

Item 1 – Cover Page

**ADV Part 2A and B: FIRM BROCHURE
WARBERG ASSET MANAGEMENT, LLC**

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This brochure provides information about the qualifications and business practices of Warberg Asset Management, LLC (“Warberg”). If you have any questions about the contents of this brochure, please contact us at (847) 418-8305 or at bobf@warbergam.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Warberg is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

Item 2 – Material Changes

There are no material changes from Warberg's last brochure, which was dated June 8, 2012.

Pursuant to SEC rules, Warberg is providing this summary of material changes to its Brochure within 90 days of the close of the Firm's fiscal year. The Firm may further provide clients with other ongoing disclosure information about material changes as deemed necessary. Additionally, Warberg will provide clients with a new Brochure as necessary based on material changes, without charge.

Warberg's Brochure may be requested by contacting Robert Felsenthal at (847) 418-8305. The Firm's Brochure is also available on the SEC's Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov), also free of charge.

Additional information about Warberg is also available via the SEC's Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov). This SEC website also provides information about any persons affiliated with the Firm who are registered as investment adviser representatives of Warberg.

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Item 4 – Advisory Business

Firm Description

Warberg Asset Management LLC, a Delaware limited liability company (“Warberg”), began operations in February 2009. Warberg serves as the investment manager for and provides discretionary investment advisory services to the following investment funds: (i) Warberg Opportunistic Trading Fund LP, a 3(c)(1) partnership (the “Opportunistic Fund”), (ii) Warberg WF I LP, a 3(c)(1) partnership and (iii) Warberg WF II LP, a 3(c)(1) partnership (the “WF Funds” and together with the Opportunistic Fund, the “Funds”).

Warberg acts as investment manager for the Funds, as well as an investment manager to separately managed accounts. Warberg also acts as general partner to each of the Funds. Unless otherwise noted, this Brochure will generally refer to trading activities on behalf of the Funds and the separately managed accounts collectively, as the strategies amongst each are similar.

The Opportunistic Fund focuses on trading and investing primarily through three main trading strategies: Niche Trading; Risk/Reward Trading and Technical Trading (each of which is discussed in greater detail below in Item 8). In implementing these core strategies, the Opportunistic Fund identifies equity securities that it believes are undervalued, out of favor or inefficiently priced, or identifies other special situations and engages in trading or investments in order to take advantage of these opportunities. The Opportunistic Fund, however, is not limited in the investments it may make or in the strategies it may implement and the Opportunistic Fund’s investment strategy and asset allocations may vary substantially over time. Generally, however, the Opportunistic Fund does not make investments for the purpose of exercising control or management over issuers of securities or other business interests acquired by the Opportunistic Fund. The Opportunistic Fund will invest its assets among the core strategy, as it deems most advantageous in the market conditions existing at the time of the trades.

The WF Funds’ investment objective is to achieve superior absolute returns, primarily by investing in warrants, options and equities. The WF Funds may also make opportunistic investments in other types of securities with attractive risk/reward parameters as identified by the WF Funds’ general partner. The WF Funds generally only invests in warrants and options if the underlying security of such warrant or option is publicly traded. The WF Funds may, but are under no obligation to, engage in hedging, including shorting the securities underlying the options and warrants in which the WF Funds invest.

Warberg’s advisory services for each Fund are detailed in the applicable private placement

memorandum and limited partnership agreements and are further described in Item 8 below. Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Funds may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing, a Fund's limited partnership agreement.

Warberg has full discretion in trading on behalf of the Funds and managed accounts. It does not require, nor does it seek, approval from the Funds, managed accounts or the investors in the Funds or managed accounts with respect to its trading. Warberg does not tailor its advisory services to the individual needs of investors in the Funds or managed accounts and investors in the Funds and managed accounts may not impose restrictions on investing in certain securities or types of securities. Warberg does not participate in wrap fee programs.

As of March 1, 2013, Warberg has regulatory assets under management of approximately \$78,848,000, all of which are managed on a discretionary basis in Warberg's sole discretion.

Principal Owners/Ownership Structure

Warberg Asset Management, LLC is a multi-member limited liability company of which Daniel Warsh owns 66.7% and Jonathan Blumberg owns 33.3%.

Item 5 – Fees and Compensation

Opportunistic Fund Management Fees

In consideration for the investment management services provided to the Opportunistic Fund, limited partners pay Warberg a management fee based on each limited partner's investment in the Opportunistic Fund. Generally, Warberg charges an annual management fee of 2% of each limited partners capital account's net asset value (based on realized and unrealized gains and losses, however, prior to the reduction for any incentive fee not yet made or reduction for the management fee being calculated), payable monthly (pro rated for periods of less than a month) in advance at the beginning of each month. Management fees do not accrue until the end of each month.

In addition, the general partner and its affiliates may receive advisory and placement fees with respect to certain of the transactions in which the Opportunistic Fund invests. However, at this time, no such fees have been received.

The limited partners who invested the first \$10 million of assets under management in the Opportunistic Fund ("core investors") are entitled as a group to the right to receive from the general partner 10% of the gross management fees and incentive allocations assessed on all limited partners other than the core investors. The fees will be allocated pro rata in

accordance with the respective percentages of the initial \$10 million invested by each core investor.

The limited partners in the Opportunistic Fund bear all costs and expenses related to the Opportunistic Fund's investments and operations, including, without limitation, legal fees, accounting fees and out-of-pocket expenses incurred by the Opportunistic Fund's general partner in connection with its services rendered on behalf of the Opportunistic Fund. The limited partners also bear all other expenses of the Opportunistic Fund's ongoing business including, without limitation, all fees and costs of, and incidental to, the purchase and sale of securities (including brokerage and trading commissions, legal fees and expenses, and due diligence costs), fees of any administrator, auditing and tax preparation fees and legal fees of counsel to the Opportunistic Fund. Limited partners may also be responsible for expenses relating to certain research, accounting, data, software and similar expenses to be paid by the Opportunistic Fund.

WF Funds Management Fees

In consideration for the investment management services provided to the WF Funds, limited partners pay Warberg a management fee based on each limited partner's capital commitment to the WF Funds. Warberg charges an annual management fee of 1%, payable quarterly (pro rated for periods of less than a quarter) in advance at the beginning of each quarter.

The limited partners in the WF Funds bear all costs and expenses related to the WF Funds' investments and operations, including, without limitation, all organizational and offering expenses (excluding placement fees, if any), expenses directly or indirectly attributable to any investment made by the WF Funds, and all other expenses of the WF Funds incurred in connection with the ongoing operation and administration of the WF Funds, including, without limitation: maintaining the WF Funds' books and records; auditing expenses; preparing and delivering to the limited partners wire transfers, financial reports and other information; annual or other meetings; advisory board expenses; dissolving and liquidating the WF Funds; indemnification obligations; the management fee; the administrator's fees and expenses; and borrowing costs.

Waiver of Fees

In its discretion, with respect to each Fund or managed account, Warberg may waive, reduce or calculate differently the management fee with respect to the capital accounts of certain limited partners. The specific fees charged by Warberg are described in the relevant private placement memorandum and in each limited partner's written agreement with Warberg. Any such waiver with respect to certain limited partners does not entitle any other limited partner to a similar waiver.

Item 6 – Performance-Based Fees and Side-By-Side Management

Each Fund's fee structure is described in detail in each Fund's private placement memorandum and in the limited partnership agreement entered into with each investor. Warberg may, in its sole discretion, waive or reduce the performance allocation with respect to certain limited partners, including affiliates of the Funds and Warberg. Each Fund's performance fee arrangements have been structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 under the Advisers Act. A summary, however, of the performance-based fees are discussed in this Item 6, below.

Warberg's management fees, carried interest allocations, performances fees and other compensation payable to Warberg are established at the time of the establishment of the relevant investment vehicle and are negotiated with participating investors prior to making their investment. Once the relevant Fund has been established and commenced operations, such compensation and expenses are generally not negotiable, although from time to time, Warberg may enter into side letter agreements or other arrangements with specific investors in its Funds whereby such investors receive a reduction of fees or compensation otherwise payable. Any such change with respect to certain limited partners does not entitle any other limited partner to a similar change in terms.

Principals or other employees of Warberg may receive a portion of the management fee, carried interest or other compensation received by Warberg.

Opportunistic Fund Incentive Allocation

Generally at the end of each calendar quarter, the general partner of the Opportunistic Fund is eligible to receive a performance-based fee of 20%, known as an incentive allocation, from each limited partner's capital account. The incentive allocation payable for any fiscal quarter is an amount equal to 20% of the aggregate net profits, subject to a "high watermark," allocated to such limited partner's account during such fiscal year. The high water mark attributable to each limited partner's capital account is the greater of (i) the highest net asset value of such capital account as of any prior calendar quarter-end (after reduction for the incentive allocation then made) or (ii) the initial capital contribution made to such capital account. The high water mark is increased or decreased proportionally upon such time as capital is contributed or withdrawn. Incentive allocations are determined separately on a partner-by-partner basis, as well as on the basis of a partner's overall capital account. If a limited partner makes a withdrawal from its capital account prior to the end of a fiscal year, Warberg shall be entitled to receive a pro-rata portion of the incentive allocation, which

would have been made were the date of the withdrawal a calendar-quarter year end at such time.

Note, as mentioned in Item 5 above, core investors are entitled to the right, as a group, to receive from the general partner 10% of the gross management fees and incentive allocations assessed on all limited partners other than such core investors. Such fees will be allocated pro rata in accordance with the respective percentages of the initial \$10 million invested by such core investor.

In an attempt to mitigate the risk to limited partners of being subject to an incentive allocation with respect to profits which are subsequently reversed within the short- to medium-term, while balancing the desirability of limiting such risk with each Fund's working capital needs, the general partner designates all incentive allocations as either "definitive" or "contingent." Thirty percent of any incentive allocation calculated as of a calendar quarter-end is classified as "definitive" and the remaining 70% of any such incentive allocation is classified as "contingent." Definitive incentive allocations are made to the general partner of each Fund, while contingent incentive allocations remain in the applicable limited partner's capital account (the profit and loss attributable to such contingent incentive allocation balance to accrue to such limited partner). Contingent incentive allocations are subject to a "contingent incentive allocation reversal" through the end of the fiscal year when accrued to the extent that the new appreciation on which such contingent incentive allocations were calculated is lost. At the end of each fiscal year, the General Partner will receive (i) 100% of any incentive allocation made with respect to the final calendar quarter of such year (70% of which will constitute a contingent incentive allocation), as well as (ii) any un-reversed portion of the contingent incentive allocations calculated at the end of the prior calendar quarters in such fiscal year.

Although the general partner receives any contingent incentive allocation outstanding as of a fiscal year-end, 50% of the contingent incentive allocations so received remain subject to potential repayment as of the end of the next fiscal year (the "contingent incentive allocation repayment"). A contingent incentive allocation repayment will be made if there is depreciation (*i.e.*, a decline in net asset value after eliminating the effects of additions and withdrawals) in a limited partner's capital account over the full course of such fiscal year. If such depreciation occurs, the general partner will contribute to the capital account of the affected limited partner, either through cash or through book entry, an amount equal to 50% of the excess, if any, of: (i) the aggregate contingent incentive allocation received by the general partner as of the end of the prior fiscal year, over (ii) the incentive allocation that would have been made as of the end of the then-current fiscal year had such incentive allocation been calculated for a single period commencing as of January 1 of the immediately preceding year and ending December 31 of the current year.

No part of any incentive allocation made upon a capital withdrawal by any limited partner will be considered contingent; nor will such incentive allocation subsequently be subject to any contingent incentive allocation reversal or contingent incentive allocation repayment as such repayments/reversals are intended only for limited partners which remain invested through the end of the year in which such amounts were accrued/made. In addition, when a capital withdrawal is made during a fiscal year, the amount of the contingent incentive allocation attributable to the prior fiscal year (50% of which is still subject to possible contingent incentive allocation repayment as of the following fiscal year-end) is also proportionately reduced, with the amount of such reduction becoming a definitive incentive allocation.

Warberg may invest contingent incentive allocations made to the general partner as of December 31 in whatever manner it may choose. As such, the limited partners are subject to the credit risk of the general partner in respect of the general partner's potential contingent incentive allocation repayment obligation. On the other hand, the contingent incentive allocation subject to contingent incentive allocation reversals, as of the end of the fiscal year when accrued, never leave the affected limited partner's capital account and, accordingly, are not subject to the general partner's credit risk.

WF Funds Incentive Allocation

The WF Funds charge limited partners a performance-based fee, known as a carried interest fee. Carried interest allocations are subject to claw-backs to the extent that the general partner is paid in excess of its entitled distribution. Thus, no limited partner will pay a carried interest allocation until it receives a return of its capital. This fee structure is described in detail in each Fund's private placement memorandum and in the limited partnership agreement entered into with each investor.

Opportunistic Fund Trader Performance Fees

The Opportunistic Fund may from time to time establish relationships, as independent contractors, with traders and asset managers (collectively, "Traders") to assist in managing the assets of such Fund, although the general partner will maintain ultimate investment authority over the assets of the Opportunistic Fund. The Traders will be entitled to receive fees of up to 50% of the profits they generate for the Opportunistic Fund through their trading activities (the "Trader performance fee"). The Trader performance fee will be paid to the Traders prior to the general partner's incentive allocation being calculated. The general partner will generally structure the contractual relationship between the Opportunistic Fund and each Trader such that the Trader performance fee for each is subject to a repayment provision substantially similar to the repayment provision related to the incentive allocation; however, the Trader Agreement will be subject to negotiation. For purposes of clarification, however, the general partner's incentive allocation is calculated on the basis of the overall performance of a limited partner's capital account, not separately

with respect to each Trader managing an account for the Opportunistic Fund.

Based on negotiations with the individual Traders, the Trader performance fees may not be subject to the equivalent of contingent incentive allocation reversals or contingent incentive allocation repayments. While the general partner will seek to structure payments to the Traders under each of their respective trading agreements such that the Trader performance fee for each is subject to substantially similar repayment provisions, the trader agreements will be subject to negotiation and may differ materially on this and other terms.

The combination of the Incentive Allocation and the Trader performance fee results in an unusually high percentage of the gross profits of the Opportunistic Fund being allocated to the Traders and the general partner. Moreover, because the Trader performance fee is calculated separately with respect to the performance of each Trader, the Opportunistic Fund could pay Trader performance fees even during periods when the Opportunistic Fund is incurring substantial overall losses.

Potential Conflicts of Interest Regarding Funds' Fee Structure

The fact that Warberg is compensated primarily based on the trading profits and performance of each Fund may create an incentive for Warberg to select investments on behalf of each Fund that are riskier or more speculative than would be the case in the absence of this compensation because these investments may allow Warberg to collect larger performance-based compensation; however, any such risks would be equally applicable to the general partners' own capital account with respect to each Fund. The incentive-based compensation received by Warberg with respect to the Opportunistic Fund also creates a conflict between Warberg's interest in earning a profit in the short term with the long-term interest of the Opportunistic Fund and their investors. In addition, with respect to the Opportunistic Fund, the allocations received by the general partner are based primarily on realized and unrealized gains and losses of such Opportunistic Fund. As a result, the allocations to Warberg could be made in respect of unrealized gains of the Opportunistic Fund that may never be realized. The contingent incentive allocation reversals and repayments mitigate, but do not eliminate in full, the conflict of interest created by the incentive allocation. Furthermore, the carried interest that may be received by Warberg with respect to the WF Funds will not be received (if at all) for a number of years; consequently, Warberg may have material financial incentives to prefer the Opportunistic Fund and other advisory accounts to the WF Funds.

Similarly, the fact that Traders are compensated primarily based on the trading profits they generate for the Opportunistic Fund may create an incentive for such parties to select investments on behalf of the Opportunistic Fund that are riskier or more speculative than would be the case in the absence of this compensation. In addition, the allocations received by such parties are based primarily on realized and unrealized gains and losses of the

Opportunistic Fund. As a result, the allocations to such parties could be made in respect of unrealized gains of the Opportunistic Fund that may never be realized.

Item 7 – Types of Clients

Warberg provides discretionary investment advice to its clients (the Funds) and to separately managed accounts. The Firm limits its investors to persons who are “accredited investors” as defined in the Securities Act of 1933. Minimum contribution for investment with the Opportunistic Fund is \$500,000 and for the WF Funds \$250,000, but commitments less than such amounts are also accepted at Warberg’s sole discretion.

Investors in the Funds include primarily U.S. investors, including, among others, high net worth individuals and family trusts. In addition, employees and other persons associated with Warberg and/or its affiliates may make capital contributions to the Funds.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investment Objective And Strategy

The Opportunistic Fund

The Opportunistic Fund focuses its trading through three core strategies: Niche Trading; Risk/Reward Trading and Technical Trading. Warberg generally seeks to keep the Opportunistic Fund’s leverage at less than 3.6x and its net exposure between plus and/or minus 20%. The trade time horizons are generally between minutes and six months; the general partner generally seeks to keep the “liquid” portion of the Opportunistic Fund portfolio at greater than 80% of the total portfolio. Due to market constraints and other factors, however, the general partner may not be able to successfully implement all or any of these portfolio policies.

The Opportunistic Fund, in addition to employing the expertise of its principals, enters into relationships with various Traders with whom the general partner believes may provide the Opportunistic Fund with substantially improved returns. While the actual amount varies at any given time, nearly all of the Opportunistic Fund’s capital may be allocated to the Traders and the Opportunistic Fund may employ as many Traders as it, in its sole discretion, deems reasonable and in the best interest of the Opportunistic Fund. The Traders are not individually subject to the Opportunistic Fund’s portfolio policies but only in the aggregate.

The Opportunistic Fund’s niche trading strategy includes warrants, restricted stock, special purpose acquisition vehicles (“SPACs”) and private investments in public equities

(“PIPEs”), as well as other potential investments which are generally less well understood by the overall marketplace. The Opportunistic Fund seeks to exploit potentially significant price anomalies involving these types of securities due to their less understood nature. The general partner generally seeks a 90 to 180 day investment horizon for its niche trading investments and seeks to implement defined trades that can be hedged and/or arbitrated. These securities may be “restricted,” and subject to limitations on disposition; however, the Opportunistic Fund typically seeks to receive registration rights from the companies in which it invests.

The Opportunistic Fund generally does not invest more than 5% of its assets (calculated at the time of the initial investment and not based on subsequent appreciation or depreciation) in any unhedged position in the securities of any one portfolio company. Due to appreciation and other considerations, however, the percentage of the Opportunistic Fund’s assets invested in any one portfolio company may exceed this level, potentially materially, during certain periods. The Opportunistic Fund generally does not intend to make investments for the purpose of exercising control or management over a portfolio company (subject to exceptions in unusual circumstances).

While the Opportunistic Fund typically focuses its investments on securities of companies whose securities are traded on U.S. securities exchanges, it may, from time to time, trade or invest in securities traded on foreign exchanges. The Opportunistic Fund may also trade or invest in foreign companies by trading or investing in American Depositary Receipts issued by U.S. banks or trust companies. The Opportunistic Fund’s trading and investing in foreign securities involves considerations not typically associated with trading and investing in securities of domestic companies.

The Opportunistic Fund generally invests in securities that are listed on U.S. securities exchanges or in securities that are quoted on the American Stock Exchange, Nasdaq National Market System or Nasdaq Small Cap System. Also, the Opportunistic Fund may invest in “Bulletin Board” or “Pink Sheet” securities. Foreign securities in which the Opportunistic Fund may trade or invest may be listed on foreign securities exchanges or traded in foreign over-the-counter markets.

The Opportunistic Fund’s portfolio may consist of PIPE investments. The Opportunistic Fund’s PIPEs investments may include private transactions entered into directly with an issuer or private transactions with third parties in which the Opportunistic Fund receives securities of a portfolio company (including the purchase of warrants and/or restricted stock). In either case, although the fair value of certain of the Opportunistic Fund’s positions that are convertible into common shares can generally be determined on the basis of the market value, they may not be “actionable values.” In many cases it is highly unlikely that the Opportunistic Fund could actually liquidate a position for an amount even

approximating its fair value due to liquidity constraints. While generally accepted accounting principles require that the general partner determine the fair values of the Opportunistic Fund's assets, these fair values do not always correspond to realizable values.

While the general partner intends to invest the Opportunistic Fund's assets as described above, Warberg has wide latitude to act upon any particular strategy or to change the Opportunistic Fund's emphasis or objective, all without obtaining the consent of its limited partners. There are no specific quantitative criteria that would make an investment unsuitable for purchase by the Opportunistic Fund. Further, the Opportunistic Fund's limited partnership agreement does not impose any limits on the types of positions the Opportunistic Fund may take or the strategies it may employ, the amount of leverage employed, or the number and size of short positions. The partnership agreement permits a wide range of investments, including commodities, equity and debt securities, derivative instruments and cash equivalents.

The general partner does not attempt to hedge all market or other risks inherent in the Opportunistic Fund's investments and may determine not to hedge certain risks at all. The Opportunistic Fund accepts substantial risk in its trading. The risks of the Opportunistic Fund's trading portfolio make effective risk control crucial to the success of the Opportunistic Fund.

Warberg may from time to time implement "overlay" strategies (for example, options strategies) intended to offset part of the risk of the positions held by the Opportunistic Fund. These "overlay" strategies are designed as no more than general market sector hedges but can, in certain circumstances, significantly mitigate the risks to the Opportunistic Fund's overall portfolio. There can be no assurance that the general partner's risk control strategies, if any, will be effective either in managing the risk of its portfolio or of the other strategies in the Opportunistic Fund's portfolio.

The WF Funds

The WF Funds' investment objectives are to achieve superior absolute returns, primarily by investing in warrants, options and equities. The WF Funds may also make opportunistic investments in other types of securities with attractive risk/reward parameters as identified by the WF Funds' general partner.

The WF Funds generally only invests in warrants and options if the underlying security of such warrant or option is publicly traded. The WF Funds may, but are under no obligation to, engage in hedging, including shorting the securities underlying the options and warrants in which the WF Funds invest.

The WF Funds' strategies are focused on identifying warrants that the general partner

believes have significant price anomalies. Generally, the WF Funds invest in warrants issued by companies in the biotechnology, pharmaceutical, technology or other growth sectors. The principals of the WF Funds maintain strong relationships with a network of broker-dealers that allow the WF Funds to have access to broad array of available warrants.

Prior to investing in a warrant, the general partner will analyze the value of a potential warrant using the Black Scholes Option Pricing Model or a proprietary option-pricing model. The general partner also analyzes the terms and conditions of the warrants.

The WF Funds' governing documents state that investment opportunities that are within the principal investment objectives of the Opportunistic Fund will first be offered to the Opportunistic Fund over the WF Funds. Accordingly, investments in equity securities made by the WF Funds are made principally through co-investment opportunities offered by the Opportunistic Fund or in circumstances where the size or nature of the investment are outside of the Opportunistic Fund's primary investment objective.

Risk Factors

No investment is free of risk. Current and prospective Warberg limited partners are cautioned that investments in securities involve risk of loss, including the possibility of a complete loss of the amount invested, and that investors should be prepared to bear these risks. All investors should be aware of certain risk factors, which include, but are not limited to, the following:

Risk Factors Relating to Both Funds

- *Nature of Investment Program:* The investment strategy of each Fund is highly speculative and entails a high degree of risk.
- *Financing Arrangements; Availability of Credit:* The Opportunistic Fund may utilize leverage, and, to the extent utilized, the Opportunistic Fund will depend on the availability of credit in order to finance its portfolio. The WF Funds may also utilize borrowings for margin calls, and, to the extent utilized, the WF Funds will depend on the availability of credit in order to meet margin calls. As stated in the offering documents, WF I can borrow from WF II. Additionally, certain of the instruments traded by the WF Funds may be inherently leveraged. There can be no assurance that either Fund will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the dealers that provide financing to a Fund can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market

circumstances or governmental, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel a Fund to liquidate all or part of its portfolio at disadvantageous prices.

- *Limited Diversification:* The Opportunistic Fund's assets may be invested in the securities of any one issuer, and the Opportunistic Fund's investment approach requires that the Opportunistic Fund's assets be invested in the securities of a relatively limited number of issuers, although the Opportunistic Fund will generally not take an unhedged position of over 5% in any one company. The WF Funds have no such limitations. Although diversification is an integral part of the general partner's overall portfolio risk management process, the WF Funds' general partner is not restricted as to the percentage of the any Funds' assets that may be invested in any particular industry, instrument, market, strategy or issuer. None of the Funds do and will not maintain any fixed requirements for diversifying its portfolio among positions, instruments and strategies. In attempting to maximize each Fund's returns, the general partner may concentrate the holdings of a Fund in those positions, instruments and strategies, which, in the sole judgment of the general partner, provide the best profit opportunities consistent with a Fund's investment objective. Consequently, a loss in any such concentrated position could ultimately result in significant losses to a Fund and a proportionately higher reduction in the net asset value of such Fund than if its capital had been spread over a wide number of positions. The concentration of a Fund's portfolio increases the risk of an investment in such Fund. Specifically with respect to the Opportunistic Fund, because volatility is a primary component of option pricing, even if an option written by the Opportunistic Fund is "in the money," such Fund could incur substantial losses on its written options if market volatility increases.
- *Lack of Liquidity:* Some of the securities in which the Opportunistic Fund's capital is invested and most of those in the WF Funds may not be freely tradable. Even after such securities can be sold under applicable securities laws, such securities will have limited liquidity. Illiquidity may make it difficult for the general partner to adjust a Fund's portfolio in such manner as the general partner believes would be optimal for such Fund.
- *Reliance on Corporate Management and Financial Reporting:* Many of the strategies

implemented by the Funds rely on the financial information made available by the issuers of securities in which the Funds invest. The general partner has no ability to independently verify the financial information disseminated by such issuers and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent current and market events have demonstrated the material losses that investors such as the Funds can incur as a result of corporate mismanagement, fraud and accounting irregularities.

- *Short Sales:* Each Fund or managed account may enter into transactions, known as short sales, in which it will sell a security it does not own in anticipation of a decline in the market value of the security. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. In addition, purchasing securities to close out a short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred by the Opportunistic Fund. Furthermore, the Opportunistic Fund may prematurely be forced to close out a short position if a counterparty from which the Opportunistic Fund borrowed securities demands their return, resulting in a loss on what might otherwise have been a profitable position. There can be no assurance that securities necessary to cover a short position will be available for purchase when needed.

During the severe market disruptions following the bankruptcy of Lehman Brothers Inc. in September 2008, the SEC and other securities regulators in a number of countries imposed bans on the short-selling of financial sector securities. These limitations typically were imposed on an emergency basis, making it impossible for numerous market participants to initiate new net short strategies in those securities. Any additional regulatory limitations could materially adversely affect the general partner's ability to implement its strategy.

Risk Factors Relating to the Opportunistic Fund

- *Options and other Derivatives:* The Opportunistic Fund may trade in options, futures, warrants, equity-related swaps or other derivatives to hedge its portfolio or certain investments. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the portion of the Opportunistic Fund's portfolio that is hedged correlate with price

movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether the Opportunistic Fund realizes a gain or loss depends upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.

- *Incentive Allocation and Trader Performance Fee:* As the result of the incentive allocation and the Trader performance fee, the general partner and the Traders share in the Opportunistic Fund's net profits disproportionately to its capital investment in the Opportunistic Fund and may, as a result, follow investment strategies for the Opportunistic Fund that involve significantly greater risk than would be the case under a different profit sharing arrangement. Also, because the incentive allocations and the Trader performance fee will accrue with respect to unrealized profits as well as realized profits, definitive incentive allocations and Trader performance fees may be payable even though subsequent losses reduce or eliminate profits which gave rise to the incentive allocation or the Trader performance fee. The contingent incentive allocation reversals and contingent incentive allocation repayments do not eliminate this risk, and the contingent incentive allocation repayments contain no interest component to compensate limited partners for the loss of the time value of their capital. Furthermore, the contingent incentive allocation repayments do not correlate well with the incentive allocation actually made, as only the contingent incentive allocation is subject to repayment, and the incentive allocation is calculated quarterly, whereas the contingent incentive allocation repayment is calculated based on certain claw-backs. A limited partner's capital account may be subject to material incentive allocations during fiscal years and claw-back periods during which the net asset value of such capital account declines. Most private investment funds calculate their incentive allocations annually, not quarterly (as does the Opportunistic Fund).
- *Warrant Volatility Trading:* Market volatility is one of the fundamental components of warrants and options pricing. Trading in warrants/options can permit an investor to effectively trade volatility. If the investor believes volatility (either overall or in respect of a given stock) is likely to increase, the investor would buy warrants/options anticipating an increase in value as market volatility rises; conversely, if the investor anticipates that market volatility will decline, the investor would sell warrants/options expecting them to decrease in value as volatility lessens. Attempting to predict market volatility is, however, inherently uncertain, and different traders' volatility assumptions may vary materially. There can be no assurance that the general partner will be able to avoid potential losses on such trading. At any time, there may not be an available resale market for warrants.

- *PIPEs:* The Opportunistic Fund invests in PIPE transactions and thereby purchases securities that are not freely saleable. Unlike the purchase of freely tradable common stock in the open market, PIPEs generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the underlying securities with the appropriate U.S. federal and state authorities for resale. In order for the Opportunistic Fund's investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, the Opportunistic Fund may be unable to dispose of the securities at appropriate prices if at all, or may experience substantial delays in doing so, and thus the Opportunistic Fund may not be able to realize the anticipated profit with respect to such investment for a substantial period of time, if ever. There can be no assurances that any issuer will succeed in registering for public resale the securities held by the Opportunistic Fund or that registration of securities pursuant to any such arrangement will create liquidity.
- *Corporate Debt Obligations and High-Yield Securities:* The Opportunistic Fund may invest in corporate debt obligations and high-yield securities. The market value of debt securities generally tends to decline as interest rates increase and, conversely, increase as interest rates decline. Debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations, (*i.e.*, credit risk). The general partner may actively expose the Opportunistic Fund to credit risk.

Because "high yield" bonds and securities are rated in the lower rating categories by the various credit rating agencies, such securities result in greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative. They are also generally considered to be subject to greater risk than securities with higher ratings because the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities and the market for lower-rated securities is thinner and less active.

- *"Exit Strategy" Risk in Less Liquid Investments:* The Opportunistic Fund's ability to realize value from less liquid investments or recover its capital is often dependent on a "valuation" event — an initial public offering, sale, refinancing, etc. Typically, no clear "exit strategy" for such investments has been formulated at the time that the Opportunistic Fund commits to such investments, and changing market conditions may preclude the execution of the "exit strategy" that the general partner had expected to implement. The general partner, while always intending ultimately to negotiate a viable exit strategy, does not limit its less liquid investments to those for

which it has predetermined any such exit strategy.

Risk Factors Relating to the WF Funds

- *Leverage of Portfolio Companies:* The WF Funds may make investments in portfolio companies with leveraged capital structures. Such investments will be subject to increased exposure to adverse economic factors such as a rise in interest rates, a downturn in the economy or further deterioration in the condition of such portfolio company or its industry. Similarly, when the WF Funds invests in portfolio companies that are unable to generate sufficient cash flow to meet principal and interest payments on their indebtedness, the value of those investments could be significantly reduced or even eliminated due to further credit deterioration.
- *Privately Issued Securities:* The WF Funds' portfolios are expected to invest substantially in private investments. Such investments are inherently hard to value (creating both unusual market opportunities as well as unusual risks). In addition, it can be difficult to affect an exit strategy from such positions due to the lack of an available market as well as third-party visibility of the issuers in which the WF Funds invest or into their future prospects.
- *Equity Securities Generally:* The WF Funds may invest in equity securities and equity derivatives. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the WF Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from the general partner's expectations or if equity markets generally move in a single direction and the WF Funds have not hedged against such a general move. The WF Funds also may be exposed to risks that issuers will not fulfill contractual obligations.

The WF Funds' equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the WF Funds may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize).

Options: The successful use of options depends on the ability of the general partner to forecast interest rate and market movements correctly. In addition, when they purchase an option, the WF Funds runs the risk that they will lose their entire

investment in the option in a relatively short period of time, unless the WF Funds exercise the option or enter into a closing transaction with respect to the option during the life of the option. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, the WF Funds will lose part or all of their investment in the option. There is no assurance that the WF Funds will be able to affect closing transactions at any particular time or at any acceptable price. In the event of the bankruptcy of a broker through which the WF Funds engage in transactions in options, the WF Funds could experience delays and/or losses in liquidating open positions purchased or sold through the broker.

- *Futures:* Futures markets are highly volatile and a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the WF Funds. Moreover, most commodity exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as daily price fluctuation limits or daily limits. Such regulations could prevent the WF Funds from promptly liquidating unfavorable positions and thus subject the WF Funds to substantial losses.
- *Derivatives in General:* The WF Funds may invest in derivative financial instruments, including, without limitation, warrants, options, swaps, convertible securities, notional principal contracts, contracts for differences, forward contracts, futures contracts and options. Investing in derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (*i.e.*, due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly for a WF Fund to close out positions in order either to realize gains or to limit losses.

Many of the derivatives that the WF Funds will trade are principal-to-principal or over-the-counter contracts between the WF Fund and third parties entered into privately, rather than on an exchange. As a result, the WF Funds will not be afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

- *Over-the-Counter-Trading:* Derivative instruments that may be purchased or sold by the

WF Funds may include instruments not traded on an exchange. Over-the-counter options, unlike exchange-traded options, are bilateral contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the WF Funds can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between bid and asked prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Item 9 – Disciplinary Information

Like other registered investment advisers, Warberg is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Warberg or the integrity of Warberg's management. There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Warberg's advisory business or the integrity of Warberg's management.

Item 10 – Other Financial Industry Activities and Affiliations

Warberg is not actively engaged in a business other than giving investment advice to the Funds and the separately managed accounts. Neither Warberg nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity-trading adviser, or associated person of the foregoing, and Warberg does not anticipate such affiliations in the future.

Prior to the formation of Warberg, certain principals of Warberg, Messrs. Daniel Warsh and Jonathan Blumberg, were affiliated with the advisory firm Crestview Capital Partners, LLC ("Crestview"), and its related investment funds. Crestview is currently in the process of reducing its portfolio to cash and being wound down after substantial redemption requests and negative performance in 2007 and 2008. As a result, Messrs. Warsh and Felsenthal have been devoting and will continue to devote time to the reduction to cash of Crestview's portfolio as well as to the winding-down of the advisory firm operations. But for its relationship with Crestview, Warberg has no other arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency,

pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or its investors.

Warberg uses National Financial Services (“Fidelity”), Wells Fargo Advisors, TD Ameritrade, Barclays and RBC as its prime brokers and Forest Securities as an introducing broker to RBC. In addition, Warberg has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, tax preparation, insurance brokerage, investment management services and other personal services. None of the above relationships, however, creates a material conflict of interest with any of Warberg’s clients or its investors.

From time to time, Warberg may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will Warberg accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics and Personal Trading

As fiduciaries, Warberg and its employees have certain legal obligations to put clients’ interest ahead of its own. Warberg has adopted a written code of ethics based on principals of openness, honesty, integrity and trust. At least once a year, each Warberg employee is required to acknowledge this code in writing and agree to be bound by it.

Warberg’s code of ethics covers standards of business conduct, confidentiality of client information, personal trading requirements, insider trading, reporting of personal securities transactions, restrictions on accepting and giving of significant gifts, social media policies, political contribution policies, and reporting of certain gifts and business entertainment items, among other things.

In rare cases, Warberg’s business may provide Warberg and its employees with access to material nonpublic (“insider”) information. The code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Participation in Client Transactions

In its role as investment adviser to the Funds and managed accounts, Warberg and its principals and employees make investment decisions for the Funds and managed accounts. Warberg and its principals and employees may trade and invest for their own accounts in the same securities as those in which it invests on behalf of the Funds or managed accounts.

Warberg's Code of Ethics has procedures designated to ensure that principals and employees do not enter into transactions in their personal accounts, which could as a result of their direction or timing, materially disadvantage the Funds or managed accounts. The Code of Ethics requires supervised persons to submit monthly or quarterly brokerage account statements, as applicable, for review. The CCO will review these account statements on a quarterly basis in order to identify any conflicts of interest.

It is Warberg's policy that it will not affect any principal transactions for client accounts without the notification and consent of the affected limited partner. Warberg will also not cause clients to enter into securities trades with each other without the express consent of each limited partner.

The Firm will provide a copy of its code of ethics to any existing or prospective limited partner upon request to its Chief Compliance Officer, Robert Felsenthal, at (847) 418-8305.

Conflicts of Interest

In addition to the conflict of interest arising from trading by Warberg or its principals or employees for their own accounts as discussed immediately above, and conflicts relating to Warberg's receipt of performance-based compensation, which are discussed in Item 6 above, clients or investors in the Funds are subject to additional conflicts of interest. The offering documents for each Fund details a complete description of what Warberg believes to be the most significant conflicts of interest associated with an investment in a Fund or managed accounts. Some of these conflicts are summarized below; however, this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds or managed accounts. Investors should carefully consider the conflicts of interest herein, as well as those outlined in Warberg's offering documents, prior to investing in a Fund.

Warberg and its principals devotes only such time to the business of each of the Funds as they, in its sole and absolute discretion, determines to be necessary and appropriate. The general partner and its principals are engaged in other activities and may organize or become involved in other business ventures in the future. Neither Fund nor managed accounts share nor will share in the risks or rewards of these other ventures. Accordingly, Warberg and its affiliates may encounter potential conflicts of interest in connection with such other business activities and ventures. Further, the principals and other Warberg personnel may serve on the boards of directors of companies and projects in which other advisory clients invest and which may compete, directly or indirectly, with investments made by any Fund.

Certain principals of the Funds, Messrs. Warsh and Felsenthal, are required to devote time to the reduction to cash of the portfolio of Crestview, the previous fund in which they were affiliated, as well as to the winding-down of this prior advisory firm.

In addition, Warberg may have a conflict of interest in rendering advice to a client because the financial benefit from managing some other client's account may be greater (*e.g.*, such accounts generate higher fees or allocations due to either higher percentages earned or larger amounts of capital invested by Warberg or its affiliates), which may provide an incentive to favor the other account. The general partner and its affiliates currently manage and advise collective investment accounts and pools other than the Funds and the general partner and its affiliates may, in the future, manage and advise additional accounts. There is no limit on the number of accounts that may be managed or advised by the general partner. The general partner and its affiliates may have financial incentives to favor certain other accounts over the Funds. Even if the general partner and its affiliates do not have such financial incentives, the general partner may be required to allocate its limited resources among the Funds and the other accounts that the general partner advises.

The general partner is responsible for the investment decisions made on behalf of each of the Funds. There are no restrictions on the ability of the general partner and its affiliates to manage collective investment accounts or pools of other clients following the same or different investment objective, philosophy and/or strategies as those used for the Funds or managed accounts. The general partner and its affiliates manage and expect to continue to manage other clients, investment vehicles and portfolios that may invest pursuant to the same or different strategies as those employed by each of the Funds, and the general partner and its affiliates have discretion to allocate investment opportunities and dispositions among all clients or vehicles. The general partner may determine that an investment opportunity is appropriate for a particular fund or account that it manages, or for an affiliate, but not for one or more of the Funds or managed accounts. Situations may arise in which private investment funds managed by Warberg or its affiliates have made investments that would have been suitable for investment by one or both of the Funds but, for various reasons, were not pursued by, or available to, such Fund. To the extent that any of the general partner's affiliates or other advisory clients invest in a particular investment, the ability of the Funds to invest in the same investment may be adversely affected by any limitation on availability of the investment.

In addition, the general partner may be required to choose between one or more Fund and other managed account in allocating investments. In the event that a determination is made that any Fund and another client of the general partner or its affiliates should trade in the same securities on the same day, such securities will be allocated between such Fund and/or Funds and such other managed accounts in a manner that the general partner or its affiliates determine in their discretion is in accordance with the general partner's allocation policies and procedures, provided that such Fund and/or Funds and such other managed accounts will be treated fairly and equitably over time. Circumstances may occur in which an allocation could have adverse effects on a Fund or the other managed account with respect to the price or size of securities positions obtainable or saleable.

As mentioned earlier, the WF Funds' governing documents state that investment opportunities that are within the principal investment objectives of the Opportunistic Fund will first be offered to the Opportunistic Fund over the WF Funds. Accordingly, investments in equity securities made by the WF Funds are made principally through co-investment opportunities offered by the Opportunities Fund or in circumstances where the size or nature of the investment is outside of the Opportunistic Fund's primary investment objective. Any such investment opportunities that the Opportunistic Fund does not invest in will generally be allocated among the WF Funds and Warberg's other advisory accounts (including any future Warberg advisory accounts) pro rata in accordance with such fund's available capital, so long as such investment opportunity fits within such Fund's investment objective; provided that the general partner may elect to allocate any such investment opportunity in a non-pro rata manner including not allocating any portion of any such investment opportunity to the WF Funds and may instead allocate any such investment opportunity in any other manner that Warberg determines in its discretion in accordance with its allocation policies and procedures.

When the purchase and sale of securities is considered to be in the best interest of each of the Funds or managed accounts, the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be (but are not required to be) averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, will be made in a manner that Warberg considers to be equally as favorable to each Fund as to any other managed account.

Although Warberg exercises due care in making and implementing investment decisions, employees of Warberg may from time to time make errors with respect to trades made on behalf of the Funds or managed accounts. It is Warberg's policy generally not to reimburse a Fund or managed account for any errors or mistakes of the general partner with respect to the general partner's placing or executing trades for a Fund or managed account ("trade errors"). Trade errors are considered by Warberg to be one of the costs of a Fund or managed account doing business and to be properly charged to the account of such Fund or managed account. However, Warberg is obligated to reimburse a Fund or managed account for any trade error resulting from the general partner's actual fraud, willful malfeasance, willful breach of fiduciary duty, gross negligence or reckless disregard of its duties. Warberg, subject to its fiduciary obligations, will determine whether or not any trade error is required to be reimbursed in accordance with such liability and exculpation provisions. The gain associated with any positive trade errors will be for the benefit of a Fund or managed account; such gains will not be retained by Warberg (other than as an offset against trade error losses to be reimbursed by Warberg). Warberg reserves the discretion to reimburse a Fund or managed account for one or more trade errors without having any obligation to reimburse a Fund for other trade errors.

Item 12 – Brokerage Practices

Warberg is responsible for selecting broker-dealers to execute trades and for negotiating any commissions paid on such transactions. Warberg's primary consideration in placing transactions with particular broker-dealers is to obtain execution in the most effective manner possible. Warberg also takes into account a variety of other factors, including, without limitation, the financial strength, integrity and stability of the broker-dealer and the commissions to be paid.

Warberg maintains numerous brokerage and custody arrangements with banks and other established financial institutions. Certain of the Funds' assets held by custodians are segregated from the custodians' own property, while other Fund and managed account assets held as collateral or margin may not be recoverable in the event of the custodians' insolvency.

In negotiating commission rates, Warberg takes into account the financial stability and reputation of the broker, and the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker (as described more fully below), even though the Funds may or may not in any particular instance be the direct or indirect beneficiary of the research or other services provided. Accordingly, a Fund may, at times, be deemed to be paying for research and other products and services with "soft" or commission dollars.

In selecting brokers or dealers to execute transactions for the Funds and other clients, Warberg will not solicit competitive bids and has no obligation to seek the lowest available commission cost. Services which may be provided to Warberg by the Funds' and managed accounts' brokers may include, without limitation, in addition to research, services such as special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, online access to computerized data regarding clients' accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, financial strength and stability, efficiency of execution and error resolution, quotation services, the availability of stocks to borrow for short sales, referral of prospective investors, custody, travel, recordkeeping and similar services, as well as paying for a portion of a Fund, managed account or Warberg's costs and expenses of operation, such as newswire and data processing charges, quotation services, periodical subscription fees and other reasonable expenses incurred by Warberg in performing services on behalf of any Fund or managed account.

Warberg engages in "soft dollar" services with various broker-dealers. The foregoing list of

soft dollar services, which Warberg may be receive, is extensive because of the diverse range of possible services which its Funds' and managed accounts' brokers provide. The use of brokerage commissions to obtain research products and/or services creates a conflict of interest between Warberg and the Funds/managed accounts. This may result in a Fund or managed account paying higher brokerage commissions than might be paid if transactions were affected through brokers that do not provide such products and/or services. To the extent that Warberg is able to acquire these products and services without expending its own resources or at reduced prices, Warberg's use of soft-dollars would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence Warberg to select one broker rather than another to perform services for the Funds or managed accounts. Warberg intends that its use of soft dollars will be compliant with the safe harbor provided in Section 28(e) of the Securities Exchange Act of 1934, as amended.

The Opportunistic and WF Funds have an agreement with Fidelity to serve as one of its prime brokers and custodians. The services provided by Fidelity may include the provision to the Opportunistic and WF Funds and managed accounts of execution, securities lending, financing, reporting, clearing and custody services. Fidelity will not exercise investment discretion on behalf of the Opportunistic or WF Funds' assets. In addition, as mentioned above, the Opportunistic Fund also uses Wells Fargo Advisors, TD Ameritrade, and RBC as its brokers; the WF Funds use Fidelity as its prime broker and Wells Fargo as an additional broker.

Item 13 – Review of Accounts

Robert Felsenthal, Chief Financial Officer and Chief Compliance Officer, reviews records of trades placed for the Funds on a daily basis. Each day, Mr. Felsenthal reviews each Fund and managed accounts' position report and any exception reports. In addition, each day the Firm's third party administrator, NAV Consulting, Inc., compares the Funds' positions with each broker's positions.

All Warberg investors receive a monthly performance financial statement, which includes each investor's capital account balance. Each investor also receives an annual report containing audited financial statements within 120 days of calendar year end. All reports are sent to investors in writing and are delivered electronically.

Item 14 – Client Referrals and Other Compensation

Warberg does not use third-party marketers to assist in its fundraising efforts. Warberg may, however, from time to time, in the future enter into solicitation agreements pursuant to which it compensates one or more third parties for client referrals that will result in the

provision of investment advisory services by Warberg. Any cash solicitation agreements will comply with Rule 206(4)-3 of the Advisers Act.

Item 15 – Custody

While Warberg places all Fund assets in custody with unaffiliated broker-dealers or banks and does not maintain physical custody over any investors' funds or securities, it is considered to have custody over these assets because of its ability to deduct fees from investor accounts. Fidelity serves as custodian for all of the Funds and sends account statements to the Funds each month. In addition, the Opportunistic Fund also employs TD Ameritrade, Wells Fargo Advisors, Barclays and RBC as custodians, each of whom furnish monthly account statements to the Fund with respect to the accounts for which they are responsible; the WF Funds also employ Wells Fargo Advisors as a custodian, and Wells Fargo Advisors sends monthly account statements to the WF Funds

Item 16 – Investment Discretion

Warberg has discretionary authority based on management agreements with each of its Funds and managed accounts, and the limited partnership agreements that govern each Fund/managed account, to buy and sell securities or other investments on behalf of the Funds and to determine the amount of such investments to be bought and sold. The terms upon which Warberg serves as an investment manager of a Fund/managed account are established at the time each Fund is established and are generally set out in the limited partnership agreement or other governing document entered into by Warberg with respect to the relevant Fund/managed account and disclosed in the offering documents for such Fund, as applicable. These terms potentially restrict Warberg's advice concerning investments in certain securities or types of securities, diversification, geographies, industries and leverage. Warberg's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. No limited partners to date have limited Warberg's discretion to provide investment advice, nor have any limited partners limited Warberg's ability to invest in specific company sectors or otherwise.

To become a limited partner in a Warberg Fund or managed account, an investor must execute a subscription agreement with the Firm. Warberg is not required to contact a limited partner prior to transacting any business once a limited partner executes these documents.

Item 17 – Voting Client Securities

By virtue of the investment management agreements and limited partnership agreements with each Fund, Warberg has the authority to vote client securities held by the Funds/managed accounts. Warberg has adopted a proxy voting policy pursuant to SEC Rule 206(4)-6 to describe how Warberg votes its clients' proxies. The Firm votes proxies consistent with the best interests of its limited partners and in accordance with the Fund's stated objectives, primarily maximizing portfolio values.

Pursuant to its policy, Warberg will generally vote in accordance with management's recommendations unless Warberg determines that voting in such a manner is in conflict with the best interests of its limited partners. In these cases, Warberg will evaluate and vote the proxies on a case-by-case basis. If it is determined that the conflict of interest is not material, Warberg may vote proxies notwithstanding the existence of the conflict. If it is determined that the conflict of interest is material, Warberg will resolve the conflict in one of several possible ways, such as engaging a third party to recommend a vote with respect to the proxy. In general, limited partners cannot request that Warberg vote in a particular way on any specific proposal.

Limited partners may obtain a copy of Warberg's complete proxy voting policy upon request, free of charge, from Warberg's Chief Compliance Officer, Robert Felsenthal, at (847) 418-8305. Limited partners may also obtain information from Warberg, free of charge, about how Warberg voted any previous proxies on behalf of the Funds.

Item 18 – Financial Information

Registered investment advisers are required in this Item 18 to provide certain financial information or disclosures about their financial condition. Warberg has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to limited partners, and has not been the subject of a bankruptcy proceeding.

BROCHURE SUPPLEMENT

This brochure supplement provides information about Warberg Asset Management, LLC. (“Warberg”) that supplements Warberg’s Brochure. You should have received a copy of that brochure. Please contact Robert Felsenthal, Chief Compliance Officer, at (847) 418-8305 if you did not receive Warberg’s brochure or if you have any questions about the contents of this supplement.

Capitalized terms used but not defined in this Brochure Supplement have the meanings ascribed to them in the Brochure.

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

Daniel Warsh

Year of Birth: 1959

Managing Member and Head Trader

716 Oak Street

Winnetka, IL 60093

(847) 418-8333

Item 2 – Educational Background and Business Experience

Mr. Warsh holds a Bachelor of Arts' degree in Finance from Michigan State University.

Since January 2009, Mr. Warsh has been the managing member and head trader of Warberg and has been responsible for Warberg's trading policy since such time. From 1983 until 2000, Mr. Warsh was a member of the Chicago Board of Options Exchange (CBOE). From January 2000 to January 2003, Mr. Warsh served as an investment consultant for Crestview Capital Partners L.L.C. Since January 2003, Mr. Warsh has been a managing member and head trader of Crestview, which managed a series of funds, both domestic and offshore, in PIPE and micro cap strategies until December 2008, when the fund a began reducing its portfolio to cash.

Item 3 – Disciplinary Information

There are no material legal or disciplinary events in which Mr. Warsh is involved or affiliated.

Item 4 – Other Business Activities

As a result of the dissolution of Crestview, his predecessor firm, Mr. Warsh has been devoting and will continue to devote time to the reduction to cash of Crestview's portfolio and the winding-down of the advisory firm's operations.

Item 5 – Additional Compensation

Mr. Warsh does not receive an economic benefit for providing advisory services, other than compensation paid by Warberg.

Item 6 – Supervision

Mr. Warsh is supervised on compliance matters by Warberg's Chief Compliance Officer, Robert Felsenthal, (847) 418-8305.

Jonathan Blumberg

Year of Birth: 1973

Principal and Trader

716 Oak Street

Winnetka, IL 60093

(847) 418-8307

Item 2 – Educational Background and Business Experience

Mr. Blumberg received his Bachelor of Art's in Economics from the University of Illinois.

Since January 2009, Mr. Blumberg has been a principal and trader of Warberg. Mr. Blumberg was previously the head derivative trader at Crestview Capital Partners, LLC from March 2006 to January 2009. Prior to this, Mr. Blumberg traded a sole proprietary account at Ronin Capital/Stafford Trading from February 2002 to January 2006.

Item 3 – Disciplinary Information

There are no legal or disciplinary events in which Mr. Blumberg is involved or affiliated.

Item 4 – Other Business Activities

Mr. Blumberg is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

Item 5 – Additional Compensation

Mr. Blumberg does not receive an economic benefit for providing advisory services, other than the compensation paid by Warberg.

Item 6 – Supervision

Mr. Blumberg is supervised on compliance matters by Warberg's Chief Compliance Officer, Robert Felsenthal, (847) 418-8305.

Robert Felsenthal

Year of Birth: 1954
Chief Financial Officer and Chief Compliance officer
716 Oak Street
Winnetka, IL 60093
(847) 418-8305

Item 2 – Educational Background and Business Experience

Mr. Felsenthal received his BSBA in accounting from Denver University.

Since its inception in 2009, Mr. Felsenthal has been the Chief Financial Officer and Chief Compliance Officer Warberg. Mr. Felsenthal was previously the Chief Financial Officer of Crestview Capital Partners LLC. Prior to Crestview Capital Partners LLC, Mr. Felsenthal was the Chief Financial Officer of Midwest Palliative and Hospice Care Center.

Item 3 – Disciplinary Information

Mr. Felsenthal has never been the object of any legal or disciplinary event, proceeding or action.

Item 4 – Other Business Activities

As a result of the dissolution of Crestview, Mr. Felsenthal has been devoting and will continue to devote time to the reduction to cash of Crestview's portfolio and the winding-down of the advisory firm's operations. Other than his work for Crestview, Mr. Felsenthal is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

Item 5 – Additional Compensation

Mr. Felsenthal does not receive an economic benefit for providing advisory services, other than compensation paid by Warberg.

Item 6 – Supervision

Mr. Felsenthal is supervised by Warberg's Managing Member and Head Trader, Daniel Warsh, (847) 418-8305.