

INVESTMENT ADVISER BROCHURE

ALTARIS CAPITAL PARTNERS, LLC

**Altaris Capital Partners, LLC
600 Lexington Avenue
11th Floor
New York, NY 10022
(212) 931-0250
<http://www.altariscap.com>**

February 10, 2012

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Altaris Capital Partners, LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (212) 931-0250. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Management Company is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Altaris Capital Partners, LLC is a newly registered investment adviser and this is its initial Brochure. For future Brochures, this page will describe any material changes made since the previous Brochure.

TABLE OF CONTENTS

	<u>Page</u>
<u>Brochure</u>	
Material Changes	i
Advisory Business	1
Fees and Compensation	2
Performance-Based Fees and Side-By-Side Management	4
Types of Clients	4
Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Disciplinary Information.....	10
Other Financial Industry Activities and Affiliations.....	10
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	10
Brokerage Practices	12
Review of Accounts	13
Client Referrals and Other Compensation.....	13
Custody	13
Investment Discretion	14
Voting Client Securities	14
Financial Information.....	14

ADVISORY BUSINESS

Altaris Capital Partners is a private investment management firm, including several investment advisory entities and other organizations affiliated with the Management Company (collectively, “**Altaris**”).

The Management Company, a Delaware limited liability company and a registered investment adviser, provides investment advisory services to private investment funds. The Management Company commenced operations in January 2007.

The following are the affiliated advisers of the Management Company (collectively with the Management Company, the “**Advisers**”):

- AHP I GP, L.P. (“**GP I**”)
- AHP II GP, L.P. (“**GP II**,” and together with GP I, the “**General Partners**”).

The Advisers’ clients include the following (collectively the “**Partnerships**,” and together with any future private investment fund to which Altaris or its affiliates provide investment advisory services, “**Private Investment Funds**”):

- Altaris Health Partners, L.P. (“**Fund I**”)
- Altaris Health Partners II, L.P. (“**Fund II**”)

The General Partners each serve as general partner to one or more Partnerships and have the authority to make the investment decisions for the Partnerships to which they provide advisory services. The Management Company provides the day to day advisory services for the Partnerships. Each General Partner is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure describes the business practices of the Advisers which operate as a single advisory business.

GP I and the Management Company also advise AHP Feeder, L.P., a Delaware limited partnership (“**Fund I Feeder**”). Fund I Feeder was formed to invest directly into Fund I as a limited partner. The terms applicable to an investment in Fund I Feeder are substantially similar to the terms investment in Fund I and accordingly references herein to the activities of Fund I should be read to include the activities of Fund I Feeder unless otherwise noted.

The Partnerships and any other Private Investment Funds that may be formed by a General Partner (or its affiliates) at a later date or that may otherwise become clients of a General Partner are expected to invest through negotiated transactions in operating entities. The Advisers’ investment advisory services to the Partnerships consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted, subject to certain limitations in the limited partnership agreement of each Partnership (the “**Partnership Agreement**”). From time to time, the senior principals or other personnel of the Advisers or

their affiliates may serve on a portfolio company's board of directors or otherwise act to influence control or management of portfolio companies held by the Partnerships.

The Advisers' advisory services for Private Investment Funds are further described in the applicable private placement memoranda and limited partnership agreements, as well as below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment Discretion." Investors in Private Investment Funds participate in the overall investment program for the applicable Partnership, but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable Partnership Agreement. The Private Investment Funds or the Advisers may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Private Investment Fund's Partnership Agreement.

As of December 31, 2011, the Management Company managed approximately \$596.1 million in client assets on a discretionary basis. TYSON Partners, L.P., a Delaware limited partnership ("TYSON"), is the sole member of the Management Company. The general partner of TYSON is Altaris Partners, LLC which is principally owned by George E. Aitken-Davies, Michael J. Kluger and Daniel G. Tully.

FEES AND COMPENSATION

In general, the Management Company receives a Management Fee (as defined below) and the General Partners each receive a carried interest in connection with their advisory services. The Management Company, the General Partners or other Altaris entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (*e.g.*, monitoring and other fees) of Partnerships and a portion of such additional compensation will offset in part the management fees otherwise payable to the Management Company. Investors in the Partnerships also bear certain fund expenses.

The limited partners of Fund I Feeder bear no Management Fee or carried interest at the Fund I Feeder level but rather bear Fund I Feeder's pro rata share of the Management Fee and carried interest applicable to Fund I Feeder's investment in Fund I. The limited partners of Fund I Feeder bear both Fund I Feeder's pro rata share of any fund expenses incurred at the Fund I level as well as any expenses incurred in connection with the operation of Fund I Feeder.

Management Fee

Each of the Partnerships will pay the Management Company, quarterly in advance, a management fee (the "**Management Fee**") equal to 2.0% on an annual basis of aggregate Partnership third-party investor capital commitments ("**Commitments**"). The General Partner does not pay a Management Fee on any amounts invested into a Partnership. Investors participating in a closing after the initial closing of a Partnership bear the Management Fee from the date of the initial closing of such Partnership. After the expiration of the "**Investment Period**," which generally runs from the initial closing of a Partnership through the sixth anniversary of the last day of the month of the final closing of such Partnership or until certain termination events (as further described in the Partnership Agreement), the Management Fee will equal 2.0% of capital contributions used to acquire portfolio investments that have not been sold

or otherwise exited. The Management Fee will be payable over the term of the applicable Partnership. Installments of the Management Fee payable for any period other than a full three-month period are adjusted on a *pro rata* basis according to the actual number of days in such period. The Management Fee will be paid out of current income and disposition of proceeds of the applicable Partnership and, to the extent necessary, from called capital commitments to such Partnership which will reduce unfunded capital commitments, provided however, that to the extent of subsequent distributions, such amounts will be restored to the unfunded commitments and may be recalled by such Partnership.

The Management Fee is reduced by a portion of any directors' fees, professional services fees, and any breakup fees and certain other fees paid by portfolio companies to a General Partner, the Management Company or their affiliates, partners, members, officers or employees (such fees, "**Supplemental Fees**"). To the extent that such an offset credit would reduce the Management Fee for a given three-month period below zero, the credit will be carried forward for future application against payable Management Fees. To the extent any such excess remains unapplied upon dissolution of a Partnership, each partner of such Partnership will receive its share of such unapplied excess, unless such partner elects not to receive its share. To the extent that any other Private Investment Fund or any other entity or individual co-invests alongside the Partnership in any portfolio company investment, any Supplemental Fees will be allocated *pro rata* among the Partnership and the co-investors in proportion to the cost of the investment in the portfolio company borne by each.

As permitted under the Partnership Agreement for each Partnership, the General Partner may waive or agree to reduce the Management Fee. Any such waived or reduced portion of the Management Fee reduces the amount of capital the General Partner would otherwise be required to contribute to the Partnership. The limited partners of the Partnership may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration of investor capital contributions.

Carried Interest

The General Partner of each Partnership is entitled to receive a carried interest with respect to such Partnership equal to 20% of all profits in excess of an 8% compound preferred return, subject to a General Partner catch-up as more fully described in the Partnership Agreement of the applicable Partnership. The carried interest distributed to the General Partner is subject to a potential giveback at the end of the life of the applicable Partnership if the General Partner has received excess cumulative distributions.

It is expected that any similar future Private Investment Funds will have a similar fee structure.

Other Information

The Partnerships and other Private Investment Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as

otherwise described in the Partnership Agreement, over the term of the applicable Partnership, and investors generally are not permitted to withdraw or redeem interests in the Partnership.

Principals or other employees of Altaris may receive a portion of the Management Fee, carried interest or other compensation received by the General Partners, the Management Company or their affiliates.

In addition to the Management Fee and carried interest, if applicable, each Partnership bears certain expenses. As set forth in the Partnership Agreement for the applicable Partnership, the Partnership bears all Partnership expenses to the extent not paid by portfolio companies, including organizational expenses up to the expense cap specified in the Partnership Agreement, all costs and expenses relating to its activities, including legal, auditing, consulting, custodial and accounting expenses (including expenses associated with the preparation of Partnership financial statements, tax returns and K-1s), expenses of any advisory committee of limited partners (a “**LP Committee**”) and annual meetings of the limited partners, insurance premiums, expenses associated with the acquisition, holding and disposition of its investments, expenses incurred in connection with transactions not consummated, and extraordinary expenses (such as litigation, if any). The Management Company (rather than the Partnership) pays all of the ordinary administrative and overhead expenses incidental to managing, originating and monitoring investments, including salaries, benefits, rent, equipment and administrative expenses incurred by the Management Company or a General Partner. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the General Partners may receive a carried interest allocation on certain profits in the Partnerships. The Management Company and GP I also manage the AHP Co-Investment, L.P., a Delaware limited partnership (the “**Co-Invest Fund**”), which is not charged a performance-based fee. This could present a conflict of interest because the Advisers have an incentive to favor accounts for which they receive a performance-based fee. The relevant Advisers address this potential conflict of interest by generally causing the Co-Invest Fund to invest in each portfolio company of Fund I either (a) in the same proportion of its aggregate available Commitments as the portion of Fund I’s aggregate available Commitments invested in each such portfolio company or (b) such other portion of their aggregate available Commitments as the Advisers determine is fair and equitable. In addition, to the extent reasonably practical, each of the Co-Invest Fund’s investments in a portfolio company shall be sold proportionately at the same time and on substantially the same terms and conditions as Fund I’s investment in such portfolio company, subject to any tax, regulatory or legal restrictions or other considerations. See “Methods of Analysis, Investment Strategies and Risk of Loss,” for further discussion of conflicts of interest.

TYPES OF CLIENTS

The Advisers provide investment advice to Private Investment Funds, including the Partnerships. Private Investment Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The

investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Advisers and their affiliates.

Each Partnership has a minimum investment of \$10 million for third-party investors, which may be waived by the General Partner. The Feeder Fund generally has a minimum investment of \$1 million, which also may be waived in the General Partner's discretion. In most circumstances, investors in the Partnerships must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors must be (i) "accredited investors" as defined under Regulation D of the Securities act of 1933, as amended and (ii) either "qualified purchasers" or "knowledgeable employees" as defined under the Investment Company Act.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The principal investment strategy of Altaris is to achieve long-term capital appreciation, primarily by acquiring equity and equity-related securities and certain debt instruments in private healthcare companies. Altaris seeks to make investments of at least \$10 million. Investments are predominantly of non-public companies although investments in public companies are permitted, subject to certain restrictions in the Partnership Agreement.

The following is a summary of the investment strategies and methods of analysis generally employed by the Advisers on behalf of the Partnerships. More detailed descriptions of the Partnerships' investment strategies and methods of analysis are included in the applicable private placement memorandum and Partnership Agreement for each Partnership. *There can be no assurance that the Advisers will achieve the investment objectives of the Partnerships, and a loss of investment may be possible.*

Investment and Operating Strategy

The Advisers seek to provide returns to investors by (i) using research and contacts to identify investments that the Advisers believe are attractive, (ii) performing rigorous analysis and due diligence to select and structure investments, and (iii) providing significant resources to portfolio companies.

Identification of Investment Opportunities. The Advisers seek investments for the Partnerships across the healthcare industry, and in particular, will target healthcare businesses with one or more of the following attributes: (a) intellectual property-based product lines, (b) industry transforming business models, and (c) traditional value investing characteristics. The principals of the Advisers (the "**Principals**") seek to leverage their relationships with large healthcare corporations and hospital systems to source and structure attractive investment opportunities. They may also use their relationships with other private equity firms and may work with a wide variety of healthcare and strategic consultants, deal finders, investment bankers, lenders, lawyers and accountants that may serve as sources of investment opportunities.

Rigorous Analysis and Diligence. The Advisers believe that rigorous due diligence is critical to assessing investment opportunities. The Advisers' diligence process typically includes conducting meetings with the target company's management, analyzing the target company's sector within the healthcare industry and the target company itself. The analysis generally includes an analysis of the company's historical performance and a review of the company's actual performance versus budget. The Advisers develop financial models for the proposed investment based on projected financial results. Altaris' investment committee decides whether to accept or reject each proposed investment.

Managing Investments. The Partnerships' investments are expected to vary with respect to size, type of security, and use of leverage. The Advisers target both control and influential minority investments and may partner with other private equity firms, strategic investors, or the Partnerships' limited partners to consummate certain transactions. The Advisers intend to pursue investments in which the Principals can exercise significant positive influence, typically through board representation. Additional involvement may include regular consultations with management, participating in corporate governance, assisting with the development of business and strategic plans, and identifying and recruiting top level management.

Realization of Liquidity. The Advisers seek to create value for the Partnerships through the careful formulation and evaluation of multiple exit options when making an investment. The Principals have significant experience conducting or advising in the sale of businesses to strategic or financial buyers as well as accessing public markets. The Advisers generally expect the holding period for Partnership investments to be three to seven years. Using their understanding of the dynamic nature of healthcare and its emerging trends, the Advisers seek to identify potential strategic buyers positioned to pay a premium valuation for the Partnerships' portfolio companies.

Risks of Investment

A Partnership and its investors bear the risk of loss that the applicable Advisers' investment strategy entails. The risks involved with the Advisers' investment strategy and an investment in a Partnership are detailed in the Partnership's private placement memorandum. In general, these risks include, but are not limited to:

Reliance on the Manager. While the Management Company makes investments that have estimated returns commensurate with the risks undertaken, there can be no assurance of success. In addition, no assurance can be made that any or all of the Principals or other employees of the Management Company will remain employed by the Management Company throughout the life of the Partnership. If the Management Company were to lose the services of one or more of the Principals or of any other key personnel, its abilities to provide services to the Partnership could be adversely affected.

Lack of Diversification. Since the Partnership may participate in only a limited number of investments and since the Partnership's investments generally will involve a high degree of risk, the aggregate return on a partner's investment in the Partnership may be substantially adversely affected by the unfavorable performance of even a single investment by the Partnership.

Long-Term Investments. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before realization of gains on successful investments. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of a Partnership investment. While a Partnership investment may be sold at any time, it is not generally expected that this will occur for a period of years after the initial investment. Prior to such time, there is unlikely to be a current return on the investments.

Illiquid Investments. Most of the Partnership's investments will be unlisted equity securities, do not have any readily available public market and are therefore illiquid. Such illiquidity may lead to increased difficulty in the valuation of such securities and in the execution of transactions involving such securities within a reasonable time or at favorable prices. As a result, achieving a public market and, ultimately, disposition of such investments may require a lengthy time period and may result in distributions in kind to the partners. In addition, it is anticipated that all or a substantial portion of the Partnership's investments will consist of securities that are subject to restrictions on sale by the Partnership because they were acquired from the issuer in "private placement" transactions or because the Partnership is deemed to be an affiliate of the issuer. Generally, the Partnership will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act of 1933, as amended (the "**Securities Act**") or will be able to sell the securities only under Rule 144 or other rules under the Securities Act, which permit only limited sales under specified conditions. When restricted securities are sold to the public, the Partnership may be deemed an "underwriter," or possibly a "controlling person," with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act.

Leverage; Junior Securities. The Partnership may invest in companies with highly leveraged capital structures. Such investments will be subject to increased risks in that adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such companies (or their cash flows) or their respective industries, may impair such companies' abilities to meet their respective obligations. The securities in which the Partnership will invest will typically be among the most junior in a typically complex capital structure, and thus subject to the greatest risk of loss.

Minority Investments. The Partnership may make minority equity investments in portfolio companies where the Partnership may not be able to protect its investment or to control or influence effectively the business or affairs of such entities. The Partnership may be adversely affected by action taken by the majority shareholder(s) of the portfolio companies in which it invests.

Projections. Most of the Partnership's investments will be based, among other things, on projections of operating results that in turn will typically be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections.

Competition. The private equity investment industry is highly competitive. There can be no certainty that the Management Company will identify a sufficient number of attractive investment opportunities to enable the full amount of capital committed to the Partnership to be invested. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties including an increase of competition for appropriate investment opportunities that may reduce the number of opportunities available and thus adversely affect the terms upon which investments can be made, which may not be foreseeable or within the control of the Management Company or the General Partner.

Non-U.S. Investments. The Partnership may invest in businesses operating and/or organized outside the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Partnership's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another, (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in, and relative illiquidity of, some non-U.S. securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and significant government approvals under corporate, securities, exchange control, non-U.S. investment and other similar laws and regulations, (iii) certain economic and political risks, including potential restrictions on foreign investment and repatriation of capital and the risks associated with political, economic or social instability, (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities, and (v) the financing and structuring of alternatives and exit strategies that differ substantially from those commonly used in the United States.

Risks Upon Disposition of Investments. In connection with the disposition of an investment in a portfolio company, the Partnership may 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 any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Partnership may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the partners. The Partnership Agreement will include provisions to the effect that any claim in respect of a portfolio company, or any other liability of the Partnership, may be funded by the partners to the extent of the distributions that such partners received from the Partnership and of their remaining capital commitments to the Partnership.

Reliance on Management of Portfolio Companies. While it is the intent of the General Partner to invest in companies with proven operating management or to recruit new management for underperforming companies acquired by the Partnership, there can be no assurance that such management will continue to operate successfully. Although the Management Company will monitor the performance of each investment, the Partnership will rely upon management to operate the portfolio companies on a day-to-day basis.

Certain Regulatory Considerations. The healthcare industry currently is subject to and may become subject to additional regulation by one or more United States federal agencies and by various agencies of the states, localities and counties in which they operate. New and existing regulations, changing regulatory schemes, including with respect to the Federal Drug Administration, Medicare and Medicaid, and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of the Partnership and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

Conflicts of Interest

During the Investment Period of each of the Partnerships, the Principals pursue all appropriate investment opportunities exclusively through the Partnerships, subject to certain exceptions. However, the Principals will typically manage several other Private Investment Funds and investments similar to those in which the Partnerships invest, and may direct certain relevant investment opportunities to those Private Investment Funds and investments rather than to the Partnerships. The Principals and the Advisers’ investment staff will continue to manage and monitor such Private Investment Funds and investments. The significant investment of the Principals in each of the Partnerships, as well as the Principals’ interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in the Partnerships, although the Principals have economic interests in such other Private Investment Funds and investments as well and receive management fees and carried interests relating to these interests. Such other Private Investment Funds and investments that the Principals may control may compete with the Partnerships or companies acquired by the Partnerships. Following the Investment Period of the Partnerships, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to the Partnerships’ investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for the Partnerships, but also for other Private Investment Funds operated by Altaris. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Advisers and their affiliates attempt to resolve such conflicts of interest in light of their obligations to investors in the Partnerships and other Private Investment Funds, and attempts to allocate investment opportunities among the Partnerships and such other Private Investment Funds in a fair and equitable manner. Where

necessary, the Advisers consult and receive consent to conflicts from any LP Committee and such other investment vehicles.

Because the General Partners' carried interest is based on a percentage of net realized profits, it may create an incentive for the Advisers to cause the Partnerships to make riskier or more speculative investments than would otherwise be the case.

Since the General Partners are permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Partnership investments, the Advisers could have a conflict of interest in connection with approving transactions. The General Partners attempt to resolve such conflicts by offsetting the Management Fee by a specified percentage of such Supplemental Fees.

DISCIPLINARY INFORMATION

The Management Company and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Management Company is affiliated with each of the General Partners, which are registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The Management Company provides advisory services to the General Partners and other Altaris entities pursuant to management agreements. These affiliated investment advisers operate as a single advisory business together with the Management Company and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Advisers have adopted the Altaris Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of the Advisers' Principals and employees and addresses conflicts that may arise from personal trading. The Code requires the Advisers' personnel to

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to Phung Diep, Altaris's Chief Compliance Officer, at (212) 931-0250. Personal securities

transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

The Advisers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers. Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Altaris personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Partnerships.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Partnership. The Partnerships and other Private Investment Funds may invest together with other private investment funds advised by an affiliated adviser of the General Partner in the manner set forth in the applicable Partnership Agreement. The Advisers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Advisers' fiduciary obligations and consistent with the applicable Private Investment Funds' underlying documents.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Partnerships, and may give advice and recommend securities to other accounts or certain Partnerships or vehicles which may differ from advice given to, or securities recommended or bought for, other Partnerships or vehicles, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by Altaris (the "**Reference Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Reference Funds or may give priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by investors (or their representatives or advisory boards) in such Reference Funds. However, the Advisers may or may not, in their sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

The Advisers or their affiliates may recommend the purchase or sale of securities for Private Investment Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or

is inconsistent with the advice given to the Private Investment Funds. Certain of these transactions may require the consent of the applicable Private Investment Fund.

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Advisers purchase or sell publicly traded securities for a Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each

participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Private Investment Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Advisers closely monitor companies in which the Private Investment Funds invest, and the Altaris Chief Compliance Officer periodically checks to confirm that the investments of each Private Investment Fund are maintained in accordance with its stated objectives.

The Partnerships will provide to their limited partners (i) annual audited and quarterly unaudited financial statements and (ii) annual federal income tax information necessary for each limited partner's tax return. Each Partnership expects to hold an annual meeting of limited partners to review and discuss the Partnership's investment activities.

CLIENT REFERRALS AND OTHER COMPENSATION

The Advisers and/or affiliates may provide certain business or consulting services to companies in the Partnerships' portfolio and may receive compensation from these companies in connection with such services. As described in the applicable Partnership's Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by the Partnerships. However, in other cases (e.g., reimbursements for out of pocket expenses directly related to a portfolio company), these fees would be in addition to Management Fees. See "Fees and Compensation."

The Advisers have entered into solicitation arrangements pursuant to which the Advisers compensate persons for client referrals that result in the provision of investment advisory services by the Advisers. In some cases, with respect to investors that are referred by a solicitor, the Partnership will pay a placement or solicitation fee of up to 2% of such investors' commitment to the Partnership; however, such fee will be offset dollar for dollar against the Partnership's management fee and, therefore, the fee will effectively be borne by the Advisers.

CUSTODY

The Advisers maintain custody of the Partnerships' assets held in the Partnerships' names with JP Morgan Chase, a qualified custodian located at 270 Park Avenue, 19th Floor, New York, NY 10017.

INVESTMENT DISCRETION

The Advisers have discretionary authority to manage investments on behalf of the applicable Partnership. As a general policy, the Advisers do not allow limited partners to place limitations on this authority, provided that the Partnership Agreement of a Partnership may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the Partnership Agreement, however, an Adviser may enter into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in the Partnership may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Advisers assume this discretionary authority pursuant to the terms of (i) the Partnership Agreement, (ii) the investment management agreement between each Partnership, the applicable General Partner and the Management Company and (iii) powers of attorney executed by the limited partners of each Partnership.

VOTING CLIENT SECURITIES

The Advisers have adopted the Altaris Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how they will vote proxies, as applicable, for the Partnerships’ portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Partnerships, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Partnerships’ investors through the principals’ beneficial ownership interests in the Partnerships and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of a LP Committee, on the proposed proxy vote, or through other alternatives set forth in the Proxy Policy. The Advisers not consider service on portfolio company boards by Altaris personnel or the Advisers’ receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Partnerships. If you would like a copy of the Altaris’s complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Phung Diep, Altaris’s Chief Compliance Officer, at (212) 931-0250, and it will be provided to you at no charge.

FINANCIAL INFORMATION

The Management Company does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.