

# Trevi Health Capital

Part 2A of Form ADV

Brochure

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This brochure provides information about the qualifications and business practices of Trevi Health Capital (“Trevi”). If you have any questions about the contents of this brochure, please contact us at 212-813-9201. 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 Trevi is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Trevi may refer to itself as a “registered investment adviser.” You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

**Item 2. Material Changes**

Trevi has not made any material changes from its 2012 filing to this brochure for the 2013 annual update; however, clients and prospective clients should review the brochure carefully.

## IMPORTANT NOTE ABOUT THIS BROCHURE

**This brochure is not:**

- **an offer or agreement to provide advisory services to any person**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any Trevi Fund (as defined below)**
- **a complete discussion of the features, risks or conflicts associated with any Trevi Fund**

As required by the Investment Advisers Act of 1940, as amended (the "Advisers Act"), Trevi provides this brochure to current and prospective clients and may also, in its discretion, provide this brochure to current or prospective investors in a Trevi Fund, together with other relevant governing documents, such as the Trevi Fund's offering or private placement memorandum, prior to, or in connection with, such persons' investment in the Trevi Fund. Additionally, this brochure is available through the SEC's Investment Adviser Public Disclosure website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Although this publicly available brochure describes investment advisory services and products of Trevi, persons who receive this brochure (whether or not from Trevi) should be aware that it is designed solely to provide information about Trevi as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this brochure may differ from information provided in relevant governing documents. More complete information about each Trevi Fund is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by Trevi. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

### Item 3. Table of Contents

Item 2. Material Changes.....	2
Item 3. Table of Contents.....	4
Item 4. Advisory Business .....	5
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-by-Side Management .....	7
Item 7. Types of Clients.....	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9. Disciplinary Information .....	11
Item 10. Other Financial Industry Activities and Affiliations .....	11
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	12
Item 12. Brokerage Practices .....	14
Item 13. Review of Accounts.....	16
Item 14. Client Referrals and Other Compensation.....	16
Item 15. Custody .....	17
Item 16. Investment Discretion .....	17
Item 17. Voting Client Securities.....	17
Item 18. Financial Information.....	18

#### **Item 4. Advisory Business**

Trevi Management LP, which conducts business under the name “Trevi Health Capital” and which, for purposes of this brochure, is referred to as “Trevi,” is an investment manager focused on the healthcare sector. Trevi Management LP manages private equity/venture capital funds and hedge funds. Trevi was formed in 2005 and is controlled (by entities established for estate planning purposes) by Andrew Fink and David Robbins. As of June 30, 2013, Trevi collectively managed approximately \$233.4 million in “regulatory assets under management” on a discretionary basis.

Trevi provides discretionary investment management services to U.S. and non-U.S. private funds (the “Trevi Funds”). In providing such services, Trevi utilizes strategies to evaluate companies (and financial investments) in various segments of the healthcare sector, including biopharmaceuticals, medical devices, healthcare services, outsourcing, healthcare information technology, distribution, diagnostics and insurance.

The hedge funds generally invest in publicly-traded securities, whereas the private equity/venture capital funds generally invest in privately-placed, less liquid securities.

The Trevi Funds typically employ a “master-feeder” structure for regulatory, tax or investment purposes. Generally, a master-feeder structure vests trading operations in one or more “master” funds while investors may typically access the master fund(s) only through one or more “feeder” funds. These feeder funds, in turn, invest (directly or indirectly) in the master fund(s).

Investments for the Trevi Funds are managed in accordance with the pooled investment vehicle’s particular investment objectives, strategies, restrictions and guidelines; and are generally not tailored to the individualized needs of any particular investor therein. Investors and prospective investors in each Trevi Fund should refer to the confidential private placement memorandum, limited partnership agreement and other organization and governing documents for each Trevi Fund (the “Governing Documents”) for complete information on the investment objectives, strategies, restrictions, guidelines and risks with respect to a particular Trevi Fund. The Governing Documents are made available to investors only through Trevi or another authorized party. Since Trevi does not provide individualized advice to the investors (and an investment in a Trevi Fund does not, in and of itself, create an advisory relationship between the investor and Trevi), investors are advised to consider whether a particular Trevi Fund meets their investment objectives and risk tolerance prior to investing.

## Item 5. Fees and Compensation

**Compensation and Billing.** All investors should review the Governing Documents for each Trevi Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a Trevi Fund.

*Private Equity/Venture Capital Funds.* The Trevi private equity/venture capital funds pay a management fee, payable semi-annually in advance. During the investment period, the annual management fee is generally equal to 2.5% of total capital commitments. Following the investment period, the management fees are generally equal to 2.5% of the aggregate capital contributions relating to unrealized investments as of the beginning of any quarter. In general, the general partner of each Trevi Fund will receive a 20% carried interest in the profits after return of total capital contributions (including fees and expenses). There is also a customary clawback provision. The general partners of the Trevi Funds make capital calls on investors for their *pro rata* share of Fund expenses (including management fees) on a semi-annual basis. However, management fees are payable by a Trevi Fund less than six months in advance. Following the dissolution of a Trevi Fund, the general partner of the Trevi Fund will, in accordance with the Governing Documents, make a final allocation of all items of income, gain, loss and expense. After the payment or provision for payment of all liabilities and obligations of a Trevi Fund, the remaining assets, if any, will, in accordance with the Governing Documents, be distributed among the investors.

*Hedge Funds.* The Trevi hedge funds pay on a monthly basis, in advance, a management fee, generally equal to 0.125% (1.5% per annum) of its net asset value (exclusive of any interim accrual for the Incentive Allocation (as defined below)) as of the first business day of the relevant calendar month. The management fee is payable by the Trevi Funds on or about the first business day of each calendar month. The incentive allocation (the “Incentive Allocation”) is equal to 20% of the relevant Trevi Fund’s net capital appreciation (including realized and unrealized gains and losses), calculated after deduction of the management fee (and other Trevi Fund expenses) and adjusted to reflect additions to, and deductions from, an investor’s assets during the relevant period. Incentive Allocation is calculated on a cumulative or annual “high-watermark” basis. Thus, any deficiency in performance for a period may have an offsetting effect on the Incentive Allocation (but not other compensation) for subsequent periods until fully offset by future gains. Adjustments to high-watermarks will be made to reflect subsequent withdrawals of capital prior to the elimination of the high-watermark. The Incentive Allocation for each investor shall be determined on an annual basis as of the last business day of each fiscal year (or, in the case of a redemption at any time other than on the last business day of each fiscal year, as of the date of redemption), debited to the account or sub-account maintained for such investor and credited to the capital account of the general partner at the master fund level.

For an additional discussion regarding performance-based compensation, please refer to Item 6 – *Performance-Based Fees and Side-by-Side Management*.

**Other Fees and Expenses.** Trevi Funds (and, indirectly, investors therein) may also incur other fees and expenses, including (1) commissions, (2) indemnification obligations and expenses, (3) commercial banking, accounting, auditing, tax advisory, legal, external consulting, and custodial fees, (4) brokerage

and other transaction costs and (5) certain other fees and expenses that may be authorized under a Trevi Fund's Governing Documents, which are in addition to Trevi's investment management/advisory fees and any performance-based compensation described above. For additional discussion regarding transactions costs, please refer to Item 12 – *Brokerage Practices*.

**Other Compensation.** From time to time, Trevi may receive compensation from Trevi Fund portfolio companies in connection with their services to such companies. Such compensation is generally received directly by Trevi, which may then provide offsetting credits or makes payments to the relevant clients. Any such compensation is paid at the standard rate otherwise payable (e.g., to an unaffiliated third party) by the portfolio company and may not be dependent on the performance of the portfolio company (except to the extent that such compensation includes securities of the company) or the size of the investment in the portfolio company by Trevi and its clients.

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

As stated in Item 5 – *Fees and Compensation* above and Item 11 – *Code of Ethics, Participation in Client Transactions and Personal Trading* below, Trevi and its related persons may: (1) be entitled to performance-based compensation with respect to certain client funds and accounts; and (2) directly or indirectly maintain investments in certain client funds and accounts. Accordingly, Trevi and its personnel may face a conflict of interest when considering how to allocate trades among client funds and accounts having different fee structures or ownership interests. Such differences in fee structures or ownership interests may create an incentive for Trevi to favor, for example, the client funds and accounts that pay, or are more likely to pay (e.g., performance that is at or near, as opposed to below, the high-watermark), Trevi performance-based compensation. Trevi does not, however, take such differing fee structures or ownership interests into account in making investment recommendations or allocating trades, and generally seeks to promote fair and equitable treatment of client funds and accounts based on considerations that are unrelated to differing fee structures or ownership interests. Trevi has adopted policies and procedures reasonably designed to address such potential conflicts, including its Code of Ethics, compliance manual and other policies that govern Trevi's trading practices. Such policies address, among other practices, the aggregation and allocation of trades among client funds and accounts, brokerage allocation, cross trades and best execution.

The potential for performance-based compensation may also create an incentive for Trevi to make investments on behalf of the relevant client funds and accounts that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. However, Trevi manages each such Trevi Fund in accordance with the investment strategies disclosed in the applicable Trevi Fund's Governing Documents or the guidelines agreed to for the account (as applicable) to ensure that investors and clients are aware of the relevant strategies and related risks.

## **Item 7. Types of Clients**

Trevi currently provides investment management services to a number of pooled investment vehicles (U.S. and non-U.S.) that are not required to register under the Investment Company Act of 1940, as

amended, or register their securities under the Securities Act of 1933, as amended, pursuant to various exceptions and exemptions provided under those statutes.

Certain of the Trevi Funds for which Trevi or its related persons serve as the investment adviser, general partner or in a similar capacity generally require investors to meet certain eligibility criteria under the applicable securities laws. These funds also generally require a minimum subscription of \$1 million. These minimum initial investments may be waived or reduced under certain circumstances.

Trevi or certain funds that it manages may be authorized to issue classes of interests or enter into “side letters” or similar individually-tailored written agreements that provide certain investors in a fund with particular terms that differ from those of other investors, such as with respect to fees or minimum subscription amounts. Such classes or agreements may be issued or entered into without notice to the other investors.

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

The descriptions set forth in this brochure of specific advisory services that Trevi offers to clients, and investment strategies pursued and investments made by Trevi on behalf of its clients, should not be understood to limit in any way Trevi's investment activities. Trevi may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that Trevi considers appropriate, subject to each client's investment objectives and guidelines.

**Investment Strategy.** Trevi is focused on making investments in the global healthcare sector. The instruments in which Trevi invests on behalf of the Trevi Funds include U.S. and non-U.S. equities, both long and short, as well as privately placed securities, debt securities, royalty-related instruments, currencies, private investments in public equity securities (“PIPEs”), exchange-traded funds (“ETFs”), index and other options, and derivatives (including swap agreements).

Trevi attempts to employ a disciplined investment style and achieve diversification within the global healthcare sector (consistent, however, with its mandate as a sector fund), with the goal of creating attractive risk-adjusted returns.

When evaluating securities for investment, Trevi employs various valuation techniques and conducts extensive due diligence, including, but not limited to (as applicable), qualitative and quantitative screening and analysis and company visits and discussion. Additionally, Trevi representatives may serve as members of, or observers on, Trevi's private equity portfolio companies' boards of directors.

Trevi's investment strategy for each Trevi Fund is fully described in the applicable Trevi Fund's Governing Documents.

**Investment Risks.** The strategies Trevi employs and the financial instruments used to implement those strategies are highly speculative, entail a significant degree of risk and could result in substantial losses



under certain circumstances. The strategies may not be successful in meeting their performance objectives, and there is no assurance that the strategies will be able to generate returns or that the returns will be commensurate with their inherent risks. The past investment performance of any Trevi Funds cannot be taken to guarantee future results of those or any other Trevi Funds. Accordingly, an investment in a Trevi Fund or account managed by Trevi should be undertaken only by clients and investors capable of evaluating and bearing the risks of the investment.

Such risks include those related to Trevi's focus on the global healthcare sector as well as general risks related to investing in the types of funds and accounts that Trevi manages. Below are summaries of certain of those risks. However, it is not possible to identify all of the risks associated with investing, and the particular risks applicable to a Trevi Fund will depend on the nature of the Trevi Fund, its investment strategy or strategies and the types of investments held by the Trevi Fund. Furthermore, certain of the risks identified below may be more material to an investment in the hedge funds, or, on the other hand, an investment in the private equity/venture capital funds. Prospective fund investors are advised to review the applicable Governing Documents for a more extensive description of the risks of investing in any particular fund or strategy.

Trevi primarily invests in companies engaged in the global healthcare sector. As a consequence the Trevi Funds' results will be more affected by industry specific events and trends than would be the case with a more diversified fund that invested across a variety of industries or sectors. The Trevi Funds are generally not intended to provide a complete investment program. Clients and investors are responsible for appropriately diversifying their assets to guard against the risk of loss. Despite the Trevi Funds' different investment strategies (*e.g.*, long/ short), investments will likely be affected by directional movements of the healthcare sector.

*Concentration of Investments in Healthcare.* Healthcare-related companies are generally subject to greater governmental regulation than other companies at both the state and federal levels. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare-related company generally must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost-recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability.

Certain healthcare-related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar "generic" products which cost less to develop and may cause the original developer of the product to lose market share or reduce the price charged for the product, resulting in lower profits for the original developer. Also, because the products and services of healthcare-related companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits. The value of a healthcare-related company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity accompanying threatened litigation.

In addition, Trevi Funds may invest in companies that are engaged in the regulatory process or are conducting clinical trials for their products. The process of obtaining and maintaining regulatory approvals may vary and involves substantial regulatory discretion. Moreover, the process may be expensive and may take many years, if approval is obtained at all. In the event that the clinical trials are unsuccessful or the entity is unable to comply with regulatory requirements or is unsuccessful in the regulatory process, the value of the relevant entity may decline significantly. In addition, certain of the entities in which Trevi invests may have one or more streams of royalty payments. Failure to collect those payments or the discontinuation or reduction of payments may cause losses.

*Investments in Development and Growth Stage Companies.* Trevi may invest in “early stage” and development stage companies that often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. Trevi may also invest in “late stage” privately-held companies, which may involve greater risks than generally are associated with investments in more mature companies. These companies typically have obtained capital to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change in a company, such as rapidly changing science and technologies, including products or technologies that may quickly become obsolete, and these changes could give rise to significant problems in sales, manufacturing and general management of these activities. Less established companies tend to have lower capitalizations and fewer resources, including management and marketing personnel with appropriate scientific or medical training, and, therefore, often are more vulnerable to financial failure. Fewer resources may also result in slow or impeded growth of a company. Less established companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Additionally, as previously discussed, late stage companies in the health care industry have exposure to a high degree of government regulation, lawsuits related to patents and intellectual property and risks related to product development and the results of clinical testing.

*Macroeconomic and Other Factors Affecting Healthcare Companies.* As is the case for any given portfolio of securities positions, the values of those positions will be determined by a variety of factors: some related specifically to the companies and industries in which investments are made and others being extrinsic or endogenous to those companies and industries. Healthcare companies at numerous times have been especially subject to such factors affecting their valuation. For example, large pharmaceutical companies or drug stores, which historically have had relatively stable and reliable series of cash flows, have at times been viewed as “defensive” investments, as those cash flows tend to remain relatively intact even during periods of low or declining economic growth. Thus, in such periods the value of those companies may trade at premiums to their fundamental valuations, and, conversely, in periods of robust economic growth, the prices of such companies may decline, even though their business fundamentals may be robust, as investors shift capital away from such “defensive” to more cyclical sectors of the capital markets. Conversely, smaller biotechnology companies, which may, for instance, be experiencing negative cash flow to fund development programs but which may trade based

on the promise of future, albeit risky, prospects, may thrive in such an economically-robust environment, as investors' appetite for "risky" assets may be correlated with economic expansions of the type that benefit "cyclical" stocks. Other factors of these types, including levels of interest rates, credit spreads, perceptions of credit market health, sovereign credit risks, tax and regulatory policy and other factors entirely unrelated to the business fundamentals of the healthcare industry – all of which are extremely difficult to analyze and prognosticate – may nonetheless have a material effect on the valuation of the investments managed by Trevi.

The strategies that Trevi uses to manage its client funds and accounts also have more general risks, beyond those related to the healthcare sector. Such risks, include, but are not limited to, the following:

1. Illiquidity of certain investments
2. Changes in legal, fiscal, and regulatory regimes
3. Nature of equity or equity-related investments
4. Dependence on Trevi and key personnel
5. Concentration of investments in single issuers
6. Counterparty risk
7. Investment environment and market risk
8. Market volatility risks
9. Operational risks
10. Possession of material non-public information that would limit Trevi's ability to trade a security

In addition, as discussed in Item 4 – *Advisory Business*, the hedge funds generally invest in publicly-traded, liquid securities and, accordingly, investors in such funds are subject to additional trading risks described in the relevant Trevi Fund's Governing Documents. For example, such funds may be subject to trade execution delays or restrictions and forced liquidations of short or leveraged positions due to losses.

## **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Trevi's advisory business or the integrity of Trevi's management.

## **Item 10. Other Financial Industry Activities and Affiliations**

Trevi is affiliated with other entities engaged in the financial services business. As discussed in Item 4 – *Advisory Business*, Trevi Management LP, which conducts business under the name "Trevi Health Capital" and which, for purposes of this brochure, is referred to as "Trevi," is an investment manager focused on the healthcare sector.

As discussed further in Item 11 – *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* and Item 12 – *Brokerage Practice*, various potential and actual conflicts of interest may

arise from the overall investment activities of Trevi Management LP and its affiliates. Certain inherent conflicts of interest may arise from the fact that Trevi Management LP and its affiliates may, on behalf of client funds and accounts, invest in the same or different securities as another client fund or account or compete with another client fund or account for the same investment opportunities (which may be limited). In addition, Trevi Management LP may take investment positions or actions for one or more client funds or accounts that may be different from, or inconsistent with, an action or position taken for one or more other client funds or accounts having similar or differing investment objectives and such actions may be taken at differing, and potentially inopportune, times. However, such conflicts of interest are not currently expected to materialize because the Trevi Funds generally pursue different investment strategies and invest in different types of securities (*i.e.*, the hedge funds generally invest in publicly-traded, more liquid securities, whereas the private equity/venture capital funds generally invest in privately-placed, more illiquid securities). Furthermore, there is currently only one master-feeder hedge fund arrangement in operation, and the private equity/venture capital funds (of which there are currently two master feeder arrangements in operation) are operating in different investment periods (*i.e.*, with the exception of certain follow-on investments and the liquidation of existing portfolio company positions, the investment period of the first master-feeder private equity/venture capital funds arrangement has expired).

In addition, a client fund may be a related person of Trevi because: (1) Trevi (or an affiliate) acts as a general partner or a managing member (or in a similar capacity) to the fund; and/or (2) Trevi and its personnel and related persons may directly or indirectly maintain substantial investments in the fund. For a discussion of the investments by Trevi and its personnel and related persons in client funds, please see Item 6 – *Performance-Based Fees and Side-by-Side Management* and Item 11 – *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.

Trevi may receive compensation from activities unrelated to a client fund, including engaging in other businesses such as investment banking or financial advisory services. Such compensation is generally received directly by Trevi and no offsets are typically provided to a client funds (as such activities do not relate to client funds). For a discussion of compensation received by Trevi related to portfolio companies of client funds, please see *Item 5 – Fees and Compensation*.

While the risk of certain of these conflicts cannot be entirely eliminated, policies and procedures have been designed and implemented, such as aggregation and allocation procedures and information barriers, to address certain of these conflict situations.

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

**Code of Ethics.** To avoid potential conflicts of interest involving personal trading by its personnel, Trevi has adopted a Code of Ethics (the “Code”). The Code requires all Trevi personnel to follow broad ethical principles and adhere to all applicable legal requirements in carrying out their professional obligations. The Code and related policies also establish detailed policies and procedures governing personal trading by Trevi personnel, which include specific restrictions and prohibitions on certain personal trades,

reporting requirements and monitoring procedures and prohibitions on insider trading. A copy of the Code is available to any existing or potential Trevi client on request.

**Participation or Interest in Client Transactions.** Subject to the requirements of the Code, Trevi and its principals, employees and other affiliates, either directly or through investment vehicles, on occasion invest in certain of its client funds. In addition, Trevi and its principals, employees and other affiliates, either directly or through investment vehicles, may invest on a joint and side-by-side basis with its clients in private transactions that are typically entered into directly with the issuer of the securities being purchased. These investments may create an incentive to favor certain client funds or other investment vehicles when, for example, placing trades, aggregating orders or engaging in cross or principal trades, as applicable. However, Trevi has adopted policies and procedures, including the Code and policies and procedures regarding the aggregation and allocation of investments (please see Item 12 – *Brokerage Transactions*), reasonably designed to ensure that Trevi and its personnel service all client accounts in a manner consistent with the duties an adviser owes to its clients and applicable law and without considering such persons' ownership, compensatory or other pecuniary or financial interests.

In addition, from time to time, Trevi and its principals, employees and other affiliates may purchase, hold or sell securities that are recommended to clients. In particular, this may be the case where Trevi and its principals, employees and other affiliates invest in a private equity vehicle managed by Trevi or its affiliates and receive a distribution of securities from such a vehicle. These investments may create an incentive to take investment positions or actions that may be different from, or inconsistent with, an action or position taken for one or more client funds or accounts and such actions may be taken at differing, and potentially inopportune, times. However, Trevi has adopted policies and procedures, primarily as reflected in the Code, to ensure that neither it nor its principals or employees personally benefit from the recommendations to clients. Dispositions of the securities described above by Trevi or its principals or employees would be subject to those policies and procedures.

**Cross and Principal Trades.** Although Trevi generally does not intend to engage in cross or principal trades, Trevi will only effect cross or principal trades if the trades are: (1) pre-approved by Trevi's Chief Compliance Officer; and (2) consistent with applicable law, a Trevi Fund's Governing Documents and Trevi's policies and procedures. A cross trade occurs where an adviser effects a transaction between two or more different funds or accounts over which the adviser exercises discretionary management authority. Although an investment adviser may find it advantageous to effect such cross trades (*e.g.*, to minimize transaction expenses), an adviser could effect a transaction on terms more favorable to one client than the other. Principal trades are transactions conducted by an investment adviser with a client when the adviser or its affiliate is acting as principal for its own account, either directly or through an investment vehicle controlled by the adviser and its affiliates, and knowingly buys securities from, or sells securities to, a client. Principal transactions may pose a similar potential for conflicts of interest.

## Item 12. Brokerage Practices

**Selection of Broker-Dealers.** Trevi has full discretion to select brokers-dealers with or through which to execute transactions for advisory accounts and to negotiate and determine any commission rates to be paid for such transactions. Trevi has no affiliated broker-dealer. Trevi may consider a number of factors when selecting a broker-dealer, including one or more of the following:

1. General execution capability
2. Commission or other compensation rates
3. Operational capability to clear and settle transactions
4. Historical trading experience in the security
5. Integrity of personnel
6. Quality of research and brokerage services and products
7. Importance to the client of speed, efficiency or confidentiality
8. Willingness to commit capital
9. Financial strength and stability
10. Access to the markets for the security being traded
11. Access to new investment opportunities
12. Access to liquidity

**Research and Other Soft Dollar Benefits.** Due to consideration of the factors listed above, Trevi may not always select the broker-dealer offering the lowest commission or compensation rates, although in such cases it is Trevi's policy to make a good faith determination that the commission or other compensation rates are nevertheless reasonable in relation to the other factors affecting the selection. Trevi may select a broker-dealer that charges a commission or otherwise receives compensation in excess of that which another firm might have charged for effecting the same transaction in recognition of the value of research and brokerage services and products that Trevi receives. Those benefits may include (i) research and brokerage products and services provided by the executing broker itself, (ii) research products and services provided by a third party but delivered through the broker, and (iii) research products and services provided by a third party directly to Trevi but paid for with credits generated by trades executed with the broker.

The third category listed above includes arrangements sometimes referred to as "client commission arrangements" or "commission sharing arrangements" ("CSAs"). Trevi has established CSAs with multiple brokers. The commission credits generated through CSA trading for Trevi's client accounts with those brokers are collected in a centralized account at an aggregator, which has established its own arrangements with the participating brokers to facilitate CSAs, including the aggregator's receipt of fees from the brokers. Trevi then uses those credits to obtain research products and services provided by third parties directly to Trevi. The use of such CSAs provides Trevi with improved access to research resources and a more cost-effective brokerage credit administration system.

The research products and services received by Trevi under the commission credit arrangements described above assist Trevi in providing investment advisory services to its client accounts. Trevi utilizes those arrangements to obtain products and services within the safe harbor of Section 28(e) of

the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and subject to prevailing guidance provided by the SEC regarding Section 28(e), as well as in compliance with Trevi’s policies and any client guidelines. Those products and services may include:

1. Industry publications, periodicals and databases
2. Specific company research, analyses and recommendations, including as provided by physicians
3. Medical researchers, attorneys or other consultants
4. Economic forecasts
5. Access to industry/market information and legal and regulatory filings
6. Research and modeling-related software

Trevi may use products or services (such as quotation and market information services, trade order management systems, or trading, settlement, portfolio accounting and risk management tools) that constitute part eligible research products or services and part administrative or other functions not related to the investment decision-making process. In such instances, Trevi makes a good faith allocation of brokerage commissions only for the research or brokerage portion of the service and pays out of its own resources for the non-research or brokerage portion. Trevi may also elect to pay out of its own resources for all or part of the portion attributable to research or brokerage functions, although it is not required to do so.

Trevi’s receipt of these products and services through the commission arrangements described above provide a benefit to Trevi because Trevi does not have to produce or pay for those products and services itself. As a result, Trevi may have an incentive to select a broker-dealer based on Trevi’s interest in receiving such products and services, rather than on its clients’ interest in receiving most favorable execution. Trevi has adopted policies and procedures designed to address such potential conflicts of interest and to help ensure that Trevi continues to meet its obligation to seek best execution for trades on behalf of its clients.

Research products and services acquired through these commission credit arrangements may be used in servicing some or all of Trevi’s client funds or accounts, regardless of which fund or account actually paid the commissions supporting the provision of a particular product or service. Research products and services may also be used in servicing one or more client funds or accounts that pay few (or even none) of the commissions supporting the provision of those services and products, including client funds or accounts that do little or no trading and client funds or accounts that have prohibited paying “soft dollar” commissions.

**Allocations of Limited Investment Opportunities.** Conflicts may arise in the allocation of limited investment opportunities among Trevi’s client funds or accounts. Trevi seeks to allocate investment opportunities that it believes are appropriate for one or more of its client funds or accounts equitably over time and consistent with the best interests of all funds and accounts involved; however, there can be no assurance that a particular investment opportunity that comes to Trevi’s attention will be allocated in any particular manner. From time to time, Trevi may be offered the opportunity to purchase securities in an initial public offering in part as a result of its past usage of various brokerage

firms. Trevi will generally allocate securities purchased in these offerings to eligible client funds or accounts within the designated investment style and strategy for which the security is best suited on a pro rata basis.

**Trade Errors.** In the event a trading error has been detected, Trevi promptly corrects such error. If the error is corrected after settlement of the trade, Trevi notifies the affected client fund or account of the error and the corrective action taken by Trevi, which may include reimbursement for any loss incurred by the client fund or account due to the error.

### **Item 13. Review of Accounts**

**Nature and Frequency of Client Account Reviews.** Trevi's client funds and accounts are generally reviewed on a daily basis by multiple personnel, including the Portfolio Managers and a member of the Compliance Team. These reviews include the composition of the portfolios, relevant pricing information, risk exposure and compliance with any specific portfolio guidelines.

**Frequency and Content of Client Account Reports.** Investors generally receive information about their accounts with a frequency ranging from monthly to quarterly and written account statements monthly or quarterly. Account statements generally outline the type and size of the investments comprising the relevant client's portfolio.

Additionally, upon a client's request, Trevi may make an annual or other periodic presentation to the board of directors or comparable governing body of the client, which presentation typically summarizes the investment strategies employed for the client's account and the investment activity in the account over the relevant period.

### **Item 14. Client Referrals and Other Compensation**

From time to time, Trevi may participate in events hosted by third-party financial institutions to promote awareness of the hedge fund/private equity/venture capital industry including client funds or accounts managed by or strategies employed by Trevi. Participation in such events that lead to introductions to persons that may become investors in the Trevi Funds benefits Trevi, and Trevi may have an incentive to direct business to a financial institution based on its desire for introductions of prospective investors and access to other events rather than in the best interests of the Trevi Funds. However, Trevi has adopted policies and procedures reasonably designed to ensure that Trevi and its personnel engage service providers in a manner consistent with the duties an adviser owes to its clients and applicable law and without considering other financial interests. In addition, as discussed in Item 12 – *Brokerage Practices*, Trevi has an obligation to seek best execution for trades on behalf of the Trevi Funds.



### **Item 15. Custody**

Trevi client assets are generally held in custody at broker-dealers or banks unaffiliated with Trevi. With respect to clients that are private funds for which Trevi or one of its affiliates serves as the general partner or in a similar capacity, Trevi (or its affiliate, as applicable) may be deemed to have custody of the Trevi Fund's assets by virtue of Trevi's (or its affiliates) position with the Trevi Fund. In such cases, the Trevi Funds are subject to an annual audit and the audited financial statements are distributed to each fund investor.

The audited financial statements are prepared in accordance with generally accepted accounting principles and are distributed within 120 days of the fund's fiscal year ends. Investors should review these audited financial statements carefully. If you have not received audited financial statements timely, please contact Trevi immediately.

In addition, Trevi has developed procedures governing its personnel's access to the assets of such funds that are designed to ensure the safeguarding and protection of the assets.

### **Item 16. Investment Discretion**

Trevi generally has the authority to make investment decisions regarding the type and size of securities to be purchased or sold without its clients' specific consent. However, such decisions are limited in that they must be consistent with the investment policy and objectives of Trevi's clients, in accordance with applicable Governing Documents.

### **Item 17. Voting Client Securities**

Trevi has adopted policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 under the Advisers Act. These policies and procedures are designed to ensure that proxies received with respect to securities in Trevi Fund accounts where Trevi exercises voting discretion are voted in the best economic interests of such Trevi Funds and that Trevi maintains records of its proxy voting in compliance with the Advisers Act. Unless otherwise instructed by an investor, Trevi will vote proxies consistent with general guidelines that Trevi has adopted and which Trevi believes reflect the best economic interests of the Trevi Funds, after taking into consideration all relevant facts and circumstances at the time of the vote.

Where Trevi determines that a material conflict of interest may exist, it shall take reasonable steps to ensure that the conflict does not influence Trevi to vote a proxy in a manner that is not in the best economic interests of the Trevi Funds. These steps may include, but are not limited to, voting such matter in accordance with the recommendation of any service provider or as instructed by investors in a Trevi Fund (or any advisory group thereof).

Clients may obtain a copy of Trevi's proxy voting policies and procedures upon request.

**Item 18. Financial Information**

Trevi is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.