

Part 2A of Form ADV: Firm Brochure

March 28, 2024

Ally Bridge Group (NY) LLC

430 Park Avenue, 12th Floor
New York, New York 10022
Tel: (646) 829-9373

This brochure provides information about the qualifications and business practices of Ally Bridge Group (NY) LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact the Chief Operating Officer, Head of Legal & Chief Compliance Officer at (646) 809-3771 or michael.bendetson@ally-bridge.com. This information 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 the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

Since the Adviser's last update of its Form ADV Part 2A, which was filed on March 31, 2023, the Adviser has made routine updates and clarifying changes to this brochure.

Item 3. Table of Contents

Item 2.	Material Changes	2
Item 3.	Table of Contents	3
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	4
Item 6.	Performance-Based Fees and Side-by-Side Management	5
Item 7.	Types of Clients	6
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9.	Disciplinary Information	17
Item 10.	Other Financial Industry Activities and Affiliations	17
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
Item 12.	Brokerage Practices	18
Item 13.	Review of Accounts	20
Item 14.	Client Referrals and Other Compensation	20
Item 15.	Custody	20
Item 16.	Investment Discretion	20
Item 17.	Voting Client Securities	21
Item 18.	Financial Information	22

Item 4. Advisory Business

The Adviser is an investment adviser with its principal place of business in New York, New York. The sole member of the Adviser is ABG Management Ltd. Fan (Frank) Yu is the sole shareholder and a director of ABG Management Ltd. The Adviser commenced operations as an investment adviser on January 4, 2018.

The Adviser provides investment advisory services on a discretionary or non-discretionary basis to its clients, which consists of pooled investment vehicles (the "Clients" or "Funds") intended for sophisticated investors and institutional investors.

The Adviser provides advice to Clients in accordance with any investment restrictions or guidelines set forth in the offering documents and other governing documents (collectively, the "Governing Documents") for each Client. The Adviser does not tailor its services and advice to the objectives and strategies of Fund investors. As of December 31, 2023, the Adviser had approximately \$226,104,596 in regulatory assets under management, all of which was managed on a discretionary basis.

Item 5. Fees and Compensation

Asset-Based and Performance-Based Compensation. The fee schedules for the Clients are described in detail in each Client's Governing Documents.

As a general matter, the Clients pay the Adviser or its affiliates an asset-based investment management fee each month in arrears ranging from 1.50% to 2.00% per annum based on the value of the net assets of the respective Client on the last day of the month (the "Management Fee"). The Adviser may waive or modify the Management Fee for investors that are members, principals, employees or affiliates of the Adviser, relatives of such persons, and for certain investors, in the Adviser's sole discretion.

The Adviser, or one of its affiliates serving as a general partner of a Client, is entitled to receive annual performance-based compensation of up to 20% (the "Incentive Allocation") from the Clients, which is compensation that is based on a share of net capital appreciation of the assets of a Client. The Incentive Allocation is subject to a loss carryforward provision. The Adviser, or its applicable affiliate, may waive or modify the Incentive Allocation for investors that are members, principals, employees or affiliates of the Adviser, relatives of such persons, and for certain large or strategic investors.

Expenses. In addition to bearing the Management Fee and Incentive Allocation, if any, the Clients are also subject to other expenses related to its investments and operations, such as (i) professional fees (including, without limitation, in respect of economic and other consultants and outside directors' fees and expenses (such as travel, lodging and meals)) incurred in connection with investments, whether or not such investments are consummated, (including, without limitation, negotiation and due diligence costs and legal expenses incurred in connection with workouts involving underlying portfolio companies); (ii) expenses of purchasing, carrying and disposing of portfolio positions such as commissions, borrowing charges on securities sold short, interest on margin accounts and other indebtedness; (iii) prime brokerage fees; (iv) custodial fees; (v) litigation, indemnification and other extraordinary expenses, if any; (vi) legal, the cost of negotiating side letters, related governmental and regulatory fees including, without limitation: Forms 13D, 13F, 13G, 13H, Form PF, and AIFMD Annex IV and other filings and reports the preparation and submission of which currently or in the future may be required of a Client or the Adviser under applicable law, audit, tax, accounting, the administrator (including middle/back office and/or independent shadow accounting services) and anti-money laundering officer fees; (vii) market data, modeling, valuation services, order management systems, portfolio management systems, risk management systems and/or independent risk advisory services (including third-party software licensing, implementation, data management and recovery services); (viii) research, including third-party research and market data (excluding the cost of terminals or other computer hardware incorporated in the cost of obtaining such research and market data), and legal expenses; (ix) administration fees; (x) the Management Fee; (xi) clearing costs; (xii) exchange fees; (xiii) insurance costs, including, without limitation, errors and omissions insurance (subject to applicable law); (xiv) brokerage fees and bank charges; (xv) marketing and related travel expenses (including any representative fees and expenses); and (xvi) any other expenses related to the purchase, sale or transmittal

of Client assets (including, without limitation, travel directly related to portfolio management, research or structuring of the Client's investments).

The allocation of expenses by the Adviser between it and a Client and among Clients represents a conflict of interest for the Adviser. The Adviser has adopted an expense allocation policy that is designed to address this conflict. The Adviser allocates expenses to each Client in accordance with the Client's Governing Documents. The Adviser will seek to allocate any shared expenses for products and services benefitting multiple Clients or both the Adviser and a Client and not covered in the Client's Governing Documents, in a fair and reasonable manner.

Clients incur brokerage and other transaction costs. Please see Item 12, "Brokerage Practices" below for a discussion of certain brokerage expenses. The Adviser has no affiliated broker-dealers.

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

The Adviser and its investment personnel may in the future provide investment management services to multiple portfolios for multiple Clients. The Adviser, or one of its affiliates serving as a general partner of a Client, is entitled to receive the Incentive Allocation. Such Incentive Allocation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such Incentive Allocation arrangements. In addition, certain Client accounts may have higher asset-based fees or more favorable Incentive Allocation arrangements than other Client accounts or have asset-based fees or Incentive Allocation arrangements providing for payment to the Adviser at different times or over different time intervals. When the Adviser and its investment personnel manage more than one Client account a potential exists for one Client account to be favored over another Client account. The Adviser and its investment personnel have a greater incentive to favor Client accounts that pay the Adviser (and indirectly its investment personnel) higher fees, Incentive Allocation, or compensation that is paid at different times or over different time intervals.

Certain Client accounts managed by the Adviser hold illiquid investments for which the Adviser receives performance-based compensation only upon their sale or deemed realization. To the extent the Adviser is entitled to performance-based compensation from its Clients upon the sale or deemed realization of illiquid investments, the Adviser may have an incentive to delay or accelerate the realization of an illiquid investment.

The Adviser and its affiliates may manage multiple Client accounts. The management of multiple Client accounts would create a conflict of interest because the Adviser may have an incentive to favor one Client account over another. The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with different fee arrangements, and the allocation of investment opportunities, to take into account various factors, including: Client investment objectives and strategies, Client investment guidelines and restrictions, Client risk profile and tolerances, Client's tax status, any restrictions placed on a Client's portfolio by the Client or by virtue of United States or foreign law, size of Client account and fund availability, total portfolio invested positions, nature or liquidity of the security to be allocated, size of available position, supply or demand for a security at a given price level, current market conditions, timing of cash flows and account liquidity, investment period and investment horizon, and any other information determined to be relevant to the fair allocation of investments. Pursuant to these policies and procedures, when applicable, the Adviser will review investment decisions for the purpose of ensuring that all accounts with the same or substantially similar investment objectives, strategies and restrictions are treated equitably. When applicable, the performance of accounts with the same or substantially similar investment objectives, strategies and restrictions will also be reviewed to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that eligible Client accounts with the same or substantially similar investment objectives, strategies and restrictions participate in investment opportunities pro rata based on the relative value of the assets of each participating account to all participating accounts; provided, however that the Adviser may allocate investment opportunities to such accounts on a non-pro rata basis due to a consideration of factors including, without limitation, to avoid odd lots or excessively small allocations or other factors. To the extent

orders are aggregated, the Client orders may be price-averaged and allocated in accordance with the aggregated order; and transaction costs will be shared pro rata based on each client's participation in the aggregated order.

Item 7. Types of Clients

The Clients consist of pooled investment vehicles. Any initial and additional subscription minimums with respect to investment in a Client are disclosed in the Governing Documents for each Client.

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

A. Methods of Analysis and Investment Strategies.

Investment Objective and Strategy

The investment objective of the Clients managed by the Adviser is to seek to achieve superior risk-adjusted returns by primarily investing in the healthcare sector in the United States. The investments of the Adviser may be made long or short and may include, but are not limited to, equity and preferred equity securities, loans, debt securities, fixed income securities, derivatives (including swaps, futures and options), foreign securities, initial public offerings and short sales. The Adviser's investments may include debt, equity, hybrid investments in privately held companies and private investments in public equity ("PIPEs"). These private transactions may include, among others, securities offered pursuant to Rule 144A of the U.S. Securities Act of 1933, as amended (respectively "Rule 144A Securities" and the "Securities Act").

The Adviser's investment approach is fundamentally driven by in-depth industry research, company analysis, disciplined investing and a long-term focus. The investment process typically includes the analysis of company filings, company visits, meetings with company management and healthcare industry specialists, and leveraging a broad and deep network of public and private market industry relationships.

B. Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies

The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks. Investors and potential investors in a Client should refer to the offering memorandum for the Client for a further discussion of the applicable risks.

General Investment Risks. An investment in the Adviser's Clients involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that a Client's investment program will be successful or that the Client will achieve its targeted returns, and investment results may vary substantially over time.

General Market and Economic Conditions. General economic conditions may affect the Client's activities. Changing economic, political, regulatory or market conditions, interest rates, general levels of economic activity, the price of securities and debt instruments and participation by other investors in the financial markets may affect the value and number of investments made by the Fund or considered for prospective investment. The value of investments may fluctuate in accordance with changes in the financial condition of portfolio companies and other factors that affect the markets in which the Client invests. Economic, political, regulatory or market developments can affect a single obligor, obligors within an industry, economic sector or geographic region, or the market as a whole. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in a Client's investments. In addition, many portfolio companies may be similarly subject to the same economic conditions, which could adversely impact a Client's returns.

Business, Legal, Tax and Other Regulatory Risks. Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect a Client, the Adviser and/or the investment strategies used to implement a Client's trading program. The regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of a Client's investments and the ability of a Client to implement its investment strategy. The financial services industry generally and the activities of private investment funds and their investment advisers, in particular, have been the subject of increasing legislative and regulatory scrutiny. Such scrutiny may increase legal, compliance, administrative and other related burdens and costs as well as regulatory oversight or involvement in a Client and/or the Adviser or result in ambiguity or conflict among legal or regulatory schemes applicable to the Client or the Adviser. In addition, securities and futures markets are subject to extensive statutes, regulations and margin requirements. Various federal and state regulators, including the SEC, the Commodity Futures Trading Commission ("CFTC"), self-regulatory organizations and exchanges, are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and entities that engage in such transactions is an evolving area of law and is subject to further development and modification by governmental and judicial action. Alternative U.S. or non-U.S. rules or legislation regulating a Client or the Adviser may be adopted, and the possible scope of any rules or legislation is unknown. There can be no assurances that a Client or the Adviser will not in the future be subject to regulatory review or discipline. The effects of any regulatory changes or developments on a Client may affect the manner in which it is managed and may be substantial and adverse.

U.S. Foreign Account Tax Compliance Act ("FATCA"). Pursuant to FATCA, certain Clients will be required to comply with extensive reporting and withholding requirements designed to inform the Department of the Treasury of U.S.-owned foreign investment accounts. Failure to comply (or be deemed compliant) with these requirements would subject certain non-U.S. Clients to U.S. withholding taxes on certain U.S.-sourced income. Pursuant to an intergovernmental agreement between the United States and the Cayman Islands, certain Clients may be deemed compliant, and therefore not subject to the withholding tax, if such entities identify and report U.S. taxpayer information directly to the Cayman Islands government.

Organisation for Economic Co-operation and Development ("OECD") Common Reporting Standard. Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. As a result, certain Clients will be required to comply with the CRS due diligence and reporting requirements, as adopted by the Cayman Islands. Certain investors may be required to provide additional information to the relevant Client to enable that Client to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory termination of its interest in the relevant Client.

Derivatives Risk. Derivatives are financial contracts in which the value depends on, or is derived from, the value of an underlying asset, reference rate or index. Certain Clients may use derivatives for any purpose including, among other things, as a substitute for taking a position in the underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate or foreign exchange risk, or other related risks. A Client's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as interest rate risk, market risk, counterparty risk, and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If a Client invests in a derivative instrument it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that a Client will engage in these transactions to reduce exposure to other risks when that would be beneficial.

Short Sales. Certain Clients will engage in short sales to the extent the Adviser deems it advisable in connection with the Client's investments or as opportunistic investments. The Adviser may use futures, options, swaps, credit default swaps, forward sales or other transactions to effectuate short exposure in a portfolio. Short sales involve selling securities of an issuer short in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Client may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by federal or state securities laws and the various national and regional securities exchanges, which restrictions could limit a Client's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Synthetically created short positions will involve both hedging situations, where the position is intended to wholly or partially offset risk associated with another position in a related security, and speculative situations, where the Adviser uses shorting techniques to take advantage of the decline in the price of particular assets. A Client will generally realize a profit or a loss as a result of a synthetically created short position if the value of the underlying asset decreases or increases respectively during the relevant term of the short position. In addition, a Client would be required to post collateral on such positions as required pursuant to the agreement with the relevant transaction counterparty. The use of short selling through credit default swaps and total return swaps would subject a Client to counterparty credit risk in the event of a default by the counterparty which could result in the loss of collateral posted with such counterparty and gains to which the Client would otherwise be entitled absent the default of the counterparty. In addition, depending on the nature of the synthetic instrument used by a Client to create short exposure, the Client could be subject to the risk of unlimited losses.

Leverage. The Adviser will cause certain Clients to use leverage in their investment program. The amount of leverage that is employed by a Client at a given time will be determined by the Adviser. The costs associated with any such leverage will be charged to the Client.

The rights of any lenders making loans directly to a Client to receive payments of interest or repayments of principal will be senior to those of the Client's investors; in addition, credit providers will have certain enforcement rights (including compulsory prepayment in the event of default) and rights to the assets of the Client which may negatively affect an investor's interest. In the event that a Client is unable to meet margin requirements, the credit providers will be able to force the sale of underlying assets or have the ability to seize the assets at the current lender provided marks. Payments of interest and fees incurred in connection with the borrowings will reduce any income that a Client would otherwise have available, which may reduce the Client's profitability, and may prevent the Client from taking advantage of attractive investment opportunities. The effect of leverage will amplify the performance of a Client on both the upside performance and downside performance. The use of leverage, combined with negative performance of a Client may result in a loss of principal for some or all of an investor's interest in the Client.

Hedging Transactions. The Adviser will utilize various financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of a Client's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect a Client's unrealized gains in the value of the Client's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in a Client's portfolio; (v) hedge the interest rate or currency exchange rate on any of a Client's liabilities or assets; (vi) protect against any increase in the price of any securities that a Client anticipates purchasing at a later date; or (vii) for any other reason that the Adviser deems appropriate.

The success of a Client's hedging strategy will be subject to the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Client's hedging strategy will also be subject

to the Adviser's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Client than if it had not engaged in any such hedging transactions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of those portfolio positions or prevent losses if the values of those positions decline. Rather, it establishes other positions designed to gain from those same declines, thus seeking to moderate the decline in the portfolio position's value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. For a variety of reasons, the Adviser may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Client from achieving the intended hedge or expose the Client to risk of loss. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs. The Adviser may determine, in its sole discretion, not to hedge against certain risks and certain risks may exist that cannot be hedged. Furthermore, the Adviser may not anticipate a particular risk so as to hedge against it effectively. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Client's portfolio holdings.

The Adviser may seek to hedge currency risks by investing in currencies, currency exchange forward or futures contracts, swaps, swaptions or any combination thereof (whether or not exchange traded), but these or other instruments necessary to hedge such currency risks may not generally be available, may not provide a perfect hedge or may not be, in the Adviser's judgment, economically priced. There can be no assurance that these strategies will be effective, and such techniques entail costs and additional risks.

Uncertain Exit Strategies. Due to the illiquid nature of many distressed investments, as well as the uncertainties of the reorganization and active management process, the Adviser may be unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Control Position Risk. Certain distressed investment opportunities may allow a holder to have significant influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of a Client to claims by such portfolio company, its securities holders and its creditors. While the Adviser intends to manage Clients in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Interest Rate Risk. A Client may be subject to several risks associated with changes in interest rates on its borrowings and investments which may affect profitability. The interest payments on a Client's borrowings may increase relative to the interest earned on the Client's investments. In a period of rising interest rates, interest payments by a Client could increase or increase faster while the interest earned on certain investments would not change or change more slowly.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on bonds and loans will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated

prepayments. Since many fixed rate obligations will be discount securities when interest rates and/or spreads are high, and will be premium securities when interest rates and/or spreads are low, such securities and asset-backed securities may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact a Client's portfolio in two ways. First, particular investments may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that the Adviser may have constructed for these investments, resulting in a loss to a Client's overall portfolio. In particular, prepayments (at par) may limit the potential upside of many securities to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Credit Risk. The Adviser may invest in debt securities and is subject to credit risk, i.e., the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. This is broadly gauged by the credit ratings of the securities in which a Client invests. However, ratings are only the opinions of the agencies issuing them, may change less quickly than relevant circumstances and are not absolute guarantees of the quality of the securities. Furthermore, a Client's investments may not be rated by any rating agency or may be below investment grade. Clients will be more dependent upon the judgment of the Adviser as to the credit quality of such unrated securities. A default, downgrade or credit impairment of any of its investments could result in a significant or even total loss of the investment.

Availability of Suitable Investments. As Clients grows, they may face difficulty in deploying its assets as existing strategies face capital constraints. The Adviser may have difficulty finding sufficient opportunities to effectively utilize the available capital.

Inflation Risk. Client accounts may be subject to inflation risk. Inflation risk is the risk that the value of investments or income from investments will be lower in the future as inflation decreases the value of money. As inflation increases, the value of the investments in a client's account can decline.

C. Risks Associated with Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks)

Securities of Healthcare-Related Companies. Clients will invest primarily in companies engaged in the healthcare industry. As a consequence, Clients' results will be more affected by industry specific events and trends than would be the case with a more diversified fund that invested across a variety of industries or sectors. Despite the Adviser's long and short approach to investing, those Clients will likely be affected by directional movements of the healthcare sector. Healthcare-related companies are generally subject to greater governmental regulation than other companies at both the state and federal levels. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare-related company generally must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost-recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability. Government action is unpredictable and often inconsistent, increasing the risks associated with this process. Certain healthcare-related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar "generic" products which cost less to develop and may cause the original developer of the product to lose market share or reduce the price charged for the product, resulting in lower profits for the original developer. Also, because the products and services of healthcare-related companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits. The share

price of a healthcare-related company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity accompanying threatened litigation.

In addition, certain Clients may invest in companies that are engaged in regulatory processes or are conducting clinical trials for potentially important products. In the event that the trials are unsuccessful or the entity is unable to comply with regulatory requirements or is unsuccessful in the regulatory process, the value of the relevant entity may decline significantly causing losses to the Client. Conversely, a short position could rise significantly, if, despite expectations, the company achieves significant success in such regulatory processes. In addition, certain of the entities in which a Client invests may have one or more streams of royalty payments. Failure to collect those payments or the discontinuation of payments may cause losses to such Clients.

Healthcare companies are also subject to exogenous factors affecting their valuation. For example, large pharmaceutical companies or drug stores, which historically have had relatively stable and reliable series of cash flows, have at times been viewed as “defensive” investments, as those cash flows tend to remain relatively intact even during periods of low or declining economic growth. Thus, in such periods the share prices of those companies may trade at premiums to their fundamental valuations, and, conversely, in periods of robust economic growth, the prices of such companies may decline, even though their business fundamentals may be robust, as investors shift capital away from such “defensive” to more cyclical sectors of the capital markets. Conversely, smaller biotechnology companies, which may, for instance, be experiencing negative cash flow to fund development programs but which may trade based on the promise of future, albeit risky prospects, may thrive in such an economically-robust environment, as investors’ appetite for “risky” assets may be correlated with economic expansions of the type that benefit “cyclical” stocks. Other exogenous factors of these types, including levels of interest rates, credit spreads, perceptions of credit market health, sovereign credit risks, tax and regulatory policy and other factors entirely unrelated to the business fundamentals of the healthcare industry – all of which are extremely difficult to analyze and prognosticate – may nonetheless have a material effect on the valuation of the investments held by a Client.

Equity Investments. The Adviser invests in equity instruments and securities. The value of equity securities held by a Client may decrease in value significantly due to changes in a company’s financial condition, in response to adverse political, regulatory, market or economic developments affecting the company, its industry or the markets generally, or for other reasons. There is no assurance that the equity securities held by a Client will not lose their value. In addition, the Adviser may invest in equity instruments or securities of a private company that eventually transitions to a public company through an initial public offering. An initial public offering in this context may involve certain restrictions on trading, including but not limited to, customary lock-up periods for pre-initial public offering investments.

Initial Public Offerings. The Adviser purchases securities of companies in initial public offerings of any equity security or shortly thereafter. Special risks associated with these securities may include a limited number of interests available for trading, unseasoned trading, lack of investor knowledge of the company, and a limited operating history. These factors may contribute to substantial price volatility for the interests of these companies. The limited number of interests available for trading in some initial public offerings may make it more difficult for the Adviser to buy or sell significant amounts of interests without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Private Investments in Public Entities. The Adviser invests in PIPEs. PIPEs present certain risks in addition to the risks that would otherwise be associated with an investment in the underlying public entity, including (i) limited liquidity due to legal or contractual restrictions on resales of PIPEs; (ii) lack of a public market for PIPEs; (iii) dependence on an exit strategy, such as a registered secondary market offering or a sale of the public entity or sale of a portion of the investment; and (iv) dependence on managerial assistance provided by other investors and the willingness of other investors or third parties to provide additional financial support to the underlying public entity.

Corporate Credit Investments. The Adviser may invest in sub-investment grade corporate credit instruments, including, without limitation, credit instruments that are subject to resale pursuant to Rule 144A or other legal restrictions on resale; debt securities issued or guaranteed by private or public corporations; and various other types of instruments including exchange-traded funds. Corporate debt instruments pay fixed, variable or floating rates of interest. Some debt securities, such as zero coupon bonds, do not make regular interest payments but are issued at a discount to their principal or maturity value. The value of fixed-income securities in which a Client invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

The reorganization of an issuer under the federal or other bankruptcy laws may result in the issuer's debt securities being cancelled without repayment, repaid only in part, or repaid in part or in whole through an exchange thereof for any combination of cash, debt securities, convertible securities, equity securities, or other instruments or rights in respect of the same issuer or a related entity. Fixed income securities generally are not traded on exchanges. The over-the-counter market may be illiquid and there may be times when no counterparty is willing to purchase or sell certain securities. The nature of the market may make valuations difficult or unreliable.

High-Yield Securities. The Adviser may, from time to time, invest in high-yield securities. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. Major economic recessions could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

As with other investments, there may not be a liquid market for certain high-yield securities, which could result in a Client being unable to sell such securities for an extended period of time, if at all. In addition, as with other types of investments, the market for high-yield securities has historically been subject to disruptions that have caused substantial volatility in the prices of such securities. Consolidation in the financial services industry has resulted in there being fewer market makers for high-yield securities, which may result in further risk of illiquidity and volatility with respect to high-yield securities, and this trend may continue in the future.

Illiquid Investments. The Adviser, from time to time, invests in restricted, as well as thinly traded, instruments and securities (including privately placed securities and instruments, which are assets which are subject to Rule 144A). There may be no trading market for these securities and instruments, and the Client might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, the Client may be required to hold such securities despite adverse price movements. Despite good faith efforts at fair valuation, the valuation of these positions may prove to be materially inaccurate and to have resulted in inflated Management Fees and incentive compensation paid to the Adviser (or an affiliate), inflated redemption proceeds paid out to redeeming investors and diminished relative holdings accorded to new subscribers.

Rule 144A Securities. The Adviser may invest in "Rule 144A Securities," which are securities that are not registered for sale to the general public under the Securities Act, but may be sold to and resold by certain institutional investors, provided a Client meets the definition of "qualified institutional buyer" or "QIB". A Client may not be able to qualify as a QIB unless and until it has \$100 million in assets. The scope of a Client's investments may be limited until the Client qualifies as a QIB. Rule 144A Securities are subject to

contractual or legal restrictions on subsequent transfer. As a result of the absence of a public trading market, such securities may be less liquid and more difficult to value than publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from the sales could, because of the illiquid nature of the market, be less than the prices originally paid for the securities by a Client less than their fair value. In some instances, it may be difficult to locate any purchaser for Rule 144A Securities. If any Rule 144A Securities held by a Client are required to be registered under the securities laws of one or more jurisdictions before being resold, a Client may be required to bear the expenses of registration. Securities which are freely tradable under Rule 144A may be treated as liquid if the Adviser is satisfied that sufficient trading activity and reliable price information exists. Investing in Rule 144A Securities could have the effect of increasing the illiquidity of a Client's portfolio to the extent that qualified institutional buyers are reluctant to purchase such securities.

Distressed Securities. The Adviser may invest in distressed securities. The ability of the Adviser to obtain a profit from these investments may often depend upon factors that are intrinsic to the particular issuer, rather than the market as a whole. Appreciation in the value of such securities may be contingent upon the occurrence of certain events, such as a successful reorganization or merger. If the expected event does not occur, the Client may incur a loss on the position. Distressed securities may have a limited trading market, resulting in limited liquidity and presenting difficulties to a Client in valuing its positions. Distressed securities by the nature of their issuers' leveraged capital structures, will involve a high degree of financial risk. These securities may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. In addition, these securities may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Adverse changes in the financial condition of an issuer or in general economic conditions (or both) may impair the ability of such issuer to make payments on the subordinated securities and result in defaults on and declines in the value of such securities more quickly than in the case of the senior obligations of such issuer.

Exchange Traded Funds. The Adviser may invest a portion of its assets in exchange traded funds ("ETFs"). Assets invested in ETFs will be included in computing the Management Fees paid to the Adviser while the same assets will also be subject to additional advisory and other fees and expenses, as set forth in the prospectuses of those ETFs. For ETFs tracking an index of securities, the cumulative percentage increase or decrease in the net asset value of the shares of an ETF may over time diverge significantly from the cumulative percentage increase or decrease in the relevant index due to the compounding effect experienced by an ETF which results from a number of factors, including, leverage (if applicable), daily rebalancing, fees, expenses and interest income, which in turn results in greater non-correlation between the return of an ETF and its corresponding index. Moreover, because an ETF's portfolio turnover rate may be very high due to daily rebalancing, holding both long and short futures contracts, leverage (if applicable) and and/or market volatility, such ETF will incur additional brokerage costs, operating costs and may generate increased taxable capital gains, which, in turn, would adversely affect the value of the shares of such ETF. In addition, fixed-income ETFs that track an index often require some type of sampling or optimization because they are typically market benchmarks but not tradable portfolios. Such ETFs often include many more securities than equity ETFs, and the securities included are often less liquid, resulting in fewer opportunities and greater costs to replicate the relevant index. Many instruments in fixed-income indices are illiquid or hard to obtain, as many investors may buy them at issuance and hold them to maturity.

OTC Derivative Instrument Transactions. The Adviser invests a portion of its assets in investments which are not traded on organized exchanges and as such are not standardized. Such transactions are known as over-the-counter ("OTC") transactions and may include forward contracts, swaps or options. While some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, a Client is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to a Client.

The instruments, indices and rates underlying derivative transactions expected to be entered into by the Adviser may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by a Client, could result in losses.

Options. The Adviser utilizes options. Trading in options involves a number of risks. Specific market movements of the option and the instruments underlying an option cannot be predicted. No assurance can be given that a liquid offset market will exist for any particular option or at any particular time. If no liquid offset market exists, the Adviser might not be able to effect an offsetting transaction in a particular option. To realize any profit in the case of an option, therefore, the option holder would need to exercise the option and comply with margin requirements for the underlying instrument. A writer could not terminate the obligation until the option expired or the writer was assigned an exercise notice. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the futures contract underlying the option that the writer must purchase or deliver upon exercise of the option. The writer of a naked option may have to purchase the underlying contract in the market for substantially more than the exercise price of the option in order to satisfy his delivery obligations. This could result in a large net loss.

Futures. The Adviser may invest in certain futures contracts, including futures contracts on securities, interest rates, foreign currencies, stock indices, and may trade options on such futures contracts, including purchasing call options, writing (selling) naked or covered call options and purchasing or selling put options on such futures contracts. The Adviser may also purchase or sell options on securities and securities indices. Futures contracts markets are highly volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. Moreover, futures positions are marked to market each day and variation margin payment must be paid to or by a trader.

Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for such contracts. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, a Client could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the futures contracts and the underlying investment sought to be hedged may prevent the Adviser from achieving the intended hedging effect or expose a Client to the risk of loss.

Use of Swap Agreements. The Adviser utilizes equity swap agreements and may use other swap arrangements including, without limitation, interest rate, index and currency swap agreements. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns earned on specified assets, such as the return on, or increase in value of, a particular dollar amount invested at a particular interest rate, in a particular foreign currency. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. There are risks relating to the financial soundness and creditworthiness of the counterparty to swap agreements. If the other party to an interest rate swap defaults, a Client's risk of credit loss may be the amount of interest payments that the Client is contractually obligated to receive on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery

obligations. The investment performance of a Client, however, may be adversely affected by the use of swaps if the Adviser's forecasts of market values, interest rates or currency exchange rates are inaccurate.

Credit Default Swaps. The Adviser may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. A Client may be either the buyer or seller in a credit default swap transaction. If the Client is a buyer and no event of default occurs, the Client may lose its investment and recover nothing. However, if an event of default occurs, the Client (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, the Client receives a fixed rate of income throughout the term of the contract provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. Credit default swap transactions involve greater risks than if a Client had invested in the reference obligation directly. Credit default swaps are subject to the risk of non-performance by the swap counterparty, including risks relating to the financial soundness and creditworthiness of the swap counterparty.

Non-U.S. Securities. The Adviser invests from time to time in the securities of non-U.S. issuers and markets outside the U.S. Issuers of foreign securities are not subject to United States reporting and accounting requirements. Foreign requirements may result in less information being available or in a lack of uniformity in the manner in which information is presented. The risk of material misstatement in financial reports may be substantially higher. Other risks associated with investments in securities of foreign issuers, particularly in less developed markets, include currency exchange risks, expropriation, or limits on repatriating an investment, government intervention, confiscatory taxation, political, economic or social instability, illiquidity, less efficient markets, price volatility and market manipulation.

If the Adviser becomes involved in the trading of foreign securities, certain Clients may maintain a portion of its assets in clearing accounts pursuant to clearing agreements with foreign clearing firms (including banks and brokers) and foreign affiliates of domestic broker-dealers. Foreign clearing firms are generally not subject to United States laws and regulations and foreign markets may be subject to less regulation and supervision than in the United States. Transaction costs of investing in non-U.S. securities in foreign markets may be higher than in the United States and clearance procedures may be less efficient. Trading in non-U.S. markets involves the risk of currency exchange rate fluctuation. The Adviser is not required to hedge against the risk of a decline in value of the U.S. dollar in relation to other currencies in which a Client may invest.

Some foreign securities may be subject to brokerage or stock transfer taxes levied by foreign governments, which would have the effect of increasing the cost of investment and which may reduce the realized gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent or different regulations than would be the case for U.S. issuers and therefore potentially carry greater risk. Custodial expenses for a portfolio of non-U.S. securities generally are higher than for a portfolio of U.S. securities. In addition, dividend and interest payments from, and capital gains in respect of, certain foreign securities may be subject to foreign taxes that may or may not be reclaimable.

In addition, costs associated with transactions in non-U.S. markets (including brokerage, execution, clearing and custodial costs) may be substantially higher than costs associated with transactions in U.S. markets. Such non-U.S. transactions may also involve additional costs for the purchase or sale of currencies in which a Client's assets are denominated in order to settle such transactions. Furthermore, clearing and registration procedures may be under-developed enhancing the risks of error, fraud, or default.

Many of the laws that govern foreign investment, securities transactions and other contractual relationships in non-U.S. securities markets are different than or not as fully developed as those in the United States. As a result, Clients may be subject to a number of risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of U.S. markets, and lack of enforcement of existing

regulations. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on a Client and its operations. In addition, the income and gains of a Client may be subject to withholding taxes imposed by foreign governments for which investors may not receive a full foreign tax credit. Furthermore, it may be more difficult to obtain and enforce a judgment in a court outside of the United States than to enforce one in the United States.

Additional Risks Relating to the Adviser

Systems and Operational Risks. The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third-party service providers, including prime brokers, the third-party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in Clients' operations. In addition, despite certain measures established by the Adviser and third-party service providers to safeguard information in these systems, the Adviser, Clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of Client trading activities, liability under applicable law, regulatory intervention or reputational damage.

Cybersecurity Risk. The information and technology systems of the Adviser and of key service providers to the Adviser and Clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication 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. For instance, cyber-attacks may interfere with the processing or execution of the Adviser's transactions, cause the release of confidential information, including private information about clients, subject the Adviser or its affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Adviser's key services providers, may cause significant harm to the Adviser, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Adviser may invest. These risks could result in material adverse consequences for such issuers, and may cause the Adviser's investments in such issuers to lose value. Although the Adviser has implemented various measures designed 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, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or Client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, which may result in identity theft.

Systemic Risk. Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which Clients interact, as well as Clients, are all subject to systemic risk. A systemic failure could have material adverse consequences on Clients and on the markets for the securities in which Clients seek to invest.

Assumption of Business, Terrorism and Catastrophe Risks. Opportunities involving the assumption by Clients of various risks relating to particular assets, markets or events may be considered from time to time. Clients' portfolios are subject to the risk of loss arising from exposure that it may incur, directly or indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events and events that could adversely affect the health or life expectancy of people. These risks of loss can be substantial, could greatly exceed all income or

other gains, if any, received by Clients in assuming these risks and, depending on the size of the loss, could adversely affect the return of Clients.

Effects of Health Crises and Other Catastrophic Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

While the Clients may trade commodity interests, the Adviser and/or its affiliates have claimed an exemption from registration with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator pursuant to CFTC Rule 4.13(a)(3).

Ally Bridge Group (PE) LLC (the "PE Adviser"), an affiliate of the Adviser that is wholly owned by ABG Management Ltd., advises pooled investment vehicles that focus on investments in private equity. Although the Clients are structured as hedge funds that focus on investments in public equity, the Clients have and will invest from time to time in the securities of the same issuers as the PE Adviser's clients. Overlapping investment positions between the Clients and the PE Adviser's clients raise certain conflicts of interest including, without limitation, the allocation of investment opportunities and the allocation of common expenses between the Clients and the PE Adviser's clients. The Adviser and the PE Adviser have adopted and implemented policies and procedures for the allocation of investment opportunities and expenses that are designed to ensure that the Clients and the PE Adviser's clients are treated fairly.

Each of the Clients either have in the past or may in the future enter into agreements, or "side letters," with certain prospective or existing Client investors whereby such investors including such persons that may be affiliated with the Adviser or its related persons may be subject to terms and conditions that are more advantageous than those set forth in the Governing Documents for the applicable Client. For example, such terms and conditions may provide for special rights to make future investments in the Client, other investment vehicles or managed accounts or have the effect of establishing rights under or altering or supplementing the terms set forth in an offering memorandum or subscription agreement, including but not limited to, fees, minimum investment amounts, transfer rights, liquidity, transparency and reporting. The modifications are solely at the discretion of the Adviser or one of its affiliates acting as the general partner of the relevant Client and may, among other things, be based on the size of the investor's investment in a Client, an agreement by an investor to maintain such investment in the Client for a significant period of time, or other similar commitment by an investor to the Client.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser to put the interests of the Adviser's Clients before its own interests and to act honestly and fairly in all respects in their dealings with Clients. In addition to compliance with the Adviser's policies and procedures, all of the Adviser's personnel are required to comply with applicable federal securities laws. Clients or prospective Clients may obtain a

copy of the Code by contacting us at the address or telephone number listed on the first page of this brochure. See below for further provisions of the Code as they relate to the reporting of securities transactions by related persons.

The Adviser and its supervised persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment which includes disclosure of gifts and business entertainment in excess of certain de minimis thresholds to the Chief Compliance Officer.

The Adviser or its related persons, in the course of their investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of Clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its Clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to a Client or using such information for a Client's benefit. In such circumstances, the Adviser will have no responsibility or liability to a Client for not disclosing such information to such Client (or the fact that the Adviser possesses such information), or not using such information for a Client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser's supervised persons are generally not permitted to invest in the same securities that the Adviser or a supervised person recommends to Clients. Such practices present a conflict of interest when, because of the information an Adviser has, the Adviser or its supervised persons are in a position to trade in a manner that could adversely affect the Adviser's Clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the Clients' trades). In addition to affecting the Adviser's or its supervised person's objectivity, these practices by the Adviser or its supervised persons may also harm Clients by adversely affecting the price at which the Clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize these conflicts of interest between itself and its Clients. The Adviser requires its supervised persons to preclear transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its Clients. In addition, the Adviser's Code prohibits the Adviser or its supervised persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Adviser's supervised persons are required to disclose their securities transactions on a quarterly basis. In addition, the Adviser's supervised persons are required to disclose the holdings in their personal accounts upon commencement of employment with the Adviser and on an annual basis thereafter. Trading in the personal accounts of the Adviser's supervised persons is reviewed by the Chief Compliance Officer.

Item 12. Brokerage Practices

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions. The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to total executed price and the commission, research regarding the market for the security in question and the ability to provide data when warranted; the size and type of the transaction; and the operational facilities of the brokers and/or dealers involved (including back office efficiency). In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to

negotiate “execution only” commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser’s Chief Compliance Officer and traders will meet periodically, or as required, to evaluate the broker-dealers used by the Adviser to execute Client trades using the foregoing factors.

Research and Other Soft Dollar Benefits. The Adviser may from time to time receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a “soft dollar” relationship. While not currently utilized, if in the future the Adviser utilizes soft dollars, the Adviser will limit the use of “soft dollars” to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (“Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser will periodically review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser’s overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained using commissions arising from a Client’s portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other Client accounts. The Adviser does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

In determining whether to direct Client brokerage transactions to particular broker-dealers, the Adviser’s Chief Compliance Officer and portfolio manager meet periodically to review and evaluate the soft dollar benefits of the Adviser and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

Brokerage for Client Referrals. From time to time, the Adviser will participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend investments in these private funds as investments to the clients of the broker-dealer. The Adviser may place client portfolio transactions with firms who have made such

recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

To the extent the Adviser manages multiple Client accounts, the Adviser anticipates purchasing or selling the same security for more than one Client at or near the same time and using the same executing broker. It is the Adviser's practice, where appropriate, to aggregate Client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for Clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

When an aggregated order is filled, the Adviser will allocate the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a Client account participating in the trade may pay a higher price than if the Adviser did not aggregate the order. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to Clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating Clients.

Item 13. Review of Accounts

Frequency and Nature of Review. Each Client will be reviewed by the Adviser's investment professionals on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Matters to be reviewed will include specific securities held, adherence to investment guidelines and the performance of each Client.

Factors Prompting a Non-Periodic Review of Accounts. Significant market events affecting the prices of one or more securities in Client accounts, changes in the investment objectives or guidelines of a particular Client or specific arrangements with particular Clients may trigger reviews of Client accounts on other than a periodic basis.

Content and Frequency of Regular Account Reports. Pooled investment vehicle investors will receive reports from the Clients as described in the Governing Documents of the Client.

Item 14. Client Referrals and Other Compensation

The Adviser does not have any arrangements in place to compensate anyone or be compensated for the referral of Clients.

Item 15. Custody

The Adviser and/or an affiliate that serves as a general partner to a Client are deemed to have custody of Client assets. The Adviser intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary or non-discretionary basis to Clients.

Prior to assuming full discretion in managing a Client's assets, the Adviser will enter into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary Client, the Adviser will have the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Client account. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held. The Adviser may submit an aggregated order to the Adviser's trading desk describing the allocation of securities to (or from) Client accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among Clients: (i) a Client's investment objectives and strategies; (ii) a Client's investment guidelines and restrictions; (iii) risk profiles and tolerances; (iv) tax status and restrictions placed on a Client's portfolio by the Client or by applicable law; (v) size of the Client account and fund availability; (vi) total portfolio invested position; (vii) nature and liquidity of the security to be allocated; (viii) size of available position; (ix) supply or demand for a security at a given price level; (x) current market conditions; (xi) timing of cash flows and account liquidity; (xii) investment period and investment horizon; (xiii) de minimis transaction size; and (xiv) the investment decision made by each of the Client's investment committees. Although it is the Adviser's policy to allocate investment opportunities to eligible Client accounts that have the same or substantially similar investment objectives, strategies and restrictions on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to Client accounts in varying amounts. Even Client accounts that are typically managed on a pro rata basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

Allocations will be made among Client accounts that have the same or substantially similar investment objectives, strategies and restrictions and are eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a Client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a Client's status as a "restricted person" under applicable regulations.

Securities acquired by the Adviser for its Clients through a limited offering will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those Client accounts eligible to hold such securities. Eligibility will be based on the legal status of the Clients and the Clients' investment objectives and strategies.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser seeks to ensure that Client's best interests are served. The Adviser has discretion to resolve a particular error in any manner that it deems appropriate and consistent with the above stated policy. In the event that a Client incurs a trade error as a result of the Adviser's violation of the standard of care that is applicable to the Client, the Adviser will reimburse the Client for losses attributable to such violation. Trade errors that do not result from the Adviser's violation of the standard of care applicable to the Client are borne by the Client. The Adviser is not responsible for the errors of other persons, including third-party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its Clients, the Adviser will comply with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to Client securities, such proxies are voted in the best interests of its Clients. The Adviser generally will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals including matters such as, without limitation, corporate events (mergers and acquisition transactions, dissolutions, conversions, or consolidations) or contested elections

for directors, the Adviser will determine whether a proposal is in the best interests of the Client and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; (iii) whether the proposal fairly compensates management for past and future performance; (iv) other factors particular to the issuer and the matter under consideration; and (v) the potential effect of the vote on the value of Clients' investments.

Item 18. Financial Information

This Item is not applicable.