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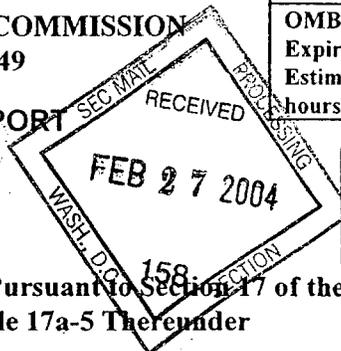


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UNITED STATES  
AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III



SEC FILE NUMBER  
8-46645

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING

1/1/03

AND ENDING

12/31/03

MM/DD/YY

MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER DEALER:

Nova Fund L.P.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

800 Third Avenue

(No. and Street)

New York

(City)

New York

(State)

10022-7604

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mark Silber

(212) 486-6780

(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

BDO Seidman, LLP

(Name — if individual, state last, first, middle name)

330 Madison Avenue

(Address)

New York

(City)

New York

(State)

10017

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not in residence in United States or any of its possessions.

PROCESSED  
MAR 23 2004

THOMSON  
FINANCIAL

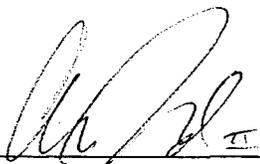
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Mark Silber, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Nova Fund L.P., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Chief Financial Officer  
  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public  
ARTHUR F. LUND, II  
Notary Public, State of New York  
Residing in Orange County  
No. 4601717  
My commission expires April 30, 2006

This report\*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Statement Regarding the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation.
- (l) An Oath or Affirmation.
- (m) A Copy of the SIPC Supplemental Report.
- (n) A Report Describing any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the Previous Audit.
- (o) Independent Auditors' Report on internal accounting control required by SEC Rule 17a-5.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# **Nova Fund L.P.**

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## **Statement of Financial Condition**

December 31, 2003

# Nova Fund L.P.

## Contents

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## Independent Auditors' Report

The Partners  
Nova Fund L.P.  
New York, New York

We have audited the accompanying statement of financial condition of Nova Fund L.P., including the condensed schedule of investments, as of December 31, 2003. This financial statement is the responsibility of the General Partner. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Nova Fund L.P. at December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

*BDO Seidman, LLP*

January 31, 2004

# Nova Fund L.P.

## Statement of Financial Condition

December 31, 2003

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### Assets

Investments in securities, at market value (Notes 1 and 2)	\$1,768,158,670
Cash	86,536
Due from broker (Note 1)	42,635,950
Due from partners (Note 4)	3,132,934
Accrued interest and dividends receivable	4,160,832
Prepaid expenses and other	123,431
	<hr/>
	\$1,818,298,353

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### Liabilities and Partners' Capital

#### Liabilities:

Securities sold, not yet purchased, at market value (Notes 1 and 2)	\$1,138,722,976
Accounts payable and accrued expenses	22,307,231
	<hr/>
	1,161,030,207

#### Commitments (Note 5)

Partners' capital (Note 5)	657,268,146
	<hr/>
	\$1,818,298,353

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*See accompanying summary of business and significant accounting policies and notes to statement of financial condition.*

# Nova Fund L.P.

## Condensed Schedule of Investments

December 31, 2003

Number of shares	Description	% of net assets	Market value
	<b>Investments in securities (269.02%)</b>		
	<b>Equity securities (269.02%):</b>		
	United States (269.02%):		
	Advertising	1.82%	\$ 11,955,071
	Aerospace/Defense	4.16	27,334,459
	Agriculture	1.25	8,223,624
	Airlines	.43	2,847,253
	Apparel	1.67	10,970,945
	Auto Manufacturers	5.32	34,995,349
	Auto Parts and Equipment	5.17	33,964,732
	Banks	12.68	83,010,724
	Beverages	3.41	22,394,431
	Biotechnology	.95	6,235,698
	Building Materials	4.66	30,649,085
	Chemicals	4.21	27,692,680
	Closed-end Funds	1.73	11,365,088
	Coal	1.16	7,619,654
	Commercial Services	3.41	22,430,803
	Computers	3.52	23,165,419
	Cosmetics/Personal Care	2.01	13,200,652
	Country Funds-Closed-end	.18	1,199,170
	Distribution/Wholesale	1.45	9,542,556
	Diversified Financial Services	17.71	116,416,399
	Electric	17.82	117,132,983
	Electrical Components and Equipment	.36	2,357,692
	Electronics	2.39	15,677,466
	Energy-Alternate Sources	-	20,253
	Engineering and Construction	.41	2,677,977
	Entertainment	.99	6,496,923
	Environmental Control	.09	616,469
	Food	4.46	29,297,201
	Forest Products and Paper	1.15	7,548,601
	Gas	3.61	23,712,154
	Hand/Machine Tools	.57	3,742,032
	Health Care-Products	3.21	21,079,849
	Health Care-Services	1.35	8,844,237

*See accompanying summary of business and significant accounting policies and notes to statement of financial condition.*

# Nova Fund L.P.

## Condensed Schedule of Investments

December 31, 2003

Number of shares	Description	% of net assets	Market value
<b>Investments in securities (269.02%) (continued)</b>			
<b>Equity securities (269.02%) (continued):</b>			
	United States (269.02%) (continued):	.12%	\$ 788,481
	Holding Companies-Diversified	6.32	41,541,645
	Home Furnishings	1.98	13,001,396
	Household Products/Wares	.54	3,575,954
	Housewares	.91	6,013,585
	Insurance	17.85	117,351,411
	Internet	3.17	20,843,204
	Investment Companies	.07	480,126
	Iron/Steel	2.63	17,302,916
	Leisure	1.91	12,534,474
	Lodging	2.36	15,484,163
	Machinery-Construction and Mining	.99	6,536,116
	Machinery-Diversified	1.37	9,021,723
	Media	12.13	79,735,383
	Metal Fabricate/Hardware	.30	1,949,086
	Mining	6.08	39,992,309
	Miscellaneous Manufacturing	4.33	28,453,648
	Office Furnishings	.01	84,724
	Office/Business Equipment	.44	2,913,720
	Oil and Gas Producers	21.72	142,732,591
	Oil and Gas Services	1.03	6,776,248
	Packaging and Containers	.50	3,314,408
	Pharmaceuticals	4.45	29,263,383
	Pipelines	4.41	29,006,673
	Real Estate	.22	1,461,776
	REITS	7.52	49,458,127
	Retail	18.48	121,431,575
	Savings and Loans	5.63	37,027,393
	Semiconductors	2.99	19,676,190
	Software:		
1,649,755	Microsoft Corp.	6.87	45,153,794
	Other	5.32	34,954,024
	Storage/Warehousing	.01	71,564
	Telecommunications	8.24	54,128,483
	Textiles	.03	215,761

See accompanying summary of business and significant accounting policies and notes to statement of financial condition.

# Nova Fund L.P.

## Condensed Schedule of Investments

December 31, 2003

Number of shares	Description	% of net assets	Market value
<b>Investments in securities (269.02%) (continued)</b>			
<b>Equity securities (269.02%) (continued):</b>			
United States (269.02%) (continued):			
	Toys/Games/Hobbies	.45%	\$ 2,981,069
	Transportation	4.26	27,990,558
	Trucking and Leasing	.02	141,406
	Water	.05	351,954
<b>Total investments in securities (cost</b>			
<b>\$1,711,630,049)</b>		<b>269.02%</b>	<b>\$1,768,158,670</b>
<b>Securities sold, not yet purchased (173.25%)</b>			
<b>Equity securities (173.25%):</b>			
United States (173.25%):			
	Advertising	.35%	\$ 2,320,885
	Aerospace/Defense	.76	4,987,493
	Agriculture	.04	254,564
	Airlines	.23	1,489,592
	Apparel	.98	6,453,611
	Auto Manufacturers	.20	1,316,296
	Auto Parts and Equipment	.16	1,080,461
	Banks	6.41	42,160,406
	Beverages	.81	5,311,396
	Biotechnology	6.02	39,580,680
	Building Materials	.32	2,125,379
	Chemicals	3.37	22,120,802
	Coal	.51	3,366,360
	Commercial Services	5.93	39,004,417
	Computers	8.71	57,244,933
	Cosmetics/Personal Care	3.52	23,130,432
	Distribution/Wholesale	.76	4,982,490
	Diversified Financial Services	1.60	10,500,929
	Electric	.48	3,175,124
	Electrical Components and Equipment	.55	3,630,284
	Electronics	5.00	32,841,786
	Energy-Alternate Sources	.15	992,575
	Engineering and Construction	.07	489,724
	Entertainment	.57	3,718,127
	Environmental Control	.45	2,939,206

See accompanying summary of business and significant accounting policies and notes to statement of financial condition.

# Nova Fund L.P.

## Condensed Schedule of Investments

December 31, 2003

Number of shares	Description	% of net assets	Market value
<b>Securities sold, not yet purchased (173.25%)</b>			
<b>(continued)</b>			
<b>Equity securities (173.25%) (continued):</b>			
<b>United States (173.25%) (continued):</b>			
	Food	4.25%	\$ 27,919,343
	Forest Products and Paper	1.18	7,763,491
	Gas	.14	941,040
	Health Care-Products	6.73	44,264,832
	Health Care-Services	3.30	21,712,771
	Holding Companies-Diversified	.03	216,670
	Home Builders	1.65	10,822,868
	Home Furnishings	.09	603,780
	Household Products/Wares	.79	5,224,274
	Housewares	.01	46,440
	Insurance	3.15	20,710,665
	Internet	9.53	62,625,638
	Investment Companies	.79	5,174,655
	Iron/Steel	1.43	9,391,219
	Leisure	.22	1,427,669
	Lodging	.25	1,646,674
	Machinery-Construction and Mining	.02	105,087
	Machinery-Diversified	.38	2,512,582
	Media	1.52	9,998,276
	Metal Fabricate/Hardware	.16	1,030,438
	Mining	.85	5,586,136
	Miscellaneous Manufacturing	8.19	53,801,173
	Office Furnishings	.03	177,861
	Office/Business Equipment	.10	656,148
	Oil and Gas Products	12.64	83,097,023
	Oil and Gas Services	1.84	12,097,178
	Packaging and Containers	.29	1,912,934
	Pharmaceuticals	8.64	56,773,089
	Pipelines	.39	2,556,132
	Real Estate	.17	1,086,241
	REITS	1.87	12,262,860
	Retail	7.90	52,060,177
	Savings and Loans	.56	3,664,332
	Semiconductors	19.17	125,987,595

*See accompanying summary of business and significant accounting policies and notes to statement of financial condition.*

# Nova Fund L.P.

## Condensed Schedule of Investments

December 31, 2003

Number of shares	Description	% of net assets	Market value
	<b>Securities sold, not yet purchased (173.25%) (continued)</b>		
	<b>Equity securities (173.25%) (continued):</b>		
	United States (173.25%) (continued):		
	Software	9.51%	\$ 62,500,649
	Telecommunications	16.40	107,778,860
	Textiles	.20	1,310,206
	Toys/Games/Hobbies	.17	1,096,968
	Transportation	.70	4,580,710
	Water	.06	380,340
	<b>Total securities sold, not yet purchased (proceeds \$1,108,830,846)</b>	<b>173.25%</b>	<b>\$1,138,722,976</b>

*See accompanying summary of business and significant  
accounting policies and notes to statement of financial condition.*

## Summary of Business and Significant Accounting Policies

### **Business**

Nova Fund L.P. (“Fund”) is a Delaware-based limited partnership. The Fund trades primarily in equity securities and may engage in index futures transactions to manage its desired level of risk. The Fund is registered as a broker/dealer with the Securities and Exchange Commission (“SEC”) and is a member of the National Association of Securities Dealers, Inc.

The Fund has an agreement with a clearing broker (“Broker”) to clear securities transactions, carry customers’ accounts on a fully-disclosed basis and perform certain recordkeeping functions (Note 1). Therefore, the Fund operates under the exemptive provisions of SEC Rule 15c3-3(k)(2)(ii). The Fund does not carry customer accounts at this time.

The Fund is comprised of the General Partner, Renaissance Technologies Corp. (“General Partner”) and Medallion RMP Fund, L.P., Medallion USA L.P., Medallion Associates L.P., Medallion Capital Investments Ltd., Medallion Fund L.P. and Medallion International Ltd. (collectively referred to as “limited partners”).

The Fund will terminate on December 31, 2020, or upon the prior withdrawal, insolvency or dissolution of the General Partner.

### **Securities Transactions and Portfolio Valuations**

Securities transactions are recorded on a trade date basis. The Fund’s investments in securities are valued at market value on the financial statement date based upon the last reported sales price on the largest recognized exchange traded market on which they are traded or, if no trading took place on that date, at the last quoted “bid” price for investments owned and the last quoted “ask” price for securities sold, not yet purchased.

### **Derivative Instruments and Hedging Activities**

The Fund’s policy is to recognize all derivative instruments as either assets or liabilities in the statement of financial condition and to measure those instruments at fair value (Note 3).



## Notes to Statement of Financial Condition

- 1. Clearing Agreement**

The Fund has an agreement with a brokerage firm to carry its customer account. The broker has custody of the Fund's securities and, from time to time, cash balances which may be due from this broker.

These securities and cash positions serve as collateral for any amounts due to broker as well as collateral for securities sold, not yet purchased or purchased on margin.

The Fund is subject to credit risk if the broker is unable to repay balances due or deliver securities in its custody.
  
- 2. Investments in Securities and Securities Sold, Not Yet Purchased**

At December 31, 2003, investments in securities and securities sold, not yet purchased consist of common stock carried at market value.
  
- 3. Derivative Financial Instruments Held or Issued and Off-Balance Sheet Risk**

The Fund operates as an investor in marketable securities and is exposed to market risks resulting from changes in the market value of its investments. The derivative financial instruments are used by the Fund to help manage such market risk.

Securities sold, not yet purchased by the Fund may give rise to off-balance sheet risk. These transactions involve an obligation to purchase such securities at a future date. The Fund has recorded this obligation in the statement of financial condition at the respective December 31, 2003 market values of the securities. There is an element of market risk in that, if the securities increase in value, it will be necessary to purchase the securities at a cost in excess of the price reflected in the statement of financial condition.

## Notes to Statement of Financial Condition

The Fund purchases and sells equity option contracts as part of its investing activities. Option contracts are contractual agreements that give the purchaser the rights, but not the obligation, to purchase or sell a financial instrument at a predetermined exercise price. In return for this right, the purchaser pays a premium to the seller of the option. By selling, or writing options, the Fund receives a premium and becomes obligated during the term of the option to purchase or sell a financial instrument at a predetermined exercise price if the option is exercised, and assumes the risk of not being able to enter into a closing transaction if a liquid secondary market does not exist. As of December 31, 2003, the Fund does not have open option contracts.

The Fund is exposed to credit-related liabilities in the event of nonperformance by counterparties to financial instruments.

- 4. Related Party Transactions**

As of December 31, 2003, the Fund had a \$3,132,934 due from partner balance resulting from dividend tax withholdings paid by the Fund on behalf of its foreign limited partners.
  
- 5. Regulatory Net Capital Requirements**

As a registered broker/dealer, the Fund is subject to the provisions of the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. Regulatory net capital and aggregate indebtedness may fluctuate on a daily basis.

At December 31, 2003, the Fund had regulatory net capital of \$284,270,485 and a regulatory net capital requirement of \$1,487,148. The Fund's ratio of aggregate indebtedness to regulatory net capital was .08 to 1 at December 31, 2003.



**Independent Auditors' Report  
on Internal Accounting Control  
Required by Securities and  
Exchange Commission Rule 17a-5**

The Partners  
Nova Fund L.P.  
New York, New York

In planning and performing our audit of the financial statements and supplemental schedule of Nova Fund L.P. ("Fund") for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and supplemental schedule and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Fund including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Fund does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Fund in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.



The management of the Fund is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Fund has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Fund's practices and procedures were adequate at December 31, 2003 to meet the SEC's objectives.



**BDO Seidman, LLP**  
Accountants and Consultants

The report is intended solely for the use of management, the SEC, the N.A.S.D. Regulation, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*BDO Seidman, LLP*

Certified Public Accountants

New York, New York

January 31, 2004