

Healthcare Value Capital, LLC
February 14, 2012

This Brochure provides information about the qualifications and business practices of Healthcare Value Capital, LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact Debbie O’Keefe at (212) 488-5411. This information has not been approved or verified by the SEC or by any state securities authority.

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

Registration as an investment adviser with the SEC or with any state securities authority does not imply that the Adviser or any of its principals or employees possess a particular level of skill or training in the investment advisory business or in any other business.

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Item 4. Advisory Business

Healthcare Value Capital, LLC (the "Adviser"), a Delaware limited liability company, is an investment adviser with its principal place of business in New York, New York. The principals of the Adviser are Joseph P. Riccardo and Scott J. Shevick.

The Adviser provides discretionary investment advisory services to (i) Healthcare Value Partners, L.P. (the "U.S. Feeder") and Healthcare Value Fund, Ltd. (the "Offshore Feeder" and together with the U.S. Feeder, the "Feeder Funds"), each of which invests all of its assets in Healthcare Value Master Fund, Ltd. (the "Master Fund" and collectively with the Feeder Funds, the "Funds"), and (ii) a separately managed account (the "Account"). The Adviser's principals are the same individuals that managed the Funds prior to October 2008 while employed at Bear Stearns Asset Management Inc. ("BSAM").

The Adviser provides advice to the Funds based on the specific investment objectives and strategies described in the offering memorandum of each Feeder Fund. The Adviser does not tailor advisory services to the individual needs of investors in the Funds, and investors in the Funds may not impose restrictions on investing in certain securities and other financial instruments or certain types of securities and other financial instruments. Separately managed accounts are managed according to the client's needs, investment objectives and specific guidelines, if any. In certain circumstances, clients with separately managed accounts may impose restrictions on investing in certain securities or certain types of securities.

As of January 31, 2012, the Adviser had approximately \$105,000,000 in assets under management, all of which are managed on a discretionary basis.

Item 5. Fees and Compensation

The Master Fund pays the Adviser a quarterly management fee in arrears in an amount ranging from 1.0% to 2.0% per annum (i.e., 0.25% to 0.5% per quarter) based on the value of the Funds as of the last day of each month. The Adviser pays a portion of the management fee to BSAM upon the sale or deemed sale of certain illiquid investments of the Master Fund ("Special Investments") made prior to October 1, 2008. A management fee is charged to the Account each month in arrears based on the net asset value of the Account on the last day of the month. The management fee will be prorated for any period that is less than a full quarter or full month, as the case may be.

The Adviser receives the management fee from the Master Fund each quarter by instructing the Master Fund's administrator to deduct the management fee from the Master Fund's account. The Account client calculates and pays the management fee to the Adviser.

Healthcare Value Capital General Partner, LLC, an affiliate of the Adviser (the "General Partner"), serves as the general partner of the U.S. Feeder Fund. The General Partner receives an annual performance-based incentive allocation, which is compensation that is based on a share of capital appreciation of the assets of the Funds, at the Master Fund level. The Adviser also receives an annual performance-based incentive fee based on a share of capital appreciation of the assets of the Account. The incentive allocation and incentive fee range from 15% to 20% and are subject to a loss carryforward provision.

In the discretion of the General Partner (or, in the case of the Offshore Feeder, the Board of Directors with the approval of the Adviser), the management fee and incentive allocation may be waived, reduced or calculated differently with respect to certain investors in the Funds, including members, partners, affiliates or employees of the General Partner and the Adviser, members of the immediate families of such persons and trusts or other entities for their benefit. Management fees and incentive fees with respect to clients with separately managed accounts may be negotiable.

The Funds and the Account may bear certain other expenses including fees and expenses of the administrator, investment expenses (e.g., expenses that the Adviser reasonably determines to be related to the investment of assets, such as brokerage commissions and other trading execution related costs and fees

charged by a broker and its affiliates, the costs and expenses of products and services relating to research concerning the investments or potential investments, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expenses and expenses related to the purchase and sale of Special Investments of the Funds); fees and expenses of the board of directors; insurance expenses (including the cost of an errors and omissions insurance policy); legal expenses; accounting expenses; auditing and tax preparation expenses; costs of accounting and portfolio management software packages; pricing and valuation service provider fees; costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including filing fees); organizational expenses; expenses incurred in connection with the offering and sale of shares and interests and other similar expenses related to the Funds; and extraordinary expenses. Fund and Account assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, the Fund and/or Account will bear its pro rata share of the investment management fee and other fees of the fund, which are in addition to the management fee paid to the Adviser. Each Feeder Fund also bears its pro rata share of the expenses of the Master Fund.

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

As described in Item 5, the General Partner and the Adviser receive performance-based compensation from the Master Fund and the Account, respectively. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple clients, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all clients with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that, to the extent orders are aggregated, the orders are price-averaged. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7. Types of Clients

The Adviser's clients consist of the Funds and the Account. The initial subscription minimums are disclosed in the offering memorandum for the applicable Feeder Fund. The Adviser does not have minimum investment requirements for opening or maintaining a separately managed account.

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

The Adviser seeks to achieve absolute rates of return on a long and opportunistic short basis in public and private equity positions in the healthcare industry, primarily in the global pharmaceutical, biotechnology, generic and specialty sectors, as well as medical technology and healthcare services and distribution. The Adviser intends to take a value approach to the healthcare sector, seeking to find companies that are trading at a discount to their intrinsic value. In identifying potential targets for investment, the Adviser typically performs a predominately bottom-up analysis.

The following strategies and types of investments involve a risk of loss and investors and clients must be prepared to bear the loss of their entire investment.

Healthcare-Related Risks. Healthcare-related companies are generally subject to greater governmental regulation than other industries. In particular, healthcare reform, increasing emphasis on managed care and other continuing efforts by governments, insurance companies or other third-party payors to reduce the cost of healthcare could negatively impact the profitability of healthcare-related companies. The government approval process for introducing new drugs and medical devices or procedures may delay the introduction of products and services, resulting in increased development costs, delayed cost-recovery and loss of competitive advantage, adversely affecting the company's revenues and profitability. Certain healthcare-

related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar “generic” products and may cause the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits. Healthcare-related companies are especially susceptible to product liability lawsuits. The share price of a healthcare-related company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity accompanying threatened litigation.

Small- and Mid-Capitalization Companies. Small- and mid-capitalization companies often involve greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that common stock prices may decline over short or even extended periods, the securities may be issued by companies that are not well known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. The securities of such companies may be more volatile in price and have lower trading volumes than larger-capitalization stocks.

Lack of Diversification. The Funds and the Account will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, the Funds and the Account are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Short Selling Risk. Short selling transactions expose the Funds and the Account to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and, in the case of equity short sales, without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the Funds or the Account may be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Leverage. The Funds and the Account may utilize leverage through margin borrowing and through certain financial transactions. Leverage increases the volatility of returns.

Illiquid Instruments. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser’s ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund’s portfolio.

Non-U.S. Securities. Investing in securities (and other financial instruments) of non-U.S. governments and companies that are generally denominated in currencies other than the U.S. dollar involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers, including differing bankruptcy codes, fluctuations in exchange rates, exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Currency Risks. 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.

Fixed-Income and Debt Securities. Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client’s assets to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk

that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Investments in debt securities will also subject the portfolios to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Derivatives. Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose a client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

BSAM has delegated the management of the Special Investments to the Adviser and is not involved in the Adviser's business or in the management or administration of the Funds or the Account. Accordingly, BSAM's receipt of a portion of the management fee with respect to certain Special Investments does not create any conflict of interest.

Further, in connection with an option held by the investment manager of the Account (the "Manager") to purchase 100% of the interests in the Adviser on or prior to October 2012, the Manager provides working capital to the Adviser. Any conflict of interest created by this relationship is minimized by ensuring that the Funds and the Account are managed on a pari passu basis. In addition, the Manager is not involved in the investment management of the Funds or the Account.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its covered persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser's covered persons are also required to comply with applicable federal securities laws. Investors or prospective investors may obtain a copy of the Code by contacting Debbie O'Keefe, the Adviser's Chief Compliance Officer, by e-mail at dokeefe@hcvaluecapital.com or by telephone at (212) 488-5411.

As a general matter, the Adviser's covered persons must pre-clear all transactions in reportable securities in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have an adverse impact on the Funds or the Account. In addition, the

Adviser's Code prohibits the Adviser and its covered persons from executing personal securities transactions of any kind in securities on a restricted list maintained by the Chief Compliance Officer. All of the Adviser's covered persons are required to provide account statements on a quarterly basis or alternatively to disclose their securities transactions on a quarterly basis. The Adviser's covered persons are also required to provide annual holdings reports. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions executed for the Funds and the Account and reviewed against the restricted securities list.

The Adviser or its covered persons may invest in the same securities or other financial instruments in which the Adviser invests on behalf of the Funds or the Account. Such practices present a conflict when, because of the information the Adviser has, the Adviser or its covered persons are in a position to trade in a manner that could adversely affect the Funds or the Account (e.g., place their own trades before or after trades for the Funds or the Account are executed in order to benefit from any price movements due to such trades). The Adviser has adopted the Code, described above, which contains policies and procedures designed to minimize any actual or potential conflicts.

Item 12. Brokerage Practices

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, and offering to the Adviser on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, and thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's portfolio manager and assistant portfolio manager/analyst meet regularly to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

The Adviser receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research products or brokerage services provided to the Adviser may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services (e.g., quotation equipment and computer costs and expenses) providing lawful and appropriate assistance to the Adviser in the performance of its investment decision-making responsibilities.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's portfolio manager and assistant portfolio manager/analyst meet regularly to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion. Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other client account. However, because client accounts are typically managed on a *pari passu* basis soft dollar benefits to client accounts are generally allocated proportionately to the soft dollar credits the accounts generate.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and

services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

During the Adviser's last fiscal year, as a result of client brokerage commissions (or markups or markdowns), the Adviser and/or its related persons acquired research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services (e.g., quotation equipment and computer costs and expenses) providing lawful and appropriate assistance to the Adviser in the performance of its investment decision-making responsibilities.

In some instances, the Adviser obtains a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be based on the actual use of the product or service by the Adviser's personnel. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and clients.

The Adviser often purchases or sells the same security for clients contemporaneously and using the same executing broker. It is the Adviser's practice, when possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to the Funds or recommend the Funds. The Adviser may place portfolio transactions for the Funds with firms who have made such recommendations or provided capital introduction opportunities or other consulting assistance services to the Adviser, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any Fund managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs or providing consulting assistance services.

Item 13. Review of Accounts

The portfolios of the Master Fund and the Account are reviewed by the Adviser's portfolio manager and assistant portfolio manager/analyst on an ongoing basis to determine whether investments should be maintained in view of current market conditions.

Investors receive reports from the Funds pursuant to the terms of the applicable offering memorandum. The Account client receives reports at least monthly.

Item 14. Client Referrals and Other Compensation

The Adviser receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser. Please see Item 12 for further information on the Adviser's "soft-dollar" practices.

Item 15. Custody

This Item is not applicable.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to the Funds and the Account. Prior to assuming discretion in managing assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment. For instance, Special Investments are generally allocated based on the relative capital of investors in the Feeder Funds that elected to participate in Special Investments.

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

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

The Adviser may effect cross transactions between discretionary client accounts. Cross transactions enable the Adviser to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are

undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions.

Item 17. Voting Client Securities

Because the Adviser has been delegated proxy voting authority on behalf of the Funds, the Adviser has adopted proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In fulfilling its obligations to advisory clients, the Adviser seeks to act in a manner that will enhance the economic value of the underlying securities held by each advisory client. Investors in the Funds are not permitted to direct their votes in a particular solicitation. If a material conflict of interest between the Adviser and a Fund exists with respect to voting proxies, the Adviser will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of the Fund. The Adviser does not have authority to vote the Account client's securities.

Investors or prospective investors may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted proxies by contacting Debbie O'Keefe by e-mail at dokeefe@hcvaluecapital.com or by telephone at (212) 488-5411.

Item 18. Financial Information

This Item is not applicable.

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