

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of AWM Investment Company, Inc. If you have any questions about the contents of this brochure, please contact us at 212-319-6670. 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.

Additional information about AWM Investment Company, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This Form ADV Part 2A contains the following material changes since our last filing on March 31, 2023. The updates, changes, and expanded disclosures are as follows:

- **Item 4 – Advisory Business:** David Reif now serves as the Chief Compliance Officer. Marianne Kelly now serves as the Chief Administrative Officer.
- **Item 11 – Code of Ethics, Participation of Interest in Client Transactions and Personal Trading:** This item has been updated to indicate AWM may participate in cross transactions.

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Item 4 Advisory Business

The following pages discuss the nature of AWM Investment Company's investment advisory business and introduce its principal owners and other pertinent personnel.

General Description of Advisory Firm

AWM Investment Company, Inc. ("AWM") is a registered investment adviser with the SEC under the Investment Adviser Act of 1940. AWM has been in business since 1992 and is a Delaware corporation. AWM has 15 employees, and is headquartered in New York, NY.

Assets Under Management

As of January 1, 2024, AWM's assets under management totaled \$867,554,097. We have complete discretionary authority over AWM Fund assets, and we do not serve as investment advisor to any other accounts, discretionary or otherwise.

Description of Advisory Services

Our firm offers investment advice primarily in equity securities and securities with equity features of publicly traded companies that possess a technological, market, or product niche, which may be for various reasons, undervalued, or with prospects of going private or being acquired. The Funds consider such types of investments to be "special situation investments."

We tailor our investment advice to eight private investment funds (collectively, the "Funds") for which we serve as investment adviser. These Funds are: Special Situations Fund III QP, L.P. ("SSFQP"), Special Situations Cayman Fund, L.P. and its feeder fund, Special Situations International, Ltd. (collectively, the "Cayman Fund"), Special Situations Private Equity Fund, L.P. ("Private Equity Fund"), Special Situations Technology Fund, L.P. ("Tech Fund"), Special Situations Technology Fund II, L.P. ("Tech Fund II"), (together referred to as the "Tech Funds"), Special Situations Life Sciences Fund, L.P. ("Life Sciences Fund"), Life Sciences Innovation Fund, L.P. ("Innovation Fund"), and Life Sciences Innovation Fund II, L.P. ("Innovation Fund II") (together referred to as the "Innovation Funds"). Additionally, AWM serves as the general partner of MGP Advisers Limited Partnership ("MGP"), the general partner of SSFQP.

When making investment decisions on behalf of any one Fund we consider that Fund's unique investment objective. Two of the Funds, SSFQP and the Cayman Fund, seek to maximize capital appreciation through general analysis of equity and equity-related securities, while the Tech Funds focus primarily on publicly traded companies that provide products and services in the communications, information, and other technology-related fields. The Life Sciences Fund invests primarily in publicly traded equity of companies that provide products and services in health care, life sciences, and related fields. The Private Equity Fund invests primarily in privately negotiated and privately placed equity and equity-related securities of publicly traded companies which possess a technological, market or product niche. The Innovation Fund invests in various seed, early and developmental stage private companies in the assisted reproductive technology sector. The Innovation Fund II was formed as a follow-on Fund of the Innovation Fund to make follow-on investments in the portfolio companies of the Innovation Fund.

AWM also provides certain administrative duties to each of the Funds discussed above. As such, we provide the office space, facilities and personnel that are necessary to provide these administrative services required for the operation of the business and affairs of the Funds.

Principal Owners and Pertinent Personnel

The principal owners of AWM are David M. Greenhouse, President, and Adam Stettner, Executive Vice President. Austin W. Marx is a minority shareholder of AWM.

David M. Greenhouse was born in 1960 and has been a shareholder of AWM since 1992. Mr. Greenhouse served as the Executive Vice President from 1992 through June 30, 2022, when he was appointed and serves as President. Mr. Greenhouse has participated in the management of the investments of the Funds since 1992. He is a limited partner of MGP, the general partner of SSFQP and is also a member of each of the general partners of the above Funds. Mr. Greenhouse received his B.S. from the University of Virginia (1982) and his M.B.A. from the Wharton School of Business, University of Pennsylvania (1987).

Adam Stettner was born in 1964 and has been a shareholder of AWM since 2010. From December 31, 2013, through June 30, 2022, Mr. Stettner served as Vice President of AWM. Effective June 30, 2022, Mr. Stettner was appointed and serves as Executive Vice President. He is a limited partner of MGP and is also a member of each of the general partners of the above Funds. Mr. Stettner has served as portfolio manager for the Tech Funds since their inception, with the first Tech Fund's formation in 1997. Prior to managing the Tech Funds, Mr. Stettner was President of Stettner Consultants, Inc., a technology consulting company that he founded in 1989. He received his B.A. in Physics (1986) and his M.S. in Computer Graphics (1989) from Cornell University.

Austin W. Marx was born in 1940 and is a minority shareholder of AWM. Mr. Marx resigned as President of AWM effective June 30, 2022. Mr. Marx is a member of Life Sciences Innovation GP LLC, the general partner of the Innovation Funds and SSCayman L.L.C., the general partner of the Special Situations Cayman Fund, L.P. Mr. Marx received his B.A. from CUNY (1963).

Dr. David B. Sable, born in 1959, is a limited partner of MGP and is also a member of LS Advisers, LLC, the general partner of the Life Sciences Fund, L.P., and is the managing member of Life Sciences Innovation GP LLC, the general partner of the Innovation Funds. Dr. Sable has been the portfolio manager for the Life Sciences Fund since its formation in 2005, and for the Innovation Fund since its formation in 2018, and for the Innovation Fund II since its formation in 2021. Prior to serving as portfolio manager for these Funds, Dr. Sable served as the Director of the Division of Reproductive Endocrinology at Saint Barnabas Medical Center in Livingston, New Jersey (1999-2004). Dr. Sable also served as an Associate Director (1992-1998) at Saint Barnabas and has acted as Obstetrician and Gynecologist at Saint Barnabas (1992-2004), Saint Luke's Roosevelt Hospital Center, New York, NY (1998-1999), Brigham and Women's Hospital, Boston, MA (1990-1992) and New York Hospital, New York, NY (1989-1990). Dr. Sable received his B.S. from The Wharton School, University of Pennsylvania (1981) and his M.D. from the University of Pennsylvania (1986). Dr. Sable serves as a board observer and is on the scientific advisory board of TMRW Life Sciences, Inc. and is on the Board of Directors of

Hamilton Thorne, Ltd., and Celmatix, Inc., all companies owned by the Funds. , Dr. Sable joined the medical advisory board of Conceivable Life Sciences, Inc. in 2023 and the board of directors of AutoIVF Inc. in 2024.

Alexander Silverman, born in 1971, joined the firm in April 2000 as a senior member of the investment team. He currently is a member of MG Advisers, LLC, the general partner of the Private Equity Fund, and serves as the Private Equity Fund's portfolio manager. Effective January 2020, he is also a limited partner of MGP. From 1995 to 2000 he was with Value Line Asset Management, first as a small-cap analyst, then an associate portfolio manager (1997 to 1998) and finally as a portfolio manager overseeing \$1 billion in small-cap investments. Prior to that he served as an equity analyst at Value Line from 1993-1995, publishing research on 35 companies in various industries. Mr. Silverman earned his B.A. in Psychology from Kalamazoo College (1993) and his M.B.A. from New York University Stern School of Business (1999).

Ryan M. Nelson, CFA, born in 1975, joined the firm in April 2011 as a research analyst-generalist. Mr. Nelson is currently a limited partner of MGP and is a member of SST Advisers, LLC, the general partner of the Tech Funds. Mr. Nelson serves as an assistant portfolio manager of SSFQP. From 2008 to 2010 he worked as a small-cap analyst and assistant portfolio manager at a start-up hedge fund in Philadelphia. Prior to that he was a Principal and financial services analyst at Chartwell Investment Partners and a small cap generalist at Liberty Ridge Capital. Before earning his MBA, Mr. Nelson was a strategy consultant at Marakon Associates and a member of Capital One Financial's internal strategy team. He earned his B.A. in Economics from Northwestern University (1997) and his M.B.A. from the Wharton School, University of Pennsylvania (2005).

Marianne Kelly, born in 1979, is the Chief Administrative Officer for AWM. She joined the firm on April 3, 2000, as an Operations Specialist, serving in various capacities throughout the firm, including compliance. Ms. Kelly received her B.S. in Business Finance and Economics from The College of Staten Island (2012). and was designated an Investment Adviser Certified Compliance Professional® in March 2022.

David Reif, born in 1979, is the Chief Compliance Officer for AWM. He joined the firm on January 3, 2024. Mr. Reif has years of compliance experience supporting investment advisers, investment companies, and broker-dealers. Prior to joining AWM, Mr. Reif served as the Head of Portfolio Compliance (2019 – 2023) for Sterling Capital Management. Selected prior experience includes compliance positions at Brown Brothers Harriman, Lazard Asset Management, and Deutsche Asset Management. Mr. Reif earned his B.A. in Journalism and Psychology from Rutgers University (2001) and received his M.B.A. with a concentration in Finance from Fordham University's Gabelli School of Business (2015).

Item 5 Fees and Compensation

AWM receives a management fee from each of the Funds quarterly in arrears. AWM receives a fixed fee of 1.5% of the net managed assets per annum from SSFQP, the Cayman Fund, the Tech Funds, the Private Equity Fund, and the Life Sciences Fund. For the Innovation Funds, AWM

receives 2% per annum of the aggregate amount of capital contributions in respect of the investments that have not been the subject of a disposition as of the first day of a quarter. Any fees received by AWM, the Life Sciences Innovation GP, LLC (“LSIGP”) or an affiliate of the Innovation Funds related to portfolio investments in the Innovation Funds, will be used to offset those management fees on a dollar-for-dollar basis. Fees are not negotiable.

Morgan Stanley & Co. serves as custodian for SSFQP, the Cayman Fund, the Tech Funds, the Private Equity Fund and the Life Sciences Fund, and directly debits its fee based on those Funds’ assets. Each Fund is also responsible for its share of brokerage and transaction costs. More information regarding brokerage may be found under Item 12 of this brochure.

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

SSFQP, the Cayman Fund, the Tech Funds, the Private Equity Fund and the Life Sciences Fund entered into an Investment Management and Administration Agreement with AWM, under the general supervision of the general partner, delegating the rights and authority to exercise investment discretion over the assets of the Funds, in addition to certain administrative duties to be performed by AWM for the Funds. The Innovation Funds, its general partner, Life Sciences Innovation GP LLC (“LSIGP”), and AWM, entered into an Investment Management Agreement whereby AWM is delegated the authority to originate, analyze, and recommend investment opportunities. AWM has the power to structure, make, monitor, and dispose of investments and to provide such services as LSIGP may request.

The respective general partners of each of SSFQP, the Cayman Fund, the Tech Funds, the Private Equity Fund, and the Life Sciences Fund, receive a performance allocation that is equal to 20% of a limited partner’s book profit subject to a “high-water mark”. The high-water mark establishes a value which a Fund’s value must be above in order for the general partner to earn the performance allocation. If the Fund’s value falls below the high-water mark, there is a loss for the accounting period, and the performance allocation will not apply to future periods until the loss has been recovered. If a limited partner were to redeem a portion of his interest in a Fund at a time when he had an unrecovered book loss, the amount of his unrecovered book loss would be reduced in the same proportion as his capital account is reduced by his redemption.

Book profit is based on and includes unrealized appreciation of the Funds’ portfolio investments which may never be realized as portfolio investments are sold or liquidated. In addition, compensating a general partner on the basis of its Fund’s performance may create an incentive to invest in more risky or speculative investments than those in which it would invest if it were compensated in another manner. The general partners and AWM are subject to a fiduciary duty to the Funds and to the restrictions of the Investment Advisers Act of 1940 in evaluating the acquisition, retention, and disposition of the Funds’ investments. As a result of the general partners’ receipt of a performance allocation, the interest owned by a general partner in a respective Fund will increase disproportionately to any increase in the interest owned by the limited partners.

Performance allocations generally occur semi-annually and may occur more frequently upon the occurrence of certain events, such as capital contributions or redemptions. Compensation is not negotiable; however, the respective general partners have the right to reduce or waive the performance allocation chargeable to any limited partner's capital account.

For the Innovation Funds, net investment income or loss, net realized gain or loss, and unrealized gain or loss on investments are allocated to the partners pro rata in proportion to their respective capital contributions; however, the Limited Partners' allocation of income and losses is divided between the Limited Partners and LSIGP first, 100% to all partners until all partners have received an amount equal to their capital contributed and thereafter, 80% to the Limited Partners and 20% as "Carried Interest" to LSIGP.

The capital accounts reflect the Carried Interest, if any, to LSIGP as if the Innovation Funds had realized all assets and settled all liabilities at fair value reported in the financial statements and allocated all gains and losses and distributed the net assets to the partners at the reporting date consistent with the provisions of the Innovation Funds governing documents. The Carried Interest to LSIGP will remain provisional until final distribution of the Fund.

If LSIGP receives distributions of Carried Interests with respect to any Limited Partner and that Limited Partner did not receive cumulative distributions representing its aggregate capital contributions, then LSIGP will be required to return, from the Carried Interest distributions to the Limited Partner the shortfall between the amount distributed to the Limited Partner and the amount of its aggregate capital contributions (the "clawback"). The clawback is limited to the after-tax amount of Carried Interest previously distributed to LSIGP.

AWM does not serve as investment advisor to any clients other than those listed in item 7, and therefore does not engage in side-by-side management.

Item 7 Types of Clients

AWM provides investment management services to funds which are exempt from registration under the Investment Company Act of 1940 under sections 3(c)1 or 3(c)7 of the Act. A 3(c)1 fund requires an investor to be an "accredited investor" as defined under Regulation D and a "qualified client" as defined in the Investment Advisory Act of 1940, with a net worth of at least \$2.2 million, excluding the value of their primary residence. A 3(c)7 fund requires an investor to be a "qualified purchaser" within the meaning of Section 3(c)7 of the Investment Company Act of 1940, as amended. A qualified purchaser is generally defined as someone having at least \$5 million in investments. Further criteria to meet the definitions of accredited investor, qualified client and qualified purchaser may be found in the subscription documents for each of the Funds. The Fund names and minimum investment requirements are listed below:

Special Situations Fund III QP, L.P. is a 3(c)7 fund with a minimum initial investment requirement of \$100,000.

Special Situations Cayman Fund, L.P. is a 3(c)1 fund with a minimum initial investment requirement of \$100,000.

Special Situations Technology Fund II, L.P. is a 3(c)7 fund with a minimum initial investment requirement of \$100,000.

Special Situations Technology Fund, L.P. is a 3(c)1 fund with a minimum initial investment requirement of \$100,000.

Special Situations Life Sciences Fund, L.P. is a 3(c)1 fund with a minimum initial investment requirement of \$250,000.

Special Situations Private Equity Fund, L.P. is a 3(c)1 fund with a minimum initial investment requirement of \$100,000.

Life Sciences Innovation Fund, L.P. is a closed end 3(c)1 fund with a minimum commitment of \$100,000, which had its final closing on December 31, 2018.

Life Sciences Innovation Fund II, L.P. is a closed end 3(c)1 fund with a minimum commitment of \$100,000.

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

Methods of Analysis

In evaluating and monitoring investments for SSFQP, the Cayman Fund, the Tech Funds, the Private Equity Fund, and the Life Sciences Fund, we review information published or furnished by various companies and other entities, including prospectuses and offering memoranda, periodic and annual reports, reports on Forms 10-K and 10-Q, proxy statements and other filings under the Exchange Act, similar reports with respect to companies not publicly traded in the United States, and other analytical or descriptive evaluations of performance. In many instances, we communicate directly with management of the companies or other entities under evaluation or review. Many factors, such as the relationship of market value to book or current asset value, the testing results of new products, the history of introduction of successful products or services, and the strength of management and earnings performance, will be considered. In addition, general market performance, economic conditions, and political factors will be reviewed as part of this evaluation and monitoring process. There is no single factor that will be predominantly considered in choosing investments for the Funds. Although the Funds may acquire a significant position in a company or entity, they may be unable or unwilling to assert an influence on the management of such company or entity to assure the success of its investment.

Investment Strategies

AWM may use a variety of investment strategies and techniques involving equity or debt securities, including purchasing securities with borrowed money, selling securities short, and purchasing and writing listed put and call options. We may also enter into transactions designed to minimize the effect of currency fluctuations with respect to securities of foreign companies or securities that are not denominated in United States dollars.

AWM's Special Situation Funds maintain a flexible investment process focused primarily on finding value in equity securities and securities with equity features, of North American micro-cap companies. AWM's Special Situation Funds seek businesses with technological, market or product niches with underappreciated valuations providing a deep discount to intrinsic values. The Special Situation Funds typically have a significant exposure to the technology and life sciences sectors.

The Innovation Fund seeks investments in both U.S. and non-U.S. private companies that specialize in assisted reproductive technology. Dr. Sable, the Fund's portfolio manager, uses his extensive knowledge in this field that he acquired from more than a decade of service as a specialist in reproductive technology. He uses his expertise to locate various seed-stage, early-stage, and developmental stage companies in the assisted reproductive technology sector. The Innovation Funds invests in securities in such companies from secondary sources and in interests of special purpose vehicles and other entities whose portfolios are comprised of one or more companies consistent with the Innovation Funds investment focus.

There can be no assurance that the investment objectives of any of the Funds will be achieved. Below we discuss some of the risk factors faced when investing in the particular manner described above.

Summary of Risk Factors

An investment in a Fund is for investors who do not require current income and who can accept a high degree of risk in their investment. The discussion below is not intended to be an exhaustive list of all potential risks associated with investments, and potential investments, in a Fund. For a discussion of more risks related specifically to one of the Funds, please refer to that Fund's Limited Partnership Agreement, Private Placement Memorandum, and subscription documents. The risks discussed below relate to the investment strategies employed by AWM.

Risks Related to AWM Investment Strategies

ADR Risk

A Fund may invest in an American Depositary Receipt (ADR). ADRs are equity securities traded on U.S. exchanges that are generally issued by banks or trust companies to evidence ownership of foreign equity securities. In addition to the risks of domestic investments, ADRs may involve risks such as less regulatory oversight, less publicly available information, less stable government, auditing, and financial reporting standards.

Allocation of Management Time and Services

David M. Greenhouse and Adam C. Stettner are the principals of the general partners of each of the Funds and are principally responsible for the investment decisions of the Funds. As such, each of them is required to allocate their time, effort, and services among the Funds in a fair and equitable manner. Mr. Greenhouse and Mr. Stettner may encounter conflicts when allocating their time and services among the Funds, but each has agreed to devote as much time as they consider necessary to conducting the business and affairs of each the Funds.

Below Investment Grade and Unrated Debt Securities

The Funds' offering documents permit the investment in debt securities, including those rated below investment grade or unrated by Moody's Investors Service, Inc., Standard & Poor's Corporation or other recognized rating services. Below investment grade and unrated debt securities generally offer higher current yields than investment grade securities but involve greater volatility of price and risk of payment of principal and income, including the possibility of default by, or bankruptcy of, the issuers of the securities. In addition, the markets in which below investment grade and unrated securities are traded are more limited than those in which investment grade securities are traded. The existence of limited markets for any particular debt security in which a Fund invests may diminish the Fund's ability to sell such securities at fair value.

Capital Structure of an Issuer

Due to the differences in the nature of the Funds, it is possible that one or more of the Funds may own a different part of the capital structure of an issuer than the other Funds. In the event that such issuer was to undergo bankruptcy, each Fund's ability to recoup their investment may vary significantly.

Concentration Risk

The risk that a strategy's concentration in specific securities or sectors may produce greater risk of loss than a more diversified strategy.

Counterparty Risk

Counterparty risk is the probability that the other party in an investment, credit, or trading transaction may not fulfill its part of the deal and may default on the contractual obligations. This could cause the value of an investor's portfolio to decline or could delay the return or delivery of collateral or other assets to the investor.

Cybersecurity Risk

The General Partner, the Investment Adviser, their affiliates, any other funds and accounts managed by the Investment Adviser and their service providers' and portfolio companies' information and data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

Although the General Partner, the Investment Adviser and/or their affiliates have implemented, or expect to implement, measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner, the Investment Adviser, their affiliates, one or more funds and accounts managed by the Investment Adviser, their service providers and/or their portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in such parties' operations and/or a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputation of the General Partner, the Investment Adviser, their affiliates, the other

funds and accounts managed by the Investment Adviser and/or their portfolio companies, subject any such entity and their respective affiliates to legal claims and/or otherwise affect their business and financial performance. Specifically, cyberattacks and the failure of such systems may interfere with the processing of Limited Partner subscriptions or withdrawals, impact the Fund's ability to value its assets, cause the release of confidential information and/or subject the Fund to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Fund also may incur substantial costs for cybersecurity risk management to prevent any cyber incidents in the future. The Fund and the Limited Partners could be negatively impacted as a result.

Dependence on the General Partner and Key Personnel

The principals of each of the General Partners of each of the Funds are described above. The loss of any one of these individuals could have a significant adverse impact on the business of any or all of the Funds. There can be no assurance that these individuals will remain in the employ of the General Partner or affiliated entity of any of the Funds or otherwise continue to be able to carry out their duties with respect to each Fund.

Equity Securities Risk

A Fund may invest in equity securities. The financial condition of an issuer may become impaired, and the common stock price may decline. Common stocks are susceptible to stock market fluctuations and more volatility in returns than other asset classes.

Initial Public Offerings Risk

A Fund may participate in an Initial Public Offering ("IPO"). IPOs can be speculative investments and may entail significant market volatility. In addition, there may be limited information available about the company.

Leverage

Subject to each Fund's limitation, the Funds may borrow money to purchase securities. Borrowing money to purchase securities provides greater opportunity for diversification and capital gain but, at the same time, increases current expenses and exposure to capital risk. To the extent that securities are purchased with borrowed funds, Partners that are exempt from United States income taxation may be subject to tax on "unrelated business taxable income" as defined by the Internal Revenue Service.

Market Volatility

Domestic as well as foreign economic conditions may adversely affect investment activities. Interest rates, general levels of economic activity, and participation by other investors in the financial markets will affect the value of investments made or held by the Funds. Increased market volatility increases the risk of loss in securities investments as compared to the risk of loss during more stable market conditions.

Micro-Capitalization & Small-Capitalization Companies Risk

A Fund may invest in securities of micro-capitalization and small-capitalization companies. Common stock prices of small and micro-capitalization companies are more volatile than those of larger companies. The stocks may trade in lower volumes and may have increased liquidity

risk. In addition, there may be less reliable publicly available information for micro-cap companies than larger companies.

Non-United States Securities

Subject to each Fund's specific limitations, investments are made in securities of foreign issuers listed on foreign securities exchanges or traded in foreign markets. This type of investing presents its own set of considerations. For example, investing in foreign securities traded outside the U.S. subjects the Funds to fluctuations in currency exchange rates and revaluations of currencies. In addition, foreign companies may have less information available, may not be subject to the same uniform accounting, auditing and financial reporting standards or other regulatory practices and requirements, and may not have as much liquidity as United States securities and their markets. Investing in foreign securities may result in higher expenses because of the cost of converting foreign currencies to United States dollars, expenses relating to foreign custody, the payment of fixed brokerage commissions on foreign exchanges, which generally are higher than commissions on United States exchanges, and the imposition of transfer taxes or transaction charges associated with foreign exchanges. In addition, investments in foreign securities may be subject to local economic or political risks, including instability of some foreign governments, the possibility of currency blockage, the imposition of withholding taxes on dividend or interest payments, and the potential for expropriation, nationalization or confiscatory taxation and limitations on the use or removal of funds or other assets.

Possible Illiquidity of Portfolio Investments; Investments in Restricted Securities

A significant portion of the Funds' investments are in small and micro capitalization companies whose securities are not actively traded. A Fund may own a relatively large percentage of the outstanding securities. Due to a less active trading market, it may be difficult to sell at the time and the price that would normally prevail in the market as market prices for such investments tend to be volatile.

A Fund may also invest in securities that are subject to sales restrictions because they were acquired in private transactions or because a Fund is deemed to be an affiliate of the issuer. Generally, unless exempt from registration, these restricted securities bear a legend stipulating it cannot be sold publicly in the United States without the expense and time required to register the securities under the Securities Act, unless such sale is exempt from registration under the applicable provisions of the Securities Act. These market, legal, and/or contractual limitations result in the relative illiquidity of the restricted investments, which may prevent or delay their sale, impose volume limitations on the number of shares that are permitted to be sold or reduce the amount of proceeds that might otherwise be realized from their sale. Also, if restricted securities are sold to the public, a Fund may be deemed an "underwriter" or a "controlling person" with respect to the restricted securities and may be subject to liability under the Securities Act.

All sales require delivery of the securities sold to the purchaser by settlement date. When a sale is effected in a restricted security that has been registered or is otherwise legally allowed to be sold, it is submitted to the transfer agent in order to have the legend removed. Having a legend removed from a certificate may be time consuming and shares may then be borrowed to make delivery to the purchaser on settlement date. The time between settlement date and the receipt of

the certificates with the legend removed may pose risks to the Funds similar to that posed by short sales. Please see the discussion on short sales below.

A Fund may make venture capital investments in private, illiquid securities of companies in their early stages of development. These companies may take a significant amount of time, if ever, to realize their potential and reach a point to be sold or otherwise disposed of at an attractive price. An investment in a private company may never reach fruition or have an exit strategy such as being acquired or having a public offering.

Short Sale

A short sale involves the sale of a publicly traded security that is not owned in the expectation of purchasing the same security (or a security exchangeable for the same security) at a later date at a lower price. To make delivery to the buyer, one must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the short seller. When a fund makes a short sale in the United States, it must leave the proceeds from the sale with the broker, and it also must deposit with the broker an amount of cash or U.S. government securities or other securities sufficient under current margin regulations to collateralize the obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions are governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security and the possibility of incurring a substantial loss in covering the short sale. In addition, short sellers are subject to the risk of a “short squeeze.” A short squeeze is a situation in which the short seller is prematurely forced out of a short position. The lender of a security used to cover a short generally has the right to demand the return of the stock that has been loaned at any time. In such event, the fund would be required to replace the borrowed securities by borrowing the securities from another lender. It generally is more difficult to find securities that can be borrowed in the case of micro-cap and small-cap issuers. If the fund is unable to replace the borrowed securities, it would be required to close out the short sale by buying the security in the market in order to make delivery. In such event, the fund could incur a significant loss if the security sold short had increased in value. In addition, the fund also could be forced to close out a short sale prematurely as a result of an increase in margin requirements, coupled with an inability to provide the required additional margin on short notice.

Special Situations and Venture Capital Investments

Special situations investments can offer the opportunity for significant capital gains; however, such investments involve a high degree of business and financial risk that can result in substantial losses. The Funds may invest in companies whose capitalizations are limited and in companies operating at losses or with substantial variations in operating results from period to period. These companies may have significant capital needs to support their expansion. They may also face intense competition from similar companies that have greater financial support and resources for research, marketing and attracting qualified managerial and technical personnel. Investments may be made in companies which are in the process of, or have recently undergone, reorganization after bankruptcy. Investment may be made in rapidly changing high-technology fields that may be particularly susceptible to the risks of product obsolescence.

There may be difficulty in locating appropriate investments for a particular Fund's strategy. Identifying and structuring certain deals such as Private Investments in Public Entities (PIPEs) or finding early-stage companies specifically suited for a particular Fund's strategy may prove to be time-consuming and highly competitive. There can be no assurance that specific types of investments can be found or that a certain Fund would be able to invest. Also, an investment may not be significantly large enough in a company, limiting a Fund's ability to appoint a director or to otherwise have influence on the company.

Time Required to Invest and for Maturity of Investments

There can be no assurance as to when cash contributions of investors in the Funds will be fully invested in portfolio securities, although the Funds do not anticipate incurring any significant delays in investing any contributions. In addition, there is no way to predict whether there will be sufficiently attractive investments available to the Funds at any given time so that they may be fully invested in accordance with their investment objectives. The overall rate of return of a Fund is affected by the length of time and the percentage of its assets that remain in lower-yielding short-term investments while waiting for opportunities to invest in appropriate portfolio securities. Once an investment is made in a special situation investment or a beginning stage private company, it may take several years before the investment has matured to a point considered appropriate for its disposition. Should a Fund for any reason, including the semi-annual redemption of interest for certain Funds, be required to dispose of its investments, it might receive a substantially lower return on its investment than may have been expected at the time of the purchase of the security. There is no way to predict how long a Fund will hold any of its portfolio investments, and, in any event, no assurance can be given that any of the Fund's portfolio investments will generate gains.

Item 9 Disciplinary Information

There have been no legal or disciplinary events involving AWM, its principals or supervised persons that would affect an investor or prospective investor's evaluation of our advisory business or the integrity of our management or personnel.

Item 10 Other Financial Industry Activities and Affiliations

Other Financial Industry Activities and Affiliations

David Greenhouse and Adam Stettner, the principals of AWM, are also affiliates of the general partners of the various Funds. Austin Marx is a minority shareholder of AWM and an affiliate of SSCayman L.L.C. and Life Sciences Innovation GP LLC.

MGP Advisers Limited Partnership serves as general partner of SSFQP.

SST Advisers, L.L.C. serves as general partner of the Tech Funds.

LS Advisers, L.L.C. serves as general partner of the Life Sciences Fund.

MG Advisers, L.L.C. serves as general partner of the Private Equity Fund.

SSCayman, L.L.C. serves as general partner of the Cayman Fund.

Life Sciences Innovation GP LLC serves as the general partner of the Innovation Funds.

Affiliations and Conflicts of Interest

Each Fund will encounter competition for investment opportunities from other individuals or entities, including each other. Such competition may limit the investment opportunities available to a Fund and/or the size of a Fund's investment in a particular security. While we are obligated to provide each Fund with a continuing and suitable investment program consistent with its investment objective and policies, we are not required to present to each Fund any particular investment opportunity which has come to our attention, even if the opportunity is within the investment objective and policies of a particular Fund. Any one Fund will invest in certain companies in which one or more of the other Funds have invested or may in the future invest, and each Fund may co-invest with one or more of the other Funds. Because of different objectives or other factors, a particular special situation investment may be acquired by one Fund at a time when another fund is selling such investment. Conflicts with respect to investment opportunities will be resolved in a manner equitable to the interests of all the Funds. Due to its different strategy, the Innovation Fund will not encounter the same competition for investments as the other Funds. The Innovation Funds seek to invest in beginning stage private companies in the assisted reproductive technology sector. While the other Funds are not prohibited from like investments, their strategy is to seek investments primarily in public companies in accordance with the objectives outlined in their respective limited partnership agreements.

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

Our Code of Ethics specifies and prohibits certain types of transactions deemed to create actual conflicts of interest, the potential for conflicts, or the appearance of conflicts, and to establish reporting requirements and enforcement procedures. The fundamental requirement is that all personnel place the interests of our clients above their own. Personal transactions of our personnel must avoid any actual or potential conflicts of interest and all activities of our personnel must never cause them profit by taking advantage of their position within the Firm. All personnel must report any violation of the Code of Ethics to the Chief Compliance Officer ("CCO") and comply with all Federal Securities Laws. We will provide a copy of our Code of Ethics to any investor or prospective investor upon request.

Our Insider Trading Policy governs the policies and procedures with respect to purchases and sales of securities by our personnel. Occasionally, management or employees may buy or sell for themselves securities that they also recommend to the Funds. However, before any personal transactions are effected in securities that are recommended to the Funds, all personnel must obtain consent from management or our CCO. Pre-approval is required to trade in all positions currently owned by the Funds and for securities meeting the criteria of a potential investment for one or more of the Funds, as defined in our Code of Ethics. Permission to purchase or sell securities will only be given if we are not in possession of "material non-public information", and all facts and potential conflicts are considered and determined not to require any restriction on trading.

Principal Transactions, Cross and Agency Cross Transactions

The Funds may, from time to time, purchase a security from, sell a security, or otherwise engage in cross trades with, another Special Situations Fund or enter into other transactions and arrangements with its affiliates that may be viewed as related-party or principal transactions. No cross trade, principal transaction or other transaction described in this paragraph will be entered into unless it complies with applicable law.

A "cross transaction" occurs when AWM arranges a transaction between two or more different Funds that are both managed by AWM. AWM may conduct cross trades that are executed through external brokers, are compliant with applicable laws and our policies, and are fair and equitable to both parties. AWM, or any affiliated persons, will not receive commissions or other remuneration from cross transactions.

Item 12 Brokerage Practices

Broker-Dealer Selection

AWM is responsible for the execution of portfolio transactions and the choice of broker-dealers to be used by the Funds. In selecting brokers or dealers to execute portfolio transactions, we seek the best qualitative terms available. We consider such factors as, the breadth of the market in the security, the price of the security, the reliability, financial condition and execution capability of the broker or dealer, the size of and the complexity in executing the transaction, and the reasonableness of the commission for the specific transaction. We may utilize a broker-dealer that employs a person related to personnel of our firm or an investor in one of the Funds. These relationships are not, and will not be, a factor in determining which broker-dealer to use, and these relationships do not affect the commission rates paid by the Funds.

We are authorized to cause the Funds, or any future clients, to pay to a broker or dealer that provides brokerage and research services a higher commission than another broker or dealer would have charged for effecting the same transaction. We will determine in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided. Certain of the services and information received by us that can be attributed to a transaction executed on behalf of one Fund may benefit other Funds or accounts over which we have or will have investment discretion in the future.

We are under no obligation to deal with any broker or group of brokers to execute transactions on behalf of the Funds. We have discretionary authority over the investments in the Funds and recognize that we must allocate securities among the Funds in a fair and equitable manner, depending on the facts and circumstances of each situation.

Trade Aggregation and Allocation

AWM makes investments on behalf of the Funds in accordance with the Funds' stated investment objectives. When purchases of securities are made with respect to one Fund, the purchase is allocated solely to the account of that Fund. When purchases are made in an aggregate for more than one Fund, we, when allocating securities, will consider the Funds' stated

investment objectives, liquidity, other holdings of such securities, overall portfolio, as well as possible other factors that are deemed relevant.

When purchases are made in an aggregate for more than one Fund, we generally, but do not always, “bunch” orders of securities placed with the same broker on the same day to obtain the most efficient and cost-effective execution. When orders are “bunched”, the prices of all securities purchased or sold on that day through a broker as part of a particular order are averaged. Every Fund participating in that order pays or receives the same price for all shares purchased or sold as part of that order. While “bunching” and average pricing may result in a different cost for a particular trade for one Fund that might otherwise be obtained, we believe that “bunching” and average pricing results in more efficient and equitable final prices for all accounts than if orders were not “bunched” and average priced.

Initial Public Offerings

Each of the Funds may invest in securities offered in an Initial Public Offerings (IPOs) or Private Investments in Public Equity (PIPEs). The allocation of such securities among the Funds is done in a fair and equitable manner, depending on the facts and circumstances of each situation and, with respect to IPOs; in compliance with FINRA rules 5130 and 5131. Accounts of “restricted persons” as defined under FINRA Rule 5130 are prohibited from participating in IPO Shares, except as permitted by the rule (a “5130 restricted person”). FINRA Rule 5131 imposes additional restrictions on the purchase of IPO Shares, which are designed to prohibit a FINRA member from allocating IPO Shares to any account in which an executive officer or director of a “public company” or a “covered non-public company” (each as defined in Rule 5131), or certain other persons, has a beneficial interest, if such person’s company has or expects to have an investment banking relationship with the FINRA member (each, a “5131 restricted person” and together with a “5130 restricted person, a “restricted person”).

Item 13 Review of Accounts

The Funds’ investments and investment opportunities are reviewed and monitored by David Greenhouse, President and Adam Stettner, Executive Vice President of AWM. Portfolio Managers and analysts also continuously review and monitor the investments and opportunities for investments in the Funds.

Investors in SSFQP, the Cayman Fund, the Tech Funds, the Private Equity Fund and the Life Sciences Fund are provided quarterly financial statements which contain the fund’s Statement of Financial Condition, Portfolio of Investments, Statement of Operations and Statement of Changes in Partners’ Capital in accordance with U. S. GAAP. Investors in the Innovation Funds are provided audited financial statements annually. Each of the investors in the Funds are provided a quarterly letter updating them on their Fund(s)’ status. Investors may also obtain estimated valuations and historical information with respect to their account on a monthly basis from the firm’s investor portal. This investor portal is not for public use and is only accessible by existing investors and their authorized third parties.

Item 14 Client Referrals and Other Compensation

Each of the general partners of SSFQP, the Cayman Fund, the Tech Funds, the Private Equity Fund, and the Life Sciences Fund have entered into agreements with referring parties through which the referring party receives compensation from the general partner for the referral of qualified persons who made an investment in the respective Fund for which it serves as general partner. The fee, payable semi-annually or annually, is calculated as a percentage of the general partner's performance allocation, if any, of the prior fiscal period with respect to the partnership interest owned by an investor referred by the referring party. In some instances, the referring party may receive a percentage of the investment management fee payable to AWM, calculated with respect to the partnership interest held by the referred investor, payable semi-annually or annually.

Item 15 Custody

The majority of the Funds' assets, which include securities and cash, excluding those of the Innovation Fund, are held at Morgan Stanley & Co. ("Morgan"), a qualified custodian. Cash and cash equivalents for all the Funds are also held at First Republic Bank ("FRB"), a qualified custodian. AWM reconciles Morgan's and FRB's account statements monthly and sends quarterly Fund financial statements, excluding the Innovation Funds, to all the investors. An offshore custodian may be utilized for foreign assets when it is deemed it necessary or appropriate to facilitate the Funds' operations. SS&C Technologies, Inc. ("SS&C") serves as a third-party administrator to SSFQP, the Cayman Fund, the Technology Funds, the Private Equity Fund and the Life Sciences Fund. As the official holder of the books and records, SS&C's responsibilities include: independently performing portfolio and fund accounting, calculating the net asset value of the Fund on a semi-annual basis in connection with the Fund's openings, providing semi-annual account statements directly to investors in the Fund, processing investor redemptions and subscriptions, and being responsible for all Anti-Money Laundering procedures. AWM performs such administrative duties for the Innovation Funds. All the Funds are audited by an independent public accounting firm that is registered with the PCAOB and we distribute the audited financial statements to each investor within 120 days after our fiscal year end.

Item 16 Investment Discretion

AWM has investment discretion over the investments in the Funds, subject to the restrictions outlined in each Fund's Limited Partnership Agreement.

Item 17 Voting Client Securities

AWM's Proxy Voting Policies and Procedures are designed to ensure that its proxy voting activities on behalf of the Funds are conducted in the best interest of the Funds. For most matters, however, it is our policy not to vote when we believe the outcome is not in doubt in order to avoid the unnecessary expenditure of time and the cost to review the proxy materials in

detail and carry out the vote. We believe that the Funds are best served by devoting our time to investment activities on their behalf.

While the decision whether or not to vote a proxy must be made on a case-by-case basis, we generally do not vote a proxy if we believe the proposal is not averse to the best interests of the Funds or if adverse, the outcome of the vote is not in doubt. In the situations where we do vote a proxy, we vote within general guidelines outlined within our policy. In many cases the issues are so fact sensitive that no general voting policy can be established.

We will provide investors with a copy of our Proxy Voting Policies and Procedures upon written request. Information regarding how a Fund's proxies were voted may also be obtained by an investor upon their written request.

Item 18 Financial Information

The financial information disclosures required under this item are only applicable if the advisor requires prepayment of more than \$1,200 in fees per client, six months or more in advance. We do not require prepayment of any fees.