

## ITEM 1: COVER PAGE



**FORM ADV**

**Part 2A**

**FIRM BROCHURE**

330 Madison Avenue, Suite 3010

New York, NY 10017

March 28, 2024

This Brochure provides information about the qualifications and business practices of Exome Asset Management LLC (“**Exome**” or “**Investment Manager**”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer at 212-403-3909 or by email at [ShergillB@exomeasset.com](mailto:ShergillB@exomeasset.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority, and references in this Brochure to Exome as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about Exome is also available on the Security Exchange Commission’s (“SEC”) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## ITEM 2: MATERIAL CHANGES

Exome is amending this “Brochure” as part of its Form ADV Annual Amendment for the fiscal year ending December 31, 2023. Since its most recent Other-Than-Annual Amendment to Form ADV filed on May 24, 2023, there have been no material changes.



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## ITEM 4: ADVISORY BUSINESS

Exome is a Delaware limited liability company with its principal place of business in New York. Exome was formed in 2018 and commenced investment advisory operations in June 2019. Exome was founded by its principal owner Samuel D. Isaly, who is the Managing Partner. Mr. Isaly owns his interest in Exome directly through a limited liability company.

Exome provides discretionary investment advisory services to private funds: Emerging Markets Healthcare Partners LLC, a Delaware limited liability company, and Worldwide Healthcare Partners LLC, a Delaware limited liability company (collectively with Emerging Markets Healthcare Partners LLC the “**Onshore Funds**”), as well as Emerging Markets Healthcare Partners International Ltd, a Cayman Islands exempted company, and Worldwide Healthcare Partners International Ltd, a Cayman Islands exempted company (the “**Offshore Funds**” and collectively with the **Onshore Funds** the “**Fund**” or “**Funds**”). Exome Asset GP LLC (the “**Managing Member**”), which is a related entity of Exome, serves as the Managing Member to the Onshore Funds. In addition, Exome also provides discretionary investment sub-advisory services to a pooled investment vehicle (“**Sub-Advised Fund**”). Exome has in place an investment management agreement with each of the private funds, as well as the Sub-Advised Funds.

Exome is responsible for determining the specific securities and other investments to be bought and sold and arranging the execution of all purchase and sale orders on behalf of the Funds.

Exome’s advisory services are provided to Funds pursuant to the terms of the Funds’ private placement memorandum, operating agreement, limited partnership agreement, sub-advisory agreement, and/or investment management agreement, as applicable (collectively, the “**Governing Documents**”) and based on the specific investment objectives and strategies as disclosed therein. Please refer to ITEM 8 methods of analysis, investment strategies, and risks of loss.

Exome generally does not permit investors in the Funds to impose limitations on the investment activities described in the offering documents for the Exome Funds. Under certain circumstances, Exome will contract with a client to adhere to the limited risk and/or operating guidelines imposed by the client. Exome negotiates such arrangements on a case-by-case basis.

Exome does not participate in wrap-fee programs.

As of December 31, 2023, Exome managed approximately \$181,836,994 of client regulatory assets on a discretionary basis. Exome does not currently manage any client assets on a non-discretionary basis.

## ITEM 5: FEES AND COMPENSATION

All investors of the Funds are “accredited investors” as defined under Rule 501 of Regulation D of the Securities Act of 1933, as amended (the “**Securities Act**”) and “qualified clients” as defined under Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). In addition, the Funds can limit the sale of Interests (defined below) to investors who are “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “**Investment**



**Company Act**”). Exome is compensated through management and performance fees or allocations which are described in its advisory contracts with its clients.

Exome charges each Fund a quarterly management fee, payable in advance, on the first Business Day of each calendar quarter after giving effect to subscriptions and withdrawals made as of such date plus value-added taxes or similar taxes (where applicable) equal to 0.375% (equivalent to an annual management fee rate of 1.5%) of the Net Asset Value as of such Business Day (the “**Management Fee**”). In addition, the Management Fee will be paid on capital contributions made on a date other than the first day of a calendar quarter in respect of the remaining portion of that quarter. At the discretion of the Investment Manager, the Management Fee can be reduced or waived with respect to any qualified investor (each such person upon admission to the Fund, a “**Non-Managing Member**” and, together with the Managing Member, the “**Members**”) with a limited liability company interest (“**Interest**”) in a Fund or Capital Account (defined herein). Each Member will have a separate account (each such account, a “**Capital Account**”) established on the books of a Fund, which will initially be equal to the aggregate net asset value of the assets (net of liabilities) of such Member initially contributed to the Fund. In addition, a performance fee or allocation accrues on a monthly basis, and at year-end, the performance fee or allocation is crystallized and paid to Exome. Generally, Exome deducts the management fee and/or performance fee from each Fund by instructing such fund’s administrator and/or custodian.

The Fund will bear the costs of structuring and organizing the Fund. Certain organization expenses, including, but not limited to, legal fees and accounting fees, could, to the extent they are not material, be amortized on a straight-line basis over five (5) years commencing on the initial date upon which subscriptions are accepted (the initial date upon which subscriptions are accepted defined herein as the “**Closing Date**”). If the organization expenses have not been amortized, the Fund could, to the extent they are not material, allocate a portion of such expenses to investors who are admitted after the Initial Closing Date.

On an ongoing basis, the Fund will pay all expenses incurred in connection with the Fund’s operating expenses and administrative expenses. Operating expenses include, but are not limited to, investment expenses (i.e., expenses which are determined to be related to the investment of the Fund’s assets, such as brokerage commissions, expenses relating to short-sales, clearing and settlement charges, custodial fees, bank service fees, margin and interest expenses, ticket charges, out-of-pocket costs related to specific investments, fees and charges, disbursements of custodians and sub-custodians and currency and exchange rate hedging, regulatory registrations and filings for the Fund and, to the extent related to the Fund, certain expenses related to regulatory filings of the Investment Manager and its affiliates (including, without limitation, Forms PF and CPO-PQR), expenses related to the formation and maintenance of any vehicles, including alternative investment vehicles, formed to effect or facilitate the acquisition or holding of any investment and to provide financing for investments and expenses relating to proposed investments that are not consummated); compensation of third-party subadvisors; fees and charges and disbursements of escrow agents and costs of subscriptions, Transfers and withdrawals by Members; financing costs; due diligence, research and investment-related travel expenses; internal and external legal expenses; professional fees (including expenses of consultants and experts) relating to investments; internal and external accounting expenses (including the cost of accounting and trading software packages); auditing and tax preparation expenses; valuation expenses (including the cost of third-party valuation agents); cost of software (including fees of third-party software



developers) used by the Investment Manager to track, settle and monitor investments and to wire funds to and from the Fund; all third-party charges and expenses related to due diligence and research; organizational expenses; insurance premiums and expenses; the Management Fee; any taxes and duties payable in any jurisdiction in connection with the operation of the Fund; fees and expenses of any agents or service providers (including a third-party administrator); entity-level taxes and other similar expenses related to the Fund; extraordinary expenses (including litigation, indemnification and contribution expenses); and all other expenses and/or liabilities incurred in connection with the operation of the Fund. Any fees and expenses associated with any Interests or any particular class or series of Interests as determined by the Managing Member will initially be allocated to such applicable class or series of Interests.

The Investment Manager will bear the costs of providing its services to the Fund, including its general overhead, salary, office, and travel expenses (other than travel related to the investment of the Fund's assets), and will be reimbursed by the Fund for any non-investment advisory expenses it incurs on behalf of the Fund.

In addition, clients will incur brokerage and other transaction costs. For a description of Exome's practices regarding brokerage costs, see Item 12, "Brokerage Practices".

The compensation for advisory services provided by Exome to the Sub-Advised Funds is paid in accordance with each respective investment management agreement.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 above, Exome can receive performance-based compensation from the Funds. The possibility that Exome can receive performance-based compensation creates a potential conflict of interest in that it could create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based compensation.

The terms of the performance-based fees and allocations could differ among the various Funds. This could result in a conflict of interest when Exome allocates opportunities among the Funds because Exome will have an incentive to favor Funds that have higher performance-based fees and allocations. To avoid such a conflict of interest, Exome generally follows documented procedures in allocating investment opportunities among the Funds. When Exome determines that a particular opportunity would be desirable for more than one Fund, it will seek to allocate such opportunity between the Funds in a manner that it deems fair and equitable under the circumstances existing at such time.

Performance-based compensation is based directly on the net asset value of each Fund. In most circumstances, the valuations of a Fund's assets will be based on independent market quotations from relevant counterparties, but obtaining such valuations is not required in each instance. To the extent that a Fund trades in securities or other financial instruments which are not traded on an organized or liquid market, the valuation of such assets will be determined by Exome. As a result, there will be a conflict of interest for Exome. In order to mitigate this conflict, Exome will follow its documented valuation policies in valuing Fund investments.



## ITEM 7: TYPES OF CLIENTS

Exome provides investment advisory services with respect to the Funds and Sub-Advised Funds as described in Item 4. Investors in the Funds are “accredited investors” as defined under Regulation D of the Securities Act and “qualified clients” as defined under Rule 205-3 of the Advisers Act.

Exome imposes a minimum of \$1 million to invest in a Fund. However, this amount can be waived or reduced at the discretion of the general partners and/or managers of each such Fund.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

### *Methods of Analysis and Investment Strategies Generally*

The Fund will seek to achieve capital appreciation by investing, primarily through equity securities, in healthcare companies throughout the world with an emphasis on developing countries. The majority of such strategy will focus on situations related to macro events that are anticipated by the Investment Manager to affect the valuations of equities and equity-related instruments of healthcare companies in emerging markets. The Investment Manager has the authority to, and anticipates investing in a wide range of asset classes and instruments on behalf of the Fund. The Investment Manager intends to use this flexibility of approach and strategy, combined with the broad experience of its investment professionals, to afford the Fund the opportunity to take advantage of opportunities the Investment Manager sees in equities, equity derivatives products, and private investments in the target market. Such private investments will be capped at 10% of the Net Asset Value of the Fund as measured as of the time of such investment. The Fund’s investment strategy is intended to be opportunistic and to follow such themes in the healthcare industry as the Investment Manager from time to time determines to be appropriate, however, the particular strategies deployed by the Investment Manager with respect to the Fund could change from time to time.

**Investing in securities involves the risk of loss that clients and investors should be prepared to bear.**

### *Certain Risks Associated with Exome’s Methods of Analysis and Investment Strategies*

Business and Regulatory Risks of Private Investment Funds. Legal, tax, and regulatory changes could occur during the term of the Fund that could adversely affect the Fund. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds could adversely affect the value of investments held by the Fund and the ability of the Fund to pursue its investment strategy. Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the private investment fund industry in general. There is a possibility that, prior to the Fund’s termination, the Fund could be subject to new or revised legislation or regulations, which could be enforced by entirely new governmental agencies. In addition, the securities markets are subject to comprehensive statutes, regulations, and margin requirements. The SEC, other regulators, self-regulatory organizations, and exchanges are



authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. It is impossible to predict what, if any, changes in the regulations (and/or their enforcement) applicable to the Fund and the Investment Manager, the markets in which they trade and invest, or the counterparties with which they do business could be instituted in the future. Any such change could have a material adverse impact on the value of Interests in the Fund.

In addition, new laws and regulations resulting from the Dodd-Frank Act could directly impact the Fund's use of derivatives. Specifically, the Dodd-Frank Act requires that certain types of swaps and security-based swaps be cleared by central clearinghouses and traded on an exchange, and over-the-counter swaps and security-based swaps are subject to initial and variation margin requirements. In addition, the Fund's potential counterparties for swaps and security-based swaps could be required to register with the Commodity Futures Trading Commission ("CFTC") and the SEC as "swap dealers" or "security-based swap dealers," respectively, and such entities could be expected to become subject to minimum capital requirements. Collectively, these requirements could have the effect of limiting the Investment Manager's ability to hedge certain risks to the Fund's portfolio.

While many of the Dodd-Frank Act reforms have already been implemented, certain reforms are still pending and there is uncertainty as to whether and how such legislation and reforms will be implemented and applied in the future. If the restrictions under the Dodd-Frank Act are curtailed or repealed, banks could be subject to fewer restrictions on their investment activities, which could allow them to compete more actively with the Fund for investment opportunities and to sponsor credit-focused funds that compete with the Fund for investment opportunities. As it is unclear whether and how the new administration under President Joseph Biden and the U.S. Congress will amend or repeal the Dodd-Frank Act and what other legislative and executive actions could be taken, it is difficult to predict how the Fund will be affected by any such legislative or executive actions. Depending on the nature of any changes to the Dodd-Frank Act, such changes could prove detrimental to the Fund. As a result (and because many of the already implemented reforms are relatively new), it will likely still be some time until the direct and indirect impact of the Dodd-Frank Act is fully understood.

Furthermore, various U.S. federal, state, and local agencies have been examining the role of placement agents, finders, and other similar service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information, and in connection therewith, new or proposed rules and regulations in this area could increase the possibility that the Investment Manager could be exposed to claims or actions that could require an investor to withdraw from the Fund.

Regulation in the Derivatives Industry. There are many rules related to derivatives that could negatively impact the Fund, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, the minimum margin for uncleared over-the-counter ("OTC") instruments, and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards, and capital requirements. All of these requirements add costs to the legal, operational, and compliance



obligations of the Investment Manager and the Fund and increase the amount of time that the Investment Manager spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Fund.

These rules are operationally and technologically burdensome for the Investment Manager and the Fund. These compliance obligations require employee training and the use of technology, and there are operational risks borne by the Fund in implementing procedures to comply with many of these additional obligations.

These regulations could also result in the Fund forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants), as the use of other parties could be more efficient for the Fund from a regulatory perspective. However, this could limit the Fund's trading activities, create losses, preclude the Fund from engaging in certain transactions, or prevent the Fund from trading at optimal rates and terms.

Many of these requirements were implemented pursuant to the Dodd-Frank Act, the EU Regulation on OTC Derivatives, Central Counterparties, and Trade Repositories (known as the European Market Infrastructure Regulation, or "**EMIR**"), and similar regulations globally. In the United States, the Dodd-Frank Act divides the regulatory responsibility for derivatives between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over "security-based swaps" and the CFTC has regulatory authority over "swaps." EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission, and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps and EMIR regulations, that are still in the proposal stage or are expected to be introduced in the future.

#### New Issues.

*New Issues.* Subject to the following paragraph, the Fund could invest in "**new issues**" (generally defined in Financial Industry Regulatory Authority ("**FINRA**") Rule 5130, as the same could be amended, supplemented, or replaced from time to time ("**FINRA Rule 5130**") as any initial public offering of an equity security). FINRA Rule 5130 provides that such new issues could not be sold, except in limited circumstances, to an account in which a FINRA member (i.e., a broker-dealer) or person affiliated with or related to a FINRA member (or certain other securities industry professionals/companies) has an interest. To the extent that the Fund purchases new issues, Members who are "restricted persons" within the meaning of FINRA Rule 5130 will be restricted from participating in such "new issues" except as determined by the Manager Member in accordance with FINRA Rule 5130.

*Anti-Spinning.* Notwithstanding the foregoing, the Fund could be prohibited, in whole or in part, from receiving allocations of "new issues" based on FINRA Rule 5131 ("**FINRA Rule 5131**"). FINRA Rule 5131 restricts FINRA members from allocating new issues to any "account" (i.e. the Fund) in which an executive officer or director of a public company or a covered non-public



company (as defined therein), or a person materially supported (as defined therein) by such executive officer or director, has a beneficial interest, if one (1) of the three (3) following conditions are met: (i) the executive officer or director's company is either a current or former (within the past twelve (12) months) investment banking services client of the member; (ii) the person making the allocation decision on behalf of the FINRA member knows or has reason to know that the member intends to provide investment banking services for the company within the next three (3) months; or (iii) on the express or implied condition that the executive officer or director will retain the FINRA member for the performance of future investment banking services. However, FINRA Rule 5131 provides a *de minimis* exception and expressly permits the allocation of new issues to any account in which the executive officers and directors of that particular company do not receive, in the aggregate, more than twenty-five percent (25%) of such allocation. Accordingly, the Fund could, in the sole discretion of the Investment Manager, make special allocations and/or take necessary steps to comply with FINRA Rule 5131 and the *de minimis* exception.

## **Fund Investment Risks**

General. An investment in the Fund involves potential conflicts of interest and a high degree of risk. An investment in the Fund will not be suitable for all investors, and is intended for investors who understand and are capable of accepting the risks associated with its investments. An investment in the Fund is intended to serve as only one component of an investor's portfolio and not as a complete program for an investor. Prior to investing in the Fund, prospective investors should carefully consider the risk factors and potential conflicts of interest set forth below as well as other information set forth herein.

Limited Operating History. The Fund, the Investment Manager, and the Managing Member have recently formed entities and have limited operating histories upon which prospective investors can evaluate their performance. The investment program of the Fund should be evaluated on the basis that there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of investments will prove accurate or that the Fund will achieve its investment objective.

Broad Discretionary Power to Choose Investments and Strategies. The Investment Management Agreement provides the Investment Manager with broad discretionary authority to decide what investments the Fund will make and what strategies it will use. While the Investment Manager currently intends to use the strategies described in "*Investment Overview*," it is not obligated to do so, and it could upon notice to the Members choose any other investments and strategies that it believes are advisable.

Dependence on the Investment Manager. The success of the Fund is significantly dependent upon the ability of the Investment Manager to develop and effectively implement the Fund's investment objective. The Fund is also subject to the risk that the Investment Manager will terminate the Investment Management Agreement and that no suitable replacement will be found to manage the Fund. The Investment Manager has the right to terminate the Investment Management Agreement at any time on 90 days' notice. The Fund can offer no assurance that the Investment Manager will remain the Fund's investment manager, that the Fund will be able to find an adequate replacement for the Investment Manager should the Investment Manager elect to terminate the Investment



Management Agreement, or that the Fund will continue to have access to the Investment Manager's key investment professionals and their business relationships. Investors are dependent on the Investment Manager's judgment and abilities.

No Participation of Members. Except for certain limited voting rights, the Non-Managing Members will have no right or power to participate in the management or control of the business of the Fund. The business of the Fund will be conducted by the Managing Member and the Managing Member will delegate certain powers to the Investment Manager pursuant to the Investment Management Agreement. Therefore, the Non-Managing Members must depend solely on the ability of the Managing Member and the Investment Manager with respect to making investments and other decisions.

Operating Deficits. The expenses of operating the Fund could exceed its income. This would require that the difference be paid out of the Fund's capital, reducing the Fund's investments and potential for profitability.

Involuntary Withdrawals. The Managing Member can cause a Member to involuntarily withdraw all or any of such Member's Interests at any time for any or no reason upon at least five (5) Business Days prior written notice.

Increased Regulatory Oversight. The financial services industry generally, and the activities of hedge funds and their managers, in particular, have been subject to intense and increasing regulatory scrutiny globally. Such scrutiny could increase the Fund's and the Investment Manager's exposure to potential liabilities and to legal, compliance, and other related costs. Increased regulatory oversight can also impose administrative burdens on the Investment Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens could divert the Investment Manager's time, attention, and resources from portfolio management activities.

Unlike investment companies registered under the Investment Company Act, the Fund will rely on an exception from such registration available to privately offered investment companies and, accordingly, the provisions of the Investment Company Act (which, among other things, requires registered investment companies to have boards of directors comprised of at least 75% disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of securities and regulate the relationship between the investment adviser and the investment company) are not applicable. Because securities of the Fund are expected to be held by brokers generally and will not be held in segregated accounts, a failure of any such broker is likely to have a greater adverse impact on the Fund than if such securities were registered in the Fund's name.

Long-Term Nature of Investment in the Interests. An investment in the Interests requires a long-term commitment with no certainty of return. Because of the nature of the Fund's investment programs, there can be no assurance that the Fund will be able to realize returns on its investments in a timely manner or at all. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments could be realized before gains are realized on successful investments. The return of capital and realization of gains, if any, from an investment could not occur until a number of years after an investment is made, if at all.



Costs Related to Investing in the Fund. The Members will bear, through their investment in the Fund, the fees and expenses charged to or indirectly borne by the Fund, including the Management Fee, the performance fees each Funds offering documents (“**Performance Allocation**”), transaction-related, operating, and other expenses of the Fund, certain overhead of the Investment Manager related to accounting, operating and legal services provided to the Fund. Additionally, the Fund could invest in joint ventures, co-invest with third parties or otherwise participate in pooled investment vehicles and will bear the costs of such investments, which could include, for example, performance-based or fixed asset-based fees or allocations payable to the promoters, managers or advisors to such ventures. Generally, the Investment Manager does not intend to reduce the Management Fee or Performance Allocation to offset any such costs. In the aggregate, these fees and expenses can be substantial and adversely affect the value of any investment in the Fund.

Systems Risks. The Fund depends on the Investment Manager to develop and implement appropriate systems for the Fund’s activities. The Fund relies extensively on computer programs and systems to trade, clear, and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolios and net capital, and to generate risk management and other reports that are critical to oversight of the Fund’s activities. In addition, certain of the Fund’s and the Investment Manager’s operations interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their sub-custodians and other service providers, and the Investment Manager could not be in a position to verify the risks or reliability of such third-party systems. These programs or systems could be subject to certain defects, failures or interruptions, including, but not limited to, those caused by a computer “worms,” viruses, hackers, and power failures. Any such defect or failure could have a material adverse effect on the Fund. For example, such failures could cause the settlement of trades to fail, lead to inaccurate accounting, recording, or processing of trades, and cause inaccurate reports, which could affect the Fund’s ability to monitor its investment portfolios and their risks. Studies have shown that the lack of adequate systems is often a significant contributing factor to the failures of funds like the Fund.

Operational Risk. The Fund depends on the Investment Manager to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated, or accounted for or other similar disruptions in the Fund’s operations could cause the Fund to suffer financial loss, the disruption of its businesses, liability to clients or third parties, regulatory intervention or reputational damage. The Fund’s businesses are highly dependent on their ability to process, on a daily basis, a large number of transactions across numerous and diverse markets. Consequently, the Fund relies heavily on its financial, accounting, and other data processing systems. The ability of their systems to accommodate an increasing volume of transactions could also constrain the Fund’s abilities to properly manage its portfolio.

Cybersecurity. The Fund and its service providers could be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other things, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, and various other forms of cybersecurity breaches. Cyberattacks affecting the Fund and its service providers could adversely impact the Fund. For instance, cyberattacks could interfere with the processing of investor transactions,



impact the ability to calculate the Fund's Net Asset Value, cause the release of private investor information or other confidential information, impede trading, subject the Fund and its service providers to regulatory fines and/or financial losses and cause reputational damage. Similar types of cybersecurity risks are also present for other market participants, which could have material adverse consequences for the Fund, and could cause the Fund's investments to lose value. The Fund and its service providers could incur additional costs relating to cybersecurity preparations, and there can be no guaranty that such preparations, though taken in good faith and reasonably designed to safeguard the Fund's, the Investment Manager's, and others' informational systems, would be successful at preventing such attacks. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuous change.

Counterparty and Settlement Risk. To the extent, the Fund invests in non-U.S. securities, swaps, derivatives or synthetic instruments, or other over-the-counter transactions, in certain circumstances, the Fund could take a credit risk with regard to parties with whom it trades and could also bear the risk of settlement default. These risks could differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It could not always be possible for the securities and other assets deposited with custodians or brokers to be clearly identified as being assets of the Fund and the Fund could be exposed to a credit risk in those situations. In addition, there could be practical or time problems associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party. In valuing derivative instruments, it is anticipated that the Fund will typically rely on quotes or other information provided by counterparties.

Many emerging market countries have different clearance and settlement procedures from developed countries. There could be no central clearing mechanism for settling trades and no central depository or custodian for the safekeeping of securities. The registration, recordkeeping, and transfer of instruments could be carried out manually, which could cause delays in the recording of ownership. Increased settlement risk could increase counterparty and other risks. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument could change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets.

Custody Risk. The Fund and/or its custodians could be required to appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Fund. The Fund's custodians could not be responsible for cash or assets that are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Fund could therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections, which would normally be provided to a fund by a custodian, will not be available to the Fund. Custody services in certain non-U.S. jurisdictions remain undeveloped and accordingly there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and



bankruptcy in certain non-U.S. jurisdictions, the ability of the Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy would be in doubt.

"Soft Dollar" Payments. The Investment Manager could consider various factors in selecting banks, brokers, and dealers to effect transactions. Such factors could include: price, ability to effect the transactions, facilities, reliability, and financial responsibility, as well as the products or services that could be provided by such banks, brokers, or dealers to the Investment Manager. These products and services could include research utilized by the Investment Manager in its investment processes. As a result, to the extent permitted by law, such "soft dollar" arrangements could cause the Investment Manager to conduct transactions with a specific bank, broker, or dealer even though such a party could not offer the lowest transaction fees.

Retention and Motivation of Key Persons. The Fund's performance is largely dependent on the talents and efforts of certain highly skilled individuals. Competition in the financial services industry for qualified personnel is intense. The Fund's continued ability to effectively manage its portfolio depends on the ability of the Investment Manager to attract, retain and motivate its investment professionals and other key persons.

Misconduct of Personnel and of Third Party Service Providers. Misconduct by personnel of the Investment Manager or by third-party service providers could cause significant losses to the Fund. Such misconduct could include binding the Fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, could result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, personnel and third-party service providers could improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities. Although the Investment Manager will adopt measures to prevent and detect such misconduct and select reliable third-party providers, such measures could not be effective in all cases.

Reports to Members. Although it is intended that the Members will receive quarterly commentary letters and monthly account statements in addition to annual audited financial reports, as an unregistered, privately offered investment company, the Fund is not required to provide periodic pricing or valuation information to the Members.

Handling of Mail. Mail addressed to the Fund and received at its registered office will be forwarded unopened to the Investment Manager to be dealt with. None of the Fund, its representatives, or service providers will bear any responsibility for any delay howsoever caused in mail reaching the Investment Manager. In particular, the Managing Member will not receive, open or deal directly with mail addressed to the Fund.

Subscription Monies. Where a subscription for Interests is accepted, the Interests will be treated as having been issued with effect from the relevant Closing Date, notwithstanding the subscriber for those Interests potentially could not be entered in the Fund's register of members until after the relevant Closing Date. The subscription monies paid by a subscriber for Interests will accordingly be subject to the investment risk in the Fund from the relevant Closing Date.



Effect of Withdrawal. Where a withdrawal request is accepted, the Interests will be treated as having been withdrawn with effect from the relevant Withdrawal Date (defined below) irrespective of whether or not such withdrawing Member has been removed from the Fund's register of members or the withdrawal price has been determined or remitted. A Member may withdraw all or a portion of its Capital Account on the last Business Day of each calendar quarter (each such date, a "**Withdrawal Date**"). Accordingly, on and from the relevant Withdrawal Date, Members in their capacity as such will not be entitled to or be capable of exercising any rights arising under the their agreement with respect to Interests being withdrawn (including any right to receive notice of, attend or vote at any meeting of the Fund) save the right to receive the withdrawal price and any dividend which has been declared prior to the relevant Withdrawal Date but not yet paid (in each case with respect to the Interests being withdrawn). Such withdrawn Members will be creditors of the Fund with respect to the withdrawal price. In an insolvent liquidation, withdrawn Members will rank behind ordinary creditors but ahead of Members.

Illiquidity and In-Kind Distributions. Inasmuch as there are substantial restrictions on withdrawals and there is not anticipated to be an active secondary market for Interests in the Fund, an investment in the Fund is a relatively illiquid investment. Further, if a substantial number of Members were to completely withdraw from the Fund and the Fund did not have a sufficient number of liquid securities, the Fund might have to meet such withdrawals through distributions of assets, funds, or securities held by the Fund.

Illiquidity of Interests. There is no market for the Interests of the Fund, and none is expected to be developed. The Interests have not been registered under the Securities Act or any other securities laws and, therefore, cannot be sold in the United States or to citizens or residents of the United States unless they are subsequently registered under the Securities Act or an exemption from registration thereunder is available. Interests could also be subject to similar restrictions on resale under the securities laws of other jurisdictions.

Illiquidity and Potential Liabilities of Private Investments. Certain of the Fund's investments are expected to be private securities, which are generally more difficult to sell than publicly traded securities, as there is often no liquid market. The Investment Manager could not be able to liquidate such assets when it desires to do so or could liquidate such assets below what it perceives to be the fair value of such assets in the event of a sale. In connection with the disposition of an investment in private securities, the Fund could be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business and also could be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements could result in the incurrence of contingent liabilities that could ultimately yield funding obligations that must be satisfied by the Non-Managing Members to the extent of their unfunded capital commitments or prior distributions made to such Non-Managing Members.

Availability of Investment Strategies. Identification and exploitation of the investment strategies to be pursued for the Fund involves a high degree of uncertainty. No assurance can be given that the Fund will be able to locate suitable investment opportunities in which to deploy all of the monies held by the Fund. A reduction in the volatility and pricing inefficiency of the markets in which the Fund will seek to invest the assets of the Fund could reduce the scope of the investment strategies for the Fund.



Nature of Investments. All investments risk the loss of capital. The Investment Manager believes that its investment program and research techniques could moderate this risk through a careful selection and balancing of securities. No guarantee or representation is made that the Investment Manager's program in respect of the Fund will be successful. The Investment Manager's investment program could utilize such investment techniques as trading in put and call options and other derivatives, margin transactions, short sales, and forward contracts, which practices can, in certain circumstances, increase the adverse impact to which the Fund could be subject. No guarantee or representation is made that the Fund's investment objective will be achieved.

Derivative Instruments. The Fund could buy or sell (write) both call options and put options, and when it writes options, it could do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Fund's options transactions could be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions the Fund could enter into, the principal risks involved in options trading can be described as follows: When the Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Fund's investment in the option (including commissions). The Fund could mitigate those losses by selling short, or buying puts on, the securities for which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When the Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Fund might suffer as a result of owning the security.

Certain swaps and options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk, and operations risk.

Option Transactions. The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case could be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change the price in the manner expected, so that the option expires worthless, and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk



because the investor is exposed to the extent of the actual price movement in the underlying security in excess of the premium payment received.

The Fund could purchase or sell customized options and other derivatives in the over-the-counter market that could have features different from traditional exchange-traded options though they also share the same risks. These options and derivative instruments could also subject the Fund to the risk of default by the counterparty. Investments in these financial instruments could also be subject to additional risks such as interest rates and other risks.

The Fund's ability to close out its position as the purchaser of an exchange-listed option would be dependent upon the existence of a liquid secondary market on an exchange. Among the possible reasons for the absence of a liquid secondary market on an exchange are (i) insufficient trading interest in certain options, (ii) restrictions on transactions imposed by an exchange, (iii) trading halts, suspensions, or other restrictions imposed with respect to particular classes or series of options or underlying securities, (iv) interruption of the normal operations on an exchange, (v) inadequacy of the facilities of an exchange or similar facility to handle the current trading volume or (vi) a decision by one or more exchanges to discontinue the trading of options (or a particular series of options), in which event the secondary market on that exchange (or in that series of options) would cease to exist, although outstanding options on that exchange would generally continue to be exercisable in accordance with their terms.

Exchange-Traded Options – Call Options. The Fund could purchase call options, write covered and uncovered call options, and purchase options to close out options previously written. The purchase of a call option gives the purchaser the right to purchase a particular security for a fixed price (the “**exercise price**”) at a specified time or for a specified period of time in exchange for payment of a premium. The writer (or seller) of a call option receives the premium and is required to sell the underlying security at the exercise price to the purchaser of the call option if the purchaser exercises the option prior to its expiration. Writing a “covered” call option means that the writer owns or has the right to acquire the underlying security; in the case of an “uncovered” call option, the writer does not own or have the right to acquire the security. Typically, the Fund could purchase a call option when it anticipates the price of the underlying security could rise and could write a call option in anticipation of a price decline. In return for the premium received upon the writing of a call option, the Fund will give up the opportunity to benefit from a price increase in the underlying security above the exercise price, but conversely retains the risk of loss should the price of the security decline. The Fund could have no control over when it could be required to sell the underlying securities, if it receives an exercise notice at any time prior to the expiration of its obligation as a writer.

Because call options give the purchaser the right to purchase a specified security at a designated exercise price at a specified time or for a specified period of time, the option is likely to be exercised only when and if the market price of the security exceeds the exercise price. If the market price never exceeds the exercise price during the option term, the purchaser's loss will be limited to the cash premium paid to the writer of the option. However, if the market price does exceed the exercise price during the option term by an amount greater than the premium paid for the option, the purchaser has the right to exercise the option and purchase the security at the exercise price and realize a profit. In that circumstance, the writer of the option retains the premium received for



the option but forgoes any possible profit from an increase in the market price of the underlying security over the exercise price.

The premium received by the Fund for writing covered call options will be recorded as a liability. This liability will be adjusted daily to the option's current market value, which will be the latest sale price at the time at which the Fund capital accounts are computed, or, in the absence of a such sale, the mean between the closing bid and asked prices. The option will be terminated upon expiration of the option, the purchase of an identical option in a closing transaction, or the delivery of the underlying security upon the exercise of the option.

If the Fund desires to sell a particular security from its portfolio on which it has written a call option, or purchased a put option, it could seek to effect a closing transaction prior to, or concurrently with, the sale of the security. There is no assurance that the Fund will be able to effect such closing transactions at a favorable price. If the Fund cannot enter into such a transaction, it could be required to hold a security that it might otherwise have sold, in which case it would continue to be at market risk on the security.

Exchange-Traded Options – Put Options. The Fund could write put options which give the purchaser of the option the right to sell, and the writer the obligation to buy, the underlying security at the exercise price during the option period. Typically, the Fund could write a put option when it anticipates that the market price of the underlying security could rise above the exercise price.

The Fund could purchase put options on an underlying security which it could or could not own. As the holder of a put option, the Fund has the right to sell the underlying security at the exercise price at any time during the option period. Typically, the Fund could purchase a put option when it anticipates that the market price of the underlying security could decline below the exercise price. The Fund could enter into closing sale transactions with respect to such options, exercise them or permit them to expire.

The premium paid by the Fund when purchasing a put option will be recorded as an asset. This asset will be adjusted daily to the option's current market value. The option will be terminated upon expiration of the option, the writing of an identical option in a closing transaction, or the delivery of the underlying security upon the exercise of the option.

Put options generally will be exercised in instances in which the value of the designated security is less than the exercise price. The purchaser of a put option will profit by exercising its right to sell the designated security at the exercise price to the writer of the put when and if the market price of the security becomes less than the exercise price. If during the option term, the market price of the underlying security always exceeds the exercise price, the put option will expire worthless and the buyer will suffer the loss of the premium paid for the put. Therefore, a put option written by the Fund would likely be exercised when the Fund would be obligated to purchase the security at a price greater than the current market price.

Futures. Futures markets are highly volatile. To the extent the Fund engages in transactions in futures contracts and options on futures contracts, the profitability of the Fund will depend to some degree on the ability of the Investment Manager to correctly analyze the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental



policies, commercial and trade programs, world political and economic events and changes in interest rates. Moreover, investments in commodity futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15% of the face value of the contract, and exposure can be nearly unlimited) and credit risk vis-a-vis the contract counterparty. Centralized clearing of futures and options on futures, however, is intended to mitigate counterparty credit risk. Finally, the CFTC and futures exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short position which any person can hold or control in particular commodity futures contracts. The CFTC’s speculative position limits apply to nine agricultural commodity futures contracts (and options thereon). Exchange-set speculative position limits also apply to these agricultural contracts as well as other exchange-listed derivatives contracts in a range of physical and financial commodities. At some point in the future, the CFTC’s speculative position limits could be expanded to apply to additional physical commodity futures contracts as well as certain economically-equivalent swap contracts. With respect to those agricultural contracts that are currently subject to CFTC speculative position limits (and for any contracts that become subject to CFTC speculative position limits), the CFTC’s recently adopted position aggregation rules would apply. These aggregation rules expand the circumstances requiring persons to aggregate positions that are owned or controlled by such persons, for purposes of determining compliance with a CFTC speculative position limit. Specifically, among other provisions, the aggregation rules require a person holding positions in multiple commodity pools with substantially identical trading strategies to aggregate the pools’ positions, on a pro-rata basis, with other positions held or controlled by such person. The CFTC’s and futures exchanges’ current speculative position limits, along with related position aggregation rules, could constrain the Fund’s trading in certain derivatives, including agricultural futures and options contracts.

Currency Trading Risk. The Fund could engage in foreign currency transactions to effect investment transactions to generate returns consistent with the Fund’s investment objective and strategies (i.e., speculative currency trading strategies) and/or to hedge against uncertainty in the level of future exchange rates. Foreign currency exchange transactions will be conducted on either a spot (i.e., cash) basis at the rate prevailing in the currency exchange market, or through entering into forward currency exchange contracts (“**forward contracts**”) to purchase or sell currency at a future date. The Fund could also enter into options on foreign currency. Currency spot, forward and option prices are highly volatile, and forward, spot, and options contracts could be illiquid. Such prices are influenced by, among other things: changing supply and demand relationships; government trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in interest rates. From time to time, governments intervene directly in these markets with the specific intention of influencing such prices. Currency trading could also involve economic leverage (i.e., the Fund could have the right to a return on its investment that exceeds the return that the Fund would expect to receive based on the amount contributed to the investment), which can increase the gain or the loss associated with changes in the value of the underlying instrument. Forward currency contracts are subject to the risk that should forward prices increase, a loss will be incurred to the extent that the price of the currency agreed to be purchased exceeds the price of the currency agreed to be sold. Due to the tax treatment of gains and losses on certain currency forward and options contracts, the use of such instruments could cause fluctuations in the Fund’s income distributions. Many foreign currency forward contracts could eventually be exchange-traded and cleared. Although these



changes are expected to decrease the credit risk involved in bilaterally negotiated contracts, exchange trading and clearing would not make the contracts risk-free.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets and “cash” trading are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in losses to the Fund.

Leverage. The Fund could use leverage. Borrowing creates an opportunity for a greater total return, but also increases exposure to capital risk. Money borrowed for the Fund will be subject to interest costs which could or could not exceed the income and gains from investments made with the proceeds of such borrowing. Such borrowing will magnify declines as well as increases in the value of the investments of the Fund. If loans to the Fund are collateralized with some of its securities which decrease in value, the Fund could be obliged to pledge additional collateral to a lender in the form of cash or securities held by the Fund to avoid liquidation of the pledged securities.

The rights of any lenders to the Fund to receive payments of interest on and repayments of principal of such borrowing will be senior to the rights of the Members to receive distributions and withdraw Interests, and the terms of any borrowing could contain provisions which limit certain activities of the Fund making use of this strategy, including, but not limited to, distributions to Members and the ability of the Fund to withdraw Interests. Interest payments and fees incurred in connection with borrowing will reduce the amount of net income available for payment to Members.

Subject to the requirements of the applicable regulations, amounts borrowed for the Fund could be unsecured, secured by a pledge of securities, or otherwise secured. The Fund’s anticipated use of short-term margin borrowings subjects the Fund to additional risks, including the possibility of a “margin call”, pursuant to which, if securities collateralizing a loan to the Fund decrease in value, the Fund could either deposit additional securities or cash with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the assets held by the Fund, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Limited Diversification. The Fund will primarily seek to achieve its investment objective through the use of a broad range of equity-linked strategies focused on the worldwide healthcare industry. Consequently, an investment in the Fund is not designed to be a complete overall investment



strategy. Concentration of the Fund in a single industry involves risks greater than those generally associated with more diversified funds or portfolio, including significant fluctuations in returns. For example, the concentration of the Fund's investments in the healthcare industry will make the Fund more susceptible to fluctuations in value resulting from adverse economic and business conditions affecting the healthcare industry particularly or more than other industries.

In addition, although it is expected that diversification within the healthcare industry will be used as one of the tools of risk management of the Fund, the Fund will not be restricted as to the percentage of assets held by the Fund that will be invested in any particular issuer, security, geography or other markets.

To the extent the Investment Manager concentrates the investments of the Fund in a particular issuer, security, geography, or other markets, such investments will become more susceptible to fluctuation in value resulting from adverse economic and business conditions affecting that particular issuer, security, geography, or other markets.

Exchange Rate Exposure. The Fund could invest a substantial portion of its assets in the securities of non-U.S. issuers listed on non-U.S. exchanges and denominated in non-U.S. currencies. The Fund, however, values its securities and other assets in U.S. dollars and the Management Fee is paid in U.S. dollars. Although the Fund has the authority to hedge its non-U.S. dollar positions through currency hedging transactions, it will not necessarily do so. If the Fund does hedge, there is no guarantee that such hedging activities will be successful. To the extent unhedged, the value of the Fund's positions in non-U.S. investments will fluctuate with the U.S. dollar exchange rate. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Fund holds investments will reduce the value of these non-U.S. investments, which could result in a loss to the Fund.

Short-Sales. The Fund could sell short securities. Selling short securities runs the risk of losing an amount greater than the amount invested. Theoretically, short-selling could result in an unlimited risk of loss because there could be no limit on how much the price of a security could appreciate before the short position is closed out. In addition, the supply of securities which can be borrowed fluctuates from time to time. The Fund could be subject to losses if a security lender demands the return of the lent securities, and an alternative lending source cannot be found or if the Fund is otherwise unable to borrow securities for the Fund which are necessary to hedge its positions.

Substantial Withdrawals. In the event that the Fund faces substantial withdrawals of Interests, it could be more difficult for the Fund to generate the same level of profits, operating on a small capital base. In the event that there are substantial withdrawals or redemptions on any date, the Fund could find it difficult to adjust the assets allocation and strategies to the suddenly reduced amounts of assets under management. Under such circumstances, in order to provide sufficient funds to pay withdrawals or redemptions, the Fund might be required to liquidate positions at an inappropriate time or on unfavorable terms.

Lack of Registration. The Interests have not been registered either under the Securities Act, or under the securities laws of any state of the United States and, therefore, are subject to transfer restrictions. The Interests have also not been registered under the laws of any non-U.S. jurisdiction and could be subject to restrictions on issuance and transfer under the laws of such jurisdiction. In



connection with a purchase of Interests, an investor must represent that it is purchasing the Interests for investment purposes only and not with a view toward resale or distribution. Neither the Fund nor the Investment Manager has any plans nor has assumed any obligation to register the Interests in the United States or any other jurisdiction. These restrictions on transfer are in addition to those found in the LLC Agreement.

Valuation. Because of the overall size and concentrations in particular markets and maturities of positions that could be held directly for the Fund from time to time, the liquidation values of the securities and other investments held could differ significantly from the interim valuations of such investments derived from the valuation methods described herein. Such differences could be further affected by the time frame within which such liquidation occurs. Third-party pricing information could at times not be available regarding securities and other investments held by the Fund. Valuations of the securities and other investments of the Fund, which will affect the amount of the Management Fees and Performance Allocations attributable to the Fund, could involve uncertainties and determinations based upon judgment, and if such valuations should prove to be incorrect, the Net Asset Value could be adversely affected. Absent bad faith or manifest error, valuation determinations will be conclusive and binding.

General Economic and Market Conditions. The current economic cycle and positive market trends have endured for a significant period of time, which could increase associated market volatility and risk. There can be no assurances that current economic and market trends will continue. Investments in legal assets are subject to various risks, including, but not limited to: adverse changes in regional, national, and international economic conditions; changes in interest rates; changes in the availability and pricing of insurance coverage applicable to civil legal risk; changes in federal, state and local political administrations; changes in governmental regulations and various administrative guidelines relating to civil procedure and litigation financing which laws, regulations or guidelines could be complex, unclear or otherwise difficult to comply with (and unanticipated expenditures in connection therewith); changes in tax; and changes in business sentiment which could influence settlement behavior and the willingness and ability of litigation counterparties to pay judgment debts.

In recent years, volatility in the U.S. and global financial markets and political systems have illustrated that the current environment continues to be characterized by uncertainty and instability. The global financial markets continue to experience substantial volatility, disruption, liquidity shortages, and to some extent financial instability. Global financial markets have experienced considerable and prolonged declines in the valuations of equity and debt securities and periodic acute contraction in the availability of credit. In addition, political systems, particularly in the United States and Western Europe have demonstrated significant volatility and increasingly served as a catalyst for market events and significant regulatory uncertainty, the scope, and intensity of which remain unclear. There can be no assurances that conditions in the global financial markets will not worsen and/or that regulatory or political initiative will not disrupt the ability of the Fund to effectuate investments on favorable terms or its overall performance.

Instability and Risk in the United States. The 2020 U.S. election cycle resulted in the Democratic Party controlling the executive and narrowly controlling the House of Representatives and an even 50-50 split between the Republicans and Democrats in the Senate, with Democratic Vice President Kamala Harris holding the deciding vote, which could lead to continued legislative impasse and



political instability in the United States. In recent years, the judiciary and regulatory enforcement in areas which could give rise to significant class action litigation, including opioids, the technology sector, climate change, energy policy, and data privacy have been a particular area of focus for the U.S. Congress and for the former administration. In addition, there has been increased focus and calls for increased regulation of the asset management sector and its involvement in particular segments of U.S. and global markets. The full extent of any legislative or regulatory initiatives at any time that could affect the Fund are unknown and it is not possible to predict the effect of any such initiatives on the Fund. There can be no assurances that such instability and government intervention will not have an adverse effect on the Fund's returns.

Over the last several years, including from December 22, 2018 until January 25, 2019, the U.S. government has been shut down several times and certain regulatory agencies have had to furlough critical employees and stop critical activities. Prolonged or repeated government shutdowns could significantly impact the speed of progression of legal proceedings impacting companies in which the Fund invests. Government shutdowns could also result in increased market volatility and could adversely affect the performance of the Fund.

Hedging Transactions. The Fund could utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Fund's investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Fund's unrealized gains in the value of its investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolios; (v) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date; or (vii) for any other reason that the Investment Manager deems appropriate. The Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally and if the Fund does hedge, there is no guarantee that such hedging activities will be successful.

Systemic Risk. Credit risk could also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, and exchanges, with which the Fund interacts on a daily basis.

Liquidity Risks. Liquidity could be important to the Fund's businesses. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Fund's portfolio positions could be reduced. During such times, the Fund could be unable to dispose of certain assets, which would adversely affect its ability to rebalance its portfolios or to meet withdrawal requests. In addition, such circumstances could force the Fund to dispose of assets at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar assets at the same time, the Fund could be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Fund's



counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Fund's credit risk to them.

Portfolio Turnover. The Fund could engage in frequent trading and thus, the Fund's brokerage commission to assets ratio could significantly exceed those of other investment entities.

Government Intervention and Instability in Europe. The already challenging economic and political environment in Europe could be adversely affected by events outside the Fund's control, such as changes in government policies, EU directives in the credit sector and other areas, political instability, terrorist attacks, social unrest, and rioting or military action affecting Europe and/or other areas abroad and taxation and other political, economic or social developments in or affecting Europe. Policymakers in many advanced economies have publicly acknowledged the need to urgently adopt credible strategies to contain public debt and excessive fiscal deficits and later bring them down to more sustainable levels. The implementation of these policies could restrict economic recovery. Against a background of increasing unease over the macro/financial implications of sizeable fiscal imbalances, investors have reduced their investment in many Eurozone countries. Continued reduction in investment flows could restrict economic recovery. Due to the uncertainty regarding the success of any austerity measures and reforms, new taxes could be imposed on the Fund and existing taxes could be increased. There can be no assurance that such government intervention, political instability, or additional taxes will not have an adverse effect on the Fund's returns.

The need to reduce Europe's dependency on European Central Bank (ECB) funding will also increase the likelihood of deleveraging, reducing some European countries' loans to the economy. In the context of continued market turmoil, worsening macroeconomic conditions, and increasing unemployment, coupled with declining consumer spending and business investment and the worsening credit profile of some European market participants could decline significantly thereby increasing counterparty risk and risk associated with the ability of judgment debtors to satisfy awards arising from a legal claim.

Possibility of Redenomination to National Currency. The instability of the Eurozone and the stagnant growth of certain member states has resulted in concerns regarding the suitability of a single currency to appropriately deal with specific circumstances in individual member states. If such concerns were to be realized, this could lead to the reintroduction of individual currencies in certain member states, which would result in the redenomination of the Fund's euro-issued assets and liabilities to the currency of individual member states, which could result in a mismatch in the values of assets and liabilities and expose the Fund to additional currency risks. Leaving the Eurozone could entail substantial economic, political, and procedural costs. Such concerns regarding the possibility of certain member states reverting to a national currency could materially adversely affect the Fund's returns.

Market Disruption and Geopolitical Risk. Wars in and U.S. occupation of Iraq and Afghanistan, recent internal, popular challenges to governments of certain countries in the Middle East, the Crimean conflict, the Syrian civil war, ongoing tensions with North Korea and Russia, terrorism, and related geopolitical risks have led, and could in the future lead to, increased short-term market volatility and could have adverse long-term effects on U.S. and world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of



issuers and litigation counterparties. These risks could also adversely affect individual issuers and securities markets, inflation, and other factors relating to Interests in the Fund and its portfolio investments.

Political Uncertainty. As a result of the lingering effects of the global financial crisis and the limited global recovery, the rise of populist political parties and economic nationalist sentiments has led to increasing political uncertainty and unpredictability throughout the world. Among the attendant risks are greater regulatory uncertainty, for example, regarding the posture of governments with respect to taxation and international trade, law enforcement, and the performance of corporate obligations of sovereigns and other state actors, including with respect to the satisfaction of judgment debts. Also, there is a greater likelihood that individual market participants or specific categories of market participants could be singled out and subjected to various forms of coercion for reasons of political expediency. Finally, in this environment, there is a heightened likelihood of changes in the law. Any of the foregoing could adversely affect the Fund.

MiFID II Directive Constraints. The EU's re-cast Markets in Financial Instruments Directive (2014/65/EU) ("**MiFID II**") delegated and implemented EU regulations made thereunder, laws and regulations introduced by member states of the EU to implement MiFID II, and the EU's Markets in Financial Instruments Regulation (600/2014) (together, the "**MiFID II Directive and Regulation**") impose new regulatory obligations that could or hereafter become applicable to the Investment Manager. These regulatory obligations could impact, and constrain the implementation of, the investment strategy of the Fund and lead to increased compliance obligations upon and accrued expenses for the Investment Manager and the Fund.

The MiFID II Directive and Regulation prohibits an EU-authorized investment firm from receiving investment research unless it is paid for directly by the firm out of its own resources or from a separate research payment account. EU research providers that are MiFID firms will be obliged to price their research services separately from their execution services. It is uncertain whether these changes will lead to an overall increase in the price of research and/or lead to reduced access to research for the Investment Manager in relation to the Fund's investment strategy.

There is no guarantee that these changes will not adversely impact the Fund's investment strategy. Compliance with these requirements could have a significant cost implication to the Fund.

Market Counterparts. The institutions, including brokerage firms and banks, with which the Fund trades or invests, could encounter financial difficulties that impair the operational capabilities or the capital position of such counterparty.

Performance Allocation. The Performance Allocation to the Managing Member could create an incentive for the Managing Member or the Investment Manager to advise the Fund to make investments that are riskier or more speculative than would be the case if the Performance Allocation were not provided. Since the Performance Allocation is calculated on a basis which includes an unrealized appreciation of the Fund's assets, such allocation could be greater than if it were based solely on realized gains.



Currency Risk. The Net Asset Value of the Fund will be computed in U.S. dollars whereas the Fund's investments could be acquired in other currencies. There is no percentage restriction on the Fund's investments that are denominated in a non-U.S. currency. The Fund's investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. An increase in the value of the U.S. dollar compared to the other currencies in which the Fund makes its investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Fund's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Fund's non-U.S. dollar-denominated securities. Among the factors that could affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. It could not be possible or practicable to hedge successfully against the consequent currency risk exposure in all circumstances.

COVID-19; Infectious Diseases; Pandemics. In December 2019, an outbreak of coronavirus disease 2019 ("COVID-19") was first identified in Wuhan, China, and has since spread worldwide. The rapid and uncontrolled spread of the COVID-19 pandemic has significantly overwhelmed existing healthcare infrastructure in many locations and prompted governmental responses and economic shutdowns of unprecedented scale, with the United States and many European countries, including Italy and Spain, being particularly hard hit by the pandemic. The COVID-19 pandemic has resulted in, and could result in further, significant and prolonged reductions in global economic activity, significant increases in unemployment and financial instability across most of the world, exacerbating existing vulnerabilities in local, state, and global economies and causing vulnerabilities and acute stresses in areas that were not previously apparent or identifiable.

Certain illnesses spread rapidly and have the potential to affect the global economy significantly adversely. Outbreaks such as the severe acute respiratory syndrome, avian influenza, H1N1/09, and, most recently, COVID-19, or other similarly infectious diseases could have material adverse impacts on the Fund, the Managing Member, the Investment Manager, and their respective affiliates or the Fund's ability to source new investments or raise capital. Actual pandemics, or fear of pandemics, can trigger market disruptions or economic turn downs with the consequences described above. Neither the Investment Manager nor the Managing Member can predict the likelihood of disease outbreaks occurring in the future nor how such outbreaks could affect the Fund's investments.

The COVID-19 pandemic has resulted in the temporary closure of many businesses and a prolonged continuation of the COVID-19 pandemic and/or any outbreak of other disease epidemics, together with any containment or other remedial measures (including governmental measures) undertaken or imposed, could result in the continued closure and further closures of such businesses, including office buildings, retail stores and other commercial venues and has resulted in and could also result in further (a) disruption of regional or global trade markets and/or the availability of capital, (b) the availability of leverage, including an inability to obtain indebtedness at all or to the Fund's desired degree, (c) trade or travel restrictions which impact the Fund's, the Managing Member's, the Investment Manager's, or their respective affiliates'



business, (d) fluctuations in the exchange rate between the U.S. dollar and other currencies in which the assets that the Fund invests in are denominated (which could affect the value of the Fund's portfolio in such local currency) and/or (e) a general economic decline and have an adverse impact on the Fund's value, the Fund's investments or the Fund's ability to make new investments. For example, the COVID-19 pandemic led to the end of an 11-year bull market and extreme volatility in the financial markets (including several brief automatic suspensions of trading on U.S. stock exchanges), and many market forecasters predict that COVID-19 could lead to a recession. The performance of the Fund will also be affected by particular issues arising from the COVID-19 pandemic that affect specific companies, regions, or sectors in which the Fund invests.

In this environment, there is a heightened likelihood of government intervention or regulation and/or changes in laws. Further, the widespread outbreak of infectious diseases such as COVID-19 and containment efforts could adversely affect the ability, or the willingness, of a party (including the Fund, the Managing Member, the Investment Manager, and their respective affiliates or a counterparty or service provider to the Fund) to perform its obligations under its contracts and has led to uncertainty over whether such failure to perform (or delay in performing) might be excused under so-called "material adverse change," force majeure and similar provisions in such contracts. As a result, borrowers, counterparties, and service providers to the Fund could fail to perform (or delay the performance of) their obligations to the Fund, pending transactions could not close on time or at all, the Fund, the Managing Member, the Investment Manager, or their respective affiliates could be forced to breach (or could determine not to perform its obligations under) certain agreements and litigation is likely to ensue, any of which could have a material adverse effect on the Fund and its investments.

Because the COVID-19 pandemic is an unprecedented event in modern history, the duration and magnitude of its impacts are unknown. While the Investment Manager believes that it can pursue its investment strategy during this pandemic, there is no assurance that the Fund's investment objective will be achieved. Investors should be aware that developments regarding COVID-19 and the economic impact thereof (both long-term and short-term) are changing rapidly and neither the Investment Manager nor the Managing Member can predict the potential long-term effects of the pandemic on the Fund and its investments.

No Separate Counsel; No Independent Verification. Tannenbaum Helpert Syracuse & Hirschtritt LLP ("Counsel") has been retained as U.S. counsel for the Fund, the Managing Member, and the Investment Manager. No separate counsel has been retained by the Fund to represent the Non-Managing Members. No attorney-client relationship exists between Counsel or any other person or entity solely by virtue of such person or entity making an investment in the Fund.

In connection with this offering of Interests and ongoing advice to the Fund, the Managing Member, the Investment Manager, and their respective affiliates, Counsel has not represented, and will not be representing the Non-Managing Members. No independent counsel has been, nor is it anticipated will be, retained to represent the Non-Managing Members. Counsel's representation of the Fund, the Managing Member, the Investment Manager, and their respective affiliates is limited to those specific matters upon which it has been consulted. Furthermore, in the event a conflict of interest or dispute arises between the Investment Manager, the Fund, the Managing Member, and any Non-Managing Member, it will be accepted that Counsel could act as counsel to the Investment Manager and not counsel to the Fund or Non-Managing Members,



notwithstanding the fact that, in certain cases, Counsel's fees are paid through or by the Fund. There could exist other matters which would have a bearing on the Fund, the Managing Member, the Investment Manager, and their respective affiliates upon which Counsel has not been consulted. Counsel does not undertake to monitor the compliance of the Fund, the Managing Member, the Investment Manager, and their respective affiliates with the investment program, valuation procedures, and other guidelines set out herein, nor does it monitor compliance with applicable laws. Additionally, in all cases, including the preparation of this brochure, Counsel relies upon information furnished to it by the Fund, the Managing Member, the Investment Manager, and their respective affiliates, and does not investigate or verify the accuracy and completeness of such information. In the course of advising the Fund, the Managing Member, the Investment Manager, and their respective affiliates, there could be times when the interests of the Investment Manager could differ from those of the Non-Managing Members. Counsel does not represent the interests of the Non-Managing Members in resolving such issues.

## **Geographical Risks**

Investments in Emerging Markets. The Fund will invest primarily in issuers located or doing substantial business in emerging market countries. Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in securities of issuers domiciled or doing substantial business in emerging market countries can be intensified. These risks include: high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices. Investments in these markets or denominated in non-U.S. currencies also pose currency exchange risks (including blockage, devaluation, and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, illiquidity, price volatility, and market manipulation. In addition, less information could be available regarding non-U.S. issuers and non-U.S. companies could not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Further, non-U.S. securities markets could not be as liquid as U.S. markets. Transaction costs of investing outside the U.S. are generally higher than in the U.S. Higher costs result because of the cost of converting a foreign currency to U.S. dollars, the payment of fixed brokerage commissions on some foreign exchanges, and the imposition of transfer taxes or transaction charges by non-U.S. exchanges. There is generally less government supervision and regulation of exchanges, brokers, and issuers than there is in the U.S. and there is greater difficulty in taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Fund's performance.

## **Additional Risk Factors Relating to the Fund's Investment Objective**



Risk of Investing in the Healthcare Industry. Investing in securities and other instruments of healthcare companies involves substantial risks. The healthcare industry is subject to regulatory controls by international, national and, in some instances, local governmental authorities. The nature and scope of healthcare regulations generally are subject to political forces and market considerations, the effects of which cannot be predicted. There can be no assurance that governments or regulatory agencies will not adopt laws or regulations, change their interpretation of existing laws and regulations, or take other actions that adversely affect the markets or companies in which the Fund can invest or could have invested. Further, companies in the healthcare industry are often subject to significant risks related to litigation and liability for damages in connection with their operations. The litigation and liability environment in the healthcare industry is constantly evolving, and new court decisions and legislative activity could increase exposure to any of these types of claims.

The Fund could invest in the securities of healthcare companies that are engaged in the development of products or technologies or that are conducting clinical trials on products or technologies. Obtaining required regulatory approvals often requires the submission of extensive preclinical and clinical data, information about product manufacturing processes, and inspection of facilities and supporting information for each therapeutic indication to establish a product candidate's safety and efficacy. Varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent regulatory approval of a product candidate. The process of obtaining and maintaining regulatory approvals could vary and involves substantial regulatory discretion, is expensive, and often takes many years, if approval is obtained at all. Failure to obtain and maintain regulatory approval for a product candidate following a business combination would have an adverse effect on the value of the underlying securities of a healthcare company.

In addition, intellectual property rights in the fields of medical devices, diagnostics, pharmaceuticals, and biotechnology are highly uncertain and could involve complex legal and scientific questions. Healthcare companies could not be able to obtain additional issued patents relating to their products, methods, processes, services, or other technologies. Even if issued, patents could be challenged, narrowed, invalidated, or circumvented, or others could obtain patents claiming aspects similar to those covered by such patents and patent applications, which factors could limit a company's ability to stop competitors from marketing similar products or services, limit the length of the term of patent protection they could have for their products or services, and expose them to substantial costs and risks in litigation and administrative proceedings and drain resources. Changes in either patent laws or in interpretations of patent laws in the U.S. and other countries could diminish the value of a company's intellectual property or narrow the scope of its patent protection.

The testing and marketing of medical products and technologies entail an inherent risk of product liability. Accordingly, companies in the healthcare industry could be exposed to potential liability risks inherent in the testing, manufacturing, marketing, and sale of healthcare products and/or the provision of healthcare services. A liability claim or the imposition of liability could have an adverse effect on the market prices of a company's securities.

Risk of Concentration in the Healthcare Industry. The Fund's concentration in the healthcare industry and lack of diversification across other sectors present risks specific to such strategies.



Those risks include the following: certain companies could have limited operating histories; scarcity of management and marketing personnel with appropriate scientific or medical training could result in slow or impeded growth of a company; the possibility of lawsuits related to patents or products; obsolescence of products; changes in government policies; changes in investor sentiments and preferences with regard to healthcare sector investments (some of which are generally perceived as risky); volatility in the U.S. and other stock markets that affects the prices of healthcare company securities, resulting in substantial volatility in the performance of investments held by the Fund; and the fact that many companies in the healthcare sector are subject to extensive government regulation.

Volatility. The prices of financial instruments in which the Fund could invest can be highly volatile. Price movements of forward and other derivative contracts in which the Fund's assets could be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses.

Equity Securities. Investments in equity securities could include a broad variety of issuers and instruments. There will be no overall requirements with respect to earnings, revenues, market capitalization, or other criteria to limit the Investment Manager's particular types of equity investments. Accordingly, equity investments could include many securities which are speculative or are of higher risk than those of the most mature or prominent companies. Long/short strategies and other strategies that could be employed, such as pairs trading, depend largely upon identifying securities with appropriate features of negative correlation, i.e., that a loss in one position (whether long or short) will be more than outweighed by a gain in a related position. Similar to various types of arbitrages, if the anticipated pattern of price correlation does not in fact occur, or if the positions are not appropriately weighted, losses could occur.

Equity-Related Instruments in General. The Investment Manager could use equity-related instruments in its investment program. Certain options and other equity-related instruments could be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk, and operations risk. In addition, equity-related instruments can involve significant economic leverage and could, in some cases, involve significant risks of loss.

Distressed Equities. The Fund could invest in companies that are involved in (or are the target of) acquisition attempts or tender offers or companies involved in workouts, liquidations, spin-offs, reorganizations, bankruptcies, and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time, or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund could be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund could invest, there is a potential risk of loss by the Fund of its entire investment in such companies.



Purchasing Initial Public Offerings. The Fund could purchase securities of companies in initial public offerings or shortly after those offerings are complete. Special risks associated with these securities could include a limited number of shares available for trading, a lack of a trading history, a lack of investor knowledge of the issuer, and limited operating history. These factors could contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings could make it more difficult for the Fund to buy or sell significant amounts of shares without an unfavorable effect on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which could not be widely understood by investors. Some of these companies could be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or near-term prospects of achieving revenues or operating income. Moreover, the Fund and/or certain Members could be limited as to the amount of new issue allocations it/they can receive while other Members could not be restricted at all and could be entitled to receive or could actually receive a larger portion of any new issue allocation. Conversely, the Investment Manager could determine to restrict the Fund as a whole from purchasing new issues even though one or more Members could otherwise be eligible to receive new issue allocations.

Taxation. Based upon the types of investments likely to be made by the Fund, no assurances can be given that the tax planning objectives of the Fund will be achieved. Neither the Investment Manager nor any of its affiliates are obligated to consider the possible tax or other objectives of the Non-Managing Members.

Unanticipated Tax Liabilities with Respect to Investments. The Fund could make investments that could be subject to income, withholding, or other taxes in other jurisdictions by reason of their activities and operations, where their assets are used, or where the lessees of their assets (or others in possession of their assets) are located. It is also possible that taxing authorities in any such jurisdiction could assert that such investments are subject to greater taxation than currently anticipated. If investments become subject to a significant amount of unanticipated tax liabilities, their businesses would be adversely affected, and decreased earnings would be available for distribution to Members.

Commodities and Derivative Investments. The Fund could invest in commodities and derivative instruments. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements could also be highly volatile. Price movements of commodities, futures and options contracts, and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options, and swap agreements also depends upon the price of the commodities underlying them. The Investment Manager's trading methods (regardless of the nature of the method) could not take account of all these factors. In addition, governments could intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of government intervention could be particularly significant at certain times in the financial instrument and currency markets, and this intervention could cause these markets to move rapidly. In addition, the Fund's assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or counterparties.



Trading in exchange-traded derivatives is a zero-sum economic activity in which for every gain there is an equal and offsetting loss, disregarding transaction costs. This distinguishes the market in exchange-traded derivatives from a typical stock or bond investment, where there is an expectation of, in the case of bonds, constant yields, or, in the case of equity, participation over time in general economic growth. In the case of exchange-traded derivatives, the Fund could incur major losses even though stock and bond prices rise substantially in a prospering economy.

The Fund also faces the risk of non-performance by counterparties to OTC derivatives contracts. Unlike transactions in futures contracts, a counterparty to an OTC derivatives contract is generally a single bank or other financial institution, rather than a centralized clearinghouse. As a result, there is a significant counterparty credit risk in these OTC transactions. Such credit risk could take the form of a payment default by the counterparty or the filing of bankruptcy, insolvency, or similar action by a counterparty. The risk of counterparty default is substantial and could cause significant losses to the Fund in the event that such a default were to occur.

As a result of the Dodd-Frank Act and CFTC regulations promulgated thereunder, certain OTC derivatives are required to be cleared through a centralized clearinghouse and executed on a trading facility regulated by the CFTC. In particular, the CFTC's clearing mandate and exchange-trading mandate currently apply to four classes of interest rate swaps (fixed-to-floating, basis swaps, forward rate agreements, and overnight index swaps) denominated in several currencies and two classes of index credit default swaps. The CFTC could expand its clearing mandate and exchange-trading mandate to cover other swaps. At this time, the SEC has not promulgated any clearing or exchange-trading mandates for security-based swap instruments within its jurisdiction.

Commodity Interest Positions could be Illiquid. The Fund could not always be able to liquidate its commodity interest positions (e.g., futures, swaps, options) at its desired price, particularly with respect to its OTC derivatives. In particular, it could be difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in a market. A market disruption, such as the financial market turmoil of 2007-2009 or a foreign government taking political actions that disrupt the market in its currency or in a major export, can also make it difficult and costly to liquidate a position. Alternatively, limits imposed by futures exchanges or other regulatory organizations, such as speculative position limits and daily price fluctuation limits, could contribute to a lack of liquidity with respect to some commodity interests. Moreover, in the OTC derivatives markets, liquidation could only occur upon contract maturation or when the contract is assigned to another party, which is likely to present additional costs.

Unexpected Cash Flow Need Could Cause Positions to Be Closed at Substantial Losses. Futures contract gains and losses are marked-to-market daily for purposes of determining margin requirements. Option positions generally are not marked-to-market daily, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there could be periods in which positions on both sides must be closed down prematurely due to short-term cash flow needs. If, for example, this occurs during an adverse move in a spread or straddle relationship, then a substantial loss could occur.

Swaps. Swaps transactions, like other financial transactions, involve a variety of significant risks. The specific risks presented by a particular swap transaction necessarily depend upon the terms of



the transaction and specific circumstances. In general, however, all the swaps transactions involve some combination of market risk, credit risk, counterparty credit risk, funding risk, liquidity risk, and operational risk. Highly customized swaps transactions, in particular, could increase liquidity risk, which could result in a suspension of withdrawals. Highly leveraged transactions could experience substantial gains or losses in value as a result of relatively small changes in the value or level of an underlying or related market factor. In evaluating the risks and contractual obligations associated with a particular bilateral swap transaction, it is important to consider that such swap transaction could be modified or terminated only by mutual consent of the original parties and subject to agreement on individually negotiated terms. Therefore, it could not be possible for the Investment Manager to modify, terminate, or offset the Fund's obligations or the Fund's exposure to the risks associated with a bilateral swap transaction prior to its scheduled termination date.

Other Derivative Instruments. The Fund could enter into other derivative instruments, including certain derivative instruments that are not presently contemplated for use or that are currently not available, but that could be developed, to the extent such opportunities are both consistent with the investment objective of the Fund and legally permissible. Special risks could apply that cannot be determined at this time or until such instruments are developed or invested in by the Fund. Other derivative instruments could be subject to various types of risks, including market risk liquidity risk, the risk of non-performance by the counterparty, risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk.

## **ITEM 9: DISCIPLINARY INFORMATION**

There have been no legal or disciplinary events that are material to Exome, Exome's clients, or prospective clients' evaluation of Exome's advisory business or the integrity of Exome's management.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### *Broker Dealer and Other Activates*

Exome is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Furthermore, no employees of Exome are a registered representative of a broker-dealer.

Neither Exome nor an associated person of Exome, nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, or commodity trading advisor.

### *Services by Certain Related Persons*

Exome and its related persons currently serve as general partner and/or investment manager to the Funds.

### *Management of Multiple Funds*



The management of multiple pooled investment vehicles raises potential conflicts of interests with regards to Exome and its related persons allocation of their time and investment opportunities among the Funds. In addition, the compensation earned by Exome and its related persons from each of the Funds could differ from one another. Exome and its related persons will generally follow documented procedures in allocating investment opportunities among the Funds. (See Item 6)

Subject to applicable law, Exome could affect transactions (generally for rebalancing purposes and to correct misallocations of trades) among the Funds in which one Fund will purchase securities from or sell securities to another Fund (including Funds in which Exome or its related persons have a significant interest). This would result in a potential conflict of interest because a potential transaction could result in benefits to one Fund that are greater than the benefits to the other Fund. In order to mitigate such conflicts, Exome affects such transactions only when Exome determines in good faith that such transactions are in the best interests of the applicable Funds.

From time to time, individuals associated with Exome could, at or about the same time, buy, sell, or hold in their personal accounts the same securities that the Firm recommends to its Funds and vice versa. This practice could create a situation where such individuals are in a position to materially benefit from the sale or purchase of those securities. As a result, this situation creates a potential conflict of interest in allocating investment opportunities among the Funds. Exome will generally follow documented procedures in allocating investment opportunities among Funds. As indicated below in Item 11, Exome has a personal securities transaction policy in place to mitigate any potential conflicts of interest.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### *Code of Ethics*

Exome's Code of Ethics (the "**Code**") is designed to meet the requirements of Rule 204A-1 of the Advisers Act. The Code applies to Exome's "Access Persons." Access Persons include, generally, any partner, officer, or director of Exome and any employee or other supervised person of Exome who, in relation to the Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All Exome employees are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account Exome's status as a fiduciary and requires Access Persons to place the interests of the Funds and their investors above their own interests and the interests of Exome. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Exome's Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide Exome's Chief Compliance Officer with



a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Exome's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Funds. Exome will provide a copy of its Code of Ethics to any client or prospective client upon request.

#### *Participation or Interest in Client Transactions*

Exome offers the opportunity to prospective clients to invest in the Funds. The Principal and other management personnel could have significant personal investments in the Funds. In addition, Exome receives performance-based compensation from the Funds.

Subject to applicable law, Exome could affect transactions between Funds (generally for rebalancing purposes) whereby one Fund will purchase securities from or sell securities to another Fund. (*See Item 10*)

Pursuant to SEC guidance, if the principals of Exome own more than 25% of the interests in a Fund, a transaction involving that Fund could constitute a "principal" transaction under Section 206(3) of the Investment Advisers Act of 1940, as amended. The Chief Compliance Officer will monitor the interests of the principals of Exome, their immediate family members, and their affiliates in the Funds, and Exome will not execute any transaction between the Funds that would result in a principal transaction unless Exome obtains the consent of the applicable Fund in a manner approved by its counsel.

#### *Personal Trading*

Exome personnel are not prohibited from investing in U.S. government securities, municipal securities, exchange-traded funds (ETFs), money-market funds, and open-ended mutual funds. In certain circumstances, with prior approval from the Chief Compliance Officer, personnel are permitted to invest in other securities as long as such securities are not in violation of Exome's compliance procedures.

#### *Timing of Transactions*

Exome could buy or sell securities for one Fund at the same time that it buys or sells the same security for one or more other Funds. This will typically happen when more than one Fund is capable of purchasing or selling a particular security based on investment objectives, available cash, and other factors. This could create a potential conflict of interest if one Fund were to benefit from making the trade before or after another Fund. Exome will generally aggregate trades, subject to best execution, to avoid any such conflict of interest (*See Item 12*). In order to prevent Exome personnel from selling securities at the same time that Exome is buying or selling the same securities for the Funds, personnel must receive the prior approval of the Chief Compliance Officer or the Chief Operating Officer to engage in these transactions.

## **ITEM 12: BROKERAGE PRACTICES**



## *Selection of Brokers*

In selecting brokers to effect portfolio transactions for a Fund, Exome seeks to obtain the best execution for the Funds, considering factors including, but not limited to, price, the ability of the brokers to affect the transactions, the brokers' facilities, reliability, and financial responsibility and the provision or payment (or the rebate to a Fund for payment) of the costs of property or services (e.g., short-term custodial services, research services, news, and quotation services, publications, and other services and facilities). Accordingly, if Exome determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a Fund could pay commissions to such broker in an amount greater than the amount another broker might charge. The determining factor is not necessarily the lowest possible commission cost, but whether the transaction represents the best qualitative execution overall.

Soft dollar arrangements generally arise when an investment advisor obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for an advisor in that such arrangements allow the advisor to pay with client commissions expenses that would otherwise be borne by the advisor.

The use of commission or "soft" dollars to pay for research products or services falls within the safe harbor for soft dollars created by Section 28(e) of the Exchange Act. Exome currently utilizes soft dollars, under Section 28(e), research obtained with soft dollars generated by a Fund can be used by Exome to service accounts other than such Fund. Generally, where a product or service obtained with commission dollars provides both research and non-research assistance to Exome, Exome will make a reasonable allocation of the cost which can be paid for with Fund commission dollars. Exome intends that all uses of "soft" dollars by it on behalf of a Fund will fall within the Section 28(e) safe harbor.

In exercising its discretionary authority to select or arrange for the selection of brokers for the execution of transactions for a Fund, and, subject to its duty to obtain the best execution, Exome considers the value of brokerage products and services provided by such brokers. Exome will consider factors including, but not limited to the competitiveness of commission rates or spreads; execution capabilities; clearance and settlement capabilities; access to various market centers; expertise in executing trades for a particular security type; reputation and business practices; overall quality of broker services, including responsiveness and technology support; ability or willingness to maintain and commit adequate capital; and the size and volume of the broker's order flow.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker can be less than the suggested allocations but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services. The trading information received from various brokers can be used by Exome in servicing all its Funds and not all such information can be used by Exome in connection with a particular Fund.



Exome's trading approach can emphasize active management of the Funds' portfolios. Consequently, a Fund's portfolio turnover and brokerage commission expenses potentially from time to time could be greater than for other types of investment vehicles.

#### *Services from Prime Brokers*

Exome and its affiliates could receive from prime brokers (i) research, such as proprietary research from brokers, which could be written or oral; (ii) research products, such as databases and quotation services; and (iii) research services, such as research concerning the market, economic and financial data; a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies, and forecasts; and invitations to attend conferences or meetings with management or industry consultants.

#### *Aggregation of Orders*

Exome will generally aggregate client trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for Exome generally arise when more than one Fund is capable of purchasing or selling a particular security based on investment objectives, available cash, and other factors. In such an event, securities purchased or sold will generally be allocated among Funds on an average price basis. When an aggregated order is only partially filled, Exome will allocate the investment opportunity as described in Item 10 above.

#### *Trade Errors*

In general, Exome will not be liable to a Fund for net losses resulting from a trade error unless that trade error results from Exome's bad faith, gross negligence, fraud, or willful misconduct. Exome can correct misallocations of trades among the Funds by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If a trade has settled, Exome can, if appropriate and subject to applicable law, within the same calendar month effect a cross-trade between Funds to correct the misallocation such that each Fund would be in the position it would have been in had the misallocation not occurred.

### **ITEM 13: REVIEW OF ACCOUNTS**

Exome has established periodic portfolio meetings for reviewing the investments in Fund accounts on a weekly or as-needed basis to confirm that each portfolio is in line with, as applicable: investment criteria specified in private placement memoranda; objectives, limitations, or restrictions specified in the agreement with Funds; risk parameters and other Exome specified limits; and other guidelines or restrictions. The members document their review of Exome's Fund accounts on an as-needed basis.

Investors in the Funds are provided (i) a monthly written statement that is sent from an independent fund administrator and (ii) annual audited financial statements. In addition, investors can be



provided with information (including, without limitation, position level information, counterparty exposure, and fund liquidity) about Exome and the Funds in response to questions and requests, and/or in connection with due diligence meetings or other communications, but such information will not be distributed to other investors and prospective investors who do not request such information. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by Exome is sufficient for its needs.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Exome could enter into placement agent arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in the Fund. Any fees payable to any such placement agents could be borne by the Fund or Exome in accordance with the private placement memoranda.

## **ITEM 15: CUSTODY**

For purposes of Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”), Exome is deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors because annual audited financial statements are delivered to investors within 120 days after the end of each Fund’s fiscal year.

## **ITEM 16: INVESTMENT DISCRETION**

Exome has discretionary authority to manage securities on behalf of its clients. The investors in the Funds generally cannot place any limits on Exome’s authority beyond the limitations set forth in the offering and governing documents of the Funds. Under certain circumstances, Exome will contract with a client to adhere to the limited risk and/or operating guidelines imposed by the client. Exome negotiates such arrangements on a case-by-case basis.

## **ITEM 17: VOTING CLIENT SECURITIES**

Exome has a fiduciary to its Funds and is responsible for voting proxies for portfolio securities consistent with the best economic interests of its Funds. Exome understands and appreciates the importance of proxy voting. As such, Exome will vote all proxies in the best interests of Funds and investors (as applicable) and in accordance with the procedures outlined below (as applicable), unless otherwise mandated by an investment management agreement or applicable law (e.g., ERISA). All employees are responsible for adhering to the policies and procedures related to this section.

All proxies sent to Funds that are received by Exome (to vote on behalf of the Funds) will be provided to Exome’s principals. A written record of each proxy received by Exome (on behalf of its Funds) will be kept in Exome’s files; (a) If necessary, the Chief Compliance Officer will determine which of the Firm’s Funds hold the security to which the proxy relates; (b) Prior to voting any proxies, the Chief Compliance Officer will determine if there are any conflicts of interest related to the proxy in question in accordance with the general guidelines below. If a



conflict is identified, the Chief Compliance Officer will then make a determination (which could be in consultation with outside legal counsel) as to whether the conflict is material or not; (c) If no material conflict is identified pursuant to these procedures, Exome's principals will make a decision on how to vote the proxy in question in accordance with the guidelines below. Exome's principals will deliver the proxy in accordance with instructions related to such proxy in a timely and appropriate manner.

Exome will vote proxies in the best interests of its Funds. Exome's policy is to vote all proxies for a specific issuer in the same way for each Fund, absent some qualifying restrictions or a material conflict of interest. Exome will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and the selection of auditors, absent conflicts of interest (e.g., an auditor's provision of non-audit services). Exome will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights. In reviewing proposals, Exome could also consider the opinion of management, the effect on management, the effect on shareholder value, and the issuer's business practices. In the absence of specific voting guidelines mandated by a particular Fund, Exome will endeavor to vote proxies in the best interests of each Fund.

In evaluating how to vote a proxy, Exome's Chief Compliance Officer will first determine whether there is a conflict of interest related to the proxy in question between the Firm and its Funds. This examination will include (but will not be limited to) an evaluation of whether Exome (or any affiliate of Exome) has any relationship with the company (or an affiliate of the company) to which the proxy relates outside an investment in such company by a Fund of Exome. Examples of material conflict of interests for investment advisers include: (i) an adviser (or its affiliate) managing a pension plan, administering employee benefit plans, or providing brokerage, underwriting, insurance, or banking services to a company whose management is soliciting proxies or (ii) an adviser maintaining business or personal relationships with participants in proxy contests, corporate directors or candidates for directorships.

If a conflict is identified and deemed "material" by Exome's Chief Compliance Officer and Exome would determine whether voting in accordance with its proxy voting guidelines is in the best interests of affected Funds (which could include utilizing an independent third party to vote such proxies).

Although not presently intended to be used on a regular basis, Exome is empowered to retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

Clients can obtain a copy of Exome's proxy voting policy and information about how Exome voted the client's securities by emailing the Chief Compliance Officer at: [ShergillB@exomeasset.com](mailto:ShergillB@exomeasset.com).

## **ITEM 18: FINANCIAL INFORMATION**

Exome does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet for its most recent fiscal year. Exome is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

