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UNITED STATES EXCHANGE COMMISSION  
Washington, D.C. 20549

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OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response.....12.00

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

SEC FILE NUMBER  
8-46645

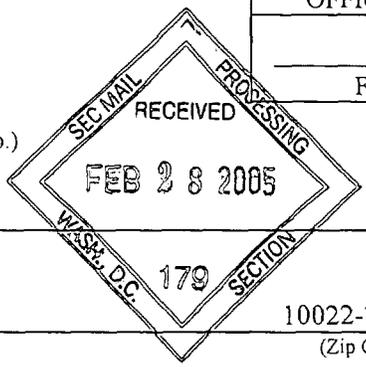
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**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/04 AND ENDING 12/31/04  
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 (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.)

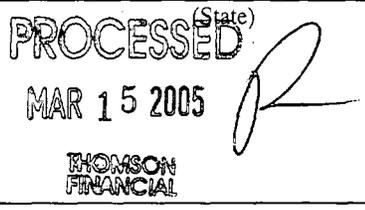
**B. ACCOUNTANT IDENTIFICATION**

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

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

330 Madison Avenue New York New York 10017  
(Address) (City) (State) (Zip Code)

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



FOR OFFICIAL USE ONLY

\*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)

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S.S. 2A

## 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, 2004, 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

**MARIE GINTHER**  
Notary Public, State of New York  
No. 4950921  
Qualified in New York County  
Commission Expires July 24, 2005

Chief Financial Officer

Title

  
Notary Public

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).



## 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. ("Partnership"), including the condensed schedule of investments, as of December 31, 2004. This financial statement is the responsibility of the Partnership's management. 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, 2004, in conformity with accounting principles generally accepted in the United States of America.

*BDO Seidman, LLP*

February 4, 2005

# Nova Fund L.P.

## Statement of Financial Condition

*December 31, 2004*

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**Assets**

Investments in securities, at market value (Notes 1 and 2)	\$1,446,685,834
Cash	139,061
Due from partners (Note 3)	535,330
Accrued interest and dividends receivable	2,903,699
Prepaid expenses and other	9,470
	<hr/>
	\$1,450,273,394

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**Liabilities and Partners' Capital****Liabilities:**

Securities sold, not yet purchased, at market value (Notes 1 and 2)	\$ 731,615,787
Due to broker (Note 1)	125,945,922
Accounts payable and accrued expenses	9,349,931
	<hr/>
	866,911,640

**Commitment (Note 4)**

Partners' capital (Note 4)	583,361,754
	<hr/>
	\$1,450,273,394

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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, 2004

Number of shares	Description	% of net assets	Market value
<b>Investments in securities (248.01 %)</b>			
<b>Equity securities (248.01 %):</b>			
United States (248.01%):			
	Advertising	2.47 %	\$14,407,050
	Aerospace/Defense	1.58	9,237,557
	Agriculture	.95	5,541,780
	Airlines	1.14	6,664,721
	Apparel	2.50	14,561,546
	Auto Manufacturers	2.64	15,391,413
	Auto Parts and Equipment	1.44	8,392,867
	Banks	11.27	65,731,655
	Beverages	1.64	9,542,986
	Biotechnology	1.31	7,631,349
	Building Materials	1.14	6,621,407
	Chemicals	2.77	16,140,823
	Closed-end Funds	4.70	27,434,787
	Coal	.49	2,845,821
	Commercial Services	5.38	31,368,693
	Computers	7.22	42,129,046
	Cosmetics/Personal Care	2.29	13,350,933
	Foreign Country Funds-Closed-end	.60	3,471,806
	Distribution/Wholesale	.32	1,843,512
	Diversified Financial Services	9.49	55,389,923
	Electric	6.26	36,517,638
	Electrical Components and Equipment	1.59	9,270,520
	Electronics	3.09	18,007,934
	Energy-Alternate Sources	.39	2,253,538
	Engineering and Construction	.39	2,299,943
	Entertainment	2.68	15,645,387
	Environmental Control	.25	1,463,989
	Food	3.57	20,798,473
	Forest Products and Paper	.66	3,841,483
	Gas	1.12	6,544,588
	Hand/Machine Tools	.82	4,803,983
	Health Care-Products	7.00	40,864,076
	Health Care-Services	4.62	26,936,462

*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, 2004

Number of shares	Description	% of net assets	Market value
<b>Investments in securities (248.01 %) (continued)</b>			
<b>Equity securities (248.01 %) (continued):</b>			
United States (248.01 %) (continued):			
	Holding Companies-Diversified	.80 %	\$ 4,638,223
	Home Builders	2.22	12,975,534
	Home Furnishings	1.93	11,249,048
	Household Products/Wares	.63	3,663,800
	Housewares	1.13	6,594,610
	Insurance	8.37	48,808,375
	Internet	5.17	30,168,099
	Investment Companies	.13	742,206
	Iron/Steel	.78	4,562,863
	Leisure Time	.95	5,523,876
	Lodging	5.38	31,406,362
	Machinery-Construction and Mining	.03	158,924
	Machinery-Diversified	1.75	10,195,226
	Media	19.53	113,948,962
	Metal Fabricate/Hardware	.57	3,346,034
	Mining	4.22	24,639,267
	Miscellaneous Manufacturing	6.13	35,768,012
	Office/Business Equipment	1.29	7,510,997
	Office Furnishings	.33	1,943,348
	Oil and Gas Producers	8.85	51,650,411
	Oil and Gas Services	3.06	17,874,118
	Packaging and Containers	.15	873,624
	Pharmaceuticals	5.61	32,745,588
	Pipelines	.96	5,572,892
	Real Estate	2.46	14,343,600
	REITS	11.66	68,038,179
	Retail	9.18	53,527,401
	Savings and Loans	1.65	9,636,303
	Semiconductors	6.97	40,666,765
	Software	8.28	48,279,664
	Storage/Warehousing	.09	540,039
	Telecommunications:		
867,800	Verizon Communications	6.02	35,154,578
	Other	21.70	126,547,524
	Textiles	.40	2,311,037

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, 2004

Number of shares	Description	% of net assets	Market value
<b>Investments in securities (248.01%) (continued)</b>			
<b>Equity securities (248.01%) (continued):</b>			
United States (248.01%) (continued):			
	Toys/Games/Hobbies	.08%	\$ 457,367
	Transportation	5.68	33,130,550
	Water	.09	544,739
<b>Total investments in securities (cost</b>			
<b>\$1,417,059,123)</b>		<b>248.01%</b>	<b>\$1,446,685,834</b>
<b>Securities sold, not yet purchased (125.42%)</b>			
<b>Equity securities (125.39%):</b>			
United States (125.39%):			
	Advertising	-%	\$ 2,963
	Aerospace/Defense	.69	4,037,848
	Agriculture	.18	1,061,104
	Airlines	.78	4,546,938
	Apparel	.50	2,916,603
	Auto Manufacturers	1.08	6,323,785
	Auto Parts and Equipment	.78	4,578,799
	Banks	7.00	40,844,310
	Beverages	.71	4,150,838
	Biotechnology	4.01	23,389,666
	Building Materials	.60	3,513,005
	Chemicals	3.50	20,404,530
	Coal	.06	341,184
	Commercial Services	2.81	16,365,239
	Computers	3.03	17,652,167
	Cosmetics/Personal Care	.38	2,245,704
	Distribution/Wholesale	.58	3,357,132
	Diversified Financial Services	8.89	51,841,883
	Electric	2.65	15,450,985
	Electrical Components and Equipment	1.14	6,664,503
	Electronics	4.17	24,334,205
	Energy-Alternate Sources	.17	981,697
	Engineering and Construction	.20	1,168,358
	Entertainment	2.37	13,851,437
	Environmental Control	.08	445,865
	Food	1.47	8,593,960

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, 2004

Number of shares	Description	% of net assets	Market value
<b>Securities sold, not yet purchased (125.42%) (continued)</b>			
<b>Equity securities (125.39%) (continued):</b>			
United States (125.39%) (continued):			
	Forest Products and Paper	1.15%	\$ 6,691,645
	Gas	.28	1,633,791
	Hand/Machine Tools	.32	1,884,499
	Health Care-Products	2.96	17,249,835
	Health Care-Services	.64	3,749,186
	Holding Companies-Diversified	.40	2,324,449
	Home Builders	.82	4,798,591
	Home Furnishings	.06	365,134
	Household Products/Wares	.37	2,134,559
	Housewares	.02	91,709
	Insurance	6.01	35,068,503
	Internet	6.33	36,904,899
	Investment Companies	.61	3,579,068
	Iron/Steel	1.90	11,099,315
	Leisure Time	.16	962,214
	Lodging	.50	2,921,577
	Machinery-Construction and Mining	.26	1,491,903
	Machinery-Diversified	1.45	8,468,612
	Media	2.44	14,233,875
	Metal Fabrication/Hardware	.41	2,409,439
	Mining	1.63	9,513,868
	Miscellaneous Manufacturing	1.64	9,558,043
	Office/Business Equipment	.18	1,066,612
	Oil and Gas Products	4.97	29,004,463
	Oil and Gas Services	1.81	10,539,870
	Packaging and Containers	.49	2,832,464
	Pharmaceuticals	7.85	45,767,745
	Pipelines	.48	2,788,580
	Printing and Publishing	.01	66,196
	Real Estate	.28	1,660,970
	REITS	2.85	16,621,647
	Retail	7.13	41,573,252
	Savings and Loans	2.61	15,218,356
	Semiconductors	4.37	25,518,200

*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, 2004

Number of shares	Description	% of net assets	Market value
<b>Securities sold, not yet purchased (125.42%) (continued)</b>			
<b>Equity securities (125.39%) (continued):</b>			
United States (125.39%) (continued):			
	Software	5.13%	\$ 29,897,397
	Telecommunications	5.49	32,022,061
	Textiles	.10	617,417
	Toys/Games/Hobbies	.79	4,585,835
	Transportation	2.45	14,284,134
	Trucking and Leasing	.14	822,606
	Water	.07	383,060
<b>Total equity securities (proceeds \$712,405,401)</b>		<b>125.39</b>	<b>731,470,287</b>
<b>Debt securities (.03%)</b>			
United States (.03%)			
	Miscellaneous Fabricated Products	.03	145,500
<b>Total debt securities (proceeds \$150,450)</b>		<b>.03</b>	<b>145,500</b>
<b>Total securities sold, not yet purchased (proceeds \$712,555,581)</b>		<b>125.42%</b>	<b>\$ 731,615,787</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 is also registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator.

The Fund has an agreement with a clearing broker (“Broker”) to clear securities transactions 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 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 and related income and expenses 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. Investments in securities sold, not yet purchased, that are traded in the OTC market are recorded at the last quoted ask price.



## 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. Financial Instruments and Related Risks**

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.

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. A gain, limited to the price at which the Fund sold the securities short, or a loss, unlimited in amount, will be recognized. The Fund has recorded this obligation in the financial statements at the respective December 31, 2004 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.
- 3. Related Party Transactions**

As of December 31, 2004, the Fund had a \$535,330 due from partner balance resulting from dividend tax withholdings paid by the Fund on behalf of its foreign limited partners.

**Notes to Statement of Financial Condition**

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**4. 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, 2004, the Fund had regulatory net capital of \$310,273,000 and a regulatory net capital requirement of \$623,437. The Fund's ratio of aggregate indebtedness to regulatory net capital was .03 to 1 at December 31, 2004.



**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, 2004, 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, 2004 to meet the SEC's objectives.



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

February 4, 2005