

PART 2A OF FORM ADV

FIRM BROCHURE

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This Brochure (the “Brochure”) provides information about the qualifications and business practices of Opaleye Management Inc. (hereinafter “Opaleye”, “firm” “we”, “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (617) 229-5085 or jim@opaleyemgt.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Opaleye Management Inc. is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.

BROCHURE DISCLOSURE

In no event should this disclosure Brochure be considered an offer of interest in any of Opaleye’s private fund client(s) or relied on in determining whether to invest in any private fund client. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed solely to provide information about Opaleye for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided to potential investors in Offering Documents (as hereinafter defined). To the extent that there is any conflict between any discussion in this Brochure and the Offering Documents provided to investors, the Offering Documents provided to such investors shall govern.

Item 2. Summary of Material Changes

Since our last annual amendment on March 27, 2023, there have been no material changes to this brochure.

This Item discusses only the material change since the last annual update of the Brochure. Other amendments have been made to the Brochure that are not discussed in the summary. As there have been other changes to this brochure, we encourage you to read the Brochure in its entirety.

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Item 4. Advisory Business

Firm Description and History

Opaleye Management Inc. is a Massachusetts corporation formerly named Risk/Reward Capital Management Corporation formed in 1996. Risk/Reward Capital Management Corporation changed the name to Opaleye Management Inc. in 2014. James Silverman is the sole owner.

Business Summary

Opaleye provides discretionary investment management services to Opaleye, L.P., a Delaware limited partnership (hereafter the “Fund”). Opaleye GP LLC, a Delaware limited liability company, is the general partner (the “General Partner”) to the Fund. Opaleye is related to the Fund’s General Partner by virtue of common ownership and control.

Opaleye manages the Fund on a discretionary basis in accordance with the terms and conditions of the Fund’s confidential private placement memorandum and its limited partnership agreement (collectively, the “Offering Documents”). We do not tailor the Fund’s management to the particular needs of any investor in the Fund.

The Fund generally invests in equity securities of U.S. and foreign small and mid-cap biotechnology and specialty pharmaceutical and device companies, which may include private companies. Typically, these companies are developing therapies and treatments intended for humans.

Interests in the Fund are offered in reliance upon various exemptions available under the securities laws for transactions in securities not involving a public offering.

Investors in the Fund should be aware of additional risks, restrictions on withdrawals and redemptions, and other important information associated with an investment in the Fund. This information is outlined in the Fund’s Offering Documents. Accordingly, prospective investors should refer to the Offering Documents for information regarding these important additional considerations and risks.

In addition, Opaleye also serves as a portfolio manager and provides discretionary investment management services for a separately managed account (the “Managed Account”). The Managed Account is a parallel managed account that pursues a similar investment objective and strategy and invests side-by-side in most of the same positions as the Fund. We managed the Managed Account as outlined in the management account agreement between Opaleye and the Managed Account client. We do not tailor the Managed Account’s management to the particular needs of the Managed Account client.

Client Assets Under Management

Discretionary assets under our firm’s management were approximately 432,500,000 as of December 31, 2023. We do not currently manage any non-discretionary assets.

Item 5. Fees and Compensation

Fee Structure

We charge a monthly management fee equal to one-twelfth (1/12) of two percent of the net asset value of the Fund and the Managed Account at the opening of business on the first day of each month, and a special allocation equal to 10% of the first 20% of net realized and unrealized profits and thereafter 20% of net realized and unrealized profits of each limited partner and the Managed Account, calculated on an annual basis and subject to the previous high water mark. "Previous high water mark," as of any date, shall mean the value of a Limited Partner's Capital Accounts or the Managed Account immediately following the time at which the most recent special allocation prior to such date became payable, net of such special allocation.

For the Fund, we will directly debit the Fund's custodial account for our management fee. Fees are debited monthly in advance at the beginning of each calendar month, based on the account value on the first day of that calendar month.

Fees for the Managed Account are paid in accordance with the managed account agreement between Opaleye and the Managed Account. Opaleye bills the management fee monthly in advance at the beginning of each calendar month, based on the account value on the first day of that calendar month. Opaleye sends a monthly invoice to be paid by wire.

Additionally, certain Opaleye employees can invest in the funds, and Opaleye usually waives management fees and any special allocations with respect to such investments.

Fees in General

Opaleye and/or the General Partner may negotiate its fee and elect to waive or reduce the management fee in whole or in part for any limited partner or the Managed Account.

Account Termination

An investor may not make withdrawals during the one year after the investor's initial investment in the Fund. After that, an investor may withdraw all or any part of the investment amount from the Fund at the end of any quarter on 30 days prior written notice. The 30-day notice may be waived in Opaleye's sole discretion. Opaleye may also process withdrawals at the beginning of any month at its discretion. Since we do not allow or process withdrawals in the middle of a billing period, no prepaid fee will be incurred when the investor withdraws.

Investors should refer to the Fund's Offering Documents for a detailed account of termination and withdrawal provisions.

For the Managed Account, If the Managed Account client wants to terminate the management account agreement, they must do so in writing. Any excess prepaid fees incurred upon termination will be mutually agreed upon and reimbursed to the Managed Account.

Other Fees and Expenses

Opaleye's fees exclude brokerage commissions, transaction fees, markups and markdowns, and other related costs and expenses, which are borne by the Fund and the Managed Account client. In addition, the Fund and the Managed Account client may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, transfer taxes, wire transfer and electronic fund fees, and additional fees and taxes on accounts and securities transactions. Please see *Item 12 – Brokerage Practices* of this Brochure for important disclosures regarding our brokerage practices.

Side Letters

Opaleye or the General Partner may in the future, waive or modify the terms of investment for certain large or strategic investors, in side letters or otherwise, in its sole discretion, including but not necessarily limited to, a waiver or lowering of Management Fees, a waiver or lowering of the special allocation, preferential redemption rights, "Key Man" event provisions, "Most Favored Nation" status and/or increased transparency or reporting.

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

As disclosed in *Item 5 – Fees and Compensation*, Opaleye has entered into the agreement with the Fund with respect to the payment of a portion of the appreciation in the value of investors' investments, performance-based fees, or allocations. While we have the right to waive special allocations and fees for particular investors in the Fund, we manage the Fund's assets as an undivided pool, so we do not believe any such waiver would give rise to incentives to favor any particular account over another.

Opaleye is always committed to acting in the best interests of Clients. However, the potential to receive special allocations, and the fact that we will not have to refund any such allocations or fees if the Fund later experience losses may create an incentive for us to make investments that are riskier or more speculative than would otherwise be the case.

Opaleye currently does not engage in side-by-side management situations.

Item 7. Types of Clients

Opaleye currently provides portfolio management services exclusively to pooled investment vehicles and the Managed Account, which is a parallel managed account. Pooled investment vehicles are available only to investors who satisfy certain suitability standards. There is a \$1,000,000 minimum investment amount requirement to invest in the fund, however, Opaleye may accept less at our discretion.

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

Overview

We employ a research process that involves analyzing company fundamentals, such as their products, quality of management, likely catalysts, and potential competition.

Opaleye's strategy for managing the Fund and the Managed Account is to invest in equity securities of

biotechnology, specialty pharmaceutical and medical device companies, both long and short. In pursuing this strategy, the Fund and the Managed Account will focus its long investments in equity securities of companies that may not be profitable yet but whose share price may grow significantly in the near term or longer period based on their progress and financial objectives. The Fund and the Managed Account will also seek to actively invest in stock and derivative transactions to profit from “binary” events, such as clinical data milestones or a U.S. Food and Drug Administration (“FDA”) regulatory decision. Conversely, the Fund and the Managed Account will seek opportunities to short securities with extended valuations relative to the marketplace.

Liquidity

We intend to invest most of the Fund and the Managed Account’s capital in generally liquid positions, as most investments will be made in public equity securities. However, some positions may be illiquid because the shares may be thinly traded or because they are shares in privately held companies.

The sale of such illiquid investments may not be possible or only at substantial discounts. Further, such investments may be difficult to value with certainty.

Long-term purchases

We purchase securities to hold them in the client’s account for a year or longer. We may do this because the securities are currently undervalued.

Short-term purchases

We may also purchase securities to sell them within a relatively short time, typically a year or less. We do this to take advantage of conditions we believe will soon result in a price swing in the securities we purchase.

Trading

We purchase securities with the idea of selling them very quickly, typically within 30 days or less, in an attempt to take advantage of our predictions of brief price swings.

Risks

Investing in securities involves the risk of loss that Clients should be prepared to bear. The following summary is not meant to be a complete description of risks. The Fund’s Offering Documents include additional disclosure regarding risks that investors should consider. To the extent that there is any conflict between any discussion in this Brochure and the offering memorandums provided to investors, the memorandums provided to such investors will govern.

- **Business Risk:** These risks are associated with a particular industry or company within an industry. For example, drug development companies, in general, may depend on developing new drug candidates, conducting clinical trials to test efficacy and safety, and undergoing regulatory reviews, all lengthy and expensive processes, before they can generate revenues. As a result, they may carry a higher risk of volatility than an established medical company, which

already generates revenue and profit. Within the life science, healthcare, and medical device industries, product development is generally costly and time-consuming. Many highly promising products ultimately fail to prove safe and effective. In addition, products under development and pre-clinical testing usually require extensive clinical testing before application for commercial use. As a result, there can be no assurance that the research or product development efforts of companies or those of their collaborative partners will be successful, that specific products can be manufactured in adequate quantities at an acceptable cost and with appropriate quality, or that such products can be successfully marketed or achieve customer acceptance.

- Counterparty and Broker Credit Risk: Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions. There may be a risk of loss of assets on a deposit with or in the custody of a bank or broker in the event of their bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions or the insolvency of an exchange clearinghouse.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country, also referred to as exchange rate risk.
- Accurate Information Risk: The Fund selects investments, in part, based on information and data filed by issuers with various government regulators or made directly available to the Fund by the issuers or through sources other than the issuers. Although the Fund evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Fund is not in a position to confirm the completeness, genuineness, or accuracy of such information and data. In some cases, complete and accurate information is not available.
- Financial Risk: Borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Foreign Market Risk: The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to more significant influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than it is in the United States. In addition, the limited liquidity of some foreign markets may affect our ability to acquire or dispose of securities at a price and time it believes is advisable. Further, many foreign governments are less stable than the United States. As a result, there can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.
- Inflation Risk: When inflation is present, a dollar today will not buy as much as a dollar, in the near future because purchasing power is eroding at the inflation rate.

- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Liquidity Risk: Liquidity is the ability to convert an investment into cash readily. Generally, assets are more liquid if the specific asset is well known. For example, Treasury Bills are considered highly liquid, while real estate properties are not.
- Margin Risk: Borrowing from brokerage firms and other financial institutions is commonly known as margin. Borrowed funds are invested in additional securities. Gains made with additional funds borrowed will generally cause the value of a portfolio to rise faster than would be the case without borrowing. Conversely, if investment results fail to cover the cost of borrowing, the value of a portfolio could decrease more quickly than if there had been no borrowing. In connection with borrowing, the borrower may be required to reduce its borrowing on a timely basis if the value of assets falls below the coverage requirement of the margin limitations. If there is such a required reduction of borrowing, the borrower could be required to liquidate securities positions when it might not be desirable.
- Market Risk: The price of any security, including bonds or mutual funds may drop in reaction to external factors, such as tangible and intangible events and conditions. independent of a security's particular underlying circumstances or fundamentals. For example, political, economic, and social conditions may trigger market events.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Personnel Risk: Opaleye is heavily dependent on the activities, judgment and availability of James Silverman. Opaleye has contingency plans in the event of Mr. Silverman's short-term absence, but in the event of his death or disability, Opaleye will begin an orderly wind down of its operations, including assisting its private fund clients in winding down their operations. During that time, however, we may be unable to furnish investment advice to clients.
- Short Selling Risk: Selling securities short risks losing an amount more significant than the proceeds received. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the position is closed. In addition, the supply of securities that can be borrowed fluctuates And may increase the "borrow rate."
Opaleye may be compelled to realize losses if a security lender demands the return of the loaned securities, an alternative lending source cannot be found, or if Opaleye is otherwise unable to borrow securities necessary to cover its positions. Although Opaleye may utilize short selling as a hedging technique, short selling may also be used for speculative purposes.
- Options: By purchasing options or warrants ("options"), the buyer is exposed to the risk that the option purchased may expire worthless and suffer a total loss of their investment, which will consist of the option premium plus any transaction costs. Selling options generally entails considerably greater risk than purchasing options as the seller may sustain losses well in excess of the fixed premium received. If the market or the underlying interest moves unfavorably, the

seller may need to contribute additional margin to maintain the position. Additionally, if the purchaser exercises the option, the seller will be obligated to settle the option in cash or acquire or deliver the underlying interest. If, however, the position is “covered” by the seller by holding a corresponding position in the underlying interest, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

- **Trade Errors and Conflicts of Interest:** Opaleye’s policy is that all trade errors be reported by investment personnel to the Compliance Officer and that clients will not bear any losses from trade errors, and gains from trade errors will accrue to clients. Investors should note, however, that, with respect to errors resulting in losses, there is an inherent conflict of interest for trading personnel not to report errors. Opaleye seeks to overcome this conflict through a combination of training of staff as to Opaleye’s expectations, a firm policy that trade errors will not adversely affect the reporting employee and potential disciplinary efforts may occur if it is determined that an Opaleye employee willfully failed to properly report any trade errors as required by Opaleye’s policies and procedures.
- **Government Intervention and Regulation:** Governments have at times intervened in the markets by (i) supporting certain companies in financial distress, (ii) restricting short selling and (iii) engaging in measures designed to stimulate the economy or to temper inflation. Such interventions are difficult to predict, and their consequences for individual issuers and the markets generally are also uncertain. As a result, Opaleye cannot predict what further interventions may occur or their impact. In addition, the private fund industry is becoming more heavily regulated. While Opaleye does not anticipate that such regulation will negatively impact its strategy, it cannot predict with certainty what impact it may ultimately have on Opaleye.
- **Cybersecurity Risks:** Opaleye and its service providers are subject to risks associated with breaches in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose Opaleye, the General Partner and/or Opaleye to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, potential need for increased and upgraded cybersecurity measures, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action.

While Opaleye has established a business continuity plan and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, Opaleye or the General Partner cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to Opaleye and/or the issuers in which Opaleye invests.

- Conflict in Ukraine: Russia launched a large-scale invasion of Ukraine in 2022, and, in response, the United States and other governments have imposed economic sanctions on certain Russian individuals, including Russian government officials and other government-linked individuals, and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures. Such governments could institute broader sanctions or impose other economic and political measures on Russia, which could result in the immediate freeze of Russian securities and/or funds invested in prohibited assets and/or other consequences. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia, and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy and the markets for specific securities and commodities, such as oil and natural gas, as well as other sectors. Such effects and impacts could have a material adverse effect on the Fund and its investments.

Fund investors and the Managed Account client should understand that investing in any securities involves a risk of loss of income and principal that they should be prepared to bear. Investors should refer to the Fund's Offering Documents for a more detailed description of the risks associated with the Fund's strategies.

Item 9. Disciplinary Information

Prior to registration with the SEC on October 29, 2013, an administrative complaint was brought on March 9, 2011 against James A. Silverman, Risk Reward Capital Management Corp., RRC Management, LLC and RRC Bio Fund, LP. ("Respondents") by the enforcement section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth ("Division"). These entities are now known as Opaleye Management Inc., Opaleye G.P., LLC, and Opaleye, L.P.

On September 24, 2014, the parties entered into a Consent Order ("Order") wherein they agreed to settle the matter. Respondents neither admitted nor denied the allegations contained in the original complaint. In the Order the Division alleged a lack of procedures regarding the possibility of material non-public information being disclosed when using "expert networks" and non-compliance concerning certain maintenance of books and records. The Order required respondents to comply with 203(a) and 203A of the Act or Regulations, that Respondents verify by executing the offer that between October 29, 2011, and Respondents' October 29, 2013 registration with the SEC that respondents did not use any matching or expert network services and that the Respondents pay a fine of \$50,000. The Order does not contain or constitute any legal or factual findings or conclusion, including without limitation, any finding of any violation of law or regulation that prohibits fraudulent, manipulative, or deceptive conduct and provides no statutory disqualification.

Additional information may be viewed at www.adviserinfo.sec.gov and on Opaleye Management, Inc.'s ADV 1A, Item 11 Disclosure Reporting Page.

Item 10. Other Financial Industry Activities and Affiliations

As described in *Item 4 – Advisory Business*, Opaleye GP LLC, an entity related to our firm by virtue of common ownership and control, serves as the general partner to the Fund.

Except as noted above, neither Opaleye, the General Partner nor any of its management persons have affiliations with broker-dealers, municipal securities dealers, government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commission merchants, registered commodity pool operators, registered commodity trading advisors, banking or thrift institutions, accountants or accounting firms, lawyers, law firms, insurance agencies or companies, pension consultants, real estate brokers or dealers or other sponsors or syndicators of limited partnerships.

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

Opaleye's Code of Ethics applies to all supervised persons of the firm and describes our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to, the confidentiality of client information, personal securities trading procedures, restrictions on the acceptance of certain gifts, reporting of certain gifts, prior authorization to serve on the board of directors of a publicly traded company and a prohibition on insider trading among other things. In addition, the Code of Ethics requires pre-clearance of securities transactions, transactions in limited or private offerings and initial public offerings. Securities and/or issuers may also be placed on a restricted list prohibiting transactions. All supervised persons at Opaleye must acknowledge the terms of the Code of Ethics initially, annually and as amended. A copy of Opaleye's Code of Ethics is available upon request by clients and prospective clients.

Principals, officers, and employees of Opaleye and its related persons are or may be investors in the Fund. As such, Opaleye could cause the Fund to buy or sell securities that one of its associated persons has a financial interest in.

Opaleye's employees or persons associated with Opaleye may invest in the same securities as those acquired for the Fund. This may create potential conflicts of interest because (1) Opaleye or its supervised persons may have an incentive not to recommend the sale of those securities to the Fund to protect the value of their personal investment, and (2) Opaleye or its supervised persons may have an incentive to place their orders before those of the Fund to obtain a better price. Opaleye's Code of Ethics addresses these potential conflicts of interest by instituting a standard of business conduct for all supervised persons. In addition, the pre-clearance of securities transactions requirement provides an opportunity to assess and address any transaction conflicts between the Fund and supervised persons. We seek to avoid supervised persons making transactions in a security while there is an active order for that security for the Fund.

Item 12. Brokerage Practices

In providing our services, we will execute trades for our clients through broker-dealers. Opaleye does not restrict the brokers we may select to execute client transactions. However, we seek to trade through broker-dealers who offer the best overall execution. Concerning execution, we may consider several factors, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, and other factors which may be unique to a particular order.

Based on these judgments, we may trade through broker-dealers that charge higher than the lowest available fees. In addition, Opaleye may cause the Fund or the Managed Account to pay a higher commission than the lowest available commission if Opaleye believes that the value of the products and services, execution and other services rendered by the broker are reasonable.

We may receive from broker-dealers/custodians or have access to investment research, other materials, and benefits. These items may be available due to executing the Funds' or the Managed Account's securities transactions through that broker-dealer or utilizing that company to provide custodial services. These items may include research reports, other securities analysis products, various written publications on topics, proprietary news, and access to meetings with management and conferences.

We may choose to use brokers-dealers/ custodians providing the above benefits or use the Funds' or Managed Account's commissions or "soft dollars," in our discretion, to pay for research and execution related products and services within the scope of Section 28(e) safe harbor of the Securities Exchange Act of 1934.

In obtaining research or other products and services, we receive a benefit because we do not have to separately produce or pay for the research, products, or services. Additionally, soft dollar practices may result in commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits. Furthermore, we may be incentivized to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than the Fund's or Managed Account's interest in receiving the most favorable execution since Opaleye has more than one client any soft dollar benefits received could be used to service one client over another. Currently, we do not utilize soft dollars to pay for third-party products or services. However, we receive proprietary research reports, analyses, access to meetings with management and to conferences or recommendations from broker-dealers with whom we place the Fund's and Managed Account's transactions and in return for such research or benefits, we may choose to direct any corresponding orders to that broker-dealer for execution.

Trade Aggregation

Since the Managed Account pursues substantially the same investment objective and strategy and invests side-by-side in substantially the same positions as the Fund, we aggregate trades when possible.

Item 13. Review of Accounts

James Silverman regularly monitors the underlying securities in the Fund and the Managed Account and performs periodic reviews of account holdings. Positions in the Fund and the Managed Account will be reviewed in the overall context of the clients' investment objectives and guidelines.

The Fund administrator provides reports to investors in the Fund monthly. For the Managed Account, reports are provided by their own administrator.

The Fund is audited annually by an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board. Audited financial statements prepared in accordance with generally accepted accounting principles are sent to all investors within 120 days of the end of the Fund's fiscal year.

Opaleye may provide written reports with an overview of the quarter including unofficial performance estimates. Such reports are provided voluntarily, and the Managed Account client and the Fund investors are urged to compare the statements they receive from the Fund administrator and the custodian and rely solely on the reports from the administrator and the custodian.

Item 14. Client Referrals and Other Compensation

Opaleye presently does not compensate third-parties for referrals. Additionally, Opaleye does not receive any economic benefits from non-clients as a result of our provision of investment advice or advisory services to clients, with the exception of research or execution-related products or services that may be provided by the broker-dealers that we use to execute our clients' transactions. Please see *Item 12 – Brokerage Practices* for additional information on these products or services.

Item 15. Custody

Qualified custodians hold our funds and securities. The Fund's administrator and/ or custodian provide periodic official account statements. We are deemed to have custody of the assets of the Fund within the meaning of Rule 206(4)-2 under the Advisers Act because an affiliate serves as general partner. The Fund is audited annually by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board and audited financial statements prepared in accordance with generally accepted accounting principles are sent to all investors within 120 days of the end of the Fund's fiscal year.

Investors in the Fund and the Managed Account client are urged to review the official account statements they receive from the administrator and/ or custodian and compare them to any statements may receive from Opaleye and rely solely on the account statements from the administrator or custodian.

Item 16. Investment Discretion

Opaleye has discretionary authority, pursuant to its written investment management agreements with client(s), to determine, without obtaining specific client consent, the securities to be bought or sold, the

amount of the securities to be bought or sold, the time when securities may be purchased or sold, the brokers or dealers through which transactions will be executed, and the amount of commissions or markups or markdowns paid. Any restrictions or limitations on Opaleye's discretionary authority must be made in writing and contained in the private fund client's offering memorandum, memorandum and articles of association, or limited partnership agreement or in the investment management agreement between Opaleye and the client.

Item 17. Voting Client Securities

Currently we have the discretion to vote proxies for the Fund and/or the Managed Account. We vote in the best interest of the Fund and/or the Managed Account and in accordance with our established policies and procedures. We will retain all proxy voting records for the requisite period of time each vote cast, a copy of any document we created to decide how to vote proxies, and a copy of each written request for information on how the adviser voted proxies. In addition, if our firm has a conflict of interest in voting, we will notify the Fund and/or the Managed Account of the conflict and retain an independent third party to cast a vote.

By contacting James Silverman directly using the contact information on the Cover Page, investors may obtain a copy of our proxy voting policies and procedures. In addition, investors and the client may request, in writing, information on how client proxies were voted.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

Item 18. Financial Information

Balance Sheet

A balance sheet is not required to be provided because Opaleye does not require prepayment of fees of more than \$1,200 six months or more in advance.

Financial Conditions Reasonably Likely to Impair Ability to Meet Commitments to Clients

Opaleye has no financial condition likely to impair it from meeting contractual client commitments.