, in some cases, may have a broad effect on the prices of securities of companies in particular segments of the healthcare industry generally.
- Minority Investments: A significant portion of certain clients' investments may represent minority stakes in companies. Minority stakes that such clients hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Such clients may also invest in companies for which such clients have no right to appoint a director or otherwise exert significant influence. In such cases, such clients will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom such clients are not affiliated and whose interests may conflict with the interests of such clients.
- Short Sales: Short selling exposes certain clients to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There can be no assurance that the securities necessary to cover the short position will be available for purchase by clients. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred by such clients. Furthermore, clients may prematurely be forced to close out a short position if a counterparty from which such clients borrowed securities demands their return, resulting in a loss on what might otherwise have ultimately been a profitable position. If it is determined by the broader market that clients (and others) are short a heavily shorted security, the clients that have shorted that security may be susceptible to the risk that groups of investors may coordinate, on social media or otherwise, to drive up the price of the short position for the purpose of causing the holders of such a positions, including Redmile's clients, to close out of such positions. If a client was required to buy the shorted security in the market to make delivery under conditions which cause a period of sudden and unexpected significant increase in the value of the investment, the client could incur substantial losses.
- No Hedging: Certain clients generally take long positions in private companies. These companies will either succeed or fail, but the applicable investment managers and/or general partners will have no obligation to "hedge" the risk of its investments. In the case of publicly-traded companies, investors can attempt to hedge their risk by taking short positions, investing in comparable issuers, implementing "portfolio hedges" against overall stock movements, etc. In investing in private companies, none of these tools to protect against the risk of loss are available. The success of such clients will depend entirely on the success of the private, high risk issuers in which they invest.
- Leverage: Certain clients leverage their capital. Certain clients also leverage their investment return with options, short sales (if applicable), swaps, forwards and other derivative instruments. The amount of borrowing which such clients have outstanding may be substantial in relation to their capital. While leverage presents opportunities for increasing such clients' total return, it has the effect of potentially increasing losses as well. The anticipated use of short-term margin borrowings results in certain additional risks to such clients. In an unsettled credit environment, the Firm may find it difficult or impossible to obtain leverage for such clients and implement their strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Firm being forced to unwind positions quickly and at prices below what the Firm deems to be fair value for the positions.
- Non-U.S. Securities: Investing in securities of non-U.S. governments and companies, and utilization of currency forward contracts and options on currencies involves the following risks: changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes,

less liquid markets and generally less available information, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards, and greater price volatility.

- **Currency Risks:** In general, clients' investments denominated in currencies other than the U.S. dollar are subject to the risk that the value of the particular currency will change in relation to the U.S. dollar. For example, investments in euro class shares of the Companies, where applicable, are subject to the risk of change in value of the euro in relation to the U.S. dollar.
- **Small Cap Stocks:** Certain clients invest a portion of their assets in stocks of companies with small to medium sized market capitalizations which may involve higher risks than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks and investments in these stocks may be more illiquid than those in larger, better known companies. Further, investments in these companies often involve higher risks because the companies lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies. In addition, in many instances, the frequency and volume of the trading activity in their stock is substantially less than is typical of larger companies. Therefore, the securities of smaller companies may be subject to wider price fluctuations. The spreads between the bid and asked prices of the securities of these companies in the U.S. over-the-counter market typically are larger than the spreads for more actively traded securities. As a result, such clients could incur a loss if they were to sell such a security a short time after its acquisition. When making a large sale, such clients may have to sell a portfolio holding at a discount from quoted prices or may have to make a series of small sales over an extended period of time because of the limited trading volume of smaller company securities.
- **Investments in Undervalued Securities:** One of the primary objectives of certain clients is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task and there is no assurance that such opportunities will be successfully recognized or acquired. Such clients may be required to hold such securities for a substantial period of time before realizing their anticipated value, thus possibly preventing them from investing in other opportunities. In addition, such clients may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.
- **Special Situations:** Certain clients may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies or sovereign debt involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. These investment opportunities involve a potential risk of loss by such clients of their entire investment in such companies.
- **Lack of Liquidity of Assets:** Certain clients' assets include securities and other financial instruments or obligations which are restricted as to sale or which are very thinly traded. The sale of any such investments may be possible only at substantial discounts. Finally, if a substantial number of investors were to redeem their interests/shares and such clients did not have a sufficient amount of cash or liquid securities, such clients might have to meet such withdrawal/redemption requests through distributions of illiquid securities.
- **Portfolio Company Directorships:** Firm personnel serve on boards of directors or executive committees or in other management capacities at companies in which certain clients invest, either directly or indirectly. Serving in such a capacity may expose such personnel, and by association the Firm and such clients, to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest and may subject such clients to certain risks. For example, such clients may be unable to sell or buy securities or enter into transactions that may benefit such clients if a representative of the Firm is in possession of material, non-public information relating to such portfolio investment. Furthermore, such individual board members may become subject to substantial liability arising out of claims against them and any liability in connection therewith may be borne by such clients through indemnification obligations. The Firm and such clients may also be subject to Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), including the disclosure requirements, the restrictions on purchases and sales, and the disgorgement of profits in certain circumstances. An employee or principal of the Firm serving as a director of a company owned, directly or indirectly, by such clients may also face a conflict between the fiduciary duties owed by such employee to such clients and the duties owed to such company. In such circumstances, such person may act in ways that are in the best interests of such company but not such clients. The Firm intends to prevent its personnel from taking such positions when, in the Firm's determination, the potential risks to such clients outweigh the potential benefits. However, there can be no assurance that permitting board membership will not result in less favorable results for such clients than if Firm personnel were not permitted to serve in such

capacity. In addition to Firm personnel serving on the board of directors of certain portfolio companies, such clients may take some positions that exceed 10% of the voting shares of a company or in which the market value of such clients' position in the company exceeds certain thresholds required for notice under the Hart-Scott-Rodino premerger notification program. As a result of any such positions, such clients may be subject to various U.S. and non-U.S. regulatory and legal requirements.

- High Growth Industry Related Risks: Securities of companies in high growth industries (e.g., healthcare) may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, and may operate at a loss or with substantial variations in operating results from period to period. Furthermore, these companies may have no proven profit-making history, limited access to capital and/or be in the developmental stages of their businesses, or limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets. These companies may also be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.
- Risks Relating to Private Investments and Designated Investments: Certain clients invest in private companies or Designated Investments. The types of private investments or Designated Investments that such clients anticipate making may involve a high degree of risk. In general, financial and operating risks confronting certain investments can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that such clients will be adequately compensated for risks taken. A loss of an investor's entire investment in a private investment or Designated Investment is possible. The timing of profit realization with respect to private investments and Designated Investments is highly uncertain.
- Potential Dilution of Private Investments and Designated Investments: Investing in private investments or Designated Investments is subject to the risk of material dilution. This dilution can result from an investment's unanticipated need of additional financing, foreclosure by creditors, adverse litigation outcomes draining the investment's resources and numerous other factors. Because certain investments may have limited financial resources, events which could be easily absorbed by larger capitalization investments can force certain investments to take steps which result in the positions of existing investors being severely compromised, and often without existing investors having the opportunity to maintain their investments by making an additional investment. The Firm could correctly identify and successfully invest in a private investment with significant profit potential but then be "squeezed out" of its position by subsequent financing activity.
- Limitations on Ability to Exit Private Investments and Designated Investments: The Firm generally expects to exit from its investments in private companies and Designated Investments in two principal ways: (i) private sales and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to applicable client, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate private portfolio companies and Designated Investments may be constrained at any particular time, and the likelihood of such transactions occurring will be materially affected by prevailing market conditions. Further, even if an investment in which such clients invest is ultimately enormously successful, such success may not occur during a timeframe in which it is feasible for such clients to maintain their investment in such company.
- Down Round and Cram Down Financings: From time to time, a private company in which a client invests (including, without limitation, Designated Investments) will experience a down round financing, where the company raises capital that is based on the company's valuation that is lower than the company's valuation in its prior financing round in which such client invested. As a result of the lower valuation, the equity outstanding immediately prior to the down round will suffer dilution. In other instances, such companies will also engage in a "cram down" financing. A cram down financing is a term that is often used to describe a down round financing in which existing investors lead a new financing that includes terms that may be severely dilutive to non-participating investors and that may include other features, such as forced conversions and "pay-to-play" mechanisms, that may have the perceived effect of punishing non-participating stockholders. In a severe cram down, existing stockholders who do not participate in the round may end up with little or no meaningful ownership stake in the company. In addition to further consolidating ownership of the company, investors willing to participate in a cram down may often also receive ancillary deal terms and preferred stock rights and preferences (such as super-priority liquidation preferences, "drag along" rights and special voting rights) that are superior to the prior rounds. If a client does not participate in a cram down financing, such client's equity ownership could be significantly reduced.
- Interests/Shares Subject to Liabilities of Other Classes: Although the assets and liabilities of each of certain

clients' tranches or classes of common shares are segregated, there is a risk that the assets of a solvent tranche or class may be at risk with respect to, and may be used to satisfy, the liabilities of an insolvent tranche or class.

- **Managed Accounts Pursuing Substantially the Same Strategy:** The Firm and/or its affiliates manage separate accounts pursuing all or some of the clients' investment strategy or implementing the same strategies as the Pooled Investment Vehicles. With respect to managed accounts, the agreement between the Firm and the holder of any such account may limit the ability of such holder to terminate the agreement, however, such holder always has the ability to assume control over the account and to liquidate positions in the account. In the case of a large managed account, such liquidations could have an adverse effect on clients. In addition, the holder of a managed account has an inherent ability to see all positions in the account. Accordingly, the Firm's advising a managed account pursuing the same or substantially the same strategies as the Pooled Investment Vehicles involves some of the same risks as having an investor of the Pooled Investment Vehicles with immediate liquidity.
- **Valuation:** Certain clients' assets are invested in privately placed securities of publicly traded or private companies or in securities which are illiquid or very thinly traded, and certain clients may determine not to treat such investments as Designated Investments. It is noted that these investments may be extremely difficult to value accurately and could result in redeeming/withdrawing investors being overpaid or underpaid relative to the actual value of the company. There may also be risks associated with dilution and liquidation of these investments.
- **Bridge Financing:** Certain clients lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in such client's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by such client. Such clients will bear the risk of any changes in the capital markets, which may adversely affect the ability of a portfolio company to refinance any bridge investments. If such portfolio company were unable to complete a refinancing, such clients could have a long-term investment in a junior security or that junior security might be converted to equity.
- **Portfolio Company Leverage:** To the extent that any investment is made in a portfolio company with a leveraged capital structure or any portfolio company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by a client in such company could be significantly reduced or even eliminated.
- **Material Non-Public Information:** From time to time, the General Partners, the VC General Partners, the RedCo General Partners, the Firm, their affiliates and/or their members, officers and employees come into possession of material non-public information concerning specific portfolio companies. This may occur on a fairly regular basis given the expectation that such persons will have direct dealings with issuers in connection with certain clients' investment activities. Under applicable securities laws, this can limit the Firm's flexibility to buy or sell portfolio securities issued by such companies. The clients' investment flexibility therefore sometimes is constrained as a consequence of the Firm's inability to use such information for investment purposes. Alternatively, the Firm and their affiliates may decline to receive material non-public information which it is entitled to receive on behalf of the funds each manages, in order to avoid investment restrictions for such funds, even though access to such information might have been advantageous to such funds and other market participants are in possession of such information.
- **ERISA Risks:** It is anticipated that the assets of the ERISA Fund will at all times be deemed to be "plan assets" subject to Title I of ERISA and/or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Firm, therefore, will be a fiduciary with respect to plans or accounts subject to Title I of ERISA and/or Section 4975 of the Code investing in the ERISA Fund directly or indirectly through a Benefit Plan Investor and will be prohibited from causing the ERISA Fund to engage in certain transactions. While the Firm believes that it can effect the ERISA Fund's investment strategies utilizing various statutory and class exemptions to ERISA's prohibited transaction regime, there may be particular transactions which ERISA and/or the Code will prevent the ERISA Fund from entering into or investments which the ERISA Fund must sell before it might otherwise do so.

- Redmile's Other Activities: Redmile manages portfolios for multiple clients, and may invest on behalf of a client in transactions without presenting these opportunities to other clients, as discussed further below.

**Conflicts of Interest.** The following is not intended as an exhaustive list of conflicts of interest. Among others, investors should consider the following conflicts of interest:

- Other Clients of the Firm: As noted in Item 4 above, the Firm serves as the investment manager of the Pooled Investment Vehicles, VC Partnerships, RedCo Partnerships, SPVs and separately managed accounts. In addition, the Firm, its affiliates, including the General Partner, the VC General Partners, the RedCo General Partners, and their respective principals, affiliates and employees (collectively, the "Management Group") serve as investment adviser, investment manager, general partner or consultant to other client accounts and conduct investment activities for their own accounts, or form or operate other funds or entities engaged in the healthcare industry. Such other entities or accounts (collectively, the "Other Accounts") have investment objectives or implement investment strategies similar to those of existing clients. Accordingly, it is likely that the clients and the Other Accounts (including proprietary accounts of the Management Group) co-invest in many of the same securities and issuers. Redmile Ventures, LLC, for example, is a Delaware limited liability company that resides within a trust set-up by Jeremy Green. Typically, Redmile Ventures, LLC invests in private companies (with the exception of those investments that have ultimately gone public after being purchased as a private investment).
- Allocation of Investments: The Management Group at times gives advice or takes action with respect to the Other Accounts that differs from the advice given with respect to clients. To the extent a particular investment is suitable for both certain clients and the Other Accounts, such investments will be allocated between such clients and the Other Accounts in a manner that the Firm determines is fair and equitable to all clients under the circumstances, including such clients, and which is consistent with the investment mandates and restrictions of such clients and the Other Accounts as well as with the allocation policies of the Firm. From the standpoint of such clients, and where applicable, simultaneous identical portfolio transactions for such clients and the Other Accounts could tend to decrease the price received, and increase the price required to be paid, by such clients for their portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among such clients and the Other Accounts in an equitable manner as determined by the Firm.
- Co-Investments: Where applicable and unless otherwise obligated, to the extent the Firm, General Partner, VC General Partners or RedCo General Partners, each in their sole discretion, determine that the clients have received their full allocation of a particular investment or that a particular investment is not an appropriate investment for a client, the Firm allocates such investment or designates such investment as a Co-Investment (as discussed in Item 5) and allocates such Co-Investment or a portion thereof to any Other Accounts selected by the Firm (including certain members of the Management Group and/or underlying investors in any Fund or Other Account). Co-Investment opportunities are determined in the sole discretion of the Firm and, in certain cases, an investor that desires to participate in Co-Investments will not be offered such opportunity or will not receive the full amount, or any amount, of a desired Co-Investment. If members of the Management Group also participate, directly or indirectly, in Co-Investments, this can reduce the availability of Co-Investment opportunities for others. All such opportunities will be allocated in accordance with the Firm's co-investment allocation policy. For the sake of clarification, an investment opportunity that the Firm determines is inappropriate for the clients could still be deemed by the Firm to be acceptable as a Co-Investment. Since Co-Investment opportunities can be offered to any persons selected by the Management Group, whether or not such persons are investors in the Funds at the time of such allocation, the Management Group has conflicts of interest in allocating such investments as Co-Investments.
- Capital Structure Conflicts: Clients, from time to time, make multiple investments in a portfolio company whether in different parts of the capital structure (e.g., equity and debt) or otherwise. Additionally, clients, from time to time, make an investment in a portfolio company in which one or more Other Accounts have or make investments whether in different parts of the capital structure of such company or otherwise. To the extent that a client holds securities in a portfolio company with rights, preferences and privileges that are different than those held by Other Accounts in the same portfolio company, the Firm is presented with decisions where the interests of such client and the Other Accounts are in conflict. For example, it is possible that in a bankruptcy proceeding, out-of-court restructuring or other corporate action, a client's interest will be subordinated or otherwise adversely affected by virtue of the Other Accounts' involvement and actions

relating to its investment. As a result, the Firm has a conflict of interest with respect to voting the securities of such issuers and other matters relating to various investments. In addition, situations arise where the Management Group is conflicted with respect to their contractual and/or fiduciary obligations to the clients, on the one hand, and their contractual and/or fiduciary obligations to Other Accounts, on the other. Such conflicts are exacerbated where the Other Accounts or the Management Group own a significant portion of an issuer or if such an issuer is in competition with one or more of the clients' investments. The Firm seeks to address such conflicts in a manner that it believes to be fair and reasonable to the applicable Fund and its Other Accounts over time and based on the particular factual circumstances.

- Management Group Conflicts: Additional conflicts of interest related to investments arise from the overall activities of the Management Group. The clients benefit from these activities and the relationships that arise incidental to such activities, which could generate investment opportunities and wider industry expertise. However, these activities could also give rise to certain inherent and potential conflicts of interest between one or more of the members of the Management Group, on the one hand, and certain clients on the other. As a result, activities undertaken by the Firm for other client accounts, its own accounts and other similar activities, in certain cases, conflict with activities undertaken for, and could have an adverse impact on, the clients. The Management Group holds investments, or conducts investment activities, for their own personal accounts and the Management Group, from time to time, gives advice with respect to securities in which such parties have a financial interest, directly or indirectly. Accordingly, the Management Group is subject to significant conflicts of interest related to any such securities, including conflicts related to the timing of any purchases or sales of the securities by a client account or the members of the Management Group, preferential rights that may be applicable to the securities owned by the Management Group and the economic incentive of the Management Group to invest the client's assets in such securities. The Management Group has adopted policies and procedures that it believes are reasonably designed to identify and mitigate the principal conflicts of interest described above. In addition, a VC General Partner has agreed to provide a portion of carried interest with regard to a VC Partnership to a third party in connection with a general research and consulting arrangement.
- Cross Transactions: Purchase and sale transactions (including using swaps) are effected between certain clients and the Other Accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, (ii) no extraordinary brokerage commission fee (except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction, and (iii) the Management Group believes that such transaction would be in the best interests of both accounts. The ERISA Fund will not engage in cross trades with the Other Accounts.
- Principal Transactions: From time to time, certain transactions undertaken by the Firm or the clients constitute principal transactions within the meaning of Section 206(3) of the Advisers Act, or constitute related-party transactions. The Firm is authorized to form an independent committee (the "Independent Committee"), the purpose of which shall be to consider and, on behalf of investors, approve or disapprove, to the extent required by applicable law (including Section 206(3) of the Advisers Act), principal transactions and certain other related-party transactions. The Independent Committee may approve of such transactions prior to or contemporaneously with, or ratify such transactions subsequent to, the consummation of such transactions.
- Expenses: The clients will bear their own expenses as described in their respective offering documents. Each Other Account bears its own expenses as set forth in its respective offering documents or investment management agreement with the Firm or its affiliates. Expenses borne by the Other Accounts can differ from the expenses borne by any of the clients. In certain limited instances, the clients bear expenses that the Firm has agreed to bear for one or more Other Accounts, or the Other Accounts bear expenses that the Firm has agreed to bear for the clients. Common expenses frequently are incurred on behalf of the clients and one or more Other Accounts. The Firm seeks to allocate those common expenses among the clients and the Other Accounts in a manner that is fair and reasonable over time. However, expense allocation decisions involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Firm uses a variety of methods to allocate common expenses among the clients and the Other Accounts, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by the clients and the Other Accounts from a product or service, or other relevant factors. Nonetheless, the portion of a common expense that the Firm allocates to the clients for a particular product or service will not necessarily reflect the relative benefit

derived by any of the clients from that product or service in any particular instance. The Firm's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Firm in good faith will be final and binding on the clients.

- **Fees:** While Morgan Stanley Fund Services, the administrator of certain clients, typically calculates the value of such clients' portfolios based on pricing information from independent sources such as pricing services and brokers, including the prime broker, it also relies on information furnished by the Firm or the General Partner. Because the General Partner, the Firm or its affiliate(s) are paid a management fee, and an incentive fee or allocation based on a percentage of the net profits of each shareholder's common shares or each limited partner's capital account (which includes unrealized gains on such clients' securities and also includes, for purposes of the management fee, the fair value of Designated Investments), the Firm's or the General Partner's involvement regarding valuation presents a potential conflict of interest.
- **Other Conflicts and Activities of the Management Group:** As a result of the foregoing, the Management Group has conflicts of interest in (i) allocating their time and activity between each of the clients and the Other Accounts, (ii) allocating investments and expenses among the clients and the Other Accounts and (iii) effecting transactions between the clients (except for the ERISA Fund) and the Other Accounts, including ones in which the Management Group has a greater financial interest whether through the receipt of compensation, such as a management fee or incentive fee or allocation that the Management Group receives, or through personal investments. The Management Group will use their best efforts in connection with the purposes and objectives of each client and will devote so much of their time and effort to the affairs of each client as, in their judgment, is necessary to accomplish the purposes of such client. The partnership agreement and/or relevant investment management agreement specifically provide that the Management Group may conduct any other business including any business within the securities industry, whether or not such business is in competition with its clients. Without limiting the generality of the foregoing, the Management Group may act as investment adviser or investment manager for others and may manage funds or capital for others. Additionally, the Management Group periodically makes and maintains investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. The partnership agreements and/or relevant investment management agreements also recognize that it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the clients for the same investment positions to be taken or liquidated at the same time or at the same price.
- **Service Providers:** Certain advisors, vendors or other service providers to or in respect of the clients also provide goods or services to – or have business, personal, financial or other relationships with – the Management Group. Such advisors, vendors and service providers including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms ("Service Providers") have a conflict of interest in advising investors as to the purchase and redemption of shares. In certain circumstances, Service Providers or their affiliates may charge different rates or have different arrangements for services provided in respect of one or more members of the Management Group as compared to services provided in respect of the clients. In certain circumstances, such different arrangements may result in one or more members of the Management Group paying more favorable rates, or being subject to more favorable arrangements, than those to which the clients are subject. In particular, the Firm and/or its principals may receive legal services at more favorable rates than the rates applicable to legal services performed by the same legal counsel in respect of investment funds managed by the Firm. The Firm does not have any obligation to obtain similar benefits (e.g., rate reductions or discounts from Service Providers) for the clients as it obtains for the Management Group. Selling agents and brokers who receive compensation in respect of selling shares/interests have a conflict of interest in doing so.
- **Holding Period Requirements for Long-Term Capital Gain:** Non-corporate U.S. persons are subject to U.S. federal income tax on long-term capital gain at rates that are substantially lower than the rates applicable to ordinary income or short-term capital gain. In general, gain from the disposition of an investment held by the clients for more than one year will be treated as long-term capital gain. However, gain in respect of the incentive allocation or carried interest, as applicable, will be treated as short-term capital gain unless the relevant client's holding period in the relevant investment is for more than three years. As a consequence, conflicts of interest arise between the interests of the Firm and the interests of the investors in connection with the Firm's investment-related determinations, particularly with respect to Designated Investments and other private investments. Such determinations include, but are not limited to, decisions with respect to the discovering, evaluating, developing, negotiating, structuring, making, acquiring, holding, carrying,



restructuring, monitoring, managing, disposing and monetizing of the clients' investments. Prospective investors should be aware of the potential conflicts that rise in connection with the Firm's investment decisions and expect that certain of those determinations may be influenced, in part, by the tax treatment of capital gain in respect of the incentive allocation.

*The foregoing risks and conflicts of interest do not purport to be a complete enumeration or explanation of all the risks and conflicts of interest involved in investing in the Funds. Potential investors are urged to read the entire offering documents of the relevant Fund and consult their own advisers before making a determination whether to invest in any of the Funds.*

*Additional information with regard to the Methods of Analysis, Investment Strategies and Risk of Loss, among other items, can be found in the Funds' offering documents. The offering documents contain a complete description and information related to the Methods of Analysis, Investment Strategies and Risk of Loss utilized/posed by the Funds.*

## **Item 9 – Disciplinary Information**

There have been no legal or disciplinary events that would be material to a client's evaluation of Redmile or the integrity of Redmile's management.

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

Neither Redmile nor any of Redmile's management persons are registered, or have an application pending to register as:

- a) a broker-dealer or a registered representative of a broker-dealer; or
- b) a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entity.

Given the relationship between the Firm, the General Partners, the VC General Partners and the RedCo General Partners, it is likely that the General Partners, the VC General Partners and the RedCo General Partners are deemed related persons or affiliates of the Firm. As such, the Firm sometimes recommends to clients the purchase or sale of securities which includes an investment in any of the Pooled Investment Vehicles, the VC Partnerships, the RedCo Partnerships, the SPVs or any separately managed account. Notwithstanding any conflicts, the Firm will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be as fair and equitable as possible, considering suitability and each account's objectives, programs, limitations, restrictions, risk profiles and capital available for investments; however, even accounts with similar objectives will often have different investment portfolios.

Neither the Firm, the General Partners, the VC General Partners nor the RedCo General Partners recommend or select other investment advisers for their clients for compensation.

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

Redmile has adopted a Code of Ethics (“Code”) that describes the standards of business conduct that it requires of employees (and any others subject to the Code) and establishes procedures intended to prevent Redmile and its personnel from inappropriately benefiting from Redmile’s relationships with its clients. The Code is based on basic principles that govern personal and professional investment-related activities of employees: (i) the interests of Redmile’s clients come before Redmile’s interests or any employee’s interests; and (ii) each employee’s professional activities and personal investment activities must be consistent with the Code and avoid any actual or potential conflict between the interests of clients, on the one hand, and those of Redmile or the employee, on the other.

Furthermore, the Code and Redmile’s Policies and Procedures Manual strictly prohibit:

- Using any device, scheme or artifice to defraud, or engaging in any act, practice, or course of conduct that operates or would operate as a fraud or deceit upon, any client or prospective client or any party to any securities transaction in which Redmile or any of its clients is a participant;
- Making any untrue statement of a material fact or omitting to state to any person a material fact necessary in order to make the statements Redmile has made to such person, in light of the circumstances under which they are made, not misleading;
- Engaging in any act, practice, or course of business that is fraudulent, deceptive, or manipulative, particularly with respect to a client or prospective client; and
- Causing Redmile, acting as principal for its own account or for any account for which Redmile or any person associated with Redmile acts as a fiduciary, to make an investment in violation of any applicable law, rule or regulation of a governmental agency.

The Code generally prohibits employees from trading in any securities held by client accounts and requires employees to report personal securities holdings on an annual basis. In addition, Redmile monitors all employees’ securities transactions: employees must arrange for duplicate copies of their brokerage statements and trade confirmations to be sent to the Chief Compliance Officer (or his or her designee). The Code includes procedures for and restrictions (including a restriction with regard to purchase and/or sale of securities in the healthcare sector) on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement caused by client transactions or Redmile’s recommendations regarding securities. Among other things, these include requirements that employees make a written request for and receive clearance from Redmile’s Chief Compliance Officer (or his or her designee) before they buy or sell any security (other than certain government securities, shares of mutual funds and exchange-traded funds not managed by Redmile, and certain other types of securities that Redmile does not believe create the potential for conflicts of interest). The Code also contains restrictions on and procedures to prevent inappropriate trading while Redmile is in possession of material nonpublic information.

Redmile will provide a copy of the table of contents of its Code to any current or prospective client, limited partner or shareholder upon request. Such a request can be made by submitting a written request to Redmile at the address on the cover page of this brochure.

## Item 12 – Brokerage Practices

**Brokerage Selection (Generally).** The Firm is authorized to determine the broker or dealer to be used for each securities transaction for managed portfolios. In selecting brokers or dealers to execute transactions, the Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Firm's practice to negotiate "execution only" commission rates, thus the clients are indirectly paying for research, brokerage or other services provided by the broker which are included in the commission rate. These services include, among other things, research services, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, research conferences, general reports, consultations, performance measuring dates, on-line pricing, special execution capabilities, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, willingness to commit capital, knowledge of other buyers and sellers, order of call, offering to Redmile on-line access to computerized data regarding Redmile accounts, clearance, settlement, reputation, financial strength and stability, efficiency or execution and error resolution, the availability of stocks to borrow for short trades, confidentiality, custody, recordkeeping and similar services, and other matters involved in the receipt of brokerage services generally.

**Research and Other Soft Dollar Benefits.** As noted above, Redmile may cause a client to pay a brokerage commission in excess of that which another broker might charge for effecting the same transaction in recognition of the value of the brokerage, research and other services and soft dollar relationships. Although Redmile believes that clients benefit from many of the services obtained with soft dollars generated by client trades, clients do not benefit exclusively. Redmile, its affiliates and other client accounts also derive direct or indirect benefits from some or all of these services, particularly to the extent that Redmile uses "soft" or commission dollars to pay expenses that Redmile would otherwise be required to pay or produce itself.

Section 28(e) of the Exchange Act is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Where applicable and except for services that would be a client expense or as otherwise described below, the Firm will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between the Firm and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. If applicable, the use of commissions arising from clients' investment transactions for services other than research and brokerage will be limited to services that would otherwise be a client expense. The use of commissions to obtain such other services would be outside the parameters of Section 28(e).

In some instances, the Firm receives a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system, trade analytical software or proxy services). In such instances, the Firm makes a good faith effort to determine the relative proportion of the product or service used to assist the Firm in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Firm in carrying out its investment decision-making responsibilities is paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) is paid for by the Firm from its own resources unless it is attributable to items that would otherwise be a client expense in which case it will either be paid by the client or be paid through brokerage commissions generated by the client's transactions.

Research and brokerage services obtained by the use of commissions arising from clients' portfolio transactions are used by the Firm in its other investment activities and thus, the client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although the Firm will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates likely results in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services create a potential conflict of interest between the Firm and its clients.

In selecting brokers and negotiating commission rates, the Firm will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. The Firm sometimes places transactions with a broker or dealer that (i) provides the Firm (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by the Firm (or an affiliate), if otherwise consistent with seeking best execution; provided the Firm is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

The Firm employs additional firms to provide various trading services and support to the Firm, including the direct execution of trades and the direction and allocation of orders (such firms, the "Assisting Brokers"). Expenses related to such Assisting Brokers will be borne by the relevant Fund.

When appropriate, the Firm often does, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades are allocated securities based on the average price achieved for such trades.

**Prime Brokerage Practices.** Client accounts are established at prime brokers. Redmile may replace a client's prime broker or appoint an additional prime broker and custodian at any time. The services that Redmile and its clients receive from its clients' prime brokers may include custody, margin financing, clearing, settlement, stock borrowing, office space, and select technology services. Redmile may receive additional services from other brokers, including technology services, capital introduction services, portfolio reporting and access to electronic communications networks. Redmile will use a substantial portion of these services for research and trading on behalf of client accounts, but some may be used for administrative purposes, which would not be within the safe harbor of Section 28(e). Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if Redmile did not receive these services from its clients' prime brokers, Redmile would be required to pay for all or some portion of them. Redmile is not required to direct a particular number of trades to a prime broker or to continue to use any prime broker as a client's custodian, but it has an incentive to do so based on its prior and continued services.

The Firm reserves the right, in its sole discretion, to change the brokerage and custodial arrangements, described above, without further notice to the investors.

**Brokerage for Client Referrals.** Redmile does not direct client transactions to a particular broker-dealer in return for client referrals.

**Directed Brokerage.** Redmile does not recommend, request, require or permit a client to direct Redmile to execute transactions through a specified broker-dealer.

**Aggregation of Securities Transactions.** Redmile generally aggregates sale and purchase orders of securities held by multiple clients if, in its judgment, the trade is appropriate for all such client accounts. These transactions are often made at slightly different prices, because of the volume of securities purchased or sold. Aggregating trades can cause the price to be less favorable to a particular client than it would be if similar transactions were not being executed concurrently for other accounts. Redmile implements procedures intended to treat all client accounts equitably in the

aggregation process and over the course of a buying or selling program. If any order is not filled at the same price, orders are generally allocated on an average price basis.

**Principal Transactions.** Please see the disclosure above related to principal transactions in section entitled “Conflicts of Interest” in Item 8.

**Cross Transactions.** Periodically, Redmile seeks to adjust or rebalance the portfolios of clients or otherwise effect cross trades between or among client accounts (i.e., causing one or more of client accounts to sell securities to one or more other client accounts). The ERISA Fund does not engage in such cross trades. In effecting cross trades, Redmile seeks to reduce the transaction costs to its clients of such account adjustments. All cross trades will be consistent with the investment objectives and policies of each client account involved in the trades.

Information provided in this Item 12 may be further discussed in Item 8 of this brochure.

### **Item 13 – Review of Accounts**

Client investment positions are actively monitored and are reviewed regularly.

Redmile, on behalf of each of the Pooled Investment Vehicles and RedCo Partnerships, sends to each investor an unaudited monthly net asset value statement (i.e., performance update) from the administrator or registrar and transfer agent. On behalf of each of the VC Partnerships, Redmile provides to each limited partner an unaudited quarterly net asset value statement (i.e., performance update) from the administrator or registrar and transfer agent. In addition, investors are provided audited financial statements of each of the Pooled Investment Vehicles, the VC Partnerships, the RedCo Partnerships and the SPVs in which they are invested.



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

Redmile does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to Redmile's clients. Redmile has arrangements whereby Redmile directly compensates third-parties with a finder's fee. Prospective investors are informed of the arrangement, if applicable, and will not be assessed any additional fees by Redmile. Such fees paid to the third-party are borne entirely by Redmile. In the future, Redmile may enter into additional arrangements of this type.

## **Item 15 – Custody**

Generally, Redmile may obtain custodial, clearing, settlement and related services on behalf of its clients through what is known as “prime brokerage” and custodial arrangements. Under such an arrangement, a brokerage firm or bank, etc., maintains custody of client assets (either directly or through its clearing brokerage firm). Generally, the brokerage firm or bank, etc., is a “qualified custodian” and maintains custody of client funds and securities in a separate account for that client. The qualified custodian sends quarterly, or more frequent, account statements to clients. Typically, investors in the Funds managed by Redmile do not receive account statements from the custodian(s) as these statements are directed to Redmile as the investment manager of the Funds.

Although Redmile is deemed, under the “custody rule”, to have custody of the funds and securities of the Funds, Redmile is exempt from many of the provisions of such rule as Redmile undertakes to deliver to investors, within 120 days after the end of the fiscal year of the relevant Fund, financial statements of such fund that are: (i) prepared in accordance with GAAP, and (ii) audited by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

## **Item 16 – Investment Discretion**

As the investment manager of the Funds, Redmile has broad discretion, without limitation, to determine:

- the securities to be bought or sold for the Funds;
- the amount and allocation of securities to be bought or sold for the Funds;
- where applicable, the broker or dealer to be used for a purchase or sale of securities for the Funds; and
- where applicable, the commission rates to be paid to a broker or dealer for the Funds' securities transactions.

## **Item 17 – Voting Client Securities**

The Firm votes proxies for its Fund and separately managed account clients, as described below. The Firm has adopted and implemented policies and procedures that it believes are reasonably designed to have proxies voted in the best interest of its clients, in accordance with ERISA (as applicable), its fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). In situations where there is a conflict of interest between the firm’s proxy voting policy and the interests of the client, the Firm will cast the vote in accordance with the client’s interests and directions.

Redmile’s authority to vote the proxies of its clients is established in its advisory contracts or comparable documents, and its proxy voting guidelines have been tailored to reflect these specific contractual obligations. In accordance with SEC Rule 206(4)-6 of the Advisers Act, clients may request information concerning how the Firm voted proxies on their behalf.

ERISA requires fiduciaries to act “solely in the interest of the participants and beneficiaries of the plan” and “for the exclusive purpose of providing benefits to and defraying reasonable expenses of administering the plan.” While ERISA is silent on proxy voting, the Department of Labor has held that the right to vote shares of stock owned by a pension plan is an asset of the plan. Therefore, the fiduciary’s responsibility to manage the assets includes proxy voting.

The Firm has engaged a third-party proxy voting service, Glass-Lewis & Co., to furnish proxy voting research and execution services on behalf of the Firm’s clients. In general, the Firm relies on Glass-Lewis to research proxy proposals and vote client proxies consistent with their guidelines without our prior review or input. In certain cases, we may review the Glass-Lewis recommendation before a proxy vote is cast. If the Firm determines that the Glass-Lewis vote recommendation is not in the best interests of our clients or in cases where Glass-Lewis does not provide a vote recommendation, the Firm’s investment team will make an independent determination, consistent with our proxy voting policy, as to whether and how to vote the proxy.

Clients sometimes engage in securities lending programs with third parties to enhance return on their investment assets, in which case the borrower of the security is entitled to vote the proxy. The Firm may decide whether to recall securities on loan to facilitate proxy voting on a case by case basis. The Firm retains the discretion to take no action with respect to a proposed vote if it determines that doing so is in the best interests of a client (for example, where the Firm determines that the cost of voting exceeds the expected benefit to the client).

**Item 18 – Financial Information**

Not applicable.