

Item 1 – Cover Page

venBio Select Advisor LLC
1700 Owens Street, Suite 595
San Francisco, CA 94158

415-800-0808

www.venbio.com

March 28, 2013

This Brochure provides information about the qualifications and business practices of venBio Select Advisor LLC (“VBSA” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 415-800-0808 or kvonemster@venbio.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

VBSA is a registered investment adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about VBSA also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This firm brochure (“Brochure”) was prepared for VBSA’s annual updating amendment for its fiscal year ending December 31, 2012. VBSA is currently registered as an investment adviser with the SEC.

The following is a summary of material changes made to this Brochure:

- Item 1 is revised to state VBSA’s new phone number.
- Item 4 is revised to reflect VBSA’s current assets under management.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Kurt von Emster at 415-800-0808 or kvonemster@venbio.com.

Additional information about VBSA is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with VBSA who are registered, or are required to be registered, as investment adviser representatives of VBSA.

Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients.....	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 9 – Disciplinary Information.....	12
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 – Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading.....	13
Item 12 – Brokerage Practices	14
Item 13 – Review of Accounts	16
Item 14 – Client Referrals and Other Compensation.....	17
Item 15 – Custody.....	17
Item 16 – Investment Discretion.....	17
Item 17 – Voting Client Securities	18
Item 18 – Financial Information.....	18
Item 19 – Requirements for State-Registered Advisers.....	19
Brochure Supplement(s)	

Item 4 – Advisory Business

A. Description of the Advisory Firm

VBSA is a Delaware limited liability company formed on September 24, 2009. VBSA's managing member is Kurt von Emster. venBio Partners, LLC, an affiliate of VBSA, and a relying advisor, acts as the investment manager to a private equity fund. References in this Brochure to "VBSA" include venBio Partners, LLC. Kurt von Emster is a managing member of venBio Partners, LLC.

B. Types of Advisory Services

VBSA provides investment advice and management to privately placed investment funds, including a non-U.S. limited partnership (the "Partnership"), a Delaware limited liability company (the "Master Fund") and a non-U.S. company (the "Feeder Fund" and together with the Partnership and the Master Fund, the "Clients"). The Feeder Fund pursues its investment activities by investing all or a portion of its assets into the Master Fund.

The Clients' investment objective is to achieve attractive returns with moderate risk. VBSA's Clients invest primarily in the equity, debt and associated derivatives of companies operating in the life sciences sector and related industries. VBSA's strategy and the risks involved are described in response to Item 8, below. The Clients are offering interests (the "Interest(s)") to certain qualified investors (the "Investors") as described in response to Item 7, below and each Client's constituent documents.

C. Client Tailored Services and Client Imposed Restrictions

Advisory services are tailored to achieve the Clients' investment objectives as described in each Client's constituent documents. Generally, VBSA has the authority to select which and how many securities and other instruments to buy or sell without consultation with the Clients or their Investors.

D. Wrap Fee Programs

VBSA does not participate in wrap-fee programs.

E. Amounts under Management

VBSA has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$191,000,000	\$0	December 31, 2012

Item 5 – Fees and Compensation

A. Fee Schedule

1. Management Fee

VBSA typically receives a monthly asset-based management fee calculated as a percentage of each Investor's capital account or capital commitment, payable quarterly in advance. The management fee is typically about 0.5% per quarter (approximately 2.0% annually).

2. Incentive Allocation

VBSA generally receives a performance allocation equal to a percentage of the net income allocated to each Investor for the year, subject to a "high water mark" procedure such that the incentive allocation is taken only to the extent net income allocated to that Investor exceeds any cumulative losses that were allocated to that Investor for earlier periods and that have not been recovered. This incentive allocation is generally 20% and is typically made at the end of each calendar year.

The incentive allocation will only be charged to accounts of those Investors who are "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940.

Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Investor may vary. Although VBSA believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

B. Payment of Fees

Advisory fees, incentive allocations, and third-party fees (discussed below) are deducted from Client assets. Advisory fees, which are paid in advance, are withdrawn at the beginning of the month. Incentive allocations are allocated as of the last business day of the calendar year and as of any date on which an Investor makes a withdrawal or receives a distribution from such Investor's capital account(s).

C. Third Party Fees

The Clients shall pay such costs and expenses as VBSA shall reasonably determine to be necessary, appropriate, advisable or convenient to carry on its business and realize its objective, including but not limited to: (i) advisory fees; (ii) all general investment expenses (i.e., expenses which VBSA reasonably determines to be directly related to the investment of a Client's assets); (iii) all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; (iv) fees, costs and expenses of third-party service providers that provide such services; and, (v) any extraordinary expenses, among other expenses.

VBSA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Clients. Such charges, fees and commissions are exclusive of and in addition to VBSA's advisory fee, and VBSA shall not receive any portion of these commissions, fees, and costs.

Please see Item 12 of this Brochure for more information about VBSA's brokerage arrangements for its Clients.

D. Prepayment of Fees

VBSA generally does not permit withdrawals on dates other than the last day of each calendar quarter. In the event that VBSA makes an exception to this policy, it will not refund the prepaid management fee for Interests held for less than a full quarter.

E. Outside Compensation for the Sale of Securities

Neither VBSA nor its supervised persons accepts compensation for the sale of securities or other investment products outside of its association with VBSA.

The foregoing response to Item 5 represents VBSA's basic compensation arrangements. The management fees and incentive allocations described above are structured to comply with Rule 205-3 under the Advisers Act and applicable state laws.

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

As discussed in Item 5.A., in addition to advisory fees, VBSA generally receives a performance allocation equal to a percentage of the net income allocated to each Investor for the year.

The performance allocation may provide a possible incentive for VBSA to make riskier or more speculative investments on behalf of a Client than those which would be recommended under a different fee arrangement. In addition, this arrangement may cause Clients to pay a greater expense than if such fees were not charged. Notwithstanding this potential incentive, VBSA will evaluate investments in a manner that it considers to be in the best interest of the Clients, given those Clients' investment objectives, investment strategies, suitability of the investment, and risk profile.

To the extent that there may be differences in VBSA's compensation arrangements, such circumstances could create an incentive for VBSA to manage Client portfolios so as to favor a portfolio that pays performance-based compensation over one that did not. Notwithstanding this conflict, VBSA will allocate transactions and opportunities among the Clients' accounts in a manner it believes to be as equitable as possible, considering each Client's objectives, programs, limitations and capital available for investment.

Item 7 – Types of Clients

VBSA provides investment advice and management to the Partnership, the Master Fund and the Feeder Fund.

VBSA may in the future provide the same or similar services to other privately placed investment funds and/or separately managed accounts.

Prospective Investors in the Clients must meet eligibility criteria and are subject to certain withdrawal requirements and limitations. Investors generally must be (i) “accredited investors” (as defined in Regulation D under the Securities Act of 1933); and (ii) “qualified purchasers” (as defined in the Investment Company Act of 1940). The minimum initial investment is \$1,000,000, subject to waiver at the discretion of VBSA (in no event less than \$100,000).

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

A. Methods of Analysis and Investment Strategies

Investment Objective:

The Clients’ objective is to achieve attractive returns with moderate risk. The Clients invest primarily in the equity, debt and associated derivatives of companies operating in the life sciences sector and related industries. However, the Clients’ investment program is speculative and entails risk, and there can be no assurance that the investment objective of the Clients will be achieved.

The Clients will generally invest in securities of a broad range of public life science companies that VBSA believes can occupy leading positions in their markets and have the potential to return multiples on invested capital. VBSA anticipates that the primary emphasis will be on companies engaged in the key sectors of the life sciences industry: biotechnology and pharmaceuticals, and to a lesser degree medical devices and instruments, healthcare services and healthcare information technology.

Sector Themes:

The Clients intend to invest their assets in securities of U.S. and foreign life science companies, regardless of their stock market value (or “market capitalization”). The life sciences industry includes biotechnology and pharmaceuticals, medical devices and instruments, healthcare services and healthcare information technology. Companies described as Health Care Equipment and Supplies, Health Care Provider Services, Pharmaceutical or Biotechnology Companies under the North American Industry Classification system are considered healthcare or biotechnology companies for purposes of investment by the Clients. These companies are principally engaged in: the design, manufacture or sale of products or services used for or in connection with health, medical, or personal care such as medical, dental and optical supplies or equipment; research and development of pharmaceutical products and services; the operation of healthcare facilities such as hospitals, and clinical test laboratories; and the design, manufacture, or sale of healthcare-related products and services, research, development, manufacture or distribution of products and services relating to human health care, pharmaceuticals, agricultural and veterinary applications, and the environment; and manufacturing and/or distributing biotechnological and biomedical products, devices or instruments or provide materials, products or services to the foregoing companies

The Clients will pursue investment opportunities provided by the expansion of the healthcare market through an aging and consumer oriented patient population, important scientific and technological advances, and the fact that most major diseases including cardiovascular disease and cancer are poorly treated and remain largely unmet medical needs. The following is a summary of the Clients’ investment strategies by sector:

Biotechnology/Biopharmaceuticals. The biotech industry has expanded the understanding of causes and potential cures for many previously untreatable or poorly treated diseases and as such continues to be a rich source of innovation. Small and medium-size biotech companies are becoming the primary discovery engine for both large pharmaceutical ("Large Pharma") and large biotech companies ("Large Biotech"). Large Pharma, and to a lesser but growing degree Large Biotech, innovation infrastructures have been inefficient and caused a pronounced productivity gap represented by increasingly anemic drug development pipelines. Large Pharma's need for continued sales growth, compounded by patent expirations and diminished in-house R&D productivity, have made the in-licensing of new therapeutics a more important priority. Large Pharma has looked to biotech companies for products to fill their pipelines. Small biotech is increasingly becoming the leading source of drug discovery innovation and drug pipeline creation while Large Pharma and Large Biotech increasingly focus on executing large pivotal clinical studies and subsequent commercialization of products acquired from small biotech. The Clients expect to take full advantage of this development by focusing on investing in securities of the companies with novel therapeutics addressing significant unmet medical needs and diseases.

Medical Devices. The medical device segment is maturing from its historical concentration on cardiovascular and orthopedic products, to include several more multi-billion dollar product categories such as ophthalmology, diabetes, and various minimally invasive and/or endoluminal technologies in the areas of GI/GU, respiratory, CNS, etc. Medtech companies are under constant pressure to innovate in order to maintain growth and remain competitive. However, large medtech companies have not proven to be effective innovators, and similar to Large Pharma, are stymied by the inertia of their own size. Investing successfully in medical device companies requires a specialized understanding of the needs of the large medtech companies, and the key issues that drive patient and physician adoption.

Healthcare Services and Healthcare Information Technology. Investment opportunities in healthcare services are likely to arise from the impact of market forces, which demand both lower cost and better care, and from changes in government regulation and reimbursement policies. Healthcare information technology companies, driven by wireless technology and the internet, growth in bandwidth, microprocessor power, hardware miniaturization and commoditization, can deliver qualitative and quantitative benefits to the healthcare market. The Clients may invest in securities of healthcare services and healthcare information technology companies, such as: pharmaceutical outsourcing providers and innovative service businesses such as laser eye surgery, outpatient chemotherapy and renal dialysis. The Clients intend to focus on investing in securities of the companies with experienced management teams with clearly defined clinical and regulatory pathways and products that are strategically and commercially relevant.

Investment Process:

The Feeder Fund and the Master Fund employ a hedged strategy by taking both long and short positions. The Partnership makes private equity investments. Each Client's investment strategy is fully described in each Client's constituent documents. The information below is a general summary of VBSA's investment process and risk management strategy for the Clients. Investors must review each Client's constituent documents for information regarding the investment strategy, investment

process and risk management.

Feeder Fund and Master Fund

The Clients will invest primarily in long and short positions in equity securities of U.S. and non-U.S. publicly traded companies. The Clients may also invest in debt securities, convertible securities, options and warrants, currencies, forward currency contracts, swaps, physical commodities, or derivative instruments in respect of any of the foregoing. However, the Clients will not make speculative investments in macro instruments, such as foreign currencies, futures, sovereign fixed income securities or physical commodities.

VB SA does not employ a single investment style, such as value or growth investing, but relies on the investment expertise of its investment professionals to select investment themes considered to represent attractive long or short positions. VB SA uses a hybrid of traditional “value” and “growth” styles in an effort to identify opportunities that are mispriced relative to their intrinsic value, but generally emphasizes increasing, rather than compressing, earnings and margins. VB SA seeks to identify an investible universe of securities using screening techniques emphasizing tangible metrics, such as earning-growth-to-price-earnings ratio, cash flow dynamics, net asset values and other fundamental issuer data. VB SA then seeks to understand the resource end-user supply and demand picture to gain insight into the macro context in which the issuer is operating and to assess growth projections. When the investment universe has been narrowed by these two processes, VB SA begins deeper fundamental analysis of each issuer, emphasizing unique company attributes such as management teams, resource properties and/or physical plant, geopolitical aspects of an issuer’s business, and similar issuer-specific data. VB SA believes strongly that the quality of a company’s management can greatly affect security performance, and therefore generally, but not always, seeks to develop long-term relationships with senior management of investee companies. Where VB SA’s investment process indicates an investment opportunity, VB SA considers the macro and resource-specific environment to inform timing of position entry, sizing and exit.

Securities are selected for the portfolio based primarily on fundamental analysis, although VB SA may also employ other techniques to identify fundamental opportunities, evaluate portfolio sizing and risk and structure hedging transactions. The analysis process may include, without limitation, a detailed review of a company’s financial statements, interviews with its management team, background checks on key management members, discussions with suppliers, customers and competitors, discussions with industry experts, and evaluation of comparative and historical price levels. Although VB SA does not seek to “filter” investment opportunities based on macro perspectives, macro trends affecting an investment opportunity may form a fundamental part of any investment decision. Investments will generally take the form of long or short positions in equity, debt or convertible securities and associated derivatives. In addition to investment ideas generated internally, VB SA and its personnel may also source ideas from established relationships with company managements, third party investment managers, industry experts, boutique research providers, published financial information and brokerage firm research.

VB SA seeks to quantify and manage risk at both the position and portfolio levels. Position level risk management seeks to minimize the probability that large losses will develop without

frequent reassessment by VBSA, and to manage risk through alternative forms of investment, where appropriate.

Although the Clients focus primarily on equity investments, it is not limited to such investments, and there are no material restrictions on the particular types of investing in which the Clients may engage, on the percentage of the Clients' assets that may be committed to a particular type of investing, or on the particular trading markets in which the Clients may invest. The Clients' investment approach may uncover investment or short sale opportunities in other asset classes, including bonds, high yield debt, distressed securities, convertible bonds and privately placed securities. The Clients may attempt to take advantage of these opportunities when they arise.

Partnership:

The Partnership's strategy is centered on investing in companies developing un-partnered, medically important, ethical pharmaceuticals and biopharmaceuticals. As part of every investment, the Partnership seeks to provide both capital and guidance with the goal of achieving major milestones for value creation. VBSA will identify strategic opportunities for investment by circumstances where an infusion of capital and strategic direction will dramatically enhance the opportunities for success. VBSA continuously reviews the universe of companies that may need assistance to identify attractive investment opportunities. VBSA believes that recent market volatility has made for value dislocation in a number of data-rich and clinically validated biopharmaceutical companies and maintains a disciplined approach to valuing the sector and its businesses. VBSA intends to mitigate clinical development investment risk by investing in companies where the scientific, financial and intellectual property risks can be adequately assessed and evaluated. VBSA actively reviews and supports the companies' business and clinical development programs when possible. VBSA will seek to mitigate portfolio risk by making investments in companies with multiple products in development, investing sufficient capital to achieve milestones, employing advantageous deal structures, and targeting multiple approaches per therapy. VBSA's experienced team will take an active role in the Partnership's investment and will be able to provide additional business opportunities for the portfolio companies. VBSA intends to be a real-time scouting team for the Partnership's portfolio companies, not only by identifying investments, but also by identifying potential licensing and merger opportunities to further expand revenue opportunities.

The investment program of the Clients is speculative and may entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that the investment objective of the Clients will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Clients' investment portfolio.

B. Risks of Investments and Strategies Utilized

Investing in securities involves risk of loss that Clients and Investors should be prepared to bear. The following list of risk factors does not purport to be a complete enumeration or

explanation of the risks involved in an investment with VBSA. Prospective Investors and Clients should read the entire Brochure as well the Funds' governing documents and any other material provided by VBSA, and consult with their own advisers prior to engaging VBSA's services.

Concentration in Life Sciences and Healthcare Technology. The focus of the Clients on companies in the life sciences sector means that the Clients' performance is closely tied to and affected by events occurring in the life science sector. The Clients will be affected to a greater extent by factors affecting such companies than would be the case if the Clients held a more diversified portfolio.

Regulatory Approvals. Companies in the life science industry are typically subject to governmental regulation and approval of their products and services, which can have a significant effect on their market price. Usually, the companies require the approval of agencies such as the U.S. Food and Drug Administration prior to marketing their products to the public. The approval process is very lengthy and very costly, and there can be no guarantee that a portfolio company will obtain the necessary approvals for its products. If a company is unable to obtain these approvals in a timely fashion, the company may experience significant adverse effects, which in turn could negatively affect the performance of the Clients.

Risk of Venture Capital Investments. While venture capital investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial losses. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. Although the VBSA intends to focus on mid- and later-stage companies, it may invest in early-stage companies in the life sciences and related industries. Such investments pose more risk than later-stage investments in companies with more proven business models. Such early stage venture companies may have unproven products and/or services with uncertain markets, may need to expend significant capital to develop a market or consumer base with no assurance of either market or consumer acceptance, and may have more difficulty expanding its management team compared to more established commercial entities. Moreover, even if a portfolio company succeeds in developing a product or service with market and/or consumer acceptance, it is likely to face intense competition, including competition from companies with greater brand recognition, significant customer bases, financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Intellectual Property Considerations. The Clients may invest in securities of the companies that will need to obtain patents for their products, both in the U.S. and in other countries. The patent protection of the intellectual property of healthcare technology companies in many countries is highly uncertain and involves complex legal, scientific and factual issues. The policy regarding allowable claim matter of life sciences or health care technology patents varies from jurisdiction to jurisdiction.

Product Liability. Liability of life science companies for products that are later alleged to be harmful

or unsafe may be substantial, and may have a significant impact on a life science company's market value and/or share price.

Small and Medium Capitalization Companies. The Clients may invest in U.S. and foreign small and medium capitalization securities. Investing in lesser known, small and medium capitalization companies may involve greater risk of volatility of the Clients' investment results than is customarily associated with investing in larger, more established companies.

Issuer-Specific Risks. The price of an individual security or particular type of security can be more volatile than the market as a whole and can fluctuate differently than the market as a whole. An individual issuer's securities can rise or fall dramatically with little or no warning based upon such things as a better (or worse) than expected earnings report, news about the development of a promising product, or the loss of key management personnel. There is also a risk that the price of a security may never reach the level that VBSA believes is representative of its full value or that it may even go down in price.

Short Selling. Short selling can result in profits when the prices of the securities sold short decline. In a generally rising market, the Clients' short positions may be more likely to result in losses because the environment would be more conducive for the securities sold short to increase in value. It is possible that the Clients may hold long and short positions in the same security for hedging, operational or fundamental purposes. A short sale involves the theoretically unlimited risk of an increase in the market price of the securities sold short.

Leverage. The Clients may borrow funds in order to increase the amount of capital available for investment. Borrowing will tend to magnify the profits or losses of the Clients. The level of interest rates at which the Clients can borrow will affect the operating results of the Clients. If securities pledged to brokers to secure the Clients' margin accounts decline in value, the Clients could be subject to a "margin call," pursuant to which the Clients must either deposit additional funds 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 Clients' assets, the Clients might not be able to liquidate assets quickly enough to pay off its margin debt.

Hedging Transactions. The Clients may utilize financial instruments such as forward contracts, options, futures, swaps and tracking securities such as ETFs for hedging purposes or as part of its trading strategies. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase.

Illiquid Assets. Certain investment positions of the Clients may be illiquid or have limited liquidity. The Clients may invest in "restricted" or non-publicly traded securities, securities traded on non-U.S. exchanges, securities that are acquired directly from companies in private placements that are not registered under U.S. securities laws, or securities traded off established exchanges on an "over the counter" basis. The Clients may not be readily able to dispose of such non-publicly traded or less-liquid securities, and in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. Such securities may only be traded by a limited number of

institutional investors, or may not be traded at all, and the market for such securities, or for the common shares into which they are convertible, may be “thin” or may be dominated by a limited number of broker-dealers acting as market-makers. An exchange or regulatory authority may suspend trading in a particular security or contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

The ability of the Clients to transact in securities it holds may be impacted by regulatory requirements, which may also require that certain of the Clients’ holdings be publicly disclosed. The Clients (separately or together with other entities or accounts managed by VBSA) may own more than a certain percentage of a class of securities of an issuer, as a result of which the Clients could be limited in transacting in such securities for a period of time. The Clients or VBSA may receive non-public information regarding an issuer, which would restrict the Clients’ ability to trade in the securities of the issuer. These and other regulatory requirements may cause the Clients to be unable to transact in securities of an issuer when doing so would otherwise be in the best interests of the Clients.

Non-U.S. Investments. Securities issued by non-U.S. issuers, denominated in non-U.S. currencies and/or traded outside of the United States require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or non-U.S. governments, withholding or other taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in other non-U.S. nations.

There may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these non-U.S. markets are less liquid and their prices more volatile than securities of comparable U.S. companies.

Additional costs could be incurred in connection with international investment activities. Non-U.S. brokerage commissions generally are higher than in the United States. Expenses also may be incurred on currency exchanges when the Clients changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions.

Currencies. The Clients may invest a portion of its assets in debt and equity securities denominated in currencies other than the U.S. dollar and in other financial instruments, the price of which is determined with reference to currencies other than the U.S. dollar. However, the Clients value their securities and other assets in U.S. dollars. To the extent unhedged, the value of the Clients’ assets

will fluctuate with U.S. dollar exchange rates as well as with price changes of the Clients' investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Clients makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Clients' 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 Clients' non-U.S. dollar securities.

Forward Currency Contracts. Forward currency contracts may not be liquid in all circumstances, so that in volatile markets, to the extent the Clients wish to do so, it may not be able to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizeable loss.

Options. The purchaser of a put or call option runs the risk of losing his entire investment in a relatively short period of time. The uncovered writer of a call option is subject to a risk of loss should the price of the underlying security increase, and the uncovered writer of a put option is subject to a risk of loss should the price of the underlying security decrease.

Swaps. A swap is an agreement between the Clients and a financial intermediary whereby cash payments periodically are exchanged between the parties based upon changes in the price of an underlying asset (such as an equity security, an index of securities, or another asset or group of assets with a readily determinable value). For example, an interest rate swap involves one party agreeing to make periodic fixed payments to the other party in return for the other party agreeing to make periodic payments to the first party that vary with the prime rate or another variable interest rate indicator. Swaps are subject to the risk of non-performance by the swap counterparty, including risks relating to the financial soundness and credit worthiness of the swap counterparty.

Futures. Due to the small amount of margin required, trading in futures involves a high degree of leverage. Although the Clients intend to purchase or sell commodity futures contracts only if there is an active market for each such contract, no assurance can be given that a liquid market will exist for the contracts at any particular time.

Bonds. Bonds or other fixed income securities, including commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. Such securities may be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue such securities often are highly leveraged and may not have available to them more traditional methods of financing.

Convertible Securities. The Clients may invest in convertible instruments, including privately placed convertible instruments. A convertible instrument is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. Issuers of convertible debt or preferred stock may default on their obligation to issue the common shares into which such debt or preferred stock is convertible. The same may apply to issuers of

other types of securities including, but not limited to, options and warrants. Issuers may also be unable, or default in their obligation, to register securities held by the Clients or to meet other obligations required by such securities.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Clients. Investors should read the entire Brochure as well as the Clients' offering documents and consult with their own advisers before deciding to subscribe for Interests.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. VBSA and its management personnel have no reportable disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither VBSA nor its management persons are registered as a broker-dealer or broker-dealer representative.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither VBSA nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading advisor.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

In addition to his role with VBSA, Kurt von Emster is the principal of venBio Partners LLC, a Delaware limited liability company. venBio Partners LLC serves as the investment manager to a private equity vehicle, venBio Global Strategic Fund, L.P., a Cayman Islands Exempted Limited Partnership.

None of VBSA nor its management persons have any other relationships or arrangements with any related persons that are material to VBSA's advisory business.

D. Selection of Other Advisers or Managers

VBSA does not utilize nor select other advisers or third party managers. All assets are managed by VBSA.

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

A. Code of Ethics

VBSA has adopted a Code of Ethics and Compliance Manual (the “Manual”) to govern its ethical obligations regarding personal securities transactions pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended.

The Manual covers a range of topics which may include: (1) Personal Securities Transactions with topics including: Personal Trading Accounts and Reports; Personal Trading Approvals; Review of Personal Trading Information; Client Priority; Front Running; Restricted List; Principal Transactions; Private Placements; Initial Public Offerings; (2) Code of Employee Conduct with topics including: Outside Activities; Conflicts of Interest; Communications; Protection of Client Assets; Confidentiality, Proprietary Data and Privacy of Customer Personal Information; Involvement in Litigation/Contacts with the Press; Favoritism and Gifts; Registration, Licensing and Testing Requirements; Qualification of Solicitors; E-Mail, Instant Messaging and Internet Chat Rooms/Message Boards Communication; and (3) Insider Trading with topics including: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Manual, review and enforcement processes, amendments to Form ADV and supervisory procedures Policy Statement on Insider Trading; Procedures to Implement VBSA's Policies against Insider Trading; Employee or Family Member Serving as Director, Officer or Consultant; Client Serving as Director, Officer or Consultant; and Supervisory Procedures.

VBSA will provide its Code of Ethics to Clients and prospective Clients upon request. Such a request may be made by submitting a written request to VBSA at the address on the cover page to this Brochure.

B. Recommendations Involving Material Financial Interests

Neither VBSA nor its related persons recommends to Clients, or buys or sells for Client accounts, securities in which VBSA or a related person has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

VBSA, its Employees and/or the related persons may personally buy or sell the same instruments that VBSA buys or sells for Client accounts, and it or they may own securities, or options on securities, of issuers whose securities are subsequently bought for Client accounts because of VBSA's recommendations regarding a particular security. VBSA's policy is designed (i) to prevent potential legal, business or ethical conflicts; (ii) to minimize the risk of unlawful trading in any account where Employees have an interest and (iii) to guard against the misuse of confidential information. All personal trading and other activities must avoid any conflict or potential conflict of investor interest. Employees are prohibited from engaging in unlawful trading and any trading that may appear to be improper. Further, Employees are encouraged to invest for the long-term through instruments and opportunities that will not conflict with their responsibility to serve VBSA's trust.

D. Trading Securities At/Around the Same Time as Clients' Securities

As discussed above, from time to time, VBSA, its Employees, or related persons of VBSA may buy or sell securities for themselves that VBSA also recommends to the Client. VBSA documents all transactions and conducts diligence to ensure that Client business is transacted before the business of its Employees and/or related persons when similar securities are being bought or sold.

Item 12 – Brokerage Practices

A. Factors Used to Select or Recommending Broker-Dealers

VBSA must execute securities transactions for the Client so that brokerage transactions represent the best qualitative execution for the Client, based on such factors as the efficiency of execution, the timing of the transaction, the price of the security purchased or sold, the commission rate, and the financial responsibility and responsiveness of the broker. The lowest possible commission cost is not by itself the determinative factor, and as discussed below, the Client may not always pay the lowest possible commission rates.

In most or all cases, VBSA has complete discretion to select the brokers to be used for executing securities transactions on behalf of the Client and the commission rates to be paid to those brokers. In selecting a broker for any transaction or series of transactions, VBSA may consider a number of factors, including, for example, net price, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, special execution capabilities, order of call, offering to VBSA on-line access to computerized data regarding Client accounts, computer trading systems, the availability of stocks to borrow for short trades and other matters involved in the receipt of brokerage services generally. VBSA also may purchase from a broker or allow a broker to pay for soft-dollar items, as discussed below.

1. Research and Other Soft Dollar Benefits

VBSA currently does not anticipate receiving research or other products or service other than execution from a broker-dealer or third-party in connection with Client securities transactions ("soft dollar benefits"). However, in the future, VBSA shall have the right if, in good faith, it considers it to be in the best interest of the Client and consistent with VBSA's obligations to do so, to enter into "soft dollar" arrangements with one or more broker-dealers. All "soft dollar" arrangements will fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act, as that safe harbor is currently interpreted by the Securities and Exchange Commission. If in the future VBSA obtains "soft-dollar" benefits, this Brochure will be appropriately amended.

VBSA may effect transactions with broker-dealers who provide research services (collectively, "soft-dollar items") to VBSA that assist VBSA in making investment and trading decisions on behalf of its Clients. The negotiated commissions paid to broker-dealers supplying soft-dollar items may not represent the lowest obtainable commission rates. In any such arrangement, the amount of the commission paid must be reasonable in relation to the value of the brokerage and soft-dollar items provided by the broker-dealer, viewed in terms of either the particular transaction or VBSA's

overall responsibilities with respect to its Clients. VBSA intends to comply with the soft-dollar “safe harbor” afforded by Section 28(e) under the 34 Act.

When VBSA uses Client brokerage commissions to obtain soft-dollar items, it receives a benefit because it does not have to produce or pay for such soft-dollar items. However, VBSA believes that such soft dollar items may provide the Clients with benefits by supplementing the research and services otherwise available to the Clients. In addition, the research and other benefits resulting from a brokerage relationship benefit all Client accounts or VBSA’s operations as a whole, including any Client accounts that direct VBSA to use a broker that does not provide soft dollar benefits.

VBSA may have an incentive to select or recommend a broker-dealer based on its interest in receiving the soft-dollar items, rather than on the Client’s interest in receiving most favorable execution. VBSA periodically reviews the execution performance of its brokers to ensure that any potential conflicts of interests are resolved.

To the extent that VBSA does engage in such “soft dollar” arrangements, the Client may a brokerage commission in excess of that which another broker might charge for effecting the same transaction if VBSA determines in good faith that such commission is reasonable in relation to the value of the brokerage, research, other services and soft dollar relationships provided by that broker, viewed in terms of either the specific transaction or VBSA’s overall responsibilities to the portfolios over which VBSA exercises investment authority.

Soft-dollar items, whether provided directly or indirectly, may be utilized for the benefit of VBSA’s and its affiliates’ other accounts. Soft-dollar items are not limited to those Clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits. VBSA may receive soft dollar credits based on principal, as well as agency, securities transactions with brokerage firms.

A broker from which VBSA obtains soft dollar services generally establishes “credits” based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay for specified expenses. In some cases the process is less formal and a broker simply may suggest a level of future business that would fully compensate the broker for services or products it provides. VBSA monitors the soft dollar services provided to ensure that appropriate transactions are executed with a soft dollar provider.

2. Brokerage for Client Referrals

In selecting broker dealers VBSA may consider the broker dealer’s referrals of prospective Client accounts or Investors. To the extent that VBSA would otherwise be obligated to pay for “finding” services, it has a conflict of interest in considering those services when selecting a broker-dealer. It also faces a conflict because it benefits from increases in the size of its assets under management.

3. Directed Brokerage

VBSA generally does not direct brokerage. Securities transactions are executed by brokers selected by VBSA in its discretion and without the consent of the Client or Investors.

B. Aggregating Trading for Multiple Client Accounts

VBSA may (but is not required to) aggregate orders for Client accounts for which it or its principals have trading authority, and if it believes that aggregation is in the overall best interest of the Client accounts that participate in the aggregated order. VBSA does not aggregate securities transactions for Client accounts, unless it believes that aggregation is consistent with its duty to seek best execution for Client accounts and is consistent with the applicable agreements of the Client accounts for which VBSA aggregates securities transactions.

VBSA will allocate buy or sell programs of a particular security among all Client accounts for which the program is appropriate. When it does so, each Client Account that participates in an aggregated securities transaction participates at the average share price for all transactions in the security for which that aggregated order is placed on the day that such aggregated order is placed. Subject to minimum ticket charges, transaction costs are shared in proportion to Client accounts' participation. VBSA believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a Client than if that Client had been the only account effecting the transaction or had completed its transaction before the other participants. Because of VBSA's relationship to the Clients it manages by virtue of its position as an investment manager, there may be circumstances in which transactions for those entities may not, under certain laws, regulations and internal policies, be combined with those of some of VBSA's and its affiliates' other Clients, which may result in less advantageous execution for those Clients.

To ensure that no Client account is disadvantaged as a result of such aggregation, VBSA has adopted certain policies and procedures that include, among other things:

VBSA receives no additional compensation or remuneration of any kind as a result of aggregating securities transactions for Client accounts. Accounts of VBSA employees are not included in any aggregated securities transaction.

In addition, VBSA may place orders for the same security for different Clients at different times and in different relative amounts due to differences in investment objectives, cash availability, size of order and practicability of participating in "block" transactions. The level of participation by different Clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Client.

Finally, VBSA and/or its related persons or Clients may buy or sell specific securities for its or their own account that are not deemed appropriate for Client accounts at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments in client accounts are made. Where execution opportunities for a particular security are limited, VBSA attempts in good faith to allocate such opportunities among Clients in a manner that, over time, is equitable to all clients.

Item 13 – Review of Accounts

A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

All accounts are managed and reviewed daily. Asset allocation, cash management, market prospects and individual issue prospects are considered. Particular attention is given to changes in company earnings, industry and company outlook, market outlook and price level. The reviews are conducted by Kurt von Emster and Behzad Aghazadeh.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may take place more frequently if triggered by economic, market, or political conditions.

C. Content and Frequency of Regular Reports

Investors in the Feeder Fund and the Master Fund will generally receive the following reports: (i) annual financial statements, (ii) quarterly summaries of the Clients' performance (after the first full calendar year (12 months) of operations), (iii) copies of his or her Schedule K-1 to the Master Fund's tax return, and (iv) other reports as determined by VBSA in its sole discretion. The Investors in the Partnership will generally receive the following reports (i) an annual audited report and summary update of the Partnership's portfolio investments, (ii) unaudited quarterly financial statements, and (iii) annual tax information necessary for completion of their income tax returns. The Clients shall bear all fees incurred in providing such tax returns and annual reports. VBSA will afford Investors additional transparency upon request, at its discretion.

Item 14 – Client Referrals and Other Compensation

Registered investment advisers are required to disclose all material facts regarding any compensation or other benefits it receives, directly or indirectly, for client referrals. VBSA has no information applicable to this Item.

Item 15 – Custody

VBSA satisfies the SEC's custody requirements by holding client assets with a qualified custodian and providing Investors with audited financial statements by a specified time each year.

Item 16 – Investment Discretion

VBSA is typically authorized to invest and trade the Clients' assets in a broad range of investments, to be selected at VBSA's sole discretion, with no specific limitations as to type, amount, concentration, or leverage. Further, VBSA may enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate.

Pursuant to the Clients' governing documents, investment management agreements between VBSA and the Clients, each Investor designates VBSA as its attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Clients' business and affairs, including execution of the Clients' governing documents.

Item 17 – Voting Client Securities

VBSA has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended. The policies require VBSA to vote proxies received in a manner consistent with the best interests of the Clients. The policies also require VBSA to vote proxies in a manner intended to enhance the economic value of the assets of the Client. However, the policies permit VBSA to abstain from voting proxies in the event that the Client's economic interest in the matter being voted upon is limited relative to the Client's overall portfolio or the impact of the Client's vote will not have an effect on its outcome or on the Client's economic interests.

Certain of VBSA's proxy voting guidelines are summarized below:

VBSA votes for a proposal when it believes that, on balance, the following factors predominate: the proposal would have a positive economic effect on shareholder value; the proposal would pose no threat to existing rights of shareholders; the dilution, if any, of existing shares that would result from adoption of the proposal is warranted by the benefits of the proposal; and the proposal would not limit or impair the accountability of management and the board of directors to the shareholders.

VBSA votes against a proposal when it believes that, on balance, the following factors predominate: the proposal would have an adverse economic effect on shareholder value; the proposal would limit the rights of shareholders in a manner or to an extent that is not warranted by the benefits of adopting the proposal; the proposal would cause significant dilution of shares that is not warranted by the benefits of the proposal; the proposal would limit or impair the accountability of management or the board of directors to shareholders; or the proposal is a shareholder initiative that VBSA believes wastes time and resources of the company or reflects the grievance of one individual.

Where a proxy proposal raises a material conflict between VBSA's interests and the interests of the Client, VBSA will seek to resolve the conflict.

VBSA will provide, upon request, a copy of those policies and procedures and/or information concerning its voting record on account proxy matters. Such a request may be made by calling Kurt von Emster at (415) 800-0808 or by email: kvonemster@venbio.com.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide Investors with certain financial information or disclosures about VBSA's financial condition. VBSA has no financial commitment that is reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition.

Item 19 – Requirements for State-Registered Advisers

Not applicable.