

Firm Brochure
(Part 2A of Form ADV)

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This brochure provides you with information about the qualifications, business practices, and nature of advisory services of Krensavage Asset Management, LLC, all of which should be considered before becoming an advisory client of our firm. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("**SEC**") or by any state securities authority.

We are an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training. Additional information about our firm is available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 168976.

December 31, 2014

Item 2 Material Changes

This Part 2A of our Form ADV (“**Firm Brochure**”) dated December 31, 2014 serves as our annual disclosure document for prospective and future clients, and has been prepared in accordance with requirements specified by the SEC. In the future, this Item 2 or a separate document will clearly discuss any material changes since the last annual update of this Firm Brochure.

Summary of Material Changes

This section of our Firm Brochure will reflect the annual update of any material changes that occurred since the previous delivery of our Firm Brochure;

During the year we added Krensavage Offshore Fund, Ltd. to our investment offering. Louis A. Parks joined our Firm as Chief Operating Officer and Chief Compliance Officer.

During calendar year 2014, our Firm made no other material changes to structure, personnel, or operations.

Krensavage Asset Management expects to update this brochure no less than annually.

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (212)518-1970 or by email at: louis@krensavage.com.

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Item 4 **Advisory Business**

FIRM DESCRIPTION

Krensavage Asset Management, LLC ("**KAM**") is an investment management firm that has been registered with the U.S. Securities and Exchange Commission ("**SEC**") as an investment adviser since September 2013. It was organized as a Delaware limited liability company in 2008. KAM is owned by Michael Paul Krensavage, who is the controlling principal of KAM and Investment Adviser Representative. Louis A. Parks serves Chief Operating Officer and Chief Compliance Officer

TYPES OF ADVISORY SERVICES

Adviser to Pooled Investment Vehicles (the Funds)

KAM provides investment supervisory services and serves as the discretionary investment manager of Krensavage Partners, L.P., a Delaware limited partnership ("**Krensavage Partners**") and Krensavage Offshore Fund, Ltd., a Cayman exempted company ("**Krensavage Offshore**") (each, of Krensavage Partners and Krensavage Offshore are referred to herein as a "**Fund**" and together, as the "**Funds**") which invest their assets in securities. As the investment manager to the Funds, KAM is responsible for: (a) the formulation and implementation of the Funds' investment strategy; (b) evaluating and monitoring investments made by the Funds; and, (c) making all investment decisions for the Funds.

Krensavage Advisors, LLC ("Krensavage Advisors"), an affiliate of KAM will act as the general partner of the Krensavage Partners. As general partner, Krensavage Advisors is ultimately responsible for the management of the Krensavage Partners.

Investors in Krensavage Partners are limited partners ("**Limited Partners**"). Limited Partners must generally be "**accredited investors**" as defined in Regulation D under the Securities Act of 1933 to invest in the Onshore Fund. In addition, investors in the Fund must generally be "**qualified clients**" as defined in Rule 205-3 under the Investment Advisers Act. Investors in Krensavage Offshore are shareholders ("**Shareholders**"). Shareholders generally must be either non-U.S. Persons or permitted U.S. persons. A "Permitted U.S. Person" is a tax-exempt U.S. person or an entity in which substantially all of the ownership interests are held by tax-exempt U.S. persons.

As noted, KAM is retained by each Fund to act as such Fund's discretionary investment manager/adviser. The specific terms and conditions applicable to the Funds, as well as each Fund's investment focus, investment guidelines, and investment restrictions, if any, are described in each Fund's confidential private placement memorandum or confidential explanatory memorandum (each a "**Memorandum**"). **This document is neither an offer to sell nor a solicitation of an offer to buy interests in or shares of either Fund.** Such an investment may be made only after receipt and review of a Fund's confidential private placement memorandum (a "Memorandum"). Upon request to KAM, a copy of a Memorandum is available to persons meeting applicable investor eligibility criteria. Each Memorandum contains important information concerning risk factors and other material aspects of the Funds and must be read carefully before any decision whether to invest is made. The information in this document is qualified in its entirety by, and should be read in conjunction with, the information contained in each Fund's Memorandum.

Institutional Advisory Services

KAM provides discretionary portfolio management services to the institutional market. It will provide one or more specific strategies within a stable of investments for institutional clients. KAM will provide discretionary portfolio management services whereby the Firm shall be granted full discretion and authority to manage the client's account. Accordingly, KAM is authorized to perform

various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold.

Sub-Advisory Services to CCM Opportunistic Partners, LP and Stedman West Family Partnership Ltd.

KAM serves as the sub-adviser to CCM Opportunistic Partners, LP, ("**CCM Opportunistic Partners**") an unaffiliated pooled investment vehicle whose primary investment advisor is CCM Opportunistic Advisors, LLC ("**CCM**"), an investment adviser registered with the Securities and Exchange Commission and Stedman West Family Partnership, Ltd. (the "**Stedman Family Partnership**") an unaffiliated pooled investment vehicle whose primary investment advisor is Stedman West Management Company, LLC ("**Stedman**"). As sub-adviser to CCM Opportunistic Partners and the Stedman Family Partnership, KAM provides investment advisory services to CCM Opportunistic Partners and the Stedman Family Partnership, based on the investment objectives, policies and restrictions contained in the offering documents of CCM Opportunistic Partners the Stedman Family Partnership. CCM will allocate to KAM a portion of CCM Opportunistic Partners' assets to invest. Stedman will allocate to KAM a portion of the Stedman Family Partnership's assets to invest. As sub-adviser, KAM will buy or sell short securities based upon its belief that the securities have strong appreciation potential or potential to decline in value. As sub-adviser to CCM Opportunistic Partners, KAM is subject to the oversight of CCM. As sub-adviser to the Stedman Family Partnership, KAM is subject to the oversight of Stedman. However, CCM and Stedman will not attempt to coordinate or manage the day-to-day investment of its sub-advisor.

TAILORED RELATIONSHIPS

The Funds: KAM provides investment advisory services to the Funds based on the investment objectives of the Funds. **KAM does not provide tailored investment advice to the Limited Partners or Shareholders in the Funds.**

Institutional Advisory Services: KAM provides investment advisory services to its institutional clients based on the investment objectives, policies and restrictions contained in the Advisory Agreement.

Sub-Advisory Services: KAM provides investment advisory services to the sub-advised account based on the investment objectives, policies and restrictions contained in the offering documents of CCM Opportunistic Partners and the Stedman Family Partnership.

WRAP FEE PROGRAMS

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the Clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a "bundled" form. In exchange for these "bundled" services, the Clients pay an all-inclusive (or "wrap") fee determined as a percentage of the assets held in the wrap account. KAM does not participate in and is not a sponsor of any wrap fee program.

ASSETS UNDER MANAGEMENT

When calculating regulatory assets under management, an Investment Adviser must include the value of any private fund over which it exercises continuous and regular supervisory or management services. KAM manages a total of \$179,477,910 in client assets on a discretionary basis. This Asset under Management figure is based on calculations as of December 31, 2014.

Item 5 Fees and Compensation

ADVISORY FEES AND BILLING PROCEDURES

The Funds

Management Fee: KAM will receive a management fee ("Management Fee") equal to 0.5% (2.0% per annum) of the Fund's net asset value. The Management Fee shall be calculated and payable quarterly in advance, as of the first day of each quarter. A pro rata Management Fee will be charged to Limited Partners or Shareholders on any amounts accepted by the Funds during a quarter.

Institutional Advisory Services

KAM will assess a management fee (the "**Management Fee**") and a performance based allocation ("**Performance Allocation**"). KAM will generally charge a quarterly Management Fee of 0.50% (2.0% per annum), payable in advance, on the first business day of each calendar quarter, based on the beginning Net Asset Value of the Account for such quarter. KAM shall charge a Performance Allocation in an amount equal to twenty percent (20%) of the New Net Profits earned in the Account during each calendar year. The performance allocation is subject to a "high watermark."

The payment of fees will be debited from the client's account in accordance with the Advisory Agreement, and are paid by the qualified custodian holding the client's funds and securities. The client will provide written authorization permitting the fees to be paid directly from the account.

Lower fees for comparable services may be available from other sources.

Sub-Advisory Services Account

As noted above in Item 4, KAM also provides investment sub-advisory services to the CCM Opportunistic Partners and the Stedman Family Partnership, each an unaffiliated pooled investment vehicle. The sub-advisory fees that we receive for providing these services are negotiated between us and the principal advisor for each unaffiliated fund.

OTHER FEES AND EXPENSES

The Funds: The Funds paid for their own organizational and initial offering expenses and pay for their own operating expenses, including, but not limited to, legal and accounting fees, auditing and tax fees, printing and mailing expenses and government filing fees (including blue sky filing fees), as further described in each Fund's Memorandum. The Funds' organizational and initial offering expenses were be capitalized and amortized over a period of 60 months. The General Partner and KAM will pay for their own administrative and overhead expenses incurred in connection with providing services to the Funds.

Portfolio Management Services: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including but not limited to, any transaction charges imposed by the broker dealer with which we effect transactions for our client accounts. Please see Item 12 for information about *Brokerage Practices*.

REFUND POLICY

The Funds: No part of the Management Fee will be refunded in the event that a Limited Partner withdraws or Shareholder redeems, whether voluntarily or involuntarily, all or any of the value in the Limited Partner's capital account or Shareholder's shares during any quarter.

Portfolio Management Services: Clients may request to terminate their advisory contract with KAM, in whole or in part, by providing advanced written notice. Either party may terminate the investment advisory contract by providing thirty (30) days written notice to KAM. Upon termination, the

management fee for any partial calendar quarter shall be prorated and any overpayment shall be refunded to the client.

OTHER COMPENSATION

As noted above in Item 4, KAM also provides investment sub-advisory services to CCM Opportunistic Partners and the Stedman Family Partnership, each an unaffiliated pooled investment vehicle. The sub-advisory fees that we receive for providing these services are negotiated between us and the principal advisor for this unaffiliated vehicle. KAM does not accept any other compensation other than the fees as described in *Item 5* and *Item 6*.

Item 6 Performance-Based Allocation and Side By Side Management

Performance-Based Allocation (“Performance Allocation”) is based on a share of the capital gains or capital appreciation of the assets of a client. Fees based on performance means KAM participates directly in the account’s results. The Performance Allocation may, indirectly, create an incentive for the Firm to make investments on behalf of the client that are riskier or more speculative than would be the case in the absence of such a fee.

As noted in *Item 5*, KAM does assess Performance-Based Allocation. We shall receive a performance allocation (the “Performance Allocation”) in an amount equal to twenty percent (20%) of the New Net Profits earned in the account during each calendar year. New Net Profits are computed using the formula: (1) the net realized profit and loss over the year, plus (2) the change in unrealized profit and loss on open positions over the year, minus (a) all brokerage commissions, transaction fees, management fees and other charges incurred over the year and (b) cumulative net loss, if any, carried over from previous years.

“Side-by-Side Management” refers to a situation in which the same Adviser manages accounts that are billed based only on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. KAM provides concurrent advisory services to client accounts that are not charged a performance-based fee and client accounts that are charged such a fee. Thus the potential for KAM to receive greater fees from performance-based accounts itself creates a potential conflict of interest. For example, a potential conflict includes the incentive to allocate potentially more favorable investment opportunities to the accounts subject to the performance fees because KAM shares in the potential superior performance of such investment opportunities. To minimize these conflicts of interest, KAM chooses to manage all accounts, both the performance-based accounts and the asset-based accounts, using the same models for all accounts within a trading strategy. Additionally, to mitigate any conflict of interests, KAM has developed policies and procedures prohibiting allocation of trades based on favorable or unfavorable market fluctuations.

Item 7 Types of Clients

KAM provides discretionary management services to different types of clients. We generally provide advice to individuals. KAM also provides investment advisory services to pooled investment vehicles.

The Funds: The minimum initial capital contribution for Interests in Krensavage Partners is \$500,000 and the minimum subscription for Shares in Krensavage Offshore is \$500,000. KAM reserves the right to reduce the minimum initial capital contribution and to accept subscriptions for lesser amounts.

Institutional Advisory Services: KAM does not require the client to have a minimum investment amount to open and/or to maintain an account with it.

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

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

KAM's investment objective is to seek to achieve superior absolute returns while attempting to preserve capital. KAM will attempt to accomplish the client's investment objective by purchasing securities it believes trade below their intrinsic value and selling securities it believes trade above their intrinsic value. KAM expects that the Funds and other client accounts will primarily purchase and sell equity securities of public companies in the healthcare industry. As the expertise of KAM lies with healthcare companies, the client portfolio will gravitate towards the healthcare sector and seek superior absolute returns primarily through long term capital appreciation with a focus on capital preservation. Although KAM contemplates the majority of the portfolio will be invested with such securities, KAM may also invest in other industries, asset classes and markets that are poised for superior performance. No assurance can be given, however, that the client portfolio will achieve its investment objective, and investment results may vary substantially over time and from period to period.

Sub-Advised Account: KAM provides investment sub-advisory services to two unaffiliated pooled investment vehicles, CCM Opportunistic Partners and the Stedman Family Partnership. Additional information regarding the investment objectives, investment strategies, risks, and other terms of the sub-advised vehicles is available from the principal investment advisor of each vehicle.

MATERIAL RISKS OF ANALYSIS AND INVESTMENT STRATEGIES

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

Every method of analysis has its own inherent risks. To perform an accurate market analysis KAM must have access to current/new market information. KAM has no control over the dissemination rate of market information; therefore, unbeknownst to KAM, certain analyses may be compiled with outdated market information, severely limiting the value of KAM's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by KAM) will be profitable or equal any specific performance level(s). KAM does not represent, warrant, or imply that the services or methods of analysis employed by KAM can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Alternative investment products often engage in leveraging and other speculative investment practices that may increase the risk of investment loss. Because risks are inherent in all the investments in which the Funds engage, no assurances can be given that the Funds' investment objectives will be realized.

There can be no assurance that the Funds will achieve their investment objective or avoid substantial losses. An investor could lose all or a substantial amount of his or her investment. Notwithstanding

the method of analysis or investment strategy employed by the Firm, the assets within the Funds are subject to risk of devaluation or loss. An investor should not make an investment in any Fund with the expectation of sheltering income or receiving cash distributions.

KAM believes that substantial returns can be achieved by investing in the Funds; however, such investment involves a high degree of risk. Because risks are inherent in all the investments in which the Funds engage, no assurances can be given that the Funds' investment objectives will be realized. KAM urges investors to review carefully the risk factors set forth in each Fund's Memorandum. Each Fund's Memorandum contains important information concerning risk factors and other material aspects of the Funds and must be read carefully before any decision whether to invest is made. The risk factors set forth in each Fund's Memorandum are those deemed by KAM to be the most significant.

In addition to all of the risk factors listed in the PPM in great detail, an investor also should carefully consider the following risks prior to making an investment in the Funds:

- *General Investment Risks.* The Funds' success depends upon KAM's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades may also be detrimental to the Funds' profitability.
- *Investment and Trading Risks.* All investments involve the risk of loss of capital. KAM believe that the Funds' investment program and its research and risk-management techniques moderate this risk through the careful selection of securities and other financial instruments. The Funds' investment program will utilize such investment techniques as option transactions, limited diversification, margin transactions, and short sales, which practices can, in certain circumstances, maximize the adverse impact to which the Funds may be subject.
- *Dependence on Key Personnel.* Often, hedge fund managers have total trading authority over their funds. The success of the Funds depends in substantial part upon the skill and expertise of the principal who will be responsible for managing the Funds.
- *General Economic Conditions.* The success of the Funds' activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of U.S. equity prices and liquidity of the Funds' investments.
- *Execution of Orders.* The Funds' trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments selected by KAM. The Funds' trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to employees, brokers, agents or other service providers.

While this information provides a synopsis of the events that may affect your investments in any Fund, this listing is not exhaustive. Please read the Risk Disclosures section in each Fund's Memorandum carefully. We want you to understand that there are inherent risks associated with investing in the Funds; **YOU COULD LOSE ALL OR A SUBSTANTIAL AMOUNT OF YOUR INVESTMENT.**

The Funds' success depends on KAM's strategies and the ability to implement its investment strategies. Any factor that would make it more difficult to execute more timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Funds will be successful under all or any market conditions.

An investment in the Funds should form only a part of a complete investment program, and an investor must be able to bear the loss of his or her entire investment. There can be no assurance that the Funds will achieve their investment objectives or avoid substantial losses. Prospective investors are urged to consult with their own financial, tax and legal advisors before investing in the Funds.

RECOMMENDATION OF SPECIFIC TYPES OF SECURITIES

KAM specializes in recommendations related to the Funds which are designed for investors who have the knowledge and experience in financial matters to evaluate the merits and risks of such investments. Fund investments may include, but are not limited to, equity securities, debt and other income securities, high-yield securities, exchange traded funds, derivative instruments including options transactions, and emerging markets securities.

Item 9 Disciplinary Information

The Firm is required to disclose whether there are 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. Neither KAM, its management nor related persons has been involved in legal nor disciplinary events related to past or present investment clients.

Item 10 Other Financial Industry Activities and Affiliations

KAM is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of KAM's management or supervised persons is registered as representatives of, or has an application pending to register as representatives of a broker-dealer.

KAM is not registered as, and does not have pending applications to register as, a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor. Furthermore, none of KAM's management or supervised persons is registered as, or has an applications pending to register as, associated persons of the foregoing entities.

As noted in Item 4, KAM is affiliated with Krensavage Advisors, LLC ("Krensavage Advisors"), which act as the general partner of Krensavage Partners. The principal owner of KAM also serves as the principal owner of Krensavage Advisors, which is solely responsible for the management of the Krensavage Partners.

KAM serves as the sub-advisor to an unaffiliated registered investment advisor for a pooled investment vehicle.

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

DESCRIPTION OF CODE OF ETHICS

All employees of KAM must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, KAM has adopted a Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or the potential for or the appearance of such conflicts), and to establish reporting requirements and enforcement procedures relating to personal trading by KAM personnel. KAM's Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary

duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

KAM recommends to its investment advisory clients or prospective investment advisory clients who are qualified clients as defined by SEC 275.205-3, the purchase or sale of the interests in Krensavage Partners. KAM earns a management fee from the Fund and management fees and performance based fees from managed account services. KAM will provide written notification to clients advising of such conflicts of interest.

PROPRIETARY /SIMULTANEOUS TRADING

KAM does not allow its employees or personnel to transact in securities available for investment by the Funds or any other client of KAM. Specifically, KAM does not permit its employees or personnel to invest directly in the securities of healthcare companies, except that such employees and personnel may invest in exchange-traded funds that may hold securities of healthcare companies. KAM otherwise monitors the personal trading activity of employees and personnel. KAM will always document any transactions that present conflicts of interest. In any instance where similar securities are being bought or sold, we will uphold our fiduciary duty by always transacting on behalf of our client before transacting for our own benefit.

Item 12 Brokerage Practices

SELECTION AND RECOMMENDATION

KAM will have complete discretion regarding the selection of brokers for the Funds and other client accounts and the amount of brokerage commissions and fees paid to such brokers, and this determination will be based upon four factors: (1) where the best execution (price) is likely to be obtained; (2) a brokerage firm's research and investment ideas that directly impact the Funds' portfolio; (3) a firm's ability to properly execute any orders (based on the size of the trade and its complexity to execute); and (4) the operational aspects of brokerage firms' back office (will the accounts receive payment of securities on a timely basis) and custodian or other administrative services. "Best execution" is not synonymous with lowest brokerage commission. Consequently, KAM may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction for other investment funds similar to the Funds. However, KAM has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

SOFT DOLLARS

KAM may generate "soft dollars" with respect to the Funds' trades; if it does so, KAM intends to comply with the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under "soft dollar" arrangements, the brokerage firms would provide or pay the costs of certain services, equipment or other items for the benefit of the Funds, KAM, or one or more of their affiliates in consideration of the allocation to the firm of brokerage transactions (with resulting commission income) made on behalf of the Funds on both an agency and net basis. Services that may be furnished or paid for by brokers or dealers may include, without limitation (in addition to the research products and services described below) special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, performance measurement data, consultations, financial strength

and stability, efficiency of execution, availability of stocks to borrow for short sales, custody, recordkeeping and similar services. Although these soft dollar arrangements may benefit the Funds and KAM by reducing their respective expenses, the amount of the fees payable to KAM will not be reduced.

Because such services could be considered to benefit KAM and its affiliates, and the “soft dollars” used to acquire them are the assets of the Funds, KAM could be considered to have a conflict of interest in allocating brokerage business on behalf of the Funds. Nonetheless, KAM believes that to the extent it makes allocations to brokerage business with soft dollar arrangements, this would generally enhance the ability to obtain research, optimal execution and other benefits on behalf of the Funds. The Funds will not necessarily benefit from all such soft dollar services. KAM may also derive substantial benefits from these services, particularly to the extent that KAM uses soft dollars to pay for expenses it would otherwise be required to pay itself. Furthermore, because the extent of the products and services provided by these brokers will be based largely on the volume of commissions generated by the Funds’ trading activities, these soft dollar arrangements may create an incentive for KAM to increase the volume of the Funds’ trading activities.

BROKERAGE FOR CLIENT REFERRALS

KAM does not receive client referrals from third parties for recommending the use of specific broker-dealer’s services.

DIRECTED BROKERAGE

KAM recommends that clients utilize its recommended broker dealers. This arrangement is designed to maximize efficiency and to be cost effective to our clients. By requiring clients to use our specific custodian, we seek to achieve most favorable execution of client transactions. KAM reserves the right to change the recommended custodian at any time it deems said custodian is not the custodian most favorable to its clients. KAM investment advisory services also involve managing a pooled investment vehicle, heretofore described as, the Funds. Due to the structure of pooled investment vehicles, directed brokerage arrangements by clients are not applicable to nor affect the investment management policies of KAM.

ORDER AGGREGATION

KAM may, at times, aggregate sale and purchase orders of securities for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the client. Clients also benefit relatively with better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. Our policies and procedures mandate aggregating multiple orders. Aggregate orders will be allocated to client accounts in a systematic non-preferential manner. KAM may aggregate or “bunch” transactions for a client’s account with those of other clients in an effort to obtain the best execution under the circumstances.

Trade Error Policy; KAM has adopted policies to ensure that Clients will not be disadvantaged by trade errors. Trade errors will be recorded and resolved in favor of the applicable fund or client as soon as practicable. KAM has established an error account through which it affects error correction procedures.

Trading errors often involve the purchase or sale of the wrong securities, or the correct securities in the wrong share or dollar amount. If a Fund or client receives the wrong securities, the securities

must be reallocated to the correct account at the trade date price. If a Fund or client is under-allocated securities in a purchase transaction, the order should be completed as soon as reasonably practicable at the price at which the original securities were purchased. If a Fund or client is over-allocated securities in a purchase, and KAM determines it would be suitable for the other accounts participating in the order to purchase additional securities, the over-allocated securities may be reallocated among other accounts at the trade date price and in a manner consistent with the original allocation to those accounts. If, however, KAM determines the over-allocated securities would not be suitable for the other accounts, then the over-allocated portion must be sold into the market. If that sale results in a gain, the sale will be affected from the applicable account, and the gain belongs to that account; if the sale results in a loss, the sale will be affected from the applicable account, and KAM's error account will absorb the loss.

KAM maintains a list of trading errors relating to client accounts, including a Fund or client's accounts. The list details the transaction date of the trading errors, securities involved, broker-dealer involved, and a summary of the error and its solution. If any financial disbursements are made to the client or to KAM as a settlement of the trading error, they are disclosed, detailing the amount in a list of trading errors relating to KAM's client accounts. Under no circumstances will soft dollars be used to correct errors.

Item 13 Review of Accounts

PERIODIC AND INTERMITTENT REVIEWS

KAM reviews its client's account activity on a continual basis to determine their conformity with investment objectives and guidelines. For further due diligence, the portfolios will be assessed no less than quarterly for factors such as risk evaluation, tax treatment, performance relative to the indices and liquidity needs of each client. The reviews are conducted by the Firm's Managing Member.

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance). Clients are advised to notify KAM promptly if there are any materials changes in their financial situation, investment objectives, or in the event they wish to place restrictions placed on their account.

CLIENT REPORTS

KAM does not issue separate client reports. Clients will receive reports at least monthly from the account custodian detailing the account performance and holdings.

The Funds: The Funds' books of account will be audited at the end of each fiscal year by a firm of certified public accountants selected by KAM. Books of account will generally be kept by the Funds, in accordance with GAAP. Audited financial statements are provided to Limited Partners and Shareholders annually. In addition, all Limited Partners and Shareholders will receive the information necessary to prepare federal and state income tax returns following the conclusion of such fiscal year as soon thereafter as is reasonably practical.

Item 14 Client Referrals and Other Compensation

The Firm does not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its clients.

KAM anticipates that selling commissions and/or referral fees may be paid in connection with the offering of the Funds' Interests and Shares. A portion of the Management Fee may be remitted to unaffiliated third parties introducing Limited Partners or Shareholders to the Funds, or KAM may use its own resources to compensate third parties for such introductions.

Item 15 Custody

CUSTODY OF ASSETS

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.

KAM has custody of its client's portfolio assets because it has the ability to deduct advisory fees payable to it and it has a general power of attorney over the Funds' accounts.

KAM does not have physical custody of any client funds or securities. Physical custody of our client's funds and securities are held by a KAM preferred qualified custodian. KAM does not take physical custody of client assets and/or securities under any circumstances. Client funds and securities are held by the qualified custodian. While KAM does not have physical custody of client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds client funds pursuant to the client's account application. In certain jurisdictions, the ability of a Firm to withdraw its advisory fees from the client's account may be deemed custody.

ACCOUNT STATEMENTS

The Funds: The administrator for the Funds will deliver transaction reports to KAM. Please be advised that KAM is not required to provide information about specific investment transactions of the Funds to the Limited Partners. Nonetheless, on at least a monthly basis, KAM will provide Limited Partners and Shareholders will receive monthly capital statements which set forth the Net Asset Value of the investor's shares/interests. Additionally, the Funds are subject to an annual audit by an accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"). The audited financial statements are distributed to Limited Partners and Shareholders within 120 days of the end of each Fund's fiscal year.

Institutional Advisory Services: Although we are your advisor, your statements will be mailed by the account broker-dealer or custodian. When you receive these statements, please review the statements carefully. Please compare asset values, holdings, and fees to the account statement issued for the previous period.

Item 16 Investment Discretion

The Funds: KAM is not limited in its authority to purchase securities for the Funds. KAM has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for the Funds.

Institutional Advisory Services: It is KAM's customary procedure to have full discretionary authority in order to supervise and direct the investments of your accounts. You grant this authority upon execution of our Advisory Agreement. This authority is for the purpose of making and implementing investment decisions, without your prior consultation. You may inform our Firm of restrictions that you would like to impose regarding investment strategies or types of securities transactions within your account(s). Our discretionary authority does not give authority to take or have possession of any

assets in your account or to direct delivery of any securities or payment of any funds held in the account to our Firm. Furthermore, our authority by agreement does not allow us to direct the disposition of such securities or funds to anyone except the account owner.

Item 17 Voting Client Securities

Fiduciary obligations of prudence and loyalty require an investment adviser with proxy voting responsibility to vote proxies on issues that affect the value of the client's investment. Proxy voting decisions must be made solely in the best interests of the client's account. In voting proxies, our Firm is required to consider those factors that may affect the value of the client's investment and may not subordinate the interests of the client to unrelated objectives.

The Funds: KAM will exercise all rights, powers and privileges of ownership in all Fund property, including the right to vote, give assent, execute, and deliver proxies, and the Funds' proxy voting policies override the undersigned's proxy voting policies. Fund investors are required to adopt the voting policies of the Fund for purposes of their investments in the Funds. KAM has adopted proxy voting policies and procedures for voting proxies on behalf of the Funds. Clients may obtain a copy of our proxy voting policy upon request. Clients may also request a copy of historical voting.

KAM carefully evaluates proposals subject to shareholder voting for each Fund portfolio company and makes a best effort attempt to vote securities held by the Funds in the best interests of the Fund and in a manner intended to maximize current or long-term value, as appropriate under the circumstances. Firm procedures also require that KAM identify and address conflicts of interest between its related persons and the Funds. If a material conflict of interest exists, the Firm will determine whether voting in accordance with the guidelines set forth in its procedures is in the best interests of the Fund or whether taking alternative action may be more appropriate.

Should a material conflict arise between our Firm's interest and that of our clients, our Firm will vote the proxies in accordance with our fiduciary duty to our clients. A written record will be maintained describing the conflict of interest, and an explanation of how the vote taken was in the client's best interest. KAM may refrain from voting a proxy if the cost of voting the proxy exceeds the expected benefit to the client. Clients may obtain a copy of our proxy voting policies and procedures upon request.

Institutional Advisory Services: KAM typically does not vote proxies on behalf of clients. Clients retain the right to vote all proxies which are solicited for securities held in the account. Clients will receive proxies directly from the account custodian or from the investment's transfer agent. In addition, KAM will not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. KAM will, however, forward to client any information received by it regarding class action legal matters involving any security held in the account. Consequently, all proxy solicitations will be sent directly to the client for voting by the custodian or the investment's transfer agent. Although we do not vote proxies, we permit our Investment Adviser Representative(s) to answer questions you may have regarding proxy voting materials in an effort to assist you in determining how to vote the proxy. However, the final decision of how to vote the proxy rests solely with you, the Client. Clients may direct KAM to vote proxies that are solicited for securities held in client accounts. The Firm may, but is not required to, take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Account may be invested from time to time.

Item 18 Financial Information

BALANCE SHEET REQUIREMENT

A balance sheet is not required to be provided because KAM does not serve as qualified custodian for client's funds or securities, and does not require prepayment of fees of more than \$1,200 per client, six (6) months or more in advance.

FINANCIAL CONDITION

KAM does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

BANKRUPTCY PETITION FILINGS

The Firm has not been the subject of a bankruptcy petition at any time during the last 10 years.

PRIVACY POLICY

KAM considers customer privacy to be a fundamental aspect of its relationship with its clients. KAM is committed to maintaining the confidentiality, integrity, and security of its current, prospective and former clients' personal information. KAM does not disclose nonpublic personal information about its clients or former clients to any persons other than as described below. KAM collects information about its clients (such as name, address, social security number, assets and income) from discussions with clients, from documents that clients may deliver to KAM (such as account applications) and in the course of providing services. In order to service its client accounts and effect client transactions, KAM may provide client personal information to its affiliates and to firms that assist it in servicing client accounts and which have a need for such information. KAM does not otherwise provide information about its clients to outside firms, organizations or individuals except as required by law. Any party that receives this information will use it only for the services and as allowed by applicable law or regulations, and is not permitted to share or use this information for any other purpose.

Brochure Supplement
(Part 2B of Form ADV)

MICHAEL P. KRENSAVAGE
MANAGING MEMBER

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This brochure supplement provides information about the Investment Adviser Representatives (IARs) of Krensavage Asset Management, LLC ("KAM"). This information supplements the KAM Firm Brochure. You should have received a copy of that brochure. Please contact at (212) 888-1582, if you did not receive the brochure of KAM. You can also contact Michael P. Krensavage if you have any questions about the content of this supplement. Additional information about the IARs delineated within this supplement is available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. You can search this website by using the IAR's CRD number as listed herein.

December 31, 2014

A. GENERAL REQUIREMENTS

Generally, KAM requires employees to hold a college or advanced degree or have relevant working experience in the securities industry. Any employee of KAM acting in a representative capacity will be appropriate licensed or registered as such.

B. INVESTMENT ADVISER REPRESENTATIVE INFORMATION

We currently have one (1) investment adviser representative employed by KAM. This Brochure Supplement provides information about **Michael P. Krensavage**.

ITEM 2. EDUCATION AND BUSINESS EXPERIENCE

CRD Number: 2591792

Year of Birth: 1967

Mr. Krensavage began his career in 1991 as a business journalist for Bloomberg News. He then moved to a predecessor of CIBC as a research associate in 1995 and to Brown Brothers Harriman as a senior pharmaceutical analyst in 1997. Mr. Krensavage holds an undergraduate degree in journalism and a Masters of Business Administration from the University of Georgia.

BUSINESS EXPERIENCE:

Managing Member

Krensavage Asset Management, LLC (2008 – Present)

Senior Vice President

Raymond James & Associates (2000 - 2008)

Senior Pharmaceutical Analyst

Brown Brothers Harriman (1997 – 2000)

Analyst

Oppenheimer & Co., Inc. (1995 - 1997)

Business Journalist

Bloomberg News (1991 – 1995)

ITEM 3. DISCIPLINARY INFORMATION

Michael P. Krensavage does not have any legal or disciplinary events material to a client's or prospective client's evaluation.

ITEM 4. OTHER BUSINESS ACTIVITIES

Michael P. Krensavage, in his individual capacity, is not engaged in any other business other than providing investment advice.

ITEM 5. ADDITIONAL COMPENSATION

Michael P. Krensavage, does not receive any economic benefit from any third party for providing advisory services.

ITEM 6. SUPERVISION

Michael P. Krensavage is the Managing Member and Investment Adviser Representative of KAM. Michael P. Krensavage is responsible for providing advice to the clients. The Firm has adopted written supervisory procedures that are designed to supervise the activities of its supervised persons. The Firm will administer its supervision through application of its policies. As of December 31, 2014, the Firm has only one investment adviser representative, Michael P. Krensavage. Louis A. Parks, Chief Compliance Officer shall supervise all investment adviser representatives. Mr. Parks will periodically review the Firm's guidelines and advisory services it provides.

ITEM 7. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

A.1 Arbitration Claims

None. Michael P. Krensavage has not been found liable in any arbitration claim alleging damages in excess of \$2,500 involving an investment or investment-related business or activity, fraud, false statements or omissions, theft, embezzlement or other wrongful taking of property, bribery, forgery, counterfeiting or extortion or dishonest, unfair or unethical practices.

A.2 Self-Regulatory Organization or Administrative Proceedings

None. Michael P. Krensavage has not been found liable in any civil, self-regulatory organization, or administrative proceeding involving an investment or investment related business or activity, fraud, false statements or omissions, theft embezzlement or other wrongful taking of property bribery, forgery, counterfeiting, or extortion; or dishonest, unfair or unethical practices.

B. Bankruptcy Petitions

None. Michael P. Krensavage has not been the subject of a bankruptcy petition at any time during the last 10 year.