
PART 2A OF FORM ADV: FIRM BROCHURE

HealthCor Management, L.P.

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This brochure provides information about the qualifications and business practices of HealthCor Management, L.P. If you have any questions about the contents of this brochure, please contact us at (212) 622-7871 and/or jcoghlin@healthcogroup.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.

HealthCor Management, L.P. is a registered investment adviser and is providing you with this brochure in compliance with SEC rules. Registration as an investment adviser does not by itself imply a certain level of skill or training.

Additional information about HealthCor Management, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

This is the second brochure that HealthCor Management, L.P. is providing to the investors in the Fund, as defined below. There are no material changes to the information that was provided in the first brochure last year. We will provide you, at least annually, with a summary of any material changes to the information in this brochure.

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ADVISORY BUSINESS

HealthCor Management, L.P. (“**HealthCor**” or the “**Adviser**”) launched on September 1, 2005 with offices in New York and London. HealthCor’s principal place of business is 152 West 57th Street, 43rd Floor, New York, NY 10019. Our principal owners are Joseph Healey and Arthur Cohen. Certain other key employees also have partnership interests in the Adviser. HealthCor has a staff of approximately 35 people.

HealthCor provides investment management services to a privately offered pooled investment fund (the “**Fund**”), as follows:

- HealthCor Long Offshore Fund, L.P. - a Cayman limited partnership whose interests are offered to investors through two feeder funds called HealthCor Long Offshore Fund, Ltd., a Cayman limited company and HealthCor Long Fund, L.P., a Delaware limited partnership.

The Adviser and its affiliates also advise other pooled investment funds with different investment strategies that are described in separate brochures.

The Fund is offered only to accredited investors, qualified clients, qualified purchasers and certain employees of HealthCor and its affiliates. HealthCor’s primary responsibilities for the Fund is to identify, review, select, and manage investment opportunities that can achieve the Fund’s investment objectives.

The Adviser and its affiliates have full discretionary authority with respect to investment decisions. HealthCor provides its services at the Fund level, in accordance with the investment objectives and guidelines set forth in the Fund’s offering memoranda, and it does not provide investment advisory services for individual investors in the Fund.

The Fund pursues a fundamentally driven long-only equity strategy with a principal focus on the global healthcare and life sciences sector. The primary investment objective of the Fund is to achieve capital appreciation by buying securities with trading values materially lower than their intrinsic values. The Fund aims to achieve high absolute rates of return while minimizing the risk of capital loss. There can be no assurance that this investment objective will be achieved and investment results may vary substantially.

The Fund is authorized to invest, on margin or otherwise, in U.S. and non-U.S. equity securities and other equity-related instruments. Although HealthCor principally invests in

the healthcare and life sciences sector, the Fund may also invest up to a certain percentage of the portfolio in other sectors.

HealthCor implements its investment strategy by focusing on in-depth and fundamental research. Each investment position will generally be judged on its own ability to generate profits consistent with its risk profile. HealthCor will identify investment opportunities through careful field research, quantitative screens, meetings with management teams, and discussions with brokerage firms and other research providers. Ongoing due diligence of portfolio investments is expected to include rigorous competitive, accounting and valuation analyses. HealthCor believes that such intensive fundamental research provides it with a competitive investment edge.

In accordance with common industry practice, the Adviser may from time to time enter into letter agreements or other similar agreements, referred to as “side letters,” with one or more investors in the Fund which provide such investors with additional and/or different rights than such investors have pursuant to general terms of such collective investment vehicle. The Adviser will not be required to notify any or all of the other investors of any such written agreements or any of the rights and/or terms or provisions thereof, nor will the Adviser be required to offer such additional and/or different rights and/or terms to any or all of the other investors. Once invested in a Fund, investors cannot impose additional investment guidelines or restrictions on the Fund.

HealthCor’s activities for the Fund are further described in the Fund’s offering memorandum, governing agreement, and management agreement. These Fund documents also detail the various investment restrictions that govern the types of investments the Fund may and may not make.

As of December 31, 2012, HealthCor’s regulatory assets under management were approximately \$3,070,037,200 and net assets under management were approximately \$2,227,409,286 all of which are managed on a discretionary basis.

ITEM 5

FEES AND COMPENSATION

The Adviser’s current compensation structure for the Fund is summarized as follows:

- Investment Management Fees: 1.0% per annum of the net asset value of a Fund, paid quarterly in advance (0.25% per quarter). The amount of any Fund’s Management Fee is prorated for periods of less than a full billing cycle at the beginning or end of

the advisory relationship. If an investor redeems mid-quarter, any unearned fees would be returned to the respective Fund.

- Incentive Allocation: 20% of the net over-performance of the Fund as compared to the S&P 500 Health Care Index (after deduction of the Management Fee), paid on an annual basis and on any interim withdrawal of capital by, or other distribution of funds to, an investor.
- Loss Carry Forward: When applicable, the Incentive Allocation takes into account a loss recovery account to track losses to investor capital contributions due to under-performance by the Fund. Until amounts charged to the loss recovery account are fully offset by subsequent net over-performance by the Fund, no Incentive Allocation is assessed against such investor. Because the Incentive Allocation is determined based upon the Fund outperforming the S&P 500 Health Care Index for any incentive period, it is possible that the Adviser would be entitled to receive an Incentive Allocation for an incentive period even if there is a net decrease in the value of your investment for such incentive period, so long as there is a zero balance in the related loss recovery account.

An investor will not be permitted to recover any Incentive Allocation which has previously been allocated to the Fund's General Partner.

The Adviser withdraws Management Fees and Incentive Allocations directly from Fund assets by notice to the custodian. Investors do not have the ability to choose to be billed directly for such amounts, which are non-negotiable.

The Adviser and its personnel may invest in the Fund. The Adviser and its personnel are not charged a Management Fee or an Incentive Allocation by the Fund.

The Fund pays costs and expenses, such as investment-related expenses (e.g., brokerage commissions; clearing and settlement charges; custodial fees; interest expenses; and expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments and investment banking expenses related to the purchase and sale of illiquid securities); fees and expenses of members of any advisory committee to the Fund; legal expenses; accounting; auditing and tax preparation expenses; fees and expenses relating to the Fund's administrator; expenses relating to the offering and sale of shares or interests in the Fund; investment-related travel expenses; expenses related to liability insurance for directors of the Fund, the general partners of the applicable Fund, the Adviser and their respective affiliates, members, directors, officers, employees and agents; organizational expenses; extraordinary expenses and other similar expenses related to the Fund as the applicable general partner or the Adviser determines in its sole discretion. Any costs and expenses will be paid pro rata based

on capital. Please refer to Item 12 of this brochure for a description of HealthCor's brokerage practices.

Investors should review all fees charged by the Adviser, its affiliates, custodians, brokers and others as disclosed in the Fund's respective offering memoranda to fully understand the total amount of fees to be paid by the Fund. Investors in the Fund may request copies of these materials by contacting the Adviser at the address or telephone number listed on the first page of this brochure.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser accepts performance-based compensation ("Incentive Allocations") as discussed under Item 5 above. Such performance-based allocations may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of performance-based compensation. The possibility of this incentive to make riskier or more speculative investments is offset, in part, by the Loss Carry Forward discussed in Item 5 which may result in lower performance-based compensation in the event that the Adviser loses money for investors. Prior to making an investment, investors are provided with information clearly disclosing how the Fund receives performance-based compensation and how performance-based compensation may increase investment risk and the investors agree to these arrangements.

ITEM 7

TYPES OF CLIENTS

The clients to whom the Adviser generally provides investment advice are private investment funds offered to investors on a private placement basis, as described above. Details concerning applicable suitability criteria for investors in the Fund are set forth in the Fund's offering memoranda and subscription documents. Although the General Partner of a Fund has the authority to accept subscriptions for any lesser amount, the minimum investment in the Fund is generally \$5,000,000. Each investor is required to meet certain suitability qualifications, such as being a "qualified purchaser" as defined in the Investment Company Act of 1940, as amended. In addition, there are certain restrictions on withdrawals from the Fund and on transfers of interests in the Fund. A subscription for limited partner interests in

the Fund should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Objective

The Fund's investment objective is to achieve superior capital growth primarily through investments in equity securities and other equity-related instruments principally in, but not limited to, the healthcare and life sciences sector. Assets of the Fund will be invested worldwide and are expected to be invested in U.S. and non-U.S. securities and other investments. The principal investment strategy is based upon a fundamental research-intensive security selection process aimed at identifying mispriced securities. The Adviser expects to analyze data on a company-by-company basis and seek to capitalize on the difference between the market valuation of a security and what it considers to be the value of the underlying businesses of the company. The Fund's portfolio is expected to primarily include long positions in securities of companies which the Adviser believes to be undervalued.

The investment program of the Fund is speculative and entails investment and market-related risks. There can be no assurance that the investment objective of the Fund will be achieved. The activities of the Fund could result in substantial losses under certain circumstances.

Investment Philosophy

The Fund's principal investment strategy relies upon in-depth, fundamental research. Each investment position will generally be judged on its own ability to generate profits consistent with its risk profile. The Fund's investment portfolio will generally consist of long positions. The Adviser believes that individual stock selection will generally be the determinant of successful fund performance. The Adviser will generally identify investment opportunities through careful field research, quantitative screens, discussions with management teams and brokerage firms and its extensive investment network. Ongoing due diligence of portfolio investments is expected to include rigorous competitive, accounting and valuation analyses. This work will be supplemented, if appropriate, by interviews with company management teams, customers, suppliers and competitors.

The Fund's portfolio will generally consist primarily of equity and equity-related securities of domestic and, to a lesser extent, foreign issuers. Companies of all sizes will be considered for investments.

Investment Process

The Fund will invest principally in equity securities of publicly-traded healthcare and life sciences companies. An underpinning of the Fund's investment program is to create and sustain a competitive advantage in fundamental analysis. The Adviser believes that it has developed expertise in identifying meaningful changes in companies which impact consensus expectations.

The Adviser will seek to acquire long positions in companies where it has identified fundamental value drivers that have not been recognized or fully exploited by the broader investment community. Companies included in the Fund's long portfolio will typically exhibit one of the following characteristics:

- A potential to earn high returns on invested capital with high re-investment opportunities. These are typically product companies in high growth segments, but can also be market share gainers in more mature segments. The Adviser's goal is to identify those companies where the equities markets have mispriced the growth and sustainability of returns, the proprietary nature of products and services, and competitive barriers due to economies of scale or brand identity;
- Strong cash flow generation, but more modest growth opportunities. These companies will typically have excess cash flow that can be used to benefit shareholders; and
- Turnarounds or restructurings of businesses with above-average return potential. These companies often have suffered a decline in share price that can prove to be temporary as the uncertainty surrounding the company diminishes. New management can often be a catalyst to improve shareholder return.

Furthermore, the Adviser may seek to capitalize on shorter duration investment opportunities. The Adviser also seeks to identify specific near-term catalysts (positive or negative) that have not fully been reflected in the price of the securities. Although not currently contemplated, in addition to investing in equity securities, the Fund may opportunistically invest in debt and equity-related securities of companies. The Adviser believes that company-specific, fundamental research is applicable to these types of instruments. The Adviser also may make use of over-the-counter and exchange-traded instruments relating to equities and equity indices, principally as a means of quickly and temporarily adjusting the risk profile of the Fund.

Investment Guidelines

The Fund's investment program will generally be subject to strict guidelines relating to, among others, exposure, use of derivatives, position concentrations, and sector-focus. Please refer to the Fund's offering documents for a detailed description of these guidelines.

Risk Management

As part of its risk management process, the Adviser assesses a variety of factors regarding portfolio strategy which may include diversification, leverage, certain hedging techniques, and liquidity:

- **Diversification:** In general, the Adviser expects under normal market conditions that it will maintain a diversified portfolio for the Fund.
- **Leverage:** The Fund, when deemed appropriate by the Adviser and subject to applicable regulations, will use leverage in its investment program. Prospective investors should be aware of the attendant risks and expenses in connection with the Fund's use of leverage.
- **Hedging:** The Adviser may use certain techniques to hedge its investments and achieve a higher rate of return including through the use of currency hedging (for which only forwards, swaps and spot contracts may be utilized), as well as other techniques described in the Fund's offering documents.
- **Liquidity:** The liquidity of each investment is considered in evaluating the risk/reward characteristics of each investment, as well as in determining the size of the individual position as a percentage of overall portfolio equity.

The Adviser may liquidate positions based upon a variety of factors including, but not limited to, a change in company fundamentals, a change in sector outlook, over-valuation versus comparable companies or significant insider selling.

Risk Factors

The Fund's investment strategies are speculative and entail investment and market-related risks. There can be no assurance the Fund's investment objectives will be achieved. The Fund's activities could result in substantial losses under certain circumstances. Investing in securities involves risk of loss that clients should be prepared to bear.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Fund.

1. Healthcare and Life Science Industries' Related Risks. The Fund invests a significant portion of their assets in the healthcare and life science industries. Investing in securities and other instruments of healthcare companies involves substantial risks. Such risks include, but are not limited to, the following: changes in government policies, including policies regarding reimbursement of medical expenses; certain companies in which the Fund may invest may have limited or no operating histories, or may have limited products, markets and financial resources; rapidly changing technologies may cause products to quickly become obsolete; unanticipated problems often arise in connection with the development of new products, and many such efforts are ultimately unsuccessful; scarcity of management and marketing personnel with appropriate technological or medical training may slow or impede companies' growth; the possibility of lawsuits related to technological and medical patents could cause delays and expense in product development and implementation; regulatory changes and/or government actions may prevent a company from marketing its products; changing investors' sentiments and preferences with regard to investments in healthcare companies (which may be perceived as risky) may have an adverse effect on the price of underlying securities; volatility in the U.S. stock markets affecting the prices of securities of healthcare and life sciences companies may cause the Fund to experience substantial volatility; and certain healthcare and life sciences companies may be subject to extensive government regulation. In addition, many healthcare and life sciences companies may have substantial and ongoing capital needs for research and development, clinical trials and marketing and may have difficulty obtaining such funding under various market conditions or even under normal market conditions or such capital may be obtained on terms that are not favorable to existing equity holders. Also, obtaining government approval for new products from governmental agencies can be lengthy, expensive and uncertain, and withdrawal or curtailment of government support could have an adverse impact on the profitability or market price of healthcare and life sciences companies. Furthermore, delays in generating products (as well as more general ongoing capital requirements) may result in the need for companies to seek additional capital, potentially diluting the interest of existing investors, such as the Fund.

2. Protection of Intellectual Property. The success of portfolio companies may depend heavily on their ability to establish and protect their proprietary rights through, among other things, patent prosecution. The patent prosecution process is complicated, time-consuming, expensive and uncertain. Accordingly, one or more portfolio companies may be unable to protect some or all of its technologies, which could adversely affect such portfolio company, which in turn could negatively impact performance of the Fund. portfolio companies will not be able to guarantee: (i) their existing patents will not be challenged, or, if challenged, invalidated; (ii) their existing patents will provide sufficient protection against competitors; (iii) competitors will not independently develop similar products or designs around their patents; or (iv) they will be able to obtain future patents necessary to protect their business and/or fully execute their respective business plans. Portfolio companies may also rely on trade secret protection for certain confidential and proprietary information. Despite maintenance of policies designed to protect such trade secrets, a portfolio company may be unable to

adequately protect its trade secrets, which could adversely affect such portfolio company, which in turn could negatively impact the performance of the Fund.

3. Government Regulations in the United States. The United States Food and Drug Administration (the “**FDA**”) regulates food, drugs, biological and medical devices under the Federal Food, Drug and Cosmetic Act and other laws. These laws and implementing regulations govern, among other things, the development, testing, manufacturing, record keeping, storage, labeling, advertising, promotion and pre-market clearance or approval of technologies and products subject to regulation. In the event that a portfolio company develops a viable technology or product candidate, regulation by the FDA of such technology or product candidate is likely. Regulation of a technology or product candidate by the FDA involves a complicated, time-consuming, expensive and uncertain process. Any delay or failure by a portfolio company with respect to such process could adversely affect the commercialization of its technologies and products, which in turn could negatively impact the performance of the Fund. In addition to FDA regulation, portfolio companies may be subject to regulation by other governmental authorities and agencies, both in the United States and abroad. Compliance with any such regulatory requirements could have a negative impact on a portfolio company or its ability to develop its technologies and products, which in turn could negatively impact the performance of the Fund. Government policies favoring research, including funding, may change and be less favorable or become unfavorable for the portfolio companies.

4. Impact of Healthcare Reform. Portfolio companies involved in the healthcare and life sciences industry may be negatively impacted by the continuing efforts of governments and various third-party payors to contain or reduce the costs of healthcare through various means. For example, in some foreign markets, pricing and profitability of prescription pharmaceuticals are subject to government control. In the United States, there have been, and continue to be, a number of federal and state proposals to implement similar government controls. In addition, increasing emphasis on managed care in the United States will continue to put pressure on the pricing of healthcare products, and significant uncertainty exists as to the reimbursement by the federal government, private insurers and other third-party payors for newly approved healthcare products. The implementation of one or more cost control initiatives could decrease the price that portfolio companies would receive for any products in the future. Further, cost control initiatives could adversely affect a portfolio company’s ability to commercialize, or realize royalties from, its technologies or products.

5. Illiquid Portfolio Securities. The Fund does not intend to hold unregistered securities of publicly held companies or privately held companies. However, for reasons not currently anticipated by the Adviser or via market dislocations, the Fund may hold such investments, which would be illiquid and difficult to value. The Fund may not be able to sell these illiquid positions unless their registered under the U.S. and state securities regulations or unless exempt from such registration requirements. Registration under such laws is generally within the exclusive control of the issuer. No assurance can be given that any issuer will register such securities.

6. Foreign Investments. A Fund may invest in companies that are organized and operating outside the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations and the application of complex tax rules to cross-border investments. In addition, the Fund may not always hedge currency risks.

7. Concentration of Investments. The Fund may participate in a limited number of investments, and may seek to make several investments in one industry or one industry segment. As a result, the Fund's investment portfolio could become highly concentrated and its aggregate return may be affected substantially by the performance of only a few holdings. In the event that the healthcare and life sciences industry as a whole declines, returns to investors may decrease. In addition, a redemption by an investor owning a significant portion of the Fund could materially adversely affect the performance of the Fund.

8. Leverage and Financing Risk. The portfolios of the Fund may be leveraged to enhance returns and/or for cash management purposes. Accordingly, the assets of the Fund may be pledged in order to borrow additional funds. The investment return of the Fund may also be leveraged with options, commodity futures contracts, swaps, forwards and other derivative instruments. The amount of borrowings which the Fund may have outstanding at any time may be very large in relation to capital and may vary, depending on the nature of the investments. While leverage presents opportunities for increasing the total return of the Fund, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the investments of such entities could result in a substantial loss to the Fund, which would be greater than if leverage were not employed.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure the margin accounts of the Fund decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the assets of the Fund, the Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements.

The Fund's brokers, may impose on the Fund certain financial and non-financial covenants, including requiring that the capital of the Fund exceeds certain levels and/or that decreases in the Fund's capital (whether by losses or otherwise) do not exceed certain amounts or percentages. In the event these or other covenants are violated, such

brokers and counterparties may require the liquidation of some or all of the positions in the Fund's portfolios. The Fund may be materially adversely affected (a) if the Fund fail to meet any collateral requirements, whether as a result of increased requirements imposed by any such brokers or counterparties or as a result of market fluctuations affecting the value of collateral, or (b) if some or all of the Fund's positions are liquidated in order to meet such increased requirements or in response to a violation of a covenant or other agreement.

Further, there is a risk that the institutions, including brokerage firms and banks, with which the Fund may trade or invest may encounter financial difficulties that may require such institutions to reduce the amount of financing previously granted to the Fund, resulting in forced liquidation of substantial portions of the Fund's portfolio. Any financial difficulty of any such counterparty, or any reduction in the amount of financing granted to the Fund by any such counterparty, could have a material adverse effect on the Fund.

9. Insider Trading Restrictions. By reason of their responsibilities in connection with their investing and management activities, personnel of the Adviser or of the General Partner of a Fund may acquire material non-public information about a company or may otherwise be restricted from initiating transactions in certain securities. The Adviser's Code of Ethics and applicable law prohibit the Adviser from acting upon any such information even if that would be financially beneficial to a Fund. Due to these restrictions, any Fund may not be able to initiate transactions that it may otherwise have initiated, including being prevented from selling an investment that it otherwise might have sold.

10. Reliance on Management. Decisions with respect to the management of each Fund will be made by the investment professionals of the Adviser. The success of a Fund will depend on the ability of these individuals to identify and consummate investments and to dispose of investments of such Fund at a profit. The loss of the services of one or more of these individuals could have an adverse impact on the Fund's ability to realize its investment objective. In addition, it is expected that all of the personnel responsible for managing a particular Fund will continue to have responsibilities with respect to other funds. Thus, such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other funds and accounts.

Please refer to the offering documents for a more comprehensive listing of risk factors relating to an investment in the Fund.

ITEM 9

DISCIPLINARY INFORMATION

We are not aware of any legal or disciplinary events that would be material to an investor's or prospective investor's evaluation of HealthCor's advisory business or the integrity of our management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We are required to disclose certain financial industry affiliations and activities that we, our management or certain of our related parties may have.

HealthCor Management UK LLP, a United Kingdom limited liability partnership (the "Sub-Adviser"), is indirectly owned by the Adviser. It is registered with the United Kingdom's Financial Services Authority (the "FSA") and provides investment advisory services to the Adviser in connection with management of the Fund.

HealthCor Partners Management, L.P., ("HealthCor Partners") a Delaware limited partnership affiliated with the Adviser and also registered as an investment adviser with the SEC, manages HealthCor Partners Fund, L.P. and HealthCor Partners Fund II, L.P, each a Delaware limited partnership (together, the "Private Equity Funds").

The Adviser, its affiliates and their personnel serve as investment advisers and investment managers to multiple funds. They may take action or give advice with respect to certain funds that differs from, or is inconsistent with, the advice given to other funds. They will devote as much time to the activities of each Fund as they deem necessary and appropriate, and the amount of time devoted to different funds may vary.

Conflicts may arise when an investment is suitable for both the Fund and the Private Equity Funds. The risk of this conflict is mitigated by the fact that there is minimal overlap between the investment strategy of the Fund and that of the Private Equity Funds. As the Private Equity Funds invest primarily in private companies and the Fund in public companies, there are few opportunities for conflicts to arise. Should such a circumstance arise, however, the Adviser will act in a manner that it believes to be fair and equitable under the circumstances.

The Adviser and its personnel do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

HealthCor expects its employees to devote their full attention and efforts towards their duties to HealthCor. No Employee may engage in any outside work or business which interferes with the performance of their responsibilities to HealthCor. Employees may not serve as officers or directors of public companies without receiving prior approval from HealthCor. However, so long as such activities do not interfere with an employee's responsibilities to HealthCor, employees may serve as outside directors to such entities as private corporations, charitable foundations, and other not-for-profit institutions. Employees are required to disclose these affiliations to compliance. Compliance will determine how best to address potential conflicts as they arise.

ITEM 11

CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Adviser has adopted a Code of Ethics (the “**Code**”). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Fund, including the Fund's investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

The Code places certain restrictions on personal trades by employees, requires that they disclose their personal securities holdings and transactions to the Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. The Code also includes an insider trading policy designed to deter the misuse of material non-public information and other procedures intended to avoid conflicts of interest between clients and the Adviser's personnel in connection with personal securities transactions.

Potential and actual conflicts of interest may arise from the Adviser's personal trading policy. The Adviser has established policies and procedures to monitor personal trading, including strict pre-clearance requirements, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest.

Clients and prospective clients may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the first page of this brochure.

ITEM 12

BROKERAGE PRACTICES

In selecting an appropriate broker-dealer to effect a trade for the Fund, the Adviser seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among other things, their reliability, financial responsibility, execution capability, commission rates, responsiveness to the Adviser, brokerage and research services provided to Adviser (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services. If the Adviser determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the research and brokerage products or services provided by the broker-dealer, the Fund may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge. The Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Research and Other Soft Dollar Benefits

From time to time, the Adviser may pay a broker-dealer commissions for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Adviser will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended ("**Section 28(e)**") and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Adviser believes it is important to its investment decision-making processes to have access to independent research.

Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data and meetings arranged with corporate and industry spokespersons, economists, academicians, and

government representatives. In some cases, research services are generated by third parties but are provided to the Adviser by or through broker-dealers.

Information so received is in addition to and not in lieu of services required to be performed by the Adviser. Because commission rates in the United States are negotiable, the Adviser's selection of broker-dealers on the basis of considerations which are not limited to applicable commission rates may at times result in the Fund being charged higher transaction costs than it could otherwise obtain. Nonetheless, the Adviser's decision on which broker-dealer to utilize will be fully driven by a concerted effort to seek best execution. Research services received from broker-dealers are supplemental to the Adviser's own research effort and, when utilized, are subject to internal analysis before being incorporated by the Adviser into its investment process.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Fund may be used by the Adviser to service one or more other funds. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Adviser (*i.e.*, a "**mixed use**" item), the Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Adviser and those that primarily benefit the Fund. The Adviser keeps a "Soft Dollar Budget" and compares all budgeted soft dollars to actual soft dollar budget on a regular basis. Additionally, on a periodic basis, the Adviser reviews the quality and effectiveness of services received from the Soft Dollar Budget allocations.

On a periodic basis, the Adviser considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Fund on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met.

When the Adviser uses client commissions to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for the research, products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than

on the clients' interest in receiving most favorable execution. The Adviser may cause the Fund to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. The Adviser does not necessarily use soft dollar benefits to service all of its clients in proportion to the soft dollar credits the accounts generate. However, the Adviser will at all times act in good faith and in such a way to put client interests ahead of its own. The Adviser has policies governing best execution, broker selection, and soft dollars and directed brokerage which require the Adviser to take into account all factors in determining best execution, including soft dollar benefits received.

Brokerage for Client Referrals

The broker-dealers that have entered into prime brokerage arrangements with the Adviser may occasionally provide the Adviser with introductions to potential investors. Capital introduction is a service provided by prime brokers and is designed to "introduce" hedge fund managers to potential investors, typically through individual meetings or in a conference format. Although capital introduction is customarily offered as a "free" service, various conflicts of interest are presented by such arrangements. While the Adviser does not compensate these broker-dealers based on capital introductions, the Adviser may be incentivized to use the services of a specific prime broker in order to have access to the broker's capital introduction services. In addition, the Adviser benefits from arrangements where investors are referred to the Adviser because its management fees are generally based upon a percentage of assets managed and its performance compensation is generally based upon a percentage of net profits on such assets. Thus, the more assets the Adviser has under management, the higher its management fee income and, potentially, its performance compensation. Also, there is a direct conflict between the prime brokers' desire to increase their revenues by raising capital through their prime brokerage services. The prime broker and/or its affiliates generally receive fees/commissions as a result of the Adviser's decision to utilize its services as follows: custodian of client accounts managed by the Adviser; securities transactions executed on behalf of the Adviser's clients; and lending funds and/or securities to the Adviser as part of the Adviser's investment strategy, i.e. margin and/or securities lending programs. While the relationship may present the appearance of a conflict of interest, the availability of the foregoing products and services to the Adviser is not contingent upon Adviser committing to the prime brokers any specific amount of business (assets in custody or trading commissions).

The Adviser does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

Directed Brokerage

The Adviser's clients are private investment funds and the Adviser has been delegated discretionary trading authority, including the authority to select broker-dealers to effect transactions on behalf of the Fund pursuant to best execution. As a result, the Adviser's clients do not direct the Adviser to execute transactions through a specified broker-dealer.

Order Aggregation

If the Adviser determines that the purchase or sale of the same security is in the best interest of more than one fund that it manages, the Adviser may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating fund will receive the average price with transaction costs allocated pro rata based on the size of each fund's participation in the order as determined by the Adviser. In the event of a partial fill, allocations generally will be made on a pro rata basis on the initial order but may be modified on a basis the Adviser deems appropriate, including for example, in order to avoid odd lots or de minimis allocations. In any event, the Adviser seeks to ensure that each fund is treated equitably over time.

Trade Errors

The Adviser has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, the Adviser will use reasonable efforts to correct the error as soon as possible. The Fund shall bear any losses resulting from such trading errors; provided that the Adviser shall be responsible for losses resulting from the gross negligence, willful misconduct or fraud of the Adviser and/or any of their respective affiliates, employees and agents.

ITEM 13

REVIEW OF ACCOUNTS

The Adviser's senior personnel, including portfolio managers, research associates, traders, chief operating officer, chief financial officer, general counsel and chief compliance officer conduct daily, weekly, monthly and periodic reviews of the Fund's portfolios. The Adviser provides the following written reports to the investors in its Fund: monthly performance and exposure reports, monthly net asset value statements, tax reports, audited financial statements within 120 days of the applicable Fund's fiscal year end, quarterly letters documenting performance of the Fund and certain other reports.

ITEM 14

CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services. In addition, the Adviser and its related persons do not directly or indirectly compensate any person, including placement agents, for referrals to the Fund.

ITEM 15

CUSTODY

The Fund's assets are held in custody by unaffiliated broker-dealers or banks. The Fund is subject to an annual audit and the audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed within 120 days of the Fund's fiscal year end. In addition, upon the final liquidation of a Fund, financial statements reflecting the final audit will be distributed to investors.

ITEM 16

INVESTMENT DISCRETION

The Adviser is appointed pursuant to an investment management agreement as the investment manager of each Fund with full discretionary authority for investment decisions, and its advice with respect to the Fund is made in accordance with the investment objectives and guidelines as set forth in the Fund's respective offering memoranda.

ITEM 17

VOTING CLIENT SECURITIES

The Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "**proxies**") in a prudent and diligent manner keeping in mind the Adviser's fiduciary obligation to base its voting decision on its reasonable judgment of what will serve the applicable Fund's best interests and is in line with each Fund's investment objectives. The Adviser has engaged a third party service to assist in its proxy voting. This voting service manages the process of meeting notifications, voting, tracking, mailing, reporting, record maintenance, and vote disclosure

rules. The general policy takes into account all relevant factors, as determined by the Adviser in its discretion, including: (i) the impact on the value of the securities owned by the relevant Fund and the returns on those securities; (ii) industry and business practices; and (iii) recommendations of the companies' management. The Adviser works to ensure that the voting is aligned with the best economic interests of the Fund. If any material conflicts of interest arise, the Adviser will determine the best way to handle such conflicts. It is the responsibility of the Adviser to ensure that each proxy is voted on in a timely manner. Clients may obtain a copy of the Adviser's proxy voting policies and its proxy voting record upon request.

In addition, if "Class Action" documents are received by the Adviser on behalf of the Fund, the Adviser determines whether the Fund will either participate in, or opt out of, any class action settlements received and whether it is in the best interest of the Fund to recover monies from a class action.

ITEM 18

FINANCIAL INFORMATION

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Fund.