

**Item 1 – Cover Page**



**Part 2A of Form ADV  
Brochure for:**

**Iguana Healthcare Management, LLC**

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Iguanahealthcare.com**

**March 4, 2015**

**This brochure provides information about the qualifications and business practices of Iguana Healthcare Management, LLC. If you have any questions about the contents of this brochure, please contact us at (646) 564-2300. 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.**

**Registration of an Investment Adviser does not imply any certain level of skill or training.**

**Additional information about Iguana Healthcare Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 – Material Changes**

Since our most recent filing in February 2014, we have changed our auditor to KPMG LLP, which acquired our previous auditor, Rothstein Kass.

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**Item 4 – Advisory Business**

Iguana Healthcare Management LLC (“Investment Manager”) is an investment adviser registered with the SEC. Iguana Healthcare Management, LLC provides advisory and portfolio management services to its clients Iguana Healthcare Partners, Ltd. and Iguana Healthcare Partners, L.P. Iguana Healthcare Partners, LLC, is a related entity that serves as the general partner of pooled investment vehicles sponsored by Iguana Healthcare Management, LLC. The Investment Manager may also act as a sub-advisor to non-proprietary pooled investment vehicles.

Iguana Healthcare Management LLC has been in business since January 2010.

Dr. Stuart T. Weisbrod, founder of the firm, has served as the managing member and is the firm’s principal owner. As of December 31, 2014 Iguana Healthcare Management had \$268,300,000 of assets under management and has discretionary authority over these assets. We do not have any non-discretionary assets under management.

***Advisory Services***

Iguana Healthcare Management provides discretionary advisory and portfolio management services. Iguana Healthcare Management focuses primarily on investing in public companies in the life sciences industry. The fund will take advantage of an emerging opportunity to invest in companies that address the ballooning costs of healthcare in innovative, cost effective ways. The fund will focus its investments in four major healthcare subsectors: pharmaceuticals, biotechnology, medical devices and healthcare services. The Founding Principal and Portfolio Manager of the Investment Manager, Dr. Stuart Weisbrod, has almost 27 years of experience investing in the healthcare industry and intends to staff the firm with professionals who have similar deep domain knowledge of the industry, as well as long-standing contacts in, academic medicine and the investment community. The investment activities will also be supported by a multi-disciplinary Industry Advisory Board comprised of experienced healthcare professionals. Dr. Daniel Chai is also a Partner, Co-Portfolio Manager, and Risk Manager for Iguana Healthcare Management. Dr. Chai has almost 21 years of investment experience in the healthcare industry.

In pursuing the Fund’s investment strategy, the Investment Manager will employ a rigorous bottom-up multi-faceted approach to its due diligence analysis of a potential investment target. An investment decision will be made only after (i) a fundamental analysis of the company’s products and product pipeline; (ii) an evaluation of the company’s current capital structure and anticipated funding needs; (iii) an intellectual property analysis; (iv) a comprehensive evaluation of the quality, performance, and experience of the company’s existing management team; (v) an analysis of the competition and of the company’s ability to successfully market its products; an evaluation of the regulatory and reimbursement environment for the company’s products or services, and (vii) an evaluation of the risks, both near- and long-term, that may be inherent in the investment. The analysis will be iterative and re-evaluations will occur on a regular basis as well as event driven. As part of the due diligence process, the Investment Manager will obtain its edge by drawing upon its extended network of relationships with professional advisory firms to assist with its investigation in areas such as scientific, technical, medical, legal, regulatory, and accounting.

***Advisory Services Tailoring***

Iguana Healthcare Management focuses on investments following its strategy of constructing a portfolio stock-by-stock after comprehensive evaluation of each company’s overall

competitiveness. Iguana Healthcare Management does not generally tailor its investment advice and portfolio management to the individual investment objectives and needs of its clients. As such, the services offered by Iguana Healthcare Management should not be considered a complete investment program and may not be suitable for all investors. However, from time to time, Iguana Healthcare Management may agree to implement an investment policy, guidelines or restrictions imposed by a client.

## **Item 5 – Fees and Compensation**

### ***Management Fee***

Iguana Healthcare Management generally charges a management fee (the “Management Fee”) equal to (i) 1.5% of the Net Asset Value of the Class A Limited Partnership Interests, (ii) 2% of the Net Asset Value of the Class B Limited Partnership Interests, (iii) 1.5% of the Net Asset Value of the Class C Limited Partnership Interests, (iv) 1.5% of the Net Asset Value of the Class D Limited Partnership Interests, and (v) 2% of the Net Asset Value of the Class E Limited Partnership Interests. The Management Fee will be calculated and payable, in advance, on the first Business Day of each quarter. The Management Fee with respect to any capital contribution received on a date that is not the first Business Day of a month will be payable on the date on which such capital contribution is accepted and will be pro-rated on the basis of the number of days remaining in the month during which such capital contribution is accepted. The Investment Manager reserves the right to elect to reduce or waive its Management Fee with respect to any Limited Partner without notice to, or the consent of, any other Limited Partner.

### ***Incentive Allocation***

With respect to pooled investment vehicles for which Iguana Healthcare Partners is the general partner, Iguana Healthcare Partners generally will be entitled to an annual incentive or performance allocation (the “Incentive Allocation”) at the end of each fiscal year (or the date on which an investor withdraws from the vehicle) an amount equal to (i) 20% of net realized and unrealized appreciation in the Net Asset Value per Class A Limited Partnership Interest, (ii) 20% of the net realized and unrealized appreciation in the Net Asset Value per Class B Limited Partnership Interest, (iii) 17.5% of the net realized and unrealized appreciation in the Net Asset Value per Class C Limited Partnership Interest, (iv) 20% of the net realized and unrealized appreciation in the Net Asset Value per Class D Limited Partnership Interest, and (v) 20% of the net realized and unrealized appreciation in the Net Asset Value per Class E Limited Partnership Interest (in each case, prior to accruals with respect to the Incentive Allocation). If an investment has a loss chargeable to it during any fiscal year, and during a subsequent fiscal year there is a profit allocable to such investment, there will be no Incentive Allocation made with respect to such investment until the amount of the loss previously allocated to such investment has been recouped.

### ***Expenses***

Clients are responsible for investment-related expenses, including custodial fees, brokerage commissions, interest, and other transactional costs. For information about brokerage practices, see Item 12 below.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

Iguana Healthcare charges an annual incentive allocation or performance fee (the “**Incentive Allocation**”). The fee varies based upon the Class of shares purchased and is equal to a portion of the net realized and unrealized appreciation in the Net Asset Value of each Unit (prior to accruals

with respect to the Incentive Allocation). See “Incentive Allocation” under “Item 5--Fees and Compensation” above.

The Incentive Allocation provisions creates an incentive for Iguana Healthcare to make client investments that are riskier or more speculative than would be the case in the absence of an Incentive Allocation based on performance of the clients’ portfolios.

### **Item 7 – Types of Clients**

Iguana Healthcare’s clients include pooled investment vehicles (e.g. hedge funds) that it sponsors, high net worth individuals who are “accredited investors,” and non-US persons. Iguana Healthcare Management generally requires that clients have a minimum account size of \$1,000,000 to open or maintain an account.

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

#### ***Investment Program***

Iguana Healthcare’s investment objective is for its clients to maximum returns from investing long and short globally in public companies in the life sciences industry while actively managing both sector and global risk with an eye on capital preservation. The broad base of investment opportunities will include, but will not be limited to companies focusing on biotechnology, branded pharmaceuticals, generic pharmaceuticals, medical devices and medical supplies, healthcare service providers, and healthcare information technology.

#### ***Investment Strategies***

Iguana Healthcare Management’s investment strategy is a bottom up, multi-faceted approach. An investment decision will be made only after (i) a fundamental analysis of the company’s products and product pipeline; (ii) an evaluation of the company’s current capital structure and anticipated funding needs; (iii) an intellectual property analysis; (iv) a comprehensive evaluation of the quality, performance, and experience of the company’s existing management team; (v) an analysis of the competition and of the company’s ability to successfully market its products; an evaluation of the regulatory and reimbursement environment for the company’s products or services, and (vii) an evaluation of the risks, both near- and long-term, that may be inherent in the investment. The analysis will be iterative and re-evaluations will occur on a regular basis as well as event driven. Iguana Healthcare Management draws upon its extended network of relationships with professional advisory firms to assist with its investigation in areas such as scientific, technical, medical, legal, regulatory, and accounting.

The same investment discipline will be employed for “short” as well as “long” investments. Iguana Healthcare clients may hold securities facing “binary” outcomes when Iguana Healthcare believes that it may have insight into such outcomes. A further emphasis will be placed on searching for weak product launches and unrealistic market share projections. There will be a focus on management as well as products; the same managers often repeat the same mistakes.

Iguana Healthcare clients’ portfolios will be constructed using a multi-factorial approach with a focus on balancing risk and liquidity with expected returns on individual stocks and with their impact on upon overall portfolio concentration. The portfolio will be constructed stock-by-stock and not sub-sector by sub-sector. Given Iguana Healthcare Management’s expertise and the

current healthcare macro environment, the portfolio will be typically biased to healthcare products rather than services. Long positions will be more long-term investments, while shorts will be based on factors that are more event-driven. Iguana Healthcare Management intends to mitigate risk through selection of investments where upside potential substantially outweighs downside risk. An emphasis will be made to be diversified across healthcare sub-sectors, company sizes and company risk scenarios. The exposure to “micro-caps” will be limited to avoid liquidity traps. Manager may utilize the options market to trade around core positions and to hedge or capture event-driven volatility. Iguana Healthcare Management envisions that its clients’ portfolios will typically be composed of 40 to 70 long positions and 20 to 35 short positions.

The Investment Manager may borrow funds to purchase securities to enhance returns. In absolute terms, the ratio of total unhedged dollars invested (defined below) to total dollars of net equity will not exceed a ratio of 2:1. Leverage can also come in the form of purchasing securities on margin and short sales, which involve borrowed securities. For purposes of these investment guidelines, “unhedged dollars invested” means the unhedged value at risk represented by the price difference between a long position that is hedged by a corresponding short position in the securities of the same or a different issuer. The determination of whether a securities position is hedged and the necessary margin requirements

#### *Risk of Loss*

Investing in securities involves risk of loss that clients should be prepared to bear. Iguana Healthcare’s investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives will be achieved or that clients will not incur substantial losses.

#### *Changes in Legislation*

There can be no assurance that certain laws applicable to the clients’ portfolios, including income tax laws, will not be changed in a manner which adversely affects the distributions received or to be made by the Fund.

#### *Limited Liquidity: Marketability and Transferability of Limited Partnership Interests*

There is no market for the Limited Partnership Interests and their resale, transfer and redemption are subject to restrictions imposed by the Partnership Agreement of the Fund. Consequently, holders of Limited Partnership Interests may not be able to liquidate their investment in a timely manner and the Limited Partnership Interests may not be readily accepted as collateral for a loan.

#### *Fluctuations in Net Asset Value and Valuation of the Investment Portfolio*

The Net Asset Value and the funds available for distribution will vary according to, among other things, interest rates and the value of the securities in the client’s investment portfolio. Fluctuations in the market values of the securities in the portfolio may occur for a number of reasons beyond the control of the Iguana Healthcare Management and may be both volatile and rapid with potentially large variations over a short period of time. While clients’ portfolios are independently audited by its auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the portfolio’s securities and other investments may involve uncertainties and judgmental determination and, if such valuation should prove to be incorrect, the net asset value of the portfolio could be adversely affected. Independent pricing information may not at times be available regarding certain of the portfolio’s securities and other investments. Valuation determination will be made in good faith.

Iguana Healthcare Management may invest some of its clients' assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by Iguana Healthcare to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be.

#### *Possible Effect of Redemptions*

Substantial redemptions of Limited Partnership Interests could require Iguana Healthcare to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions of Limited Partnership Interests and achieve its investment objectives. Such factors could adversely affect the value of the Limited Partnership Interests redeemed and of the Limited Partnership Interests remaining outstanding.

#### *Expenses Ultimately Borne by the Limited Partners*

Fees and expenses borne by the Fund will directly or indirectly impact the Net Asset Value of the Limited Partnership Interests.

#### *Securities Lending*

The Fund may engage in securities lending as described under "Investment Objective, Strategies and Guidelines of the Fund – Investment Guidelines". Although the Fund will receive collateral for the loans and such collateral is marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

#### *Side Letters*

The Fund may enter into agreements ("Side Letters") with certain prospective or existing Limited Partners whereby such Limited Partners may be subject to terms and conditions that are more advantageous than those set forth in the Offering Memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a reduction or rebate in fees or redemption charges to be paid by such Limited Partners and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other Limited Partners (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such Limited Partners. The modifications are solely at the discretion of the General Partner and may, among other things, be based on the size of a Limited Partner's investment in the Fund or affiliated investment entity, an agreement by a Limited Partner to maintain its investment in the Fund for a significant period of time, or other similar commitment by a Limited Partner to the Fund.

#### *Incentive Allocation*

The Incentive Allocation to be made to the General Partner may create an incentive for the Investment Manager (which is under common control with the General Partner) to cause the Master Fund to make investments that are riskier or more speculative than would be the case if this fee were not paid. Since the Incentive Allocation is calculated on a basis that includes unrealized appreciation of assets, such fee may be greater than if it were based solely on realized gains. Moreover, because the Incentive Allocation is calculated on a Unit-by-Unit basis, if a Limited Partnership Interest subject to a loss carry forward is redeemed, such loss carry forward will not be transferred to other Limited Partnership Interests still owned by the Limited Partner. In the event that the investment management agreement is terminated or a Limited Partner redeems its Limited Partnership Interest or is required to redeem its Limited Partnership Interest (in whole or in part) at any time other than at the end of a fiscal year, such allocation will be made



with respect to such Limited Partner's redeemed Units as though it were being made at the end of a fiscal year. This may result in a Limited Partner being charged an Incentive Allocation during the year even though such Limited Partner does not have net profits based on an entire year's performance (i.e., due to losses that occur after the redemption).

### **Risks Associated with the Fund**

#### *General Economic and Market Conditions*

The success of a client's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the client's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

#### *Investing in Healthcare Related Companies*

Investing in healthcare related companies that are subject to government regulation, delayed costs recovery, dependency on patents and exclusive rights over the products they develop and distribute, and are susceptible to product liability and other types of lawsuits presents a degree of uncertainty and risk that the client must be prepared to bear. Healthcare related companies are generally subject to greater governmental regulation than other industries 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 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. Expansion of facilities by healthcare related providers is subject to "determinations of need" by the appropriate government authorities. This process not only increases the time and cost involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare related facilities operators and negatively affecting the price of their securities. 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 and/or reduce the price charged for the product, resulting in lower profits for the original developer. Finally, 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 share price 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.

#### *Control Positions*

To the extent that a client's portfolio owns a controlling stake in or is deemed an affiliate of a particular company, it may be subject to certain additional securities laws restrictions which could affect both the liquidity of the client's interest and the client's ability to liquidate its interest without adversely impacting the stock price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the U.S. Securities Act of 1933, as amended, and the disclosure requirements of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, to the extent that affiliates of Iguana Healthcare, its clients, or its related entities are subject to such restrictions, the clients, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the clients stands to benefit from such

affiliate's stock ownership. The Fund does not intend to acquire a beneficial interest of more than 10% in any U.S. public company.

*Material Non-Public Information*

From time to time the Fund may be provided with material non-public information regarding a company in the Fund's investment portfolio. In such a case, the Fund will be prohibited by the federal securities laws from buying or selling the securities of such company until such time as the information is no longer material or becomes publicly available. Such trading restrictions could limit the Fund's ability to respond to moves in the market or to adopt new investment strategies with respect to the securities of such company or its competitors.

*Possible Lack of Diversification*

If a client's portfolio becomes relatively concentrated, the value of an investment in a client may be subject to greater volatility and may be more susceptible to any single economic, political, or regulatory occurrence or the fortunes of a single company than would be the case if a client's investments were more diversified.

*Investments in Less Established Companies*

Iguana Healthcare's clients may invest up to 5% of their assets (on a cost basis) in the securities of less established companies. Investments in such companies involve greater risks than are generally associated with investments in more established companies. In the case of recent start up enterprises, such companies may have limited or no operating history, unproven technology, untested management and unknown future capital requirements. These companies often face intense competition, often from established companies with much greater financial and technical resources, more marketing and service capabilities, and a greater number of qualified personnel. The securities of such companies may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have smaller capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure and have shorter operating histories on which to judge future performance.

*Borrowing and Other Leverage*

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

*Liquidity of Underlying Investments*

Some of the securities in which the Fund intends to invest may be thinly traded. It is possible that the Fund may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Fund is required to transact in such securities before its intended investment horizon, the performance of the Fund could suffer.

*Risk of Short Sales*

Short selling may be a part of a client's investment strategy. A short sale of a security may expose the client to losses if the price of the security sold short increases because the client may be required to purchase such securities in order to cover its short position at a higher price than the price at which such securities were sold short. The potential loss on the short sale of securities is

unlimited, since there is no limit on how much the price of a security will appreciate before the short position is closed out. In addition, a short sale entails the borrowing of the security in order that the short sale may be transacted. There is no assurance that the lender of the security will not require the security to be repaid before the client wishes to do so, thereby requiring the client to borrow the security elsewhere or purchase the security in the market at an unattractive price. In the event that numerous lenders of the security in the market simultaneously recall the same security, a “short-squeeze” may occur, whereby the market price of the borrowed security may increase significantly. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that a borrowing fee will not increase during the borrowing period, adding to the expense of the short sale strategy. In addition, there is no assurance that the security sold short can be repurchased due to supply and demand constraints in the marketplace.

#### *Options*

Options may be traded on and off exchanges. Each such option is a right, purchased for a certain price, to either buy or sell an underlying futures contract, security or other financial instrument during a certain period of time for a fixed price. Such trading involves risks in that options are speculative. Specific market movements of the instruments underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option, the strike price of the option and the price of the instrument underlying the option, or the relevant reference price used to settle the option which the writer must purchase or deliver upon exercise of the option.

#### *Foreign Currency Exposure*

Certain of the investments in a client’s investment portfolio may, at any time, consist of securities denominated in currencies other than US dollars. Accordingly, the Net Asset Value per Unit will, when measured in US dollars, be affected by fluctuations in the value of foreign currencies relative to the US dollar. Iguana Healthcare plans on hedging its foreign currency exposure.

#### *Foreign Market Exposure*

A portion of a client’s investment portfolio may, at any time, include securities of issuers established in jurisdictions outside the US. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to US companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a US company. Volume and liquidity in some foreign markets may be less than in the US and, at times, volatility of price may be greater than in the US. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded.

Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

#### *Hedge Risks*

Iguana Healthcare may employ certain hedging techniques, including the use of options and other derivatives, short selling, interest rate instruments and arbitrage positions, directed toward various risks, such as market and interest rate risks as well as risks related to specific securities or issuers. The use of derivative instruments involves a variety of material risks, including the possibility of counterparty non-performance. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus, moderating the decline in the portfolio positions’ value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should

increase. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, Iguana Healthcare may not seek or be able to establish a sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged. Iguana Healthcare may hedge a client's portfolio against major risks in select situations where the particular hedge, in Iguana Healthcare's view, is both economically efficient and consistent with a client's strategy. As a general matter, a client's portfolio will be exposed to basic risks relating to the financial markets and interest rates, as well as issuer and event risk and other risks attendant to its investment strategy, which risks will not be hedged as a matter of course.

#### *Counterparty Risk*

In purchasing call or put options or entering into forward or futures contracts, clients are subject to the credit risk that the counterparties (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet their respective obligations and that the Fund may incur losses as a result.

#### *Contagion Risk Factor*

The Fund has the power to issue Units in classes or series. The Partnership Agreement of the Fund provides for the manner in which the liabilities are to be attributed across the various classes or series (liabilities are to be attributed to the specific class or series in respect of which the liability was incurred). However, the Fund is a single legal entity. Limited Partners of one or more classes or series of Units may be compelled to bear the liabilities incurred in respect of other classes or series which such Limited Partners do not themselves own if there are insufficient assets in that other class or series to satisfy those liabilities. Accordingly, there is a risk that liabilities of one class or series may not be limited to that particular class or series and may be required to be paid out of one or more other classes or series.

#### *Absence of Regulatory Oversight*

While the Fund may be considered similar to an investment company, it does not intend to register as such under the Investment Company Act of 1940, as amended, in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of that Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to be, at all times, individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) will not be afforded to the Fund or the Limited Partners.

Registration of the Master Fund under the Cayman Islands Mutual Funds Law (Revised) does not involve a detailed examination of the merits of the Master Fund or substantive supervision of the investment performance of the Master Fund by the Cayman Islands government or the Cayman Islands Monetary Authority. There is no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favor of or available to the direct or indirect investors in the Master Fund.

#### ***Risks Relating to Iguana Healthcare and Its Strategy***

##### *Dependence Upon Key Individual*

The success of a client's portfolio is expected to depend significantly upon the expertise, skill, and judgment of Drs. Stuart T. Weisbrod and Daniel Chai. If Dr. Weisbrod's or Dr. Chai's

services were to become unavailable to the Fund for any extended period of time, the Fund's performance could be materially adversely affected.

**Item 9 – Disciplinary Information**

Iguana Healthcare Management has no information applicable to this Item. Iguana Healthcare Management has no legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

**Item 10 – Other Financial Industry Activities and Affiliations**

Neither Iguana Healthcare Management nor any of Iguana Healthcare's management persons are registered, or have an application pending to register as:

- a broker-dealer or registered representative of a broker-dealer; or
- a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Iguana Healthcare Management, LLC provides advisory and portfolio management services to its clients Iguana Healthcare Partners, Ltd., and Iguana Healthcare Partners, L.P., and Iguana Healthcare Master Fund, Ltd. Iguana Healthcare Partners, LLC, is a related entity that serves as the general partner of pooled investment vehicles sponsored by Iguana Healthcare Management, LLC.

Iguana Healthcare Management does not recommend or select other investment advisers for its clients for compensation.

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

Iguana Healthcare Management holds its employees to a high standard of integrity and business practices. In serving its clients, Iguana Healthcare Management strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its employees and client securities transactions. Iguana Healthcare Management has a Code of Ethics to help govern personal trading activities. When persons covered by the Code of Ethics engage in personal securities transactions, they must adhere to the following general principles as well as to the Code's specific provisions: (a) at all times the interests of clients must be paramount; (b) personal transactions must be conducted consistent with this Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by this Code have certain reporting obligations of their personal securities transactions.

Iguana Healthcare Management will provide a copy of its Code of Ethics to any client or prospective client upon request. Such a request may be made by submitting a written request to Iguana Healthcare Management at the address on the cover page to this brochure.

**Item 12 – Brokerage Practices**

Iguana Healthcare Management generally has authority and discretion to select broker-dealers and to establish brokerage accounts with such broker-dealers to execute investment transactions initiated by Iguana Healthcare and for the selection of the markets in which the transactions will

be executed. In doing so, Iguana Healthcare Management (i) is not generally obligated to solicit competitive bids for each transaction; (ii) shall have no obligation to seek the lowest available commission cost to the Account; and (iii) may reject any request by a client for directed brokerage that Select Healthcare reasonably believes to be inconsistent with its duty to seek to achieve best execution.

In negotiating commission rates the Iguana Healthcare Management takes into account the financial stability and reputation of the broker, 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 a client may or may not in any particular instance be the direct or indirect beneficiary of the research or other services provided.

### ***Soft Dollar Benefits***

Iguana Healthcare Management generally has authority and discretion to direct brokerage to firms that furnish or pay for quotation and/or office equipment, recordkeeping, research, research-related services, and other services outside of the “safe harbor” provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, provided that Iguana Healthcare Management believes that such “soft dollar” arrangements are consistent with standards of fiduciary duty applicable to itself.

In selecting broker-dealers, Iguana Healthcare Management generally considers the amount and nature of research, execution and other services provided by brokers as well as the extent to which such services are relied on, and attempts to allocate a portion of the brokerage business of its clients’ investments, even though an account may or may not in any particular instance be the direct or indirect beneficiary of the services provided. Iguana Healthcare Management may derive substantial direct or indirect benefit from these soft dollar services, particularly to the extent Iguana Healthcare Management uses soft dollars to pay for expenses that it would otherwise be required to pay. Therefore, Iguana Healthcare Management may have an incentive to select a broker-dealer based on its interest in receiving the research or other products and services, rather than on clients’ interest in receiving the most favorable execution.

Iguana Healthcare Management is not required to allocate soft dollar benefits pro rata or on any other equitable basis among the accounts it manages. Iguana Healthcare Management is not required to allocate either a stated dollar or stated percentage of its brokerage business to any broker for any minimum time period, and will review such relationships from time to time.

Iguana Healthcare Management will initially maintain an account at JP Morgan & Co., its prime broker, through which Iguana Healthcare Management may execute trades, borrow securities and maintain custody of its securities.

Iguana Healthcare Management reserves the right, in its sole discretion, to change the brokerage and custodial arrangements described above without further notice to Shareholders.

Under CCR section 260.238 (k) all material conflicts of interest are disclosed regarding Iguana Healthcare Management, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

### **Item 13 – Review of Accounts**

Typically, all accounts are managed and reviewed throughout the day. Asset allocation, cash management, market prospects and individual issue prospects are all considered. Particular

attention is given to changes in company earnings, industry, and company outlook, market outlook and price level. The Chief Investment Officer reviews all portfolios.

**Item 14 – Client Referrals and Other Compensation**

Iguana Healthcare Management does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to Iguana Healthcare Management's clients.

Iguana Healthcare Management may compensate certain third party marketers with a portion of the management and/or performance fee, pursuant to a written agreement, for investor referrals to the funds.

**Item 15 – Custody**

The custodian of the Funds is a "qualified custodian" as defined in Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended. Clients with separately managed accounts receive monthly and/or quarterly statements directly from their account custodian.

Iguana Healthcare Management obtains custodial, clearing, settlement and related services on behalf of its pooled investment vehicles ("funds") through what is known as a "prime brokerage" arrangement. Under that arrangement, a single brokerage firm (the "Prime Broker") maintains custody of each client's assets (either directly or through its clearing brokerage firm). The Prime Broker is a "qualified custodian" and maintains custody of each client's funds and securities in a separate account for that client. At the end of each fiscal year, each of Iguana Healthcare Management's funds has its financial statements examined and certified by an independent certified public accountant. Copies of the audited financial statements are furnished to each investor in a fund as soon as practicable after the end of each fiscal year. Unaudited monthly performance reports also will be provided to each investor in a Iguana Healthcare Management fund.

**Item 16 – Investment Discretion**

As the investment manager for the funds, Iguana Healthcare Management has broad discretion, without limitation, to determine the:

- securities to be bought or sold for the partnerships' accounts;
- amount of securities to be bought or sold for the partnerships' accounts;
- broker or dealer to be used for a purchase or sale of securities for the partnerships' accounts; and
- commission rates to be paid to a broker or dealer for the partnerships' securities transactions. Each limited partner authorizes such discretion in the limited partnership agreement.

**Item 17 – Voting Client Securities**

Iguana Healthcare Management has adopted policies and procedures that address generally the guidelines it expects to follow in the exercise of its voting authority over proxies it receives on behalf of clients. Iguana Healthcare Management will vote client proxies in the best interest of its

clients. Iguana Healthcare Management will consider a number of factors to determine whether exercising the clients' voting rights as to its securities is in the relevant clients' best interest, such as whether the securities are being held for a short or long period of time.

When voting a proxy, Iguana Healthcare Management will generally follow its voting guidelines. Iguana Healthcare Management attempts to identify conflicts of interest that may arise in the proxy decision making process. If a material conflict of interest over proxy voting arises between Iguana Healthcare Management and a client, Iguana Healthcare Management will seek to resolve the conflict and vote the proxies in a manner that is in the relevant clients' collective best interests. Iguana Healthcare Management will provide, upon request, a copy of those policies and procedures and/or information concerning its voting record on account proxy matters. Such a request may be made by submitting a written request to Iguana Healthcare Management at the address on the cover page of this brochure.

**Item 18 – Financial Information**

Iguana Healthcare Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Iguana Healthcare Management has not been the subject of a bankruptcy petition.

**Item 19 – Requirements for State-Registered Advisers**

Iguana Healthcare Management is not registered with any state. Therefore, Iguana Healthcare Management has no information applicable to this item.