

Part 2A of Form ADV

Firm Brochure

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This brochure provides information about the qualifications and business practices of Ally Bridge Group (PE) LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer at (852) 3121-9666 or ABG-compliance@ally-bridge.com. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

There have been no material updates since the Adviser's initial brochure dated as of June 30, 2021, however, the Adviser has made some routine updates to this brochure.

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Item 4. Advisory Business

The Adviser is an investment adviser with its principal place of business in New York, New York. The sole member of the Adviser is ABG Management Ltd. Fan (Frank) Yu is the sole shareholder and a director of ABG Management Ltd. The Adviser commenced operations as an investment adviser on June 30, 2021.

The Adviser provides investment advisory services on a discretionary or non-discretionary basis to its clients, which consists of pooled investment vehicles (the "Clients" or "Funds") intended for sophisticated investors and institutional investors.

The Adviser provides advice to Clients in accordance with any investment restrictions or guidelines set forth in the offering documents and other governing documents (collectively, the "Governing Documents") for each Client. The Adviser does not tailor its services and advice to the objectives and strategies of Fund investors. As of December 31, 2021, the Adviser had approximately \$1,176,700,000 in regulatory assets under management, all of which was managed on a non-discretionary basis.

Item 5. Fees and Compensation

Asset-Based and Performance-Based Compensation. The fee schedules for the Clients are described in detail in each Client's Governing Documents.

As a general matter, the Clients pay the Adviser or its affiliates an asset-based investment management fee semi-annually in advance generally equal to 2% per annum based on capital commitments during the investment period and, after the investment period, ranging from 0.5% to 2% per annum based on the capital contributions of a Client used to fund the cost of portfolio investments then held by the Client (the "Management Fee"). The Adviser may waive or modify the Management Fee for investors that are members, principals, employees or affiliates of the Adviser, relatives of such persons, and for certain investors in the Adviser's sole discretion.

The Adviser, or one of its affiliates serving as a general partner of a Client, also enters into arrangement to receive performance-based fees/allocations (the "Incentive Allocation"), with rates and other terms being individually agreed to with the applicable Client. The Adviser, or its applicable affiliate, assesses Incentive Allocations based on realized capital appreciation and may, in the future, assess such Incentive Allocations on unrealized capital appreciation up to 20%. In certain instances, such Incentive Allocations are subject to a threshold amount, hurdle, benchmark, or preferred return. In some cases, the Adviser or its affiliates receive a portion of its Clients' realized investment profits as performance fees/allocations upon disposition of a relevant investment. The Adviser, or its applicable affiliate, may waive or modify the Incentive Allocation for investors that are members, principals or employees of the Adviser or its affiliates, relatives of such persons, and for certain investors in the Adviser's sole discretion.

The Adviser and its affiliates' fee and compensation practices for Co-Investments (as defined below) are subject to a case-by-case agreement with the applicable Client.

Expenses. As a general matter, in addition to paying the Management Fee and, as applicable, the Incentive Allocation, the Clients are also subject to other expenses such as all costs, expenses and liabilities in connection with its operations and activities as permissible under the applicable Client agreements, which may generally include: organizational fees and expenses; fees and expenses related to consummated and unconsummated investments, including the evaluation, acquisition, holding and disposition thereof (to the extent not reimbursed by a portfolio company or other third party); interest on and fees and expenses related to or arising from indebtedness or hedging activities of the Client; insurance premiums; taxes; fees and expenses of accountants, counsel and consultants; legal, brokerage, valuation custodial, administration, auditing, accounting and regulatory and compliance expenses; costs of reporting to investors and to governmental authorities; costs and expenses of any advisory committees and annual meetings; litigation expenses; and other extraordinary expenses and such other fees and expenses as are provided for under the arrangement with each Client or in the Governing Documents.

The allocation of expenses by the Adviser between it and a Client and among Clients represents a conflict of interest for the Adviser. The Adviser has adopted an expense allocation policy that is designed to address this conflict. The Adviser allocates expenses to each Client in accordance with the Client's Governing Documents. The Adviser will seek to allocate any shared expenses for products and services benefitting multiple Clients or both the Adviser and a Client, and not covered in the Client's Governing Documents, in a fair and reasonable manner.

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

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

Item 6. Performance-Based Fees and Side-by-Side Management

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple Clients. The Adviser, or one of its affiliates serving as a general partner of a Client, is entitled to receive the Incentive Allocation. Such Incentive Allocation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such Incentive Allocation arrangements. In addition, certain Client accounts may have higher asset-based fees or more favorable Incentive Allocation arrangements than other Client accounts or have asset-based fees or Incentive Allocation arrangements providing for payment to the Adviser at different times or over different time intervals. When the Adviser and its investment personnel manage more than one Client account a potential exists for one Client account to be favored over another Client account. The Adviser and its investment personnel have a greater incentive to favor Client accounts that pay the Adviser (and indirectly its investment personnel) higher fees, Incentive Allocation, or compensation that is paid at different times or over different time intervals.

The Adviser and its affiliates manage multiple Client accounts. The management of multiple Client accounts creates a conflict of interest because the Adviser may have an incentive to favor one Client account over another. The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with different fee arrangements, and the allocation of investment opportunities, to take into account various factors, including: Client investment objectives and strategies, Client investment guidelines and restrictions, Client risk profile and tolerances, Client's tax status, any restrictions placed on a Client's portfolio by the Client or by virtue of United States or foreign law, size of Client account and fund availability, total portfolio invested positions, nature or liquidity of the security to the allocated, size of available position, supply or demand for a security at a given price level, current market conditions, timing of cash flows and account liquidity, investment period and investment horizon, and any other information determined to be relevant to the fair allocation of investments. Pursuant to these policies and procedures, the Adviser reviews investment decisions for the purpose of ensuring that all accounts with the same or substantially similar investment objectives, strategies and restrictions are treated equitably. The performance of accounts with the same or substantially similar investment objectives, strategies and restrictions are also reviewed to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that eligible Client accounts with the same or substantially similar investment objectives, strategies and restrictions participate in investment opportunities pro rata based on the relative value of the assets of each participating account to all participating accounts; provided, however that the Adviser may allocate investment opportunities to such accounts on a non-pro rata basis due to a consideration of the above listed factors. To the extent orders are aggregated, the Client orders may be price-averaged and allocated in accordance with the aggregated

order; and transaction costs will be shared pro rata based on each client's participation in the aggregated order.

As permitted by its Clients' Governing Documents, the Adviser may provide certain Clients or investors in a private fund or third-party investors with the opportunity to co-invest in certain investments to which the Adviser or its affiliates have access (a "Co-Investment"). Participation in such opportunities may be limited to a select number of Clients or investors based on the Adviser's consideration of factors, including but not limited to: (i) whether the potential co-investor has expressed an interest in participating in co-investment opportunities; (ii) the Adviser's evaluation of the potential co-investor's size and financial resources; (iii) the ability of the potential co-investor to expeditiously participate in the investment opportunity without harming or otherwise prejudicing the other Clients participating; (iv) the Adviser's perception of whether the investment opportunity may subject the potential co-investor to legal, regulatory or other burdens that make it less likely that the potential co-investor would accept the investment opportunity; (v) whether the Adviser believes that allocating the investment opportunity to a potential co-investor will help establish, recognize or strengthen relationships that may provide indirectly longer-term benefits to current or future Clients or to the Adviser; (vi) any confidentiality concerns the Adviser has that may arise in connection with providing the potential co-investor with specific information regarding an investment opportunity in order to allow it to evaluate the opportunity; and (vii) other factors deemed relevant by the Adviser. Co-investment opportunities may not be available to all of the Adviser's Clients or investors. Certain Co-Investments participate in individual investments or a series of related or unrelated investments alongside one or more other Clients and its affiliates. Certain Co-Investments also make investments independently of (and not alongside) other Clients of the Adviser and its affiliates. In addition, certain Clients from time to time may co-invest with each other. The Adviser's fee and compensation practices for Co-Investments are subject to a case-by-case agreement with the applicable co-investor.

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

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

Item 7. Types of Clients

The Clients consist of pooled investment vehicles. Any initial and additional subscription minimums with respect to investment in a Client are disclosed in the Governing Documents for each Client.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies.

Investment Objective and Strategy

The Adviser's general investment strategy is to generate superior risk/reward outcomes through investments in securities with a focus on the life science sector by leveraging the Adviser's domain expertise, network, deal-making and value-add capabilities on a global basis. The Adviser primarily focuses on investments in companies across medical devices, tools and diagnostics, biopharmaceuticals, and healthcare IT sectors, with a portfolio in the United States, Europe, and China across various stages, that contains what it believes to be some of the world's most innovative life science technologies. The Adviser's clients have invested through the following strategies:

Venture and early growth capital. Investing in innovative life science companies at early to developmental stages, primarily in the United States, with a focus on innovative drugs, medical devices, and diagnostics.

Buyout and larger growth capital. Investing in cash flow-generating life science companies in the United States, Europe, and China. The Adviser leverages its unique strengths in capital markets, M&A, global investing, and cross-border deal-making, deal execution, business development and partnerships; and

Public equity/PIPEs. Employing a fundamental bottom-up, research-driven, as well as proactive and value adding approach to investing in public equities.

B. Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies

The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks. Current and potential investors in a Fund should refer to the Governing Documents for the Fund for a further discussion of the applicable risks.

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

Economic and Political Environment. The current global economic and political climate is one of significant uncertainty and, in certain cases, distress. The global liquidity crisis and recent unprecedented investment losses have created substantial uncertainty throughout all sectors of the economy. Interest rates, general levels of economic activity, regulatory and legislative scrutiny and changes, fluctuations in the market prices of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Fund or considered for prospective investment.

The activities of the Funds could be materially adversely affected by the instability in the U.S., Greater China and/or global financial markets and/or changes in market, economic, political, and/or regulatory conditions, as well as by numerous other factors outside the control of the General Partner and the Manager.

The threats of terrorist strikes, and the fear of prolonged conflict in the Middle East and elsewhere, have exacerbated volatility in the financial markets and caused consumer, corporate and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. Economic and political uncertainty also increases the difficulty of modeling market conditions, which may reduce the accuracy of the Funds’ financial projections. The performance of the Funds’ portfolio companies may be affected by additional catastrophic events.

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

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

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

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

Investing in Different Levels of the Capital Structure. Clients currently (and will in the future) invest in a broad range of asset classes throughout the corporate capital structure. As the Adviser or its affiliates establish more funds, vehicles and accounts, including those that focus on different parts of the corporate capital structure (for example, preferred equity, convertible debt, subordinated debt or senior debt), both the range of asset classes in the corporate capital structure in which Clients invest and the extent of such investments by Clients will increase. A given Client could make investments in other parts of the capital structure of a company in which another Client has or will have an investment in an equity or debt tranche.

As an investment adviser to both Clients, the Adviser would owe a fiduciary duty to both Clients. Consequently, given the differing tranches and corresponding priorities in the capital structure of a single company, the Adviser would face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Client and the other Client (e.g., with respect to the structure and terms of the equity securities, the value of the equity securities, the enforcement of rights and remedies and the resolution of restructurings or bankruptcies). For example, a given Client could acquire a significant equity stake in a company for which another Client is a creditor, whether as a lender, holder of debt securities or otherwise. As a creditor of the company, the other Client would have an incentive to take actions, consistent with its obligations to maximize returns to its investors that would be adverse to the interests of such Client as a holder of more junior securities. The other Client would be under no obligation to take any action or refrain from taking any action to prevent or mitigate any losses by such Client.

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

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

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

Due to various conflicts described herein, actions could be taken by the Adviser, and/or on behalf of a given Client, that are adverse to other Clients.

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

The different prices paid for, or terms of, securities held by Clients will create conflicts of interest. The other Clients' view of the investment and their interests could diverge from those of a given Client and the other Clients will be acting in their own interests and could take actions that are adverse to the interests of such Client, including actions that could affect the value of such Client's investment. Further, there can be no assurance that a given Client and the other Clients would exit such investment at the same time or on the same terms. This could cause the other Clients to dispose of, increase their exposure to or continue to

hold the investment at a time when a given Client has adopted a different strategy. For example, following the initial public offering of a portfolio company in which both a given Client and another Client hold an interest, such Client could exit at a different time and at a different valuation from another fund. As a result, the actions of the other Clients could affect the value of such Client's investment. For example, a sale by another Client of its investment could put downward pressure on the value of a given Client's interest if such client opts to hold such interest for a longer term.

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

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

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

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

the undrawn portion of a credit facility, a one-time financing fee and/or other recurring fees and expenses. There can be no assurance that the Funds will be able to secure or maintain adequate financing.

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

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

Risks Related to Less Liquid Investments.

Liquidity Risk.

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

Uncertain Exit Strategies.

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

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

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

Valuation of Investments.

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

Service by Adviser's Professionals on Portfolio Company Boards of Directors. The Adviser's professionals will from time to time serve on the boards of directors of its Clients' portfolio companies by virtue of the agreements the Adviser could negotiate with portfolio companies at the time a Client makes an investment. While the interests of a Client as a shareholder in a portfolio company generally align with the interests of shareholders more broadly, the fiduciary duties of the Adviser's professionals to the relevant portfolio companies and their shareholders as directors could conflict with the interests of such Client. For example, it could be inconsistent with a director's fiduciary duties to share information he/she receives regarding the relevant portfolio company with the Adviser's personnel overseeing an investment in a different portfolio company even though that information would be beneficial to the other portfolio company and other Client.

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

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

Warehoused Investment. During the term of a Client, the general partner (or similar controlling entity) of such Client or any of its affiliates could initially purchase all or part of an investment intended to be made by such Client or fund the purchase of, make a cornerstone investment in connection with or provide financing in connection with, all or part of an investment made by such Client if, in each such case, the general partner (or similar controlling entity) of such Client determines that it would be necessary or

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

Prior to the initial investment or initial closing of the applicable Client, the general partner (or similar controlling entity) of such Client or any of its affiliates could purchase, fund the purchase of, make an investment in connection with or provide financing in connection with one or more investments to temporarily warehouse such investments for such Client. Following the initial investment or closing of such Client, the general partner (or similar controlling entity) of such Client will use commercially reasonable efforts to procure that the general partner (or similar controlling entity) of such Client or its affiliate (as applicable) transfers each such pre-initial investment or pre-closing investment to such Client at a price equal to the cost of such investment plus interest thereon or on such other terms as permitted under such Client's Governing Documents. In connection with, or in lieu of, the foregoing, the Adviser or its affiliates could enter into arrangements with one or more non-affiliated persons (including any existing investors of any Client and potential investors in a Client) whereby such persons agree to initially fund all or a portion of the cost of such pre-initial investment or pre-closing investments. There is no guarantee, however, that such pre-initial investment or pre-closing investments will be transferred to a Client at all (due to legal, tax, regulatory or other reasons), or that the price paid by such Client for each such pre-initial investment or pre-closing investment would represent the price that would have been obtained in a transaction negotiated at arm's length.

Follow-On Investments. Following its initial investment in a particular portfolio company, the Adviser on behalf of a Fund may decide to provide additional funds to the portfolio company to increase, protect and/or preserve its investment in the portfolio company ("Follow-On Investments"). There can be no assurance that the Adviser will make Follow-On Investments on behalf of the Funds or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Adviser not to make Follow-On Investments or the Funds' inability to make Follow-On Investments may (i) have a substantial negative impact on a portfolio company in need of such an investment, (ii) result in a lost opportunity for the Funds to increase their participation in a successful operation, and (iii) result in the Funds' position in a portfolio company being diluted and/or the loss of certain rights and protections that were agreed as part of the Funds' initial investments in the company.

Risk of Reliance on Portfolio Company Management; Investments with Third Parties. Although the Adviser will monitor the performance of each Fund's investment in a portfolio company, the Adviser on behalf of the Funds will rely upon each portfolio company's management to operate the portfolio company on a day-to-day basis. There can be no assurance that the management of portfolio companies in which the Funds invests will operate successfully. Further, the Funds expects to hold a minority position in their portfolio companies in most cases and their ability to exercise influence over these portfolio companies may be extremely limited. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such portfolio companies, which may include representation of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. Such investments may involve risks in connection with such third party involvement, including the possibility that a third party may have financial difficulties, resulting in a negative impact on the Funds' investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of their third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may

receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Expedited Transactions. Investment analyses and decisions by the Adviser may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Adviser at the time of an investment decision may be limited, and the Adviser may not have access to detailed information regarding the investment opportunity. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment. In this regard, the Adviser intends to rely primarily on its internal market knowledge and research expertise in making investment decisions, and typically it will not engage third-party experts or consultants to assist in due diligence or analysis of particular opportunities.

Private Company Investing Conflicts. The investment activities of one or more Clients of the Advisor may result in the imposition of restrictions on the flexibility of other Clients. For example, if the Advisor obtains material non-public information concerning a company on behalf of an advisory client in connection with a privately negotiated transaction, other advisory clients may be unable to trade in the securities of the same company in the public markets.

Market Risks. The profitability of a significant portion of the Funds' investment programs depends to a great extent upon correctly assessing the future course of price movements of specific securities and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements. At times, the securities markets experience great volatility and unpredictability, which could make it more difficult or less profitable, for a company to engage in a sale transaction or an IPO. With respect to the investment strategy utilized by the Funds, there is always some, and occasionally a significant degree of, market risk that impacts a portfolio company's ability to execute on its business plan.

Non-Diversification. The assets of the Funds may at times be concentrated into a relatively few number of securities and/or sectors. Accordingly, the investment portfolio of the Funds may be subject to more rapid change in value than would be the case if the Funds were required to maintain a wide diversification among portfolio companies, sectors, securities, countries and industry groups.

Hedging Transactions. The Funds will use financial instruments to hedge their investments and any exchange rate or interest rate risk associated therewith. There can be no assurance that the Funds will hedge when appropriate or choose the correct hedge to the extent that the Funds hedge their investments. The use of hedging transactions involves certain risks. These risks include: (i) the possibility that the market will move in a manner or direction that would have resulted in gain for the Funds had a particular hedging transaction not been entered into, in which case the Funds' performance would have been better had the Funds not engaged in the hedging transaction; (ii) the risk of imperfect correlation between the hedged risk and the hedging instrument used; and (iii) potential illiquidity of the hedging instrument used, which may make it difficult or costly for the Funds to close out or unwind a hedging transaction. Hedging instruments in Greater China may be harder to obtain, less useful and more expensive than in jurisdictions with more developed markets for such instruments.

Emerging Markets. The Adviser on behalf of the Funds will make significant investments in portfolio companies engaged in business activities in emerging markets. Investing in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks include, but are not limited to, (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war; (c) dependence on exports and the corresponding importance of international trade; (d) price fluctuations, less liquidity and smaller capitalization of securities markets; (e) currency exchange rate fluctuations; (f) rates of inflation; (g) controls on foreign investment and limitations on repatriation of invested capital and on the Funds' ability to exchange local currencies for U.S. dollars; (h) governmental involvement in and control over the economies; (i) that governments may decide not to continue to support economic reform programs generally and could impose centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (k) less extensive regulation of the securities markets; (l) the settlement period of securities transactions in non-

U.S. markets may be longer; (m) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (n) certain considerations regarding the maintenance of Fund portfolio securities and cash with non-U.S. sub-custodians and securities depositories.

As noted above, in emerging markets, there may be less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in other more established countries. Whatever supervision is in place may be subject to manipulation or control. While many emerging market countries have mature legal systems comparable to those of more developed countries, others do not. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Funds may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in foreign courts.

Regulatory and Tax Environment. As the global regulatory and tax environment evolves, the Funds and their investments and portfolio companies may be subject to new or different statutory and regulatory requirements. It is difficult to predict what impact the adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have on the Funds and their investments and portfolio companies (if any). Compliance with various additional obligations (for example, anti-money laundering regulations and the recent regime in the Cayman Islands, the British Virgin Islands and a number of other jurisdictions relating to requirements of economic substance for certain types of entities in such jurisdictions) may create significant additional costs that may be borne (directly or indirectly) by investors or otherwise affect the management and operation of the Funds and their portfolio companies. These factors may reduce returns to investors.

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

Risks Associated with Investing in the Healthcare Industry Generally.

General Healthcare Businesses Risks.

The Funds' investments will be subject to the risks inherent in the operation of healthcare businesses and assets. These risks include, but are not limited to, the burdens of compliance with applicable laws and regulations; uncertainty with respect to healthcare policies in the future; general and local economic conditions; the supply and demand for healthcare products and services;

exposure to product liability; acts of God; terrorist attacks and war and other factors which are beyond the control of the Adviser and its affiliates. Furthermore, the healthcare industry is dominated by large multi-national corporations with substantially greater financing and technical resources than generally will be available to the Funds' portfolio companies. Also, such large corporations may be better able to adapt to the challenges presented by continuing rapid and major scientific, regulatory and technological changes.

Applicable Laws and Regulations.

The Funds invest in healthcare companies operating in the United States, China and other countries, which are subject to extensive law and regulations. These laws and regulations are complex and are subject to interpretation by the courts and by government agencies. Failure to comply could lead to civil or criminal penalties. To the extent possible, the Funds will seek to cause its portfolio companies to maintain material compliance with all statutory and regulatory requirements, but there are risks that incompliance will occur. Such occurrences, regardless of their outcome, could damage the reputation of a portfolio company and adversely affect the investment return of the Funds.

Additionally, the applicable laws and regulations governing healthcare industry may change significantly in the future. There can be no assurance that any new or changed healthcare laws, regulation, judicial interpretation or law enforcement precedents will not materially adversely affect the healthcare industry as a whole or the businesses of portfolio companies.

Healthcare Policy.

Healthcare policies in the United States, China and other countries may be subject to changes or reform from time to time and business operations of portfolio companies may be affected by government policies.

In 2009, the Chinese government unveiled its new healthcare reform plan aiming to ensure that every citizen has access to affordable basic healthcare, the extensive reform of which is targeted to be completed by 2020. Since then, the Chinese government has issued new policies addressing the affordability, accessibility and quality of healthcare services, medical insurance coverage, and reform of public hospitals. Due to the broad scope and timetable of the reform program, it is difficult to predict the specific effects of the reform program on the Fund's portfolio companies and the investment return of the Fund.

Product Liability.

Certain portfolio companies may be engaged in the development, manufacture, distribution and/or marketing of healthcare products. As a result, portfolio companies will be subject to product liability in the United States, China and other jurisdictions where such products may be developed, manufactured, marketed or sold. While portfolio companies will generally have product liability insurance, such insurance may be insufficient to reimburse portfolio companies for the full extent of liabilities, which could have a material adverse effect on the Funds.

Risks Associated with Investing in Greater China.

Investing in Greater China involves certain risks not typically associated with investments in more developed markets. The Adviser will seek to manage Funds in a manner designed to mitigate these risks relative to the potential for gain, but such risks cannot be eliminated entirely, and may in any case be beyond the control of the Adviser. These risks, some of which are set out below, may increase expenses of a Fund, adversely affect the value of a Fund's investments and returns, and adversely impact a Fund's investment program and strategy. These risks are also relevant to any other jurisdictions where a Fund may invest, where applicable.

Economic Factors.

General economic conditions may affect a Fund's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in a Fund's markets may affect the value and number of investments made by a Fund or considered for prospective investment.

The economies of Greater China may perform favorably or unfavorably compared with more developed economies in such respects as growth of gross domestic product, rate of inflation, currency controls, currency appreciation or depreciation, capital reinvestment, resource self-sufficiency and balance of payments. The economies of Greater China generally are heavily dependent upon international trade and, accordingly, may be affected adversely by protective trade barriers and economic conditions in the countries with which they trade. In addition, the economies of Greater China are vulnerable to fluctuations of worldwide commodity prices.

Political, Social and Other Factors.

Certain Funds will be exposed to the direct and indirect consequences of political, economic, social, diplomatic or other factors in Greater China. Greater China may face economic, social and/or political instability resulting from, among other things (many of which may be unforeseeable), (i) changes in government or governmental policies; (ii) popular unrest; (iii) adverse relations with other countries; or (iv) public health issues (such as the outbreak of severe acute respiratory syndrome in 2002-2003).

With respect to certain countries where a Fund is expected to invest, there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, governmental regulation, social instability or diplomatic developments that could adversely affect the economies of such countries or the value of a Fund's investments in those countries. In addition, business practices in certain jurisdictions in Greater China may be different to those in the more developed countries. In particular, the incidence and extent of corruption, in both the public and private sphere, may be significantly higher. There may be a higher risk of fraud in certain jurisdictions in Greater China as compared to other countries with more established traditions of transparency and accountability.

As recently as mid-2019, Hong Kong has experienced large-scale demonstrations in connection with the introduction of the Fugitive Offenders amendment bill by the Hong Kong government. During 2019, Hong Kong's economy fell into recession and there has been a decline in consumer spending and tourism. The protests generally have caused uncertainty and loss of interest in investment and business trading. The financial conditions of the stock markets may continue to be disrupted.

While the Adviser intends to manage Fund assets in a manner that will minimize its exposure to such risks, there can be no assurance that adverse political, economic, social or diplomatic changes will not cause a Fund to suffer losses.

Legal Risks.

Certain Funds' investments may be governed by Chinese, Hong Kong or Taiwanese law (or other laws) and those Funds may need to resort to such legal systems for settlement of disputes. Certain jurisdictions in Greater China lack a fully developed legal system and the body of commercial law and practice typically found in countries with more sophisticated market economies. Laws and regulations, in particular those concerning foreign investment and taxation, can change quickly and unpredictably. The judicial and civil procedures in Greater China are complex and may be unwieldy. Courts in Greater China may lack experience in commercial dispute resolution, may be subject to political or other influence, and many of the procedural remedies for enforcement and protection of legal rights found in more developed jurisdictions may not be available in Greater

China. The extent to which local parties and entities, including local governmental agencies, will recognize the contractual and other rights of the parties with which they deal is uncertain. Certain Funds may therefore be unable to protect and enforce their rights (including with respect to legal and management control) against local governmental and private entities to the extent it would in jurisdictions with more developed legal systems. In addition, it may be more difficult, time-consuming and expensive to obtain and/or enforce a judgment in a court in Greater China, compared with more developed jurisdictions.

Investment Restrictions.

Some countries in which the Funds are expected to invest have laws and regulations that, to varying degrees, preclude or restrict direct foreign investment in the securities of resident companies, limit the types of securities that foreigners may buy, or limit foreign investors to special investment structures. For example, foreign investments in China generally require government approval and the extent of foreign investment in domestic companies may be subject to limitation. Certain industries have been classified by administration authorities in China as restricted or prohibited industries to foreign investment, and these industries may change from time to time. Foreign ownership limitations also may be imposed by the charters of individual companies. Such restrictions may limit the investment opportunities available to the Funds and inhibit the Adviser's ability to implement its investment strategy or reach its investment goals.

Accounting and Other Information.

The accounting, auditing and financial reporting standards and practices of certain jurisdictions in Greater China differ in fundamental respects from those employed in more developed countries. In particular, assets and profits listed on the financial statements of an issuer may not reflect its financial position or the results of its operations in the way they would be reflected had such financial statements been prepared in accordance with international generally accepted accounting principles. The availability of information within countries and jurisdictions in Greater China, including information concerning the securities of companies in such countries and jurisdictions, is generally more limited than is the case in more developed countries. In addition, there is generally less government supervision and regulation of private companies in certain jurisdictions in Greater China than in more developed markets. Accordingly, the Adviser's ability to conduct due diligence in connection with proposed portfolio investments and to monitor portfolio investments may be adversely affected.

Securities Markets; Exit Strategies.

The Adviser will seek to realize gains on certain investments of a Fund through sales on the public markets in Greater China. Trading volume in certain public markets in Greater China may vary in substantial ways from operations of larger, more international public markets, and may be less liquid and more volatile. This may affect a Fund's ability to dispose of securities at the price and time it wishes to do so. In addition, certain securities markets in Greater China may be susceptible to being influenced by large investors trading significant blocks of securities. Commissions for trading on stock exchanges in Greater China can be higher than commissions for trading on stock exchanges in certain other economies.

In addition to their smaller size, reduced liquidity and less rigorous disclosure standards, the individual securities markets of Greater China are, to varying degrees, influenced by economic and market conditions in other securities markets in Asia generally. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries in Asia. There can be no assurance that individual securities markets will not continue to be affected negatively by events elsewhere or that such events will not adversely affect the value of a Fund's investments. The current downturn in the global economy has seriously affected securities markets, including markets on which a Fund may

seek to take portfolio companies public, which may impede or prevent such Fund from exiting successfully from its investments.

Risk of Misappropriation of Assets.

There is a risk that individuals employed by or associated with the Adviser, a Fund's portfolio investments, their affiliates, partners and service providers may engage in the fraudulent misappropriation of a Fund's assets. Adverse employee relationships and inadequate internal control over assets may increase the possibility of misappropriation of a Fund's assets, and this may be a more significant issue in Greater China compared with more developed economies. Such misappropriations may be difficult to identify in a timely manner and, once identified, adequate legal remedies may not be available in Greater China, or may be ineffective if the assets or proceeds in question are not recoverable.

Foreign Currency Considerations.

A substantial portion of investments made by certain Funds, and substantial amounts of income and gains received by such Funds, are expected to be denominated in currencies other than the U.S. dollar. Changes in foreign currency exchange rates may affect the value, in U.S. dollar terms, of securities in a Fund's portfolio. Governmental policies in some countries may result in artificially pegged exchange rates that may distort the results of and returns on portfolio investments in such countries. Moreover, certain Funds will incur costs in connection with conversions between various currencies. Such Funds will conduct their foreign currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market, or through entering into forward, futures or options contracts to purchase or sell foreign currencies. Certain Funds may engage in forward currency exchange transactions in anticipation of funding investment commitments or receiving proceeds upon dispositions. Those Funds ordinarily will not attempt to hedge currency risks over the long term.

The repatriation of investment income, capital and the proceeds from sales of securities by foreign investors such as the Funds may require governmental registration and approval in some countries and jurisdictions in Greater China. Certain Funds could be adversely affected by delays in or refusals to grant required registration or approvals for any such proposed repatriation. This could have a material adverse effect on returns to investors.

Investors should be aware that cash proceeds from a Fund will be distributed in U.S. dollars and that if their reference currency is another currency, their investment in a Fund may be adversely affected by any reduction in the value of the U.S. dollar relative to their reference currency. Such investors may also incur the further transaction costs of converting U.S. dollars into another currency. Investors are strongly urged to consult their financial advisors with a view to determining whether they should enter into external hedging transactions to seek to manage these risks.

Risks Associated with Investing in the People's Republic of China.

Continued State Involvement in the Chinese Economy.

Despite China's ongoing transition to a market-driven economy, the Chinese government continues to own directly or indirectly a substantial portion of China's productive assets and plays a significant role in regulating development through industrial policies, taxation, allocating resources, regulating payments of foreign currency obligations, imposing credit policies on commercial banks and setting monetary policy. Many reform-oriented policies and measures are unprecedented or experimental, may cause fiscal deficits, inflation, or other economic imbalances, and may or may not be reversed, suspended, delayed or improved over time. There is the possibility of nationalization, expropriation or confiscatory taxation or governmental regulation that could adversely affect the economy of such

country or the value of a Fund's investments. Such reforms and measures could negatively affect a Fund's investments in China.

Foreign Exchange Controls.

In addition to managing the exchange rate between the RMB and foreign currencies (including the U.S. dollar), the Chinese government imposes restrictions and controls on the convertibility of RMB into foreign currencies and the remittance of currency out of China. Certain remittance or currency exchanges may require approval from appropriate governmental authorities or be subject to certain procedural requirements even if such remittance or currency exchange does not require approval. This system could be changed at any time by executive decision of the State Council. Furthermore, the State Administration of Foreign Exchange has a significant degree of administrative discretion in implementing the laws and promulgating interim rules on foreign exchange control, and has used this discretion to limit convertibility of current account and capital account cash flowing into and out of China. There can be no assurance that a Fund will be permitted to inject or repatriate capital or profits, if any. Certain Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of equity and debt capital, interest and/or dividends paid on investments held by a Fund.

Bankruptcy.

The enactment in August 2006 of China's new Bankruptcy Law expanded the scope of Chinese bankruptcy law from state-owned enterprises to include private companies, as well as giving priority to the rights of secured creditors in the foreclosure of secured assets. In the last few years, the number of bankruptcy cases (including the bankruptcy reorganization cases) have been increasing. The Supreme Court of China has issued various notices and guidance of bankruptcy case (including the filing, proceeding and enforcement related to bankruptcy cases). However, despite these advances and efforts to enforce implementation of the Bankruptcy Law, Chinese bankruptcy law remains underdeveloped as compared to the United States and other OECD member countries. These factors, together with the lack of transparency in China's judicial system and local protectionism, may prevent a Fund from accurately anticipating the outcome of any bankruptcy proceedings in China.

Risks Relating to Taxation.

The Chinese government continues to revise its tax laws, and it is reported to be renegotiating certain tax treaties. Therefore, there may be changes in Chinese or other tax laws, treaties and regulations, or interpretations of such laws, treaties and regulations that are adverse to a Fund. There can be no assurance that the structure of a Fund or any investments by a Fund will be tax-efficient for any particular investor. Prospective investors are urged to consult their own tax advisors with reference to their specific tax situations.

Tax laws and practice in China are at a relatively early stage of development and are not as clearly established as in Western nations. The taxation system in China may be subject to varying interpretations, frequent changes and inconsistent enforcement at the national, regional and local levels, and as a result, the tax burden in China may be unexpectable.

China State Administration of Foreign Exchange.

China has promulgated regulations that require the residents of PRC to obtain approvals or registration from the State Administration of Foreign Exchange of China (or its local branches) or qualified banks, as applicable, before they can make any overseas equity investments, cross-border equity or asset swaps, or "round-trip" investments into China through an overseas vehicle previously set up by them. As a result of the relative newness of some of these regulations, lack of implementing rules and uncertainty concerning the reconciliation of the new regulations with other

approval requirements, it remains unclear how these regulations, and any future legislation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. There can be no assurance that these policies and their implementation will not affect negatively the execution of the Adviser's investment approach, including for instance the structuring of exit strategies, of a Fund.

Foreign Direct Investment in China.

Historically, all direct investment by foreign investors to a Chinese company (either greenfield investment or through merger and acquisition of existing Chinese companies) as well as foreign investors' disposal of their direct equity interests in FIEs require the approval from, or record filing with, MOFCOM or its local counterparts. On September 3, 2016, the Standing Committee of the PRC National People's Congress passed a decision to revamp the PRC Law on Wholly Foreign Owned Enterprises, the PRC Law on Sino-Foreign Equity Joint Ventures, the PRC Law on Sino-Foreign Cooperative Joint Ventures, and the PRC Law on the Protection of Investments by Taiwanese, officially extending the "Negative List" regime previously tested in the several free trade zones to the whole country effective as of October 1, 2016. Under the current foreign direct investment administrative regime, any investments by the Fund in Chinese portfolio companies operating in industries that fall under the "Negative List" are subject to the approval of the relevant PRC authorities. The investments into domestic companies other than those engaged in an industry on the Negative List will not require prior approval by MOFCOM or its local counterparts and can be completed through submitting to MOFCOM or its local counterparts for recording and registering with the administration of industry and commerce. The portfolio companies with foreign investors may be subject to more restrictions than its counterparts without foreign investors. The foregoing restrictions may adversely impact the Adviser's investment strategy and investment performance, in relation to potential investments in China.

C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks)

Equity-Related Instruments in General. The Adviser may use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Debt Securities and Obligations. The Adviser on behalf of the Clients may invest in various corporate and asset-based debt obligations. These debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). The Adviser may intend to actively expose the Client to credit risk. However, there can be no guarantee that the Client will be successful in making the right selections and thus fully mitigate the impact of credit risk on the Client. A debt security or obligation may be subject to redemption at the option of the issuer. If a debt security or obligation held by the Client is called for early redemption, the Client will be required to permit the issuer to redeem such security or obligation, which could have an adverse effect on the Client's ability to achieve its investment objective.

Lower Rated Debt and Preferred Securities. The Adviser on behalf of the Clients may invest in debt instruments and preferred securities which are rated in the lower rating categories by the various credit rating agencies or, more commonly, in comparable non-rated debt instruments and securities. Debt instruments and securities in the lower rating categories and comparable non-rated debt instruments and securities are subject to greater risk of loss of principal and interest than higher-rated and comparable non-rated debt instruments and securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay dividends and interest and repay principal. They are also generally considered to be subject to greater risk than debt instruments and securities with higher ratings and comparable non-rated debt instruments and securities in the case of deterioration of general economic conditions. The market for lower-rated and comparable non-rated debt instruments and securities is thinner, often less liquid, and less active than that for higher-rated and comparable non-rated debt

instruments and securities, which can adversely affect the prices at which such debt instruments and securities can be sold and may even make it impracticable to sell such debt instruments and securities.

Private Investments in Public Entities. The Adviser will invest in PIPEs. PIPEs present certain risks in addition to the risks that would otherwise be associated with an investment in the underlying public entity, including (i) limited liquidity due to legal or contractual restrictions on resales of PIPEs; (ii) lack of a public market for PIPEs; (iii) dependence on an exit strategy, such as a registered secondary market offering or a sale of the public entity or sale of a portion of the investment; and (iv) dependence on managerial assistance provided by other investors and the willingness of other investors or third parties to provide additional financial support to the underlying public entity.

Non-U.S. Securities. Investing in securities of portfolio companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States companies. These considerations include changes in exchange rates and exchange control regulations, restrictions, risks, or impracticalities that could (i) result in the Adviser relying on third parties with respect to currency transactions (including income repatriation), and/or (ii) make currency transactions expensive, political and social instability, expropriation, imposition of foreign taxes (for example, the imposition of withholding taxes on dividends, interest payments or capital gains), less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less governmental supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Currency Risks. Investments in securities or other instruments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Clients may try to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts or similar instruments, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

Warrants. Warrants are derivative instruments that permit, but do not obligate, the holder to subscribe for other securities. Warrants do not carry with them the right to dividends or voting rights with respect to the securities that they entitle the holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants may be considered more speculative than certain other types of investments. In addition, the value of a warrant does not necessarily change with the value of the underlying securities or commodities, and a warrant ceases to have value if it is not exercised prior to its expiration date.

Convertible Securities. The Adviser on behalf of the Clients may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase, and conversely, increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

Additional Risks Relating to the Adviser

Systems and Operational Risks. The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third-party service

providers, including prime brokers, the third-party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in Clients' operations. In addition, despite certain measures established by the Adviser and third-party service providers to safeguard information in these systems, the Adviser, Clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of Client trading activities, liability under applicable law, regulatory intervention or reputational damage.

Cybersecurity Risk. The information and technology systems of the Adviser and of key service providers to the Adviser and Clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. For instance, cyber-attacks may interfere with the processing or execution of the Adviser's transactions, cause the release of confidential information, including private information about clients, subject the Adviser or its affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Adviser's key services providers, may cause significant harm to the Adviser, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Adviser may invest. These risks could result in material adverse consequences for such issuers, and may cause the Adviser's investments in such issuers to lose value. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or Client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, which may result in identity theft.

Systemic Risk. Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which Clients interact, as well as Clients, are all subject to systemic risk. A systemic failure could have material adverse consequences on Clients and on the markets for the securities in which Clients seek to invest.

Assumption of Business, Terrorism and Catastrophe Risks. Opportunities involving the assumption by Clients of various risks relating to particular assets, markets or events may be considered from time to time. Clients' portfolios are subject to the risk of loss arising from exposure that it may incur, directly or indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events and events that could adversely affect the health or life expectancy of people. These risks of loss can be substantial, could greatly exceed all income or other gains, if any, received by Clients in assuming these risks and, depending on the size of the loss, could adversely affect the return of Clients.

Effects of Health Crises and Other Catastrophic Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on Clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for Client portfolio companies. In addition, under such circumstances the operations,

including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Valuation of Portfolio Holdings. There are various conflicts of interest in connection with the valuation of Client assets, in particular, higher valuations of Client assets may result in increased asset-based and performance-based fees, and in some cases, increased compensation for personnel. In addition, inflated valuations may result in better performance which may assist in marketing for the Adviser. Conflicts of interest may be heightened in the case of assets that do not have readily ascertainable market values.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

While the Clients may trade commodity interests, the Adviser and/or its affiliates have claimed or expect to claim an exemption from registration with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator pursuant to CFTC Rule 4.13(a)(3).

Ally Bridge Group (NY) LLC (the "Hedge Fund Adviser"), an affiliate of the Adviser that is wholly owned by ABG Management Ltd., advises pooled investment vehicles that focus on investments in public equity. Although the Hedge Fund Adviser's clients primarily focus on investments in public companies, the Hedge Fund Adviser's clients have and will invest from time to time in the securities of the same private companies as the Adviser's Clients. Overlapping investment positions between the Clients and the Hedge Fund Adviser's clients raise certain conflicts of interest including, without limitation, the allocation of investment opportunities and the allocation of common expenses between the Clients and the Hedge Fund Adviser's clients. The Adviser and the Hedge Fund Adviser will adopt and implement policies and procedures for the allocation of investment opportunities and expenses that are designed to ensure that the Clients and the Hedge Fund Adviser's clients are treated fairly.

In rendering investment advisory services to the Clients, the Adviser uses the resources of the Adviser's affiliates, Ally Bridge Group (HK) Limited and ABG Management Ltd. (the "Participating Affiliates"), to provide certain services, including portfolio management and related services to the Clients. The Participating Affiliates and any of their employees who provide services to the Clients are considered "associated persons" of the Adviser within the meaning of Section 202(a)(17) of the Investment Advisers Act of 1940. In connection with its provision of services to the Adviser, the Participating Affiliates have appointed, without power of revocation, the Chief Financial Officer of the Hedge Fund Adviser, located at 430 Park Avenue, New York, NY 10022, for service of process. The Participating Affiliates have agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising, directly or indirectly, under the U.S. securities laws or the securities laws of any state in connection with any of the following for U.S. Clients: (1) investment advisory activities; (2) related securities activities arising out of or relating to any investment advisory provided by the Participating Affiliates in collaboration with the Adviser; and (3) any related transactions. Any civil suit or action or administrative proceeding brought against the Participating Affiliates or in which the Participating Affiliates have been joined as a defendant or respondent may be commenced by service of process upon the Hedge Fund Adviser's Chief Financial Officer. If the Hedge Fund Adviser's Chief Financial Officer ceases to serve as the Participating Affiliates' agent for service of process, a successor agent will be appointed in accordance with SEC guidance in effect at the time. The Participating Affiliates will provide to the SEC books and records required to be maintained in accordance with SEC guidance and regulations upon request.

The Clients have or may enter into agreements, or "side letters," with certain prospective or existing Client investors whereby such investors including such persons that may be affiliated with the Adviser or its related persons may be subject to terms and conditions that are more advantageous than those set forth in the Governing Documents for the applicable Client. For example, such terms and conditions may provide for

special rights to make future investments in the partnership, other investment vehicles or managed accounts; special rights, relating to fees; transfer rights; transparency and reporting rights; and such other rights as may be negotiated by the Client and such investors. The modifications are solely at the discretion of the Adviser or one of its affiliates acting as the general partner of the relevant Client and may, among other things, be based on the size of the investor's investment in a Client, an agreement by an investor to maintain such investment in the Client for a significant period of time, or other similar commitment by an investor to the Client.

Mr. Yu and certain supervised persons are members of the sponsor of a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the "SPAC") and hold securities issued by the SPAC. Clients may compete with the SPAC for investment opportunities. As a result, there may be overlap between companies that would be a suitable business combination for the SPAC and companies that would make an attractive investment opportunity for Clients. If the SPAC decides to pursue any such opportunity, Clients may be precluded from procuring such opportunities. In addition, investment ideas generated by Mr. Yu may be suitable for both the SPAC and Clients and may be directed to the SPAC rather than to Clients. The Adviser will not have any obligation to present the SPAC with any opportunity for a potential business combination of which it becomes aware. The SPAC may pursue an acquisition opportunity jointly with one or more entities affiliated with the Adviser or the Funds (an "Affiliated Joint Acquisition"). An Affiliated Joint Acquisition would only occur if (i) permitted by applicable regulatory and other legal limitations; (ii) the SPAC and the Adviser (or the relevant Fund) considered a transaction to be mutually beneficial to all participating joint venturers; and (iii) other business reasons exist to do so, such as the strategic merits of including such co-investors, the need for additional capital beyond the amount held in the SPAC's trust account to fund the initial business combination and/or the desire to obtain committed capital for closing the initial business combination. Although the Adviser does not intend to cause clients to invest in any SPAC sponsor entities controlled by Mr. Yu, Clients may participate in PIPE transactions for the securities of SPACs that Mr. Yu sponsors, or such SPACs' target company.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser to put the interests of the Adviser's Clients before its own interests and to act honestly and fairly in all respects in their dealings with Clients. In addition to compliance with the Adviser's policies and procedures, all of the Adviser's personnel are required to comply with applicable federal securities laws. Clients or prospective Clients may obtain a copy of the Code by contacting us at the address or telephone number listed on the first page of this brochure. See below for further provisions of the Code as they relate to the reporting of securities transactions by related persons.

The Adviser and its supervised persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment which includes quarterly disclosure of gifts and business entertainment in excess of certain de minimis thresholds to the Chief Compliance Officer.

The Adviser or its related persons, in the course of their investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of Clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its Clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to a Client or using such information for a Client's benefit. In such circumstances, the Adviser will have no responsibility or liability to a Client for not disclosing such information to such Client (or the fact

that the Adviser possesses such information), or not using such information for a Client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser's supervised persons are generally not permitted to invest in the same securities that the Adviser or a supervised person recommends to Clients. Such practices present a conflict of interest when, because of the information an Adviser has, the Adviser or its supervised persons are in a position to trade in a manner that could adversely affect the Adviser's Clients (e.g., place their own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients' trades). In addition to affecting the Adviser's or its supervised person's objectivity, these practices by the Adviser or its supervised persons may also harm Clients by adversely affecting the price at which the Clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize these conflicts of interest between itself and its Clients. The Adviser requires its supervised persons to preclear transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its Clients. In addition, the Adviser's Code prohibits the Adviser or its supervised persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Adviser's supervised persons are required to disclose their securities transactions on a quarterly basis. In addition, the Adviser's supervised persons are required to disclose the holdings in their personal accounts upon commencement of employment with the Adviser and on an annual basis thereafter. Trading in the personal accounts of the Adviser's supervised persons is reviewed by the Chief Compliance Officer.

Item 12. Brokerage Practices

To the extent the Adviser is authorized to determine the executing broker to be used for each securities transaction for the Clients, the Adviser will consider a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to competitiveness of price spreads, total execution cost involved with a trade (may include fees, etc.), size availability of orders and promptness of execution, security, confidentiality and effectiveness of the broker, clearance and settlement capabilities, broker reputation, integrity and financial wherewithal, number of errors incurred and the ability and willingness to correct errors, broker access to markets, information and new issues of securities, broker ability to commit capital when necessary to complete trades, overall accessibility and responsiveness to Adviser's needs, broker ability to provide liquidity and enter into difficult transactions, availability of accurate information and research regarding the market for the security in question and the ability to provide data when warranted, specialized expertise for certain securities, and amount of business conducted with each broker and whether business conditions are constant or have improved. In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer and appropriate personnel will meet periodically or as required to evaluate the broker-dealers used by the Adviser to execute Client trades using the foregoing factors.

The Adviser currently does not recommend, request or require that a Client direct the Adviser to execute transactions through a specified broker-dealer, nor does the Adviser permit Clients to direct the Adviser to transact with a specific broker.

Research and Other Soft Dollar Benefits. The Adviser may from time to time receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("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 broker-dealers 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 an adviser 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.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser will periodically review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained using commissions arising from a Client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other Client accounts. The Adviser does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

In determining whether to direct Client brokerage transactions to particular broker-dealers, the Adviser's Chief Compliance Officer and the responsible investment personnel meet periodically to review and evaluate the soft dollar practices of the Adviser and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

To the extent the Adviser manages multiple Client accounts, the Adviser anticipates purchasing or selling the same security for more than one Client at or near the same time and using the same executing broker. It is the Adviser's practice, where appropriate, to aggregate Client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for Clients a more favorable price or a better commission rate based upon the volume of a particular transaction. The Adviser will generally follow the guidelines set forth below in aggregating client orders for securities at the same broker-dealer, including any orders placed for private investment vehicles: (i) the Adviser will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution for its Clients and is consistent with the terms of the Adviser's investment advisory agreement with each Client for which trades are being aggregated; (ii) no investment advisory client, including those Clients in which the Adviser or persons associated with the Adviser have a direct or indirect beneficial interest, will be favored over any other investment advisory Client other than as permitted under the Adviser's policies and procedures; and (iii) each Client that participates in an aggregated order will participate at the average price for all the Adviser's transactions in that security on a given business day or such shorter period, as applicable and transaction costs will be shared pro rata based on each Client's participation in the aggregated order. Notwithstanding the foregoing, an aggregated

order may be allocated on a basis different from that specified in the allocation policy, if the reason for the different allocation is explained in writing and approved by the Chief Compliance Officer. Reasons for allocation on a basis different from that specified in the allocation policy may include but are not limited to: a Client's investment guidelines and restrictions, available cash, liquidity requirements, legal, contractual or regulatory reasons, or to avoid odd lots.

Item 13. Review of Accounts

Frequency and Nature of Review. Each Client will be reviewed by the Adviser's investment professionals on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Matters to be reviewed will include specific securities held, adherence to investment guidelines and the performance of each Client.

Factors Prompting a Non-Periodic Review of Accounts. Significant market events affecting the prices of one or more securities in Client accounts, changes in the investment objectives or guidelines of a particular Client or specific arrangements with particular Clients may trigger reviews of Client accounts on other than a periodic basis.

Content and Frequency of Regular Account Reports. Pooled investment vehicle investors will receive reports from the Clients as described in the Governing Documents of the Client.

Item 14. Client Referrals and Other Compensation

The Adviser does not have any arrangements in place to compensate anyone or be compensated for the referral of Clients.

Item 15. Custody

The Adviser and/or an affiliate that serves as a general partner to a Client are deemed to have custody of Client assets. The Adviser intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary or non-discretionary basis to Clients.

Prior to assuming full discretion in managing a Client's assets, the Adviser will enter into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

In the case of a discretionary Client, unless otherwise instructed or directed by such Client, the Adviser will generally have the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Client account. Because of the differences in Client investment objectives and strategies, Client investment guidelines and restrictions, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held. The Adviser may consider the following factors, among others, in allocating securities among Clients: (i) a Client's investment objectives and strategies; (ii) a Client's investment guidelines and restrictions, (iii) Client risk profile and tolerances, (iv) Client's tax status and any restrictions placed on a Client's portfolio by the Client or by virtue of applicable law, (v) size of Client account and fund availability, (vi) total portfolio invested positions, (vii) nature and liquidity of the security to be allocated, (viii) size of available position, (ix) supply or demand for a security at a given price level, (x) current market conditions, (xi) timing of cash flows and account liquidity, (xii) investment period and investment horizon, (xiii) de minimis transaction size, (xiv) the investment decision made by each of the client's investment committees, and (xv) any other information determined to be relevant to the fair allocation of investments. Although it is the Adviser's policy to allocate investment opportunities to eligible

Client accounts that have the same or substantially similar investment objectives, strategies and restrictions on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to Client accounts in varying amounts. Even Client accounts that are typically managed on a pro rata basis may from time to time receive differing allocations of securities.

Securities acquired by the Adviser for its Clients through a limited offering will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those Client accounts eligible to hold such securities. Eligibility will be based on the legal status of the Clients and the Clients' investment objectives and strategies.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser seeks to ensure that Clients best interests are served. The Adviser is not responsible for the errors of other persons, including third-party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its Clients, the Adviser will comply with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to Client securities, such proxies are voted in the best interests of its Clients. The Adviser generally will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals including matters such as, without limitation, corporate events (mergers and acquisition transactions, dissolutions, conversions, or consolidations) or contested elections for directors, the Adviser will determine whether a proposal is in the best interests of the Client and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; (iii) whether the proposal fairly compensates management for past and future performance; (iv) other factors particular to the issuer and the matter under consideration; and (v) the potential effect of the vote on the value of Clients' investments.

Item 18. Financial Information

This Item is not applicable.