



BROADFIN CAPITAL, LLC

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Form ADV, Part 2A (the "Brochure")
March 2015

This Brochure provides information about the qualifications and business practices of Broadfin Capital, LLC ("Broadfin" or "the Investment Manager"). If you have any questions about the contents of this Brochure, please contact us at the number above. The information in this Brochure has not been approved or verified by the Securities and Exchange Commission (the "SEC") or by any state securities authority. Broadfin is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

If you have any questions about the contents of this Brochure, please contact Jason Abrams, Broadfin's Chief Financial Officer and Chief Compliance Officer ("CCO"), at +1-212-808-2460 or by e-mail at investorrelations@broadfincapital.com.

Additional information about the Investment Manager is also available on the SEC's website at www.adviserinfo.sec.gov.



ITEM 2: MATERIAL CHANGES

Broadfin Capital, LLC ("Broadfin") has moved offices to 300 Park Avenue, New York, NY 10022 from 237 Park Avenue, New York, NY 10017.

There are no further material changes.



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ITEM 4: ADVISORY BUSINESS

Broadfin Capital, LLC was founded in June 2005 and is a leading fundamental research-based, value oriented investment manager focused on the healthcare sector. Broadfin manages investments in predominately publicly traded equity securities and equity derivatives, as described more fully in Item 8 below. The principal owner (defined as a person who owns 25% or more) of Broadfin is Kevin Kotler.

Broadfin offers investment advisory services to the Broadfin Healthcare Master Fund, Ltd, a Cayman Islands exempted company (the "Master Fund"), and two feeder funds, the Broadfin Healthcare Offshore Fund, Ltd., a Cayman Islands exempted company (the "Offshore Feeder Fund"); and the Broadfin Healthcare Fund, LP, a Delaware, USA limited partnership (the "Domestic Feeder Fund").

The Master Fund, Offshore Feeder Fund and Domestic Feeder Fund are collectively referred to as the "Funds" or the "Clients". The Offshore and Domestic Feeder Funds (together, the "Feeder Funds") invest all of their assets in the Master Fund. The Funds are managed only in accordance with their own characteristics and are not tailored to any particular private fund investor (each an "Investor").

As of December 31, 2014, Broadfin managed approximately \$1,576,924,000 in regulatory assets on a discretionary basis, and \$0 on a non-discretionary basis.



ITEM 5: FEES AND COMPENSATION

Compensation for Advisory Services.

As investment adviser to the Funds, Broadfin receives management fees at an annual rate of 2.0% of the value of the net assets of the Master Fund as of the first business day of each calendar quarter. This management fee is deducted from Fund assets. Management fees are prorated for any investment period that is less than a full calendar quarter.

In addition to management fees, Broadfin's affiliate, Broadfin Advisors, LLC is entitled to receive a performance allocation based upon a percentage of the net profits of the Fund. The allocation for Series A shares (redemption rights commencing on the first anniversary of investment) is 20% of net profits; for Series B shares (redemption rights commencing on the second anniversary of investment), the allocation is 17.5% of net profits. Calculation of the performance allocation is subject to a "high water mark". Fees and allocations are described in further detail in the Fund offering documents.

Other Types of Expenses.

Expenses absorbed by Broadfin include but are not limited to: utilities, furniture and fixtures, stationery, secretarial/internal administrative services, salaries, entertainment expenses, employee insurance, and payroll taxes.

Fees, costs, and expenses, other than management and incentive fees paid by the Fund include, but are not limited to: (1) legal and accounting fees; (2) fees of outside consultants, analysts or advisors Broadfin may engage to provide advice related to portfolio investments; (3) brokerage commissions and securities transaction costs; (4) custodial, transfer agent and distributions agent charges; (5) premiums for insurance; (6) taxes and other governmental charges, fees and duties; (7) organizational expenses; and (8) other fees, costs, expenses, and liabilities that are incurred by, or arise out of, the operation and activities of the pooled investment vehicle. Other expenses paid by the Fund include the fees payable to Broadfin, legal, compliance, audit, accounting, portfolio management system costs, and administrator fees and expenses (including third party accounting services); shareholder proxy voting services; organizational expenses; investment expenses such as commissions, research fees and expenses (including research-related travel, food and lodging); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; expenses relating to insurance (including directors' and officers' insurance, errors and omission insurance, Fund indemnification coverage and other similar policies); Director's fees and expenses; each Feeder Fund's pro rata share of the Master Fund's expenses; and any other expenses reasonably related to the purchase, sale or transmittal of Fund assets.

Each Feeder Fund will invest in the Master Fund on substantially the same terms and conditions and therefore will generally be allocated a proportionate share of the Master Fund's gains, losses and expenses based on their interest in the Master Fund.

The Fund will incur brokerage fees. Please see Item 12 of this brochure for further discussion of Broadfin's brokerage practices.



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

Consistent with the provisions of Rule 205-3 under the Investment Advisers Act of 1940, Broadfin charges a performance fee in connection with its management of the Fund.

Because all assets are managed in the Master Fund, there are no side-by-side conflict of interest issues, such as allocation decisions impacted by performance-based fee differentials.

No other hourly, flat or asset-based fees are charged to the Funds.



ITEM 7: TYPES OF CLIENTS

Through the Funds we advise, Broadfin may provide investment management services to individuals, investment companies, pooled investment vehicles, pension and profit sharing plans, trusts, estates, governmental plans, endowments, foundations, charitable organizations, corporations, insurance companies, limited partnerships, commingled investment trusts, and other entities.

Investors in the Fund must be "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933 and "qualified purchasers" within the meaning of Section 2(a)(51) and Rule 2a51-1 under the Investment Company Act of 1940.

Investors are required to commit or contribute certain minimum capital amounts to become limited partners of our limited partnerships. Currently, the minimum required investment is \$1,000,000. This minimum amount is subject to change at the sole direction of the Fund's Board of Directors.



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

Investment Objective

The Fund seeks to generate capital appreciation in all market environments. The Investment Manager seeks to achieve this objective by employing a long/short equity strategy, primarily by investing in companies in the healthcare industry. The Investment Manager leverages the expertise of the portfolio manager and the investment personnel of the Investment Manager to make investments in medical technology and supplies, pharmaceuticals, biotechnology, healthcare services and related sub-sectors.

Investment Philosophy

The Investment Manager believes that a focused approach to investing is a superior way to maximize the investment return potential of the Fund. The Investment Manager also believes that the healthcare sector is well suited to a focused approach given: (1) its unique market characteristics – complex products, rapid technological change and innovation, capital intensity and regulatory/reimbursement issues; (2) a large universe of companies; and (3) industry-specific valuation catalysts and parameters.

The Investment Manager believes that portfolio returns will be higher if capital allocation is focused on investment opportunities that have the highest return potential with an appropriate level of risk. By focusing on a more limited number of core investments, a deeper knowledge base can be developed for each investment. This acquired knowledge can be a key element of risk control and is expected to complement position guidelines, risk exposure reports, liquidity reports, and other risk management tools. Further, the Investment Manager believes that capital preservation plays as important a role in the generation of investment returns as capturing upside potential, and that a value-oriented investment strategy most effectively incorporates both.

Investment Strategy

The Investment Manager pursues the Fund's investment objective by investing in the securities of U.S. and non-U.S. issuers in the healthcare industry evaluated through the application of extensive fundamental investment analysis and risk management analysis. This focus on the healthcare sector enables the development of specialized expertise and allows the Investment Manager to benefit from the enhanced information captured through deep fundamental research utilizing its deep network of industry participants, clinicians, management teams, venture capitalists and private equity investors.

The Investment Manager focuses on long-term performance and generally invests with a minimum 12 to 18 month time horizon. This allows the investment team to focus on making fundamental investments in value-oriented companies and retaining positions through periods of market turbulence, concentrating research efforts on the discovery of incremental information, and in some cases allows time to accumulate positions. This strategy can also lead to higher returns for investors.

The Investment Manager believes that material binary corporate events, particularly in the biotechnology subsector, can introduce a high level of risk for the portfolio and generally attempts to minimize the Fund's exposure to such events.

Healthcare Market Opportunity

The Investment Manager believes that the healthcare industry remains an attractive investment opportunity for several reasons:

- Continued growth in healthcare spending in the U.S.
- Healthcare coverage in the U.S. has the potential to expand as the major provisions of the Affordable Care Act go into effect. Demand from emerging markets is being fueled by a growing middle class, especially in countries such as Brazil, Russia, India and China.
- Demographic factors are positive – in particular, the populations of the two largest markets for healthcare products, the U.S. and Europe, are aging. Technological innovation – continued technological advances are creating new markets and investment opportunities. Significant unmet needs remain.
- Regulatory issues and innovation create winners and losers in the healthcare sector. The sector has experienced a high degree of investment return dispersion, therefore providing opportunity for investments.
- Greater understanding of the human genome is driving the development of new diagnostic tests and guiding the use of more targeted therapeutic approaches to attack disease.
- The U.S. government and non-profit foundations are sponsoring new initiatives to fight disease globally and combat the threat of bioterrorism.

Investment Selection Process

The Investment Manager's investments, while from companies in all market capitalization segments, have an emphasis in the small and mid-capitalization companies. The Investment Manager focuses on companies that generally lower healthcare costs and improve outcomes. The security selection process includes company valuation screens, conversations with its network of industry professionals and a rigorous approach to meeting with a large number of companies. Company screens include qualitative screens (searching for companies within specific industry sub-sectors or with specific product types) and quantitative screens (searching for specific financial parameters, such as certain P/E ranges, certain Enterprise Value / Sales ranges, or specific Cash / Share ratios). In addition, the Investment Manager has developed an established network of professionals, including industry experts (such as physicians, scientists, engineers and professional organizations), investment research and investment management contacts, and other healthcare and technology industry participants to add input to its research process. The investment team also monitors companies in its universe for changing fundamentals for potential investments.

The Investment Manager's research and analysis process includes: attending medical conferences, regular conversations with leading clinicians and industry experts, company facility visits, discussions with industry competitors, review of scientific literature and financial filings, building of financial



models and scenario analyses, and gauging investor sentiment and expectations. The Investment Manager believes that its ability to research and analyze companies to a greater level of depth than many other funds allows it to focus on a smaller universe of stronger candidates for inclusion in the Fund's portfolio. This allows for a deeper understanding of each investment, which the Investment Manager believes to be an important factor in superior performance. Potential investors should not consider diversification to be a Fund objective.

The limited number of core holdings in the portfolio combined with a longer holding period for a typical core position (though holding periods may vary, at the sole discretion of the Investment Manager) allows for more time to research and develop a broad information network for each core position.

The Investment Manager has made short sales of securities a part of its investment strategy. The short portfolio consists of single stock short positions, and shorting of custom healthcare baskets and Index ETFs. Single name short sales are made when the Investment Manager feels securities are overvalued given the company fundamentals and there could be a catalyst that could cause a decline in the market price. Short sales may also be used to reduce sector-specific risks and manage the portfolio's exposure to broad market movements.

The Fund's may purchase investments for which there is no ready market and which the Investment Manager, in its sole discretion, determines should be treated as a "Designated Investment". Any Investor may make a one-time election as of the date of their initial contribution to the Fund's (or at other times in the sole discretion of the Investment Manager) whether to participate in Designated Investments. These investments may include, but are not limited to, securities which are subject to legal or contractual restrictions on sale, are not readily marketable or which the Investment Manager determines should be held until the resolution of a special event or circumstance.

Flexibility

The Investment Manager intends to pursue the investment strategy described above as long as such strategy is in accord with the Fund's investment objective. In addition, it may also formulate and implement new approaches to carry out the investment objective of the Fund.

While the Fund invests primarily in long and short positions of publicly-traded equity and equity-linked securities and related instruments, the Fund has broad and flexible investment authority. Accordingly, the Fund's assets may at any time include long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, private investments in public equity ("PIPEs"), preferred stocks, stock warrants and rights, corporate or sovereign debt, bonds, notes or other debentures or debt participations, partnership interests, interests in investment companies, convertible securities, swaps, options (purchased or written), futures contracts and other derivative instruments. The Fund, however, will not purchase, hold, sell or otherwise deal in commodities, commodity contracts, commodity futures, financial futures or options thereon until, to the extent required, the Investment Manager has registered with the Commodity Futures Trading Commission or has been advised that such registration is not required. The Fund may also invest in new issues of securities ("New Issues"), provided that the Fund first complies with all of the rules and regulations pertaining to such investments, including the Rules of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Fund's investments in equity securities that are not publicly traded are limited to 10% of the Fund's net assets attributable to Partners electing to participate in Designated Investments (measured at the time of investment); provided that this calculation will not include any



PIPE investments. The Fund may utilize leverage. At times, the amount of such leverage may be substantial.

RISK FACTORS

The Fund may be deemed to be a highly speculative investment and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the economic risk of the loss of their investment in the Fund and who have a limited need for liquidity in their investment. The following risks (some of which will be indirectly borne by investors solely as a result of the Fund's investment in the Master Fund) should be carefully evaluated before making an investment in the Fund:

Nature of Investments

The Investment Manager has broad discretion in making investments for the Fund. Investments will generally consist of equity securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Fund's activities and the value of its investments. In addition, the value of the Fund's portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Fund's investment objective will be achieved.

Healthcare and Related Risks

Healthcare securities, especially those of smaller, research-oriented companies, can be more volatile than the overall market. The medical device and drug development companies (biotechnology and pharmaceutical) in which the Fund may invest may allocate, or may have allocated, greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. Only a limited number of healthcare companies have reached the point of approval of products by government regulatory bodies, such as the U.S. Federal Drug Administration and the subsequent commercial production and distribution of such products. Therefore, the success of investments in the healthcare sector generally, and the biotechnology industry in particular, is often based upon expectations about future products, research progress, and new product filings with regulatory authorities. In addition, a number of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, operate at a loss, have limited access to capital and/or be in the developmental stages of their businesses.

Further, many healthcare companies with proprietary platform technologies rely on patent protection and non-disclosure agreements to establish and protect their proprietary rights, which may be essential to the growth and profitability of the company. Patents have limited duration and, upon expiration, competitors may market substantially similar "generic" products which cost less to develop and may cause the original developer of a product or service to lose market share and/or



reduce prices, resulting in lower profits for the original developer. In addition, there can be no assurance that a particular company will be able to protect these rights, or will have the financial resources to do so. Conversely, other companies may make infringement claims against a company in which the Fund invests, which could have a material adverse effect on such company.

The healthcare sector is subject to extensive government regulation. The industry will be affected by government regulatory requirements, regulatory approval for new drugs and medical products, product liability concerns, and similar significant matters. Changes in governmental policies may have a material effect on the demand for or costs of certain healthcare products and services and securities prices of health care companies can fluctuate dramatically as a reaction to adverse legal judgments and the adverse publicity associated with accompanying threatened litigation. As these factors impact the industry, the value of the Fund's interests may fluctuate significantly over relatively short periods of time.

Health care companies are frequently dependent upon private and governmental third-party sources of reimbursement for products and services provided to their customers. In addition to market and cost factors affecting the fee structures implemented by healthcare companies, numerous Medicare and Medicaid regulations, cost containment and utilization decisions of third-party payers and other payment factors over which the companies do not have control may affect the amount of payment that healthcare companies receive for their products and services. These third-party payers are increasingly challenging the prices charged for healthcare products and services and, in some cases, refusing payments for products and services they deem inappropriate.

Lack of Diversification/Portfolio Concentration

It is anticipated that the Fund's portfolio will be invested primarily in equities of companies in the healthcare field. Accordingly, the Fund's portfolio may not be diversified among industries or types of securities. Further, the Fund's portfolio may not be diversified among a wide range of issuers. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among industries, investment areas, types of securities and issuers.

Small-to-Medium Capitalization Companies

The Fund may invest a portion of its assets in the stocks of companies with small-to medium-sized market capitalizations. While the Investment Manager believes these investments often provide significant potential for appreciation, such stocks, particularly smaller-capitalization stocks, can involve higher risks in some respects than investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Lack of Liquidity of Partnership Investments/Restricted or Non-Marketable Securities

Partnership assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded, making purchase or sale of such securities at desired prices or in desired quantities difficult or impossible. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately. However, the Partnership will invest no more than 10% of net assets



attributable to Partners electing to participate in Designated Investments (measured at cost at the time of designation) in Designated Investments; provided that this calculation will not include any PIPE investments.

The Partnership's may also invest in PIPES, which may be thinly-traded, making purchase or sale of such securities at desired prices or in desired quantities difficult or impossible and unlikely to provide current income. Generally, an investment in PIPES may include restricted securities purchased directly from an issuer in a private placement with registration of those securities for public resale expected to become effective generally no later than 180 days from the date of purchase, subject to extension in certain circumstances. Unless and until such registration occurs, there is likely to be no market for the restricted securities.

High Growth Industry Related Risks

The Fund has investments in the securities of high growth companies (e.g., medical technology and biotechnology companies). These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

Valuation

The Partnership's assets may be invested in securities which are illiquid or very thinly traded. These investments may be extremely difficult to value accurately. In light of the foregoing, there is a risk that a Limited Partner who withdraws all or part of his investment while the Partnership holds such illiquid or thinly traded investments will be paid an amount less than he would otherwise be paid if the actual value of such investments is higher than the value designated by the Partnership. Similarly, there is a risk that such Limited Partner might, in effect, be overpaid if the actual value of the illiquid or thinly traded investment is lower than the value designated by the Partnership. In addition, there is a risk that an investment in the Partnership by a new Limited Partner (or an additional investment by an existing Limited Partner) could dilute the value of such investments.

Because of overall size or concentration in particular markets of positions held by the Partnership, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at using the methodology described in the Partnership Agreement. In addition, the timing of liquidations may also affect the values obtained on liquidation. Third party pricing information may not be available for certain positions held by the Partnership. Securities to be held by the Partnership may trade with bid-ask spreads that may be significant.

The General Partner is entitled to rely, without independent investigation, upon pricing information and valuations furnished by the Administrator or by third parties, including pricing services.

Non-U.S. Securities

The Investment Manager may invest in non-U.S. securities. Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations involving risks and opportunities not

typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Currency Risks

The Fund's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

In most instances where the Fund invests in non-U.S. securities, efforts will be made to hedge against exchange rate risk.

Use of Leverage

As noted in Section 4 above, the Fund may utilize leverage. This results in the Fund controlling substantially more assets than the Fund has equity. Leverage increases the Fund's returns if the return earned on investments purchased with borrowed funds exceeds the Fund's cost of borrowing such funds. However, the use of leverage exposes the Fund to additional levels of risk, including:

(i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of borrowing such funds. In the event of a rapid and material decline in the value of the Fund's assets, the Fund may not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Investment Manager may find it difficult or impossible to obtain leverage for the Fund. Since leveraging its assets may be a significant part of the investment strategy of the Fund, in such event the Fund could find it more difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager being forced to unwind positions quickly and at prices below what the Investment Manager deems to be fair value for such positions.

Special Situations

The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. Investment opportunities involving any such type of special situation carry risks that the contemplated transaction will be unsuccessful, will take longer than expected to consummate, or will result in a distribution of cash or a new



security with less value than the purchase price of the security or other financial instrument for which the distribution is received. Similarly, if an anticipated transaction does not occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in the securities of such companies.

Interest Rate Risk

Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Investment Manager may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Investment Manager will be successful in fully mitigating the impact of interest rate changes.

Short Sales

The Fund utilizes short sales of common stocks, exchange-traded funds, bonds, and options as part of its investment program. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

There is also the risk that the securities borrowed by the Fund in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The Fund's inability to continue to borrow securities previously sold short may also force the Fund to unwind other elements of an investment position, possibly at a loss.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss).



Shareholder Activism

The Partnership's investment strategy may involve shareholder activism that will attempt to influence the destinies of target companies, and there exists the risk that such activism for a particular company will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the Partnership's purchase of the securities and the anticipated results. Additionally, if the anticipated results do not in fact occur, the Partnership may be required to sell its investment at a loss. Moreover, there may be instances where the Partnership will be restricted in transacting in or redeeming a particular investment as a result of its activism with respect to an investment.

Corporate Debt Obligations

The Investment Manager may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). The Investment Manager may intend to actively expose the Partnership to credit risk. However, there can be no guarantee that the Partnership will be successful in making the right selections and thus fully mitigate the impact of credit risk changes on the Partnership.

Counterparty Risk

To the extent the Fund invests in swaps, swaptions, "synthetic" equivalents, derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, the Fund takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from that entailed in exchange-traded transactions, which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. The Fund will seek to mitigate these risks by engaging only highly-rated firms with substantial capital, credit and market expertise. The Investment Manager may diversify the Fund's hedging relationships.

Custody and Prime Brokerage Risk

There are risks involved in dealing with the custodians or prime brokers who settle Fund trades. The Fund maintains a custody account with UBS Securities, LLC, Morgan Stanley & Co LLC and JP Morgan Securities, LLC, its prime brokers (the "Prime Brokers"). Although the Investment Manager monitors the Prime Brokers and believes that it is an appropriate custodian, there is no guarantee that the Prime Brokers, or any other custodian that the Fund may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970, as amended, seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Fund assets, the Fund would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Fund and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Fund. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Fund. Under certain circumstances, including certain transactions where the Fund's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Fund's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Fund and hence the Fund could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Fund may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Fund's rights to its assets in the case of a bankruptcy or insolvency of any such party.

Contractual Risk and Regulatory Framework

Unlike the purchase of freely tradable common stock in the open market, the Partnership's PIPES investments generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the convertible securities and the underlying securities with the appropriate federal and state authorities for resale. In order for the Partnership's investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. The Partnership intends to aggressively enforce its rights under its contractual relationships with issuers, although the Investment Manager understands and will take into account the costs of litigation. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, the Partnership may be unable to dispose of the securities at appropriate prices if at all, or may experience substantial delays in doing so, and thus the Partnership may not be able to realize the anticipated profit with respect to such investment for a substantial period of time, if ever. There can be no assurances that any issuer will succeed in registering for public resale the securities held by the Partnership or that registration of securities pursuant to any such arrangement will create liquidity.

The Partnership is also subject to regulatory requirements relating to Regulation D of the Securities Act, pursuant to which PIPES purchased by the Partnership may be exempt from registration. Section 2(a)(11) of the Securities Act defines an "underwriter" as any person who has purchased securities from an issuer with a view towards distribution. In connection with its sales of securities purchased pursuant to Regulation D or otherwise exempt from registration, the Partnership could be deemed to be a "statutory underwriter" based on the method and timing of such sales. If the Partnership were deemed to be a "statutory underwriter" it could have an adverse effect on the transaction(s) in respect of which such determination is made and, possibly, on the Partnership's ability to continue to effectively pursue its investment strategy. If the Partnership is deemed to be an "underwriter" in the case of securities offered or sold by the Partnership after exercise of registration



rights with respect to those securities, the Partnership could be held jointly and severally liable with the issuer to the persons purchasing such securities from it for damages based upon misstatements or omissions of material facts in a prospectus or oral communication delivered or made in connection with such offer or sale. If the securities held by the Partnership are not registered, the Partnership will be able to resell those securities publicly only pursuant to Rule 144 of the Securities Act and only in a manner in which the Partnership will not be deemed to be engaged in a distribution of such securities and therefore not to be an "underwriter" with respect to such securities.



ITEM 9: DISCIPLINARY INFORMATION

Neither we nor any of our management personnel are subject to or have in the past been subject to any criminal or civil action in any domestic or foreign court, and neither we nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.



ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

There is no management person employed at Broadfin that is engaged in other financial industry activities or affiliations.



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

Broadfin is not obligated to refrain from investing in securities held by the Fund that it manages except to the extent that such investments violate the Code of Ethics ("Code") adopted by Broadfin in conformity with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act"). As a condition of employment, all personnel are subject to the Code and must certify that they have read and understand the Code and agree to be subject to its provisions. As discussed below, the Code contains provisions relating to personal transactions, insider trading and sets forth standards of business conduct – including the requirement that all personnel adhere to the Federal Securities Laws and their fiduciary duties as investment advisers. Any member or employee of Broadfin who fails to comply with the Code risks serious sanctions, including dismissal and personal liability.

Code of Ethics

The Code governs personal transactions by all employees in order to ensure that their interests do not conflict with the interests of the Fund. The Code restricts the purchase of any public healthcare equity security by any employee. Healthcare securities owned prior to the implementation of this Code are "grandfathered" and can be sold pursuant to a liquidation plan approved by the Managing Member and Chief Compliance Officer ("CCO"). All employees must provide quarterly reports of their personal transactions to the CCO within thirty (30) days of the end of the calendar quarter and may direct their brokers to send copies of all brokerage confirmations and statements relating to personal securities transactions to the CCO. The Code also requires all employees to comply with ethical restraints relating to gifts and entertainment, including restrictions on giving gifts to, and receiving gifts from, investors or affiliates in violation of our gift policy as well as provisions intended to prevent violations of laws prohibiting "insider trading", as discussed below. *Insider Trading Policy*

Broadfin and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Specifically, the Code of Ethics prohibits our officers, directors and employees from buying or selling securities either for themselves or on behalf of others while in possession of material, non-public information about the company that violate applicable securities laws. The Code of Ethics also prohibits the communication of material, non-public information about a company to others who have no official need to know. Depending on the circumstances surrounding the information received, Broadfin may place the issuer on the firm-wide "Restricted Securities List," which would bar any purchases or sales of the issuer's securities by any Broadfin employee (including any related person) or the Fund.

Additional provisions of the Code outline Broadfin's policies governing (1) gifts, meals, entertainment, and political activity, which include preapproval requirements and limitations on such activities; (2) employee activities outside their employment, including serving as a director and certain fiduciary appointments; (3) the confidentiality of certain information.



ITEM 12: BROKERAGE PRACTICES

Selection of Broker-Dealers

Broadfin's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution on transactions effected for accounts. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors will be considered as they are deemed relevant.

These factors include, but are not limited to, Broadfin's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of the transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security or instrument; confidentiality; the execution, clearance, and settlement capabilities as well as the reputation and perceived soundness of the broker or dealer selected and other brokers or dealers considered; services rendered on a continuing basis and in other transactions; the reasonableness commissions; and the research services and products furnished by the broker or dealer, if any.

Research and other Soft Dollar Transactions

Consistent with obtaining best execution, brokerage commissions (including dealer spreads paid on certain principal transactions in accordance with SEC interpretations) on portfolio transactions may be directed by Broadfin to a broker or dealer in recognition of research services furnished by the broker or dealer or a designated third party (also referred to as "soft dollar transactions"), as well as for services rendered in the execution of orders by such broker or dealer. In considering such research, Broadfin first determines that the product or service falls within the definition of brokerage and research services in Section 28(e) of the Securities Exchange Act of 1934. A determination is then made that the amount of commissions paid is reasonable in light of the value of the brokerage and research services provided.



ITEM 13: REVIEW OF ACCOUNTS

Broadfin's investment and finance staff continuously review and monitor the Fund on an ongoing basis.

Limited Partners receive monthly account statements from the Fund's administrator as well as audited financial statements annually. Monthly account balances are reviewed by Broadfin's operations and finance staff and the Funds' administrator before statements are sent to limited partners.



ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Broadfin has not entered into any arrangements with brokers or third party marketers for client referrals. Broadfin representatives may from time to time speak at conferences and programs sponsored by brokers that are directed at investors interested in investing in hedge funds. In addition, brokers may refer such funds to, or arrange for meetings with, potential investors who are also often clients of such brokers. While these conferences, programs, references and meetings (collectively, a "Capital Introduction Program") may be arranged by brokers, there is no guarantee that any potential investor participating in a Capital Introduction Program will invest. Generally, other than the standard commission rates and customary brokerage fees paid by a fund (which Broadfin believes are paid solely for trade execution and brokerage services), the brokers do not receive any compensation, directly or indirectly, for such funds' participation in a Capital Introduction Program or any subsequent investments which may result from such participation.



ITEM 15: CUSTODY

Broadfin generally does not maintain physical possession of our Client's funds or securities. Such physical custody of our Client's assets will be maintained with a qualified custodian selected by Broadfin in its exclusive discretion, which selection may change from time to time without the consent of investors in the relevant Fund. Broadfin deducts management fees from its Client's accounts and therefore may be deemed to have custody under Rule 206(4)-2 of the Advisers Act. This Rule requires that registered investment advisers with custody of client assets undergo an annual surprise examination of those assets by an independent public accountant registered with the Public Accounting Oversight Board (PCAOB). However, an adviser to pooled investment vehicles (i.e., funds) that are subject to an annual financial statement audit that distributes the audited financial statements (prepared in accordance with GAAP) to the fund's investors is deemed to have satisfied the annual surprise examination requirement as long as the financial statements are delivered within 120 days of the end of the fund's fiscal year end. It is our policy to deliver audited financial statements to all of our limited partners and shareholders within 90 days of the fiscal year end of the respective Fund.



ITEM 16: INVESTMENT DISCRETION

Broadfin has discretionary investment authority pursuant to its advisory agreement with the Fund.



ITEM 17: VOTING CLIENT SECURITIES

Rule 206(4)-6, "Proxy Voting by Investment Advisers" requires all investment advisers who exercise voting authority over client proxies to: (1) adopt policies and procedures for voting proxies in the best interest of the client; (2) describe the procedures to clients; and (3) inform clients how they may obtain information about how the adviser has actually voted their proxies. Broadfin has always taken seriously its responsibility to exercise voting authority with respect to the securities that form part of its clients' portfolios. We believe the right to vote such proxies is a valuable asset, and we have always sought to vote such proxies in a manner that would maximize the value of our clients' holdings.

Broadfin has policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interests of our clients and to recognize and resolve any material conflicts of interest that may arise in the course of such voting. Proxies will be voted in accordance with our proxy voting guidelines by our investment staff unless an exception is warranted. The receipt of each proxy, the communication of the votes to third parties, and the maintenance of all supporting documentation will be coordinated by our operations staff.

Clients may obtain copies of Broadfin's written proxy voting policies and procedures as well as information on how proxies were voted by requesting such information from Broadfin at the address and phone listed on the Cover Page of this Brochure. Broadfin will not disclose proxy votes for a client to other clients or third parties unless specifically requested, in writing, by the client.



ITEM 18: FINANCIAL INFORMATION

We are not subject to any financial condition that is reasonably likely to impair our ability to meet our financial obligations to our clients.