

**ITEM 1
COVER PAGE**

Part 2A OF FORM ADV: FIRM BROCHURE

Arcoda Capital Management, LP

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This brochure provides information about the qualifications and business practices of Arcoda Capital Management, LP and Arcoda Group LLC (collectively, the “**Adviser**,” “**Arcoda**,” “**we**,” “**us**,” or “**our**”). If you have any questions about the contents of this brochure, please contact Karen Weiss at 212-848-0603 or kweiss@arcodacapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

Registration with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) does not imply any level of skill or training.

ITEM 2
MATERIAL CHANGES

There are no material changes from our prior brochure.

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ITEM 4
ADVISORY BUSINESS

A. General Description of Advisory Firm

We are a Delaware limited partnership that serves as the investment adviser for Arcoda Global Healthcare Fund, L.P. (“**LP**”), and Arcoda Global Healthcare Master Fund, Ltd. (the “**Master Fund**,” and collectively, with LP the “**Funds**”). The LP is a privately offered “feeder” fund which invests all, or substantially all, of its assets in the Master Fund. The Funds’ primary objective is to generate absolute risk-adjusted returns by investing globally in long and short positions in healthcare companies across various healthcare sectors. Additional objectives and policies relating to the Funds are described in LP’s offering documents. Arcoda Group, LLC, a Delaware limited liability company, serves as the general partner (the “**General Partner**”) of LP. The General Partner has ultimate responsibility for the management, operation, and administration of LP.

We refer to the Funds as our “**Client Accounts**,” or more generally, with other potential clients, as our “**clients**.”

From time to time, we or our affiliates may launch, sponsor, or provide investment advisory services to additional pooled investment vehicles or managed accounts.

We have been in business for approximately five years.

B. Description of Advisory Services

As an investment adviser, we provide discretionary investment management services and design, structure, and implement investment strategies for the Client Accounts. For a detailed discussion of our strategies, please see “Item 8 Methods of Analysis, Investment Strategies and Risk of Loss,” below.

Pursuant to our investment advisory agreements, or other advisory arrangements, with each of the Client Accounts, we provide advisory services and manage client assets in accordance with one or more of our established investment strategies. We, nonetheless, tailor our services to the needs of each client. Any restrictions on investing in certain securities, types of securities, or any geographic areas or industry sectors, will be specified in the applicable investment advisory agreement with, or offering and organizational documents of, the relevant client.

C. Wrap Fee Programs

We do not participate in wrap fee programs.

D. Assets Under Management

As of December 31, 2012, we had \$23,200,000 regulatory assets under management on a discretionary basis. We had no assets under management on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. Advisory Services and Fees

Written investment advisory agreements, and organizational and offering documents of the Client Accounts, govern the terms of compensation, and the manner in which we charge fees to each of our clients. The fees we charge for our advisory services may be negotiable depending on the circumstances of the client's account and the service levels we provide to the client. We generally bill our fees on a monthly, quarterly or annual basis. Certain of our fees are payable in advance. For a detailed description of our fee arrangements, please see "Item 5 Fees and Compensation – Fees," –below.

In addition to our fees and compensation, each Fund will pay all of its operational expenses including (without limitation) research expenses (including research related travel); medical and scientific conference fees and expenses; legal fees; expenses related to the continuous offering of Fund interests, including marketing related travel and associated expenses; the cost of producing and distributing offering memoranda and other marketing materials; printing and mailing costs; filing fees and expenses; accounting expenses, including, but not limited to, the accounting system, administrator expenses, and audit and tax preparation expenses; computer software and hardware; licensing; programming; and operating expenses (including, but not limited to, the order management system); data processing costs; tax expenses; litigation and extraordinary expenses, if any; interest expenses (including interest due to repurchase agreements and borrowing by the Funds); insurance expenses; custody fees; bank charges; brokerage commissions (including commissions relating to options trades); spreads; mark-ups on securities; swaps and forwards; short dividends; currency hedging costs; and other investment and operating expenses.

LP also bears, as an investor in the Master Fund, a *pro rata* share of the Master Fund's operational expenses, including, without limitation, those listed above, and the administrator's fee, the Master Fund's Directors' fees and out-of-pocket expenses of the administrator and the Directors of the Master Fund. The General Partner, the Adviser, and the administrator and their respective delegates each bears the costs of providing their respective services to LP and the Master Fund, as the case may be, including compensation and employee benefits, office rent and other office expenses.

No placement fees are presently intended to be paid by LP in connection with the sale of the interests in the Funds. Please see "Item 14 Client Referrals and Other Compensation – Compensation to Non-Supervised Persons for Client Referrals," below.

The General Partner and the Adviser are specifically authorized to direct brokerage to firms which furnish or pay for research, research-related services, and other services within the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934 (the "**Exchange Act**").

We do not receive brokerage commissions or other compensation attributable to the sale of securities or other investment products.

For a discussion of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of commissions and compensation for such broker-dealers, please see “Item 12 Brokerage Practices – Selection of Broker-Dealers and Reasonableness of Compensation.”

B. Payment of Fees

The fees applicable to the Funds are set forth in detail in the Funds’ respective offering documents. A brief summary of those fees is provided below.

Arcoda’s basic fee structure is to charge a quarterly management fee, payable in advance, for its services in an amount up to 0.50% (2% per annum) of net asset value determined as of the first day of the calendar quarter. The General Partner is entitled to receive a performance-based allocation at the end of each performance calculation period in an amount up to 20% of the net capital appreciation of the capital account of each limited partner of LP.

Upon redemption, any prepaid, but unearned, management fees are refunded to the investor.

Fees charged to the Funds are disclosed in their respective offering documents. Arcoda may, in its sole discretion, waive or reduce its management and/or its performance fees or allocation percentages for certain investors in the Funds including, but not limited to, partners, employees or affiliates of Arcoda. Fees based on performance will meet all requirements for such fees as specified under Rule 205-3 of the Advisers Act.

In addition, the Adviser has the right to enter into, and has entered into agreements, such as side letters, with certain underlying investors of the Funds that may provide for terms of investment that are more favorable to the terms provided to other underlying investors of the Funds. Such terms may include most favored nation provisions, key man provisions, the provision of additional information or reports, rights related to specific regulation requests of certain clients, more favorable transfer rights, and more favorable liquidity rights.

One former Managed Account client currently provides us with office space, at no cost to us or our clients, and will do so until April 30, 2013. Please see “Item 8 Methods of Analysis, Investment Strategies and Risk of Loss,” below

Arcoda has not with respect to its clients been compensated directly or indirectly for client referrals.

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PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In some cases, including pursuant to our investment Advisory agreements, or other Advisory relationships, with the Client Accounts, we will enter into performance or incentive fee or allocation arrangements with eligible clients. The terms and conditions of such fees or allocations are subject to individualized negotiations with a client (and, with respect to the Funds, are reflected in three existing share classes). We will structure any performance or incentive fee or allocation arrangement in accordance with Section 205(a)(1) of the Advisers Act, and the rules and regulations thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act permitting performance fee arrangements with “qualified clients.” For a more detailed discussion of the calculation of the incentive fees or allocations paid or made, as applicable, by the Funds, please see “Item 5 Fees and Compensation – Fees.”

Performance-based fee or allocation arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those that we may recommended under a different fee or allocation arrangement. In the allocation of investment opportunities, performance-based fee or allocation arrangements may also create an incentive for us to favor accounts with performance or incentive fee or allocation arrangements over accounts that do not have such arrangements or, alternatively, favor accounts with higher performance based fees or allocation arrangements over accounts with lower performance based fees or allocation arrangements. We have adopted an Investment Allocation Policy (the “**Allocation Policy**”) designed to ensure that all of our clients are treated fairly and equally, and to prevent this form of conflict from influencing the allocation of investment opportunities among our clients. In accordance with our Allocation Policy, while each of our clients may not participate in all investment opportunities, each client generally will be entitled to participate equitably with our other clients.

Arcoda may advise multiple clients (including, and in addition to, the Funds), and Arcoda seeks to allocate orders and investment opportunities in a manner that it believes is in the best interests of all the accounts or clients. Although such allocations may be *pro rata* as to participating entities and clients, they will not necessarily be so, where the Allocation Policy (e.g., differing objectives, investment guidelines or other considerations) dictates a different result. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner. Where conflicts arise in the allocation of investment opportunities, Arcoda will seek to resolve such conflicts fairly.

ITEM 7

TYPES OF CLIENTS

We currently provide investment advisory services to the Funds, which are offered under the Section 3(c)(1) exemption from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) to financially sophisticated high-net-worth individuals; financially sophisticated individual and institutional investors, including trusts, estates, or charitable organizations, pension and profit sharing plans; and comingled investment vehicles.

A minimum investment of \$1,000,000 is required to invest in LP. The General Partner may, in its sole discretion, waive such minimum.

Investors in the Funds also must meet certain prescribed criteria, including, as applicable, being (i) an “accredited investor,” as defined in Rule 501(a) of Regulation D, promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended; and (ii) a “qualified client,” as defined in Rule 205-3 of the Advisers Act. Such minimum investment amounts and investor criteria are set forth in the offering documents of LP.

In the future, Arcoda may act as an investment adviser to managed accounts that are materially different from the investment strategy of the Funds. The existence of such additional entities or clients, if any, may create conflicts of interest.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

Arcoda seeks to achieve its primary objective by investing in (long) and against (short) equity and equity-linked (derivatives) issues of companies operating across the global healthcare system. The investment philosophy and discipline is rooted in sub-sector-specific, detailed fundamental research, which emphasizes a team approach to investments and leverages the investment team's deep industry and sub-sector knowledge, and financial, accounting and valuation capabilities in respect of its investment and trading decisions.

Arcoda seeks to identify investment opportunities across value, growth-at-a-reasonable price ("GARP") and growth companies. Arcoda pursues a long-short strategy that is driven by fundamentals, as compared to fixed net exposure parameters. Exposure is typically based upon, among other things; the most favorable risk adjusted annualized return opportunities, as Arcoda models these opportunities by utilizing scenario analyses. Arcoda's bottom-up, fundamental approach to portfolio construction and exposures is complemented by its application of a "top-down" overlay that factors technical, environmental, sentiment and macroeconomic indicators that are utilized to fine tune gross and net exposure.

Investment Methodology

Arcoda's approach to portfolio construction emphasizes fundamental analysis complemented by technical and other top-down analyses. Arcoda bases its investment decisions on detailed bottom-up analysis, and its investment style is broadly distributed across value, GARP and growth investment opportunities, which it believes provides for optimal flexibility during varying market conditions.

Arcoda's approach to portfolio construction is designed to incorporate risk management into its investment decisions. By utilizing risk-adjusted return based scenario analysis, Arcoda calculates a probability-adjusted return for each fundamental position, and is able to compare these returns across other positions within the portfolio. Arcoda's Portfolio Manager: (i) conducts daily and more comprehensive weekly meetings; (ii) reviews daily gross and net exposures; (iii) maintains risk-adjusted target prices and, for trades, exit date parameters; (iv) maintains a sub-sector gross exposure cap of 40%; (v) hedges currency risk at the time of an investment; and (vi) reviews various risk reports, including value-at-risk, stress testing due to market swings, price shifts by volatility, and statistics relating to derivatives exposure. Risk management is a core focus and is an integral component of the Arcoda's investment process.

B. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. More specifically, investing in assets managed pursuant to our strategies set forth above involves the below material risks. There can be no assurance that the Funds will achieve their investment objectives or that any of their hedging activities will be successfully implemented. In addition to the risks listed below, clients (and underlying investors) should review the respective offering, organizational and similar documents relating to their Client Account. Each client is also encouraged to consult with the Adviser to review the specific risk parameters of, and assets that comprise the client's account at any given time and from time to time. Clients must be prepared for the risk of losing all or substantially all of their investment.

An investment in the Funds is highly speculative and involves a high degree of risk due to the nature of each of the investments and strategies employed. An investment in any of the Funds should not in and of itself be considered a balanced investment program. Clients should consider carefully the following considerations and risk factors, which apply to our investment strategies described above, prior to subscribing for interests in a Fund.

Risks Relating to Investing and the Markets

Equities

Equities invested in by the Adviser may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Adviser may invest; and relatively small companies, for example, may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth. In addition, companies with new products or services could sustain significant losses as they support the launch of these new products or services, if projected sales or markets do not materialize to plan.

Concentration of Investments; Possible Lack of Diversification

Arcoda invests in the healthcare sector, and accordingly, the investment portfolios should be regarded as concentrated as to type of industry.

Although concentration may increase the possibility of investment returns, concentration can also significantly increase the likelihood or magnitude of losses, particularly over the short term. If the portfolios become relatively concentrated, the value of an investment may be subject to greater volatility and may be more susceptible to any single economic, political or regulatory occurrence, or the fortunes of a single company than would be the case if the investments were more diversified. Arcoda endeavors to reduce the likelihood of significant losses through the investment selection process, attempting to diversify investments among different sub-sectors of such industries, risk analysis, monitoring of investments and, in certain situations, assuming positions, including listed options, intended to hedge against certain risks. There can be no assurance, however, that any of such policies will prove successful in limiting investment losses.

On account of the concentrated focus in the healthcare sector, an investment provided by the Adviser should not be regarded as a complete investment program, and should be considered solely by clients prepared to experience greater than average volatility and fluctuations in value in the interest of possibly achieving greater returns.

Investment in Small Capitalization and Mid Capitalization Securities

The pursuit of the investment strategy typically results in a portion of the assets being invested in securities of small and mid cap issuers. While in Arcoda's opinion, the securities of a small and mid cap issuer may offer the potential for greater capital appreciation than investments in securities of large cap issuers, securities of small and mid cap issuers may also present greater risks. For example, some small and mid cap issuers have limited product lines, markets or financial resources. They may be subject to high volatility in revenues, expenses and earnings. They may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy. Their securities may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts, and may be subject to wider price swings and thus may create a greater chance of loss, than when investing in securities of larger cap issuers. In addition, small and mid cap issuers may not be well known to the investment public and may have only limited institutional ownership. The market prices of securities of small and mid cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large cap issuers. Transaction costs in securities of small and mid cap issuers may be higher than in those of large cap issuers.

Investing in Pharmaceutical and Medical Device Manufacturers; Regulatory Approval Over Products

The development, testing, manufacturing and marketing of products by pharmaceutical, biotherapeutic and medical device manufacturers, among others, are subject to extensive regulation by numerous governmental authorities in the U.S. and other countries. The process of obtaining FDA approval of products is typically costly and time consuming for companies. New products must undergo rigorous preclinical and clinical testing and an extensive regulatory approval process mandated by the FDA. Even if the regulatory approval of a product is granted, the approval may be subject to limitations on the uses for which the product may be marketed, or the conditions of approval may require costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Any adverse effects observed after the approval and marketing of the product could cause the withdrawal of the product from the marketplace.

Investing in Healthcare Companies; System Spending and Reimbursement

Over the past decade, the international healthcare industry has been subject to increasing levels of government regulation and oversight. Governmental efforts to control or reduce the cost, use, delivery and financing practices of healthcare products and services are constantly underway. In addition, the United States Congress annually considers various proposals to

reform the healthcare system, including but not limited to expanding the services or beneficiary coverage under the Medicare and Medicaid programs, changing or updating existing reimbursement, and increasing regulation of insurance plans. Any such Congressional proposals, statutory and regulatory changes, administrative rulings, policy interpretations and determinations by insurers and fiscal intermediaries, or government budgetary restrictions may decrease patient demand and/or funding for healthcare products and services, limit an issuer's subsequent ability to deliver quality care while remaining fiscally viable, cause irrational competitive behavior within various healthcare sectors, cause firms to eliminate services, products and/or business lines, and otherwise change the way healthcare operators currently do business.

Investing in Healthcare Companies; Government Regulation and Oversight

Issuers operating within and across the various healthcare manufacturing and service sectors are subject to numerous complex and rapidly evolving international, federal and state laws and regulations. If an issuer fails to comply with existing and/or future applicable laws and regulations it could suffer civil and/or criminal penalties, including but not limited to monetary fines, bans on participation in federal and state healthcare programs, and loss of operating licenses.

Investing in Medical Technologies and Devices; Healthcare System Reimbursement

A healthcare company's ability to commercialize its products successfully may depend in part on the extent to which the reimbursement for such products and related treatment will be supported and accepted by government health administration authorities, such as the Centers for Medicare & Medicaid Services ("CMS"), private health insurers, managed care entities and other organizations. Such payors might challenge the price of medical products and services, and establish protocols which effectively limit physicians' ability to select products and procedures. Uncertainty may exist regarding the reimbursement status of certain healthcare products (especially innovative technologies), and there can be no assurance that adequate reimbursement coverage will be available to enable a medical technology company to achieve market acceptance of its products or to maintain price levels sufficient for realization of an appropriate return on sales.

Restricted and Illiquid Securities

Arcoda may invest in securities, such as small capitalization, less liquid issuers, or private investments in public equities that are subject to legal or other restrictions on trading or transfer. Arcoda may not be able to sell such securities when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. The lack of liquidity which creates investment opportunities for the

Adviser also can make it economically infeasible for the Adviser to recognize profits on open positions or to close out open positions against which the market is moving.

Short Selling

Short selling is an integral undertaking of Arcoda's investment strategy. A short sale is affected by selling a security which is not owned. In order to make delivery to the buyer of a security sold short, the portfolio must borrow the security. In so doing, an obligation to replace that security is created, whatever its price may be, at the time it is required to deliver it to the lender. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time, and theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by the Adviser. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred. Furthermore, the Adviser may prematurely be forced to close out a short position if counterparty demands the return of the borrowed securities, resulting in a loss on what might otherwise ultimately have been a profitable position.

Derivatives in General

Arcoda may use derivative instruments, including, without limitation, warrants, options, swaps, notional principal contracts, futures contracts and options thereon, and may use derivative techniques for hedging and for other trading purposes. The use of derivative instruments involves a variety of risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (i.e., due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out positions in order either to realize gains or to limit losses.

While the Adviser currently does not trade in principal-to-principal or "over-the-counter" contracts, Arcoda may in the future trade in such contracts with third parties entered into privately, rather than on an exchange. As a result, Arcoda will not be afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should the Adviser wish or be forced to sell such position may be materially different.

Options and Warrants

Options and warrants may be traded on and off exchanges. Each such option or warrant is a right, purchased for a certain price, to either buy or sell an underlying security or other

financial instrument during a certain period of time for a fixed price. Such trading involves risks in those options and warrants are speculative. Specific market movements of the instruments underlying an option or warrant cannot accurately be predicted. The purchaser of an option or warrant is subject to the risk of losing the entire purchase price of the option or warrant. The writer of an option or warrant is subject to the risk of loss resulting from the difference between the premium received for the option or warrant, the strike price of the option or warrant and the price of the instrument underlying the option or warrant, or the relevant reference price used to settle the option or warrant which the writer must purchase or deliver upon exercise of the option or warrant.

Hedging Transactions

Arcoda may employ certain hedging techniques, which may include the use of options and other derivatives, short selling, creation of baskets of securities, interest rate instruments and arbitrage positions, directed toward various risks, such as market and interest rate risks as well as risks related to specific securities or issuers. The use of derivative instruments involves a variety of material risks, including the possibility of counterparty non-performance. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus, moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, Arcoda may not seek or be able to establish a sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged.

Arcoda may hedge the portfolios against major risks in select situations where the particular hedge, in the Arcoda's view, is both economically efficient and consistent with the investment strategy. As a general matter, the portfolios will be exposed to basic risks relating to the financial markets and interest rates, as well as issuer and event risk and other risks attendant to its investment strategy, which risks will not be hedged as a matter of course.

Leverage

The Adviser may trade and invest on a leveraged basis. Losses incurred on the leveraged investments increase in direct proportion to the degree of leverage employed. The portfolios also incur interest expense on the borrowings used to leverage its positions. The use of leverage also may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls. To the extent the assets have been leveraged through the borrowing of money, the purchase of securities on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered.

Overall Investment Risk

While Arcoda devotes its efforts to the management of the portfolios there can be no assurance that they will be profitable or that it will not incur losses, which may be substantial or total.

Market Disruptions; Suspensions of Trading

The portfolios may incur material losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available from banks, dealers and other counterparties is likely to be restricted in disrupted markets. In 1994, 1998 and again from 2007 through 2009, a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of private investment funds. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses, and such events can result in otherwise historically low risk strategies performing with unprecedented volatility and risk.

For securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible to liquidate positions and thereby expose the portfolios to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough to close out positions.

Institutional Risk

Institutions, such as brokerage firms, banks, and broker-dealers, generally have custody of the portfolio assets and may hold such assets in “street name.” Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the portfolios. The Adviser attempts to limit its investment transactions to well-capitalized and established banks and brokerage firms in an effort to mitigate such risks.

Notwithstanding the foregoing, markets in which Arcoda may affect transactions may include OTC or “interdealer” markets. The participants in such markets are typically not subject to the same level of credit evaluation and regulatory oversight as are members of the exchange-based markets. This exposes the portfolios to the risk that counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide), or because of a credit or liquidity problem, thus causing the portfolios to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Arcoda has concentrated its transactions with a single or small group of counterparties.

In addition to the risk of a counterparty or broker defaulting, there also is the risk that major institutional investors may be compelled to redeem or that the counterparties or brokers will be required to restrict the amount of credit previously granted due to their own financial difficulties, resulting in forced liquidation of substantial portions of the portfolios.

The banks or brokerage firms selected to act as custodians may become insolvent, causing the portfolios to lose all or a portion of the funds or securities held by those custodians.

Arcoda is not restricted from dealing with any particular counterparty, or from concentrating any or all transactions with a single counterparty. The ability of the Adviser to transact business with any one or number of counterparties, the lack of any meaningful or independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses.

The Current Markets are Subject to Market Disruptions; Governmental Intervention

The global financial markets are currently undergoing pervasive and fundamental disruptions, which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action, these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty, which in itself has been materially detrimental to the efficient functioning of the markets, as well as previously successful investment strategies. Confusion and uncertainty have also resulted from the apparent inconsistency which has characterized recent governmental actions.

A number of countries have at times imposed bans on short-selling, typically on an "emergency" basis, making it impossible for numerous market participants either to continue to implement their strategies or to control the risk of their open positions. Any ongoing regulatory limitations on short-selling could materially adversely affect Arcoda's ability to implement its strategies.

It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Adviser's strategies.

Adviser's Office Space

One former Managed Account client currently provides the Adviser with office space, at no cost to the Adviser or its clients, and will do so until April 15, 2013. Termination of this arrangement has resulted in the Adviser having to seek out alternative facilities, which may temporarily disrupt the Adviser's ability to service adequately client accounts.

ITEM 9
DISCIPLINARY INFORMATION

To the best of our knowledge, there are no legal or disciplinary events that we believe would be material to our clients', or our prospective clients', evaluation of our advisory business, or the integrity of our management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. **Broker-Dealer Registration**

Neither we, nor our management personnel (i) are registered as broker-dealers; or (ii) have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. **Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration**

Neither we, nor our management personnel (i) are registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing; or (ii) have any application pending to register with respect to any of the foregoing.

C. **Material Relationships and Conflicts of Interests with Industry Participants**

Our relationships and arrangements with our various clients and other industry participants are material to our advisory business and may raise conflicts of interest. Below is a description of some of the conflicts of interest arising from such relationships and arrangements. Because this is not an exhaustive list of all of the conflicts of interest associated with the conduct of our investment advisory business, clients should read this brochure, any investment advisory agreement and any offering documents of the particular Fund before making an investment with us.

Multiple Client Accounts

We provide investment advisory services to multiple Client Accounts. There is no limit on the number of vehicles or accounts that we may manage or advise. As a result of the foregoing, we may have conflicts of interest in (i) allocating the time and resources of our personnel between and among clients; (ii) allocating investment opportunities between and among clients (See Item 6 – “Performance-Based Fees and Side-By-Side Management”); and (iii) effecting transactions between clients.

Broker-Dealers and Other Service Providers

Generally, there are no limitations on Arcoda’s authority with respect to the selection of securities to be bought or sold, or the amount of securities to be bought or sold for the portfolios of the Funds. With respect to the Funds’ portfolios, Arcoda may be subject to certain concentration limitations, as specified in the applicable offering documents of the Funds.

With respect to the selection of broker-dealers, we allocate portfolio transactions to brokers based on best execution, and in consideration of such brokers’ provision or payment of the costs of research and other services. Arcoda considers a number of other factors in selecting brokers for, and negotiating commissions, on portfolio transactions, including but not limited to the following: Arcoda’s knowledge of available negotiated commission rates; financial stability and reputation of the broker; special execution capabilities; the nature of the security being traded; size and type of the transaction; the nature and character of the market for the security to

be purchased or sold; desired timing of the trade; confidentiality; and the quality of the execution, clearance and settlement services of the broker. For a more detailed discussion of the factors that we consider in selecting or recommending broker-dealers for client transactions, please see Item 12 - "Brokerage Practices."

Our Code of Ethics requires that we make full disclosure of all material facts concerning any actual, apparent or potential conflicts of interest, and requires us and our personnel to follow appropriate procedures designed to minimize any such conflict.

For a more detailed discussion of our Code of Ethics, please see Item 11 - "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading."

D. Material Conflicts of Interest Relating to Other Investment Advisers

Except as otherwise disclosed in this Item 10, we do not recommend or select for our clients, receive compensation, directly or indirectly from, or have other business relationships with, other investment advisers.

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

A. Code of Ethics

We have adopted a Code of Ethics (“**Code**”) that is based on the principle that we, and each of our personnel, owe a fiduciary duty to our clients, and a duty to comply with federal and state securities laws, and all other applicable laws.

In addition, all employees are required to submit copies of their monthly personal trading account statements to the Chief Compliance Officer. Affiliated officers or limited partners of Arcoda who do not have access to information regarding the Funds’ portfolios are not subject to the above policies. A copy of the Code will be provided to any client or prospective client upon request.

Additionally, our personal trading policy prohibits any of our personnel from trading in healthcare issuers. We also maintain a restricted list of certain issuers whose securities the Funds are not permitted to trade until such issuers are removed from the restricted list, if at all.

We will provide a copy of our Code, free of charge, to any client or investor, and prospective client or prospective investor, upon request. Our Code may be requested by contacting our Chief Compliance Officer, Karen Weiss, at kweiss@arcodacapital.com.

B. Recommending, Buying, or Selling Securities in which We or a Related Person Have a Material Financial Interest, Invest, or Buy or Sell at the Same Time; Conflict of Interests

We have adopted a securities compliance policy that prohibits us and our personnel from trading for clients or for ourselves or themselves, or recommending trading, in securities of a company while in possession of material nonpublic information (“**Inside Information**”) about the company, and from disclosing such information to any person not entitled to receive it, in either case in contravention of applicable securities laws. By reason of our various activities, we may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. We have adopted policies and procedures reasonably designed to, among other things, control and monitor the flow of Inside Information to and within our organization, as well as prevent trading based on Inside Information.

Personal Trading

Arcoda and its affiliates do not presently trade for their own accounts. Employees are restricted from trading in any individual healthcare securities. From time-to-time, employees may have an interest in an index or ETF which may hold a security that is recommended for purchase or sale by the Funds. Such personal trading may raise potential conflicts of interest. Arcoda’s Code governs personal trading by all of its employees, which is designed to prevent, detect, and address such conflicts of interest. The Code, among other things, sets forth standards of ethical and business conduct expected of Arcoda personnel and requires compliance with the federal securities laws. As described above, employees are prohibited from engaging in personal

trading in any healthcare related securities (excluding ETFs or Unit Trusts). However, under the Code, an employee may be permitted to trade in a healthcare related security for the purpose of closing out a pre-existing investment position, upon obtaining prior written authorization.

We believe restricting our personnel's personal trading is one way of avoiding conflicts of interest between our clients and such personnel. Our personal trading policies are part of our Code. For a full description of our Code, please see Item 11 - "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Code of Ethics," above. Generally, the Code requires that, prior to effecting any personal securities transactions, certain personnel, and their immediate family members, must receive written approval from our Chief Compliance Officer.

Generally, if a proposed securities transaction involves a security appearing on our restricted list, the transaction will not be approved for personal trading. The restricted list is composed of companies or issuers about whom a determination has been made that it is prudent to restrict trading activity. It is our policy that covered personnel, and their immediate family members, shall strictly observe such trading activity prohibitions or restrictions.

In addition, in general, certain firm personnel must provide our Chief Compliance Officer with (i) their, and their immediate family members' securities holdings at the commencement of employment, and annually thereafter; and (ii) periodic brokerage statements. Furthermore, the personal accounts of such persons will be reviewed regularly and compared with transactions for our clients and against the restricted list.

ITEM 12

BROKERAGE PRACTICES

Pursuant to each client's investment advisory agreement, or other similar agreement, we are generally authorized to select the broker or dealer to effect transactions on behalf of our clients. However, our selection of the broker or dealer may be tailored to a particular client's investment guidelines or restrictions, where appropriate. Accordingly, portfolio transactions will be allocated to brokers based on best execution and in consideration of such broker's provision or payment of the costs of research and other services.

A. Selection of Broker-Dealers and Reasonableness of Compensation

Arcoda may select the prime broker(s) for the client portfolios. In selecting a broker-dealer, Arcoda uses its reasonable efforts to obtain best price and best execution, and takes into account such relevant factors as (i) price; (ii) the broker-dealer's facilities, reliability and financial responsibility; (iii) the ability of the broker-dealer to effect securities transactions, particularly with regard to such aspects as timing, order size and execution of orders; (iv) the research, brokerage and other services provided by such broker-dealer to Arcoda; and (v) ancillary services such as capital introduction. Accordingly, Arcoda may cause the portfolios to pay a broker-dealer that provides brokerage or research services (either directly or through third-party relationships) an amount of commission or transaction costs in excess of that which another broker-dealer would have charged, if Arcoda determines in good faith that such commission or transaction cost is reasonable in relation to the value of brokerage, research or other services provided.

Arcoda, as a fiduciary to its clients, endeavors to seek best execution for client transactions, which generally means it will seek to obtain the best price and overall execution available for the securities in each transaction. An adviser is not necessarily required to obtain the lowest possible commissions but may instead consider, in addition to price, qualitative factors such as the broker's order expertise, reputation, facilities and access to a particular trading market. Ultimately, whether or not best execution is achieved, is based on a facts and circumstances analysis that differs for each adviser and/or each order.

In determining with which broker to place an order, the Adviser's traders and CEO will consider the full range and quality of a broker-dealer's services, including:

- the ability to achieve prompt and reliable executions at favorable prices;
- the competitiveness of commission rates in comparison with other brokers;
- execution and operational capabilities of the broker-dealer and its clearing firm ;
- the financial strength, integrity and stability of the broker ;
- the quality, comprehensiveness and frequency of available research and related services considered to be of value, as contemplated by Section 28(e) of the Exchange Act, and the regulations and interpretations of the SEC;
- promptness and accuracy of oral, hard copy or electronic reports of execution;
- ability and willingness to correct trade errors;
- promptness and accuracy of confirmation statements;
- ability to access various market centers;

- any expertise the broker-dealer may have in executing trades for the particular type of security; and
- the broker-dealer's trading history in the particular security

Best execution is monitored real-time by the Head Trader and CEO. When using the Adviser's trading systems, the bid/offer spread at the time of entry is observed. Executions are measured against these prices as well as the daily volume weighted average price (VWAP) to determine any slippage. Broker-dealers are measured by the same statistics as arrival price and VWAP. In addition, at the end of each day (unless the CEO is not in the office), the CEO reviews and signs the OMS trade blotter report which lists all executed transactions.

At least annually, the CEO, Head Trader and CCO of the Adviser will meet to evaluate systematically the execution performance of its brokers. The review of brokers will consist of various factors, including, as applicable, the factors set forth below, and any other factors that the reviewers think necessary for the Adviser to make a reasonable decision about its best execution determinations:

- names of brokers reviewed;
- average commission rate charged by each broker;
- the services provided by the broker, other than execution (i.e., research or other services used in the management of client accounts);
- whether the execution and other services provided by the broker were satisfactory (taking into account such factors as the speed of execution, the certainty of execution, and the ability to handle large orders or orders requiring special handling);
- reason for using that broker (i.e., research, execution only, etc.);
- unusual trends (such as higher than usual commission rates or a large volume of business directed to an unknown broker); and
- potential conflicts of interest (such as directing brokerage to a broker who makes client referrals to the Company).

The Chief Compliance Officer will maintain notes documenting the meeting and in conjunction with the Soft Dollar Review will prepare an Approved Broker List.

1. Research and Other Soft Dollar Arrangements

Generally, our policy is to only use "soft" or commission dollars to the extent that such expenses come within Section 28(e) of the Exchange Act ("**Section 28(e)**"). Section 28(e) provides a "safe harbor" to advisers that use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. Items for which we may use soft dollars, and that fall within the safe harbor, include:

- research seminars and similar programs (however, travel expenses, meals and hotel accommodations are not included);

- computer analyses of securities portfolios;
- economic factors and trends as well as political analysis;
- third party research, provided that the broker is (i) contractually obligated to pay the provider of the service or products, or (ii) not directly obligated to pay the provider of the service or products, but pays such provider directly and assures itself that such payments are used only for eligible brokerage or research.

We are not obligated to seek the lowest transaction charge, except to the extent that it contributes to the overall goal of obtaining the best execution for clients. A higher transaction charge on exchange and over-the-counter trades may be determined reasonable in light of the value of the brokerage execution and research products and services provided to us for the benefit of our clients.

We may from time to time enter into formal or informal arrangements with certain brokers (“**Soft Dollar Brokers**”) whereby the provision of research or brokerage execution services is explicitly dependent on the level of commissions and underwriting concessions generated by the client accounts. Using a broker who provides us with research or other “soft-dollar” benefits may cause clients to pay commissions higher than the commissions charged by broker-dealers who do not so provide.

Research services received from Soft Dollar Brokers will be used to supplement and augment our own research capabilities, and will directly assist us in our investment decision-making process. Section 28(e) permits products and services obtained by soft dollars to be used for any or all of our Client Accounts. Accordingly, the Client Accounts that provide the brokerage transaction charges for which such products and services are provided, or that engage in the securities transactions generating such charges do not necessarily receive the direct benefit of specific services. Instead, we may receive a benefit because we do not have to produce or pay for the research, products or services. Therefore, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients’ interest in receiving most favorable execution. In selecting Soft Dollar Brokers to initiate soft dollar transactions, we will consider the capabilities of the Soft Dollar Broker to provide best execution.

All products and services that are paid for with client transaction charges will be of the type described in Section 28(e). All products and services that are paid for with soft dollars are reviewed and approved to ensure that the product or service provides lawful and appropriate assistance in the performance of our investment decision-making activities. In addition, a determination is made as to whether the amount of the commissions paid is reasonable in light of the value of the products or services provided. Where research services also assist Arcoda in performing non-investment decision-making functions, Arcoda will make a reasonable allocation of the cost of the service according to its use and use brokerage commissions to pay only for the research-related component. Services that assist Arcoda solely in its performance of non-research related functions will be paid exclusively by the company.

In the last fiscal year, we received the following types of research and related products or services using brokerage commissions: written information and analyses concerning specific healthcare securities, companies or sectors; market, financial and economic studies and forecasts; discussions with research professionals; and corporate access at investment conferences with company executives.

2. Brokerage for Client Referrals

In selecting or recommending broker-dealers, we do not consider whether we, or any of our affiliates, receive client or investor referrals from a broker-dealer or other third party.

3. Directed Brokerage

“Directed brokerage” refers to instances in which a client retains the discretion to choose brokers and instructs us to direct portfolio transactions to a particular broker-dealer. We generally do not permit any directed brokerage arrangements.

B. Aggregating Orders for Various Client Accounts

We may aggregate orders of our Client Accounts for trade execution, and thereafter allocate the securities on an average price basis to such Client Accounts. More specifically, each client that participates in an aggregated order will participate at the average share price for all of our transactions in that security or other instrument on a given business day and transaction costs will be shared pro rata based on each client’s participation in the transaction. No client will be favored over any other client as a result of such aggregation. Brokerage commission rates will not be reduced because of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client. We believe that our aggregation policy is lawful and consistent with our duty to seek best execution for all our clients.

ITEM 13
REVIEW OF ACCOUNTS

A. Periodic Review of Client Accounts

Our Chief Compliance Officer, in conjunction with our Portfolio Manager, conducts periodic reviews of Client Accounts, including (i) the manner in which orders have been allocated to each Client Account to insure that all orders are allocated on an equitable basis; and (ii) the performance of each Client Account as a function of allocation to assure that no Client Account is being preferred systematically in the allocation process.

B. Additional Review of Client Accounts

Upon any determination that a client account has effected transactions outside of the investment guidelines associated with such account, if any, we seek to cure such items immediately, so long as any such actions taken are not to the detriment of the client.

C. Contents and Frequency of Account Reports to Clients

Investors in the Funds receive monthly unaudited account statements as well as quarterly update letters, and an audited annual report.

In addition to the above, Arcoda makes its team available on a periodic basis to answer questions and discuss topics relating to the healthcare investment environment.

Upon request, certain clients (including investors in the Funds) may receive additional information and reporting (written or verbal) that other clients (including investors in the Funds) may not receive, and such information may affect an investor's decision to request a withdrawal from its account.

ITEM 14

CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

We do not receive economic benefits from third parties (other than fees from clients) for providing investment advice or other advisory services to our clients.

B. Compensation to Non-Supervised Persons for Client Referrals

Arcoda has not, with respect to its clients, been compensated directly or indirectly for client referrals.

The SEC limits the ability of an investment adviser to make cash payments in return for client solicitations. Rule 206(4)-3 under the Advisers Act states that any cash referral fee must be paid pursuant to a *written agreement* to which the investment adviser is a party. This written agreement must describe the solicitor's activities and its compensation for those activities, and contain the solicitor's undertaking to perform those duties under the agreement consistent with the adviser's instructions, the Advisers Act and rules thereunder, if and as applicable.

The Chief Compliance Officer reviews all arrangements with solicitors and marketing agents before Arcoda enters into any agreement where it will pay a cash fee, directly or indirectly, to a solicitor or marketing agent for referring new clients (or investors) to Arcoda, to ensure that such agreements comply with all applicable laws, rules and regulations. All solicitation and marketing arrangements with third parties must be in writing. In addition, where applicable, the Chief Compliance Officer will ensure that the solicitor provides a written disclosure statement to potential clients describing the solicitor's compensation arrangements with Arcoda. An acknowledgment from the client that it has received such disclosure will be maintained by Arcoda.

ITEM 15 CUSTODY

Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) imposes specific conditions on investment advisers who have actual or deemed custody of client assets. As an investment adviser to advisory clients, including pooled investment vehicles, we may be deemed to have custody in instances where we have actual possession or the authority to obtain possession of the assets of our advisory clients, and therefore we must meet the applicable conditions of the Custody Rule.

The Custody Rule contains significant provisions applicable to investment advisers that serve as a general partner or managing member to private funds. Most significantly, the Custody Rule provides an alternative approach to the quarterly account statement delivery requirement and the annual surprise examination requirement that are set forth in the Custody Rule. Specifically, an investment adviser to a private fund, such as the Funds, need not send to each investor a quarterly account statement or have an annual surprise examination if the fund is (i) subject to an audit (as defined in Rule 1-02(d) of Regulation S-X) by an accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board at least annually;¹ and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all fund investors within 120 days of the end of the applicable fund’s fiscal year.² We typically rely upon this exception.

We generally will maintain all securities and funds of our clients, of which we are deemed to have custody, with a “qualified custodian.”

¹ Audited financial statements that contain qualifying footnotes generally would not meet this requirement.

² The Custody Rule requires that advisers to pooled investment vehicles that distribute the pool’s audited financial statements to investors under the rule’s annual audit provision must, in addition to obtaining an annual audit, obtain a final audit of the pool’s financial statements upon liquidation of the pool and distribute the financial statements to pool investors promptly after the completion of such final audit.

ITEM 16
INVESTMENT DISCRETION

At the outset of an advisory relationship, we generally receive discretionary authority from a client to select the identity and amount of securities to be purchased and sold by the client. For example, we have investment discretion to manage securities accounts on behalf of the Client Accounts. In all cases, we exercise this investment discretion in a manner consistent with the stated investment objectives of the particular client, which are contained in the applicable offering documents and/or investment advisory agreement.

When selecting securities and assessing potential investments, we observe the investment policies, limitations, and restrictions of the clients we advise, as stated in the applicable investment advisory agreement or other applicable agreements or offering documents. Our clients may, but do not customarily, place limitations on our investment authority, including, without limitation, designating types of permitted investments or prohibiting certain types of investments.

For a complete discussion of our advisory business and the services we provide to our clients, please see “Item 4 - Advisory Business.”

ITEM 17
VOTING CLIENT SECURITIES

We have, and in the future will continue to accept, the authority to vote our client's securities. As such, we have adopted policies and corresponding procedures to comply with Rule 206(4)-6 of the Advisers Act and with our fiduciary obligations (such policies and procedures, the "**Proxy Voting Policies**").

In voting proxies, Arcoda is guided by general fiduciary principles. Arcoda's goal is to act prudently, solely in the best interests of its clients, and consistent with efforts to achieve a client's stated objectives, including maximizing portfolio value. Arcoda follows procedures that are designed to identify conflicts or potential conflicts that could arise between its own interests and those of its clients. If it is determined that any such conflict or potential conflict is not material, Arcoda may vote proxies, notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest is material, appropriate personnel of Arcoda will work to agree upon a method to resolve such conflict before voting proxies affected by the conflict.

A copy of Arcoda's Proxy Voting Policies, as well as applicable proxy voting records, will be provided to any client or prospective client upon request, by contacting our Chief Compliance Officer, Karen Weiss at kweiss@arcodacapital.com.

ITEM 18
FINANCIAL INFORMATION

A. Balance Sheet

We are not required to attach a balance sheet because we do not require or solicit the payment of fees six months or more in advance.

B. Contractual Commitments to Our Clients

We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients.

C. Bankruptcy Petitions

We have not been the subject of a bankruptcy petition at any time during the past ten years.