



FORM ADV PART 2A
DISCLOSURE STATEMENT
March 30, 2017

This brochure provides information about the qualifications and business practices of Krensavage Asset Management, LLC and its registered investment adviser representatives. If you have any questions about the contents of this brochure, please contact us at (212) 518-1970 or info@krensavage.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority. Additional information about Krensavage Asset Management, LLC ("**KAM**") also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Krensavage Asset Management, LLC's CRD number is 168976.

Item 2 Material Changes

This version of Part 2A of Form ADV ("**Firm Brochure**") and Part 2B of Form ADV ("**Supplement Brochure**"), dated March 30, 2017, is an annual brochure document. It contains information about our business practices as well as a description of potential conflicts of interest relating to our advisory business which could affect your account with us. We are providing you with this material in accordance with Rule 204-3 of the Investment Advisers Act of 1940, which requires a registered investment adviser to provide a written disclosure statement upon entering into an advisory relationship.

Material Changes Since the Last Update

This Firm Brochure highlights certain additional risks of KAM's investment program, lists certain outside business activities of KAM's chief operating officer, and reflects certain other clarifications throughout.

KAM has made no other material changes since the last update to this Firm Brochure.

Full Brochure Available

We will provide you with a new version of the Firm Brochure as necessary when updates or new information or new information, at any time, without charge. Request a complete copy of our Firm Brochure, by contacting us by telephone at **(212) 518-1970** or by email at **louis@krensavage.com**.

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Item 4 Advisory Business

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. Louis A. Parks serves as Chief Operating Officer and Chief Compliance Officer.

A. SERVICES

KAM provides investment advisory services and serves as the discretionary investment manager of Krensavage Partners, LP, a Delaware limited partnership (“**Krensavage Partners**”), Krensavage Offshore Fund, Ltd., a Cayman exempted company (“**Krensavage Offshore**”) and Krensavage Partners Too, LP, a Delaware limited partnership (“**Krensavage Partners Too**”)(each, of Krensavage Partners, Krensavage Offshore, and Krensavage Partners Too are referred to herein as a “**Fund**” and together, as the “**Funds**”). The Funds invest their assets in securities according to KAM’s proprietary investment strategy. 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, acts as the general partner of Krensavage Partners. As general partner, Krensavage Advisors is ultimately responsible for the management of Krensavage Partners.

Krensavage Advisors Too, LLC (“**Krensavage Advisors Too**”), an affiliate of KAM, acts as the general partner of Krensavage Partners Too. As general partner, Krensavage Advisors Too is ultimately responsible for the management of Krensavage Partners Too.

Investors in Krensavage Partners and Krensavage Partners Too are limited partners (“**Limited Partners**”). Limited Partners must generally be “**accredited investors**” as defined in Regulation D under the Securities Act of 1933. In addition, investors in Krensavage Partners Too must generally be “**qualified clients**” as defined in Rule 205-3 under the Investment Advisers Act of 1940 since Krensavage Partners Too is a 3(c)(7) fund. 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 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 the applicable Memorandum. Upon request to KAM, a copy of each Memorandum is available to persons meeting applicable investor

eligibility criteria. Each Memorandum contains important information concerning risk factors and other material aspects of the applicable Fund(s) 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.

B. TAILORED RELATIONSHIPS

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.**

C. 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.

D. 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 \$305,974,752 in client assets on a discretionary basis. This Asset under Management figure is based on calculations as of December 31, 2016.

Item 5 Fees and Compensation

A. ADVISORY FEES AND BILLING PROCEDURES

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

B. OTHER FEES AND EXPENSES

The Funds paid for their own organizational and initial offering expenses and pay for their own operating expenses, including, but not limited to, operating expenses include, but are not limited to, (i) all expenses incurred in connection with the ongoing offer and sale of interests, including, but not limited to, printing of the offering documents and exhibits and documentation of performance and the admission of investors, (ii) all operating expenses of the Funds such as tax preparation fees, governmental fees and taxes, administrator fees, accounting fees, costs of communications with investors, and ongoing legal, accounting, auditing, bookkeeping, consulting and other professional fees and expenses, (iii) all

transaction expenses of the Funds, and (iv) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims, assertion of rights or pursuit of remedies, by or against the Funds, as each of the foregoing is further described in each Fund's Memorandum.

Expenses that are common to more than one of the Funds will generally be shared among the applicable Funds pro rata according to the relative assets of each Fund or otherwise as KAM (in consultation with the applicable Funds' general partners, if applicable) determines to be equitable.

The Funds' organizational and initial offering expenses were 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.

C. REFUND POLICY

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.

D. OTHER COMPENSATION

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

A. PERFORMANCE-BASED COMPENSATION

Performance-based compensation is compensation based on a share of the capital gains or capital appreciation of the assets of a client. Performance-based compensation arrangements cause an investment adviser to participate directly in the profits accumulated in a client's account. Performance-based compensation may create an incentive for the an investment adviser to make investments on behalf of a client that are riskier or more speculative than would be the case in the absence of such compensation arrangements.

KAM does not assess any performance-based compensation. However, the Limited Partners in Krensavage Partners and Shareholders in Krensavage Offshore pay Krensavage Advisors an annual performance allocation at the close of each calendar year equal to 20% of the net profits otherwise allocable to each such Limited Partner or Shareholder, subject to a "high water mark" mechanism. Likewise, the Limited Partners in Krensavage Partners Too pay Krensavage Advisors Too an annual performance allocation at the close of each calendar year equal to 20% of the net profits otherwise allocable to each such Limited Partner, subject to a "high water mark" mechanism.

B. SIDE-BY-SIDE MANAGEMENT

"Side-by-Side Management" refers to a situation in which the same investment adviser manages accounts that are billed based only on a percentage of assets under management

and at the same time manages other accounts that are subject to performance-based compensation arrangements. Because, KAM only manages the Funds, it does not conduct side-by-side management of dissimilar advisory accounts.

Item 7 Types of Clients

KAM provides portfolio management services to the Funds only.

The minimum initial capital contribution for interests in Krensavage Partners is \$500,000, the minimum initial subscription for shares in Krensavage Offshore is \$500,000 and the minimum initial capital contribution for interests in Krensavage Partners Too is \$1,000,000. KAM reserves the right to reduce the minimum initial capital contribution and to accept subscriptions for lesser amounts.

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

A. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

KAM's investment objective is to seek to achieve 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 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 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 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.

B. 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.
- ❖ **Investments in Small Capitalization and Unseasoned Companies.** KAM's investment program contemplates that a portion of the Funds' portfolios may be invested in small and/or unseasoned companies with small market capitalization. These companies often involve higher risks because they may lack the management experience, financial resources, product diversification and/or competitive strength of larger and/or more established companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. Due to the lower trading volume of smaller company securities, the

Funds may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time when making large sales, which could limit gains or increase losses on Fund investments.

- ❖ **Short Sales.** When deemed appropriate by KAM, the Funds may sell securities short. Short selling involves the sale of a security that a Fund does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Partnership may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.
- ❖ **Limited Liquidity of Interests and Shares.** An investment in any of the Funds involves substantial restrictions on liquidity and it's the interests (or shares) therein are not freely transferable. There is no market for the interests (or shares) and no market is expected to develop. Additionally, transfers are subject to the consent of the applicable general partner or board of directors, which consent may be granted or withheld in the general partner's (or board's) discretion. Therefore, investors may be unable to liquidate their investment promptly in the event of an emergency or for any other reason.
- ❖ **Concentration of Investments.** KAM's investment program contemplates a focused investment portfolio for each Fund. The Funds are not formally limited in the amount of the assets that may be invested in a single company, security, country, industry, sector or asset class, and KAM does not subject the portfolio to any formal policies regarding diversification. The concentration of the Funds' portfolios in any manner will generally subject the Funds to a greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual industry or sector.
- ❖ **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.
- ❖ **Investment Expenses.** The investment expenses of the Funds (*e.g.*, expenses related to the investment and custody of the Funds' assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other fees may, in the aggregate, constitute a high percentage relative to other investment entities. The Funds will bear these costs regardless of their profitability.
- ❖ **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.

- ❖ **No Participation in Management.** The management of the Funds is vested solely in KAM and the applicable general partners and directors of the Funds. Investors have no right to take part in the conduct or control of the business of the Funds. In connection with the management of the Funds' business, KAM will devote only such time to Fund matters as it, in its sole discretion, deems appropriate.
- ❖ **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.

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.

C. 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. None of KAM, its management, or related persons has been involved in any legal nor disciplinary events related to past or present advisory 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 a representative 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, which acts as the general partner of Krensavage Partners, and Krensavage Advisors Too, which acts as the general partner of Krensavage Partners Too. The principal owner of KAM is also the principal owner of Krensavage Advisors and Krensavage Advisors Too, the general partners of Krensavage Partners and Krensavage Partners Too, respectively.

Louis Parks, COO/CCO is registered with an unaffiliated broker-dealer firm, Equus Financial Consulting LLC ("**Equus Financial**") since December 23, 2015. Equus Financial is registered with the SEC and is a member of the Financial Industry Regulatory Authority ("**FINRA**"). To date, Mr. Parks has not received any compensation by Equus Financial in connection with the sale of securities or other investment products, including the offering of the Funds' interests and shares. Mr. Parks expects to engage in such activities infrequently and on an ad hoc basis. Any conflict of interest that may arise will be addressed and described in Item 11 and in KAM's policies and procedures.

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

A. 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.

B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

KAM does not recommend or effect transactions in securities which any related person may have a material financial interest.

C. PROPRIETARY /SIMULTANEOUS TRADING

KAM does not allow its employees or personnel to transact in securities available for investment by the Funds. 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 or mutual 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

A. SELECTION AND RECOMMENDATION

KAM will have complete discretion regarding the selection of brokers for the Funds 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' portfolios; (3) a firm's ability to properly execute any orders (based on the size of the trade and its complexity to execute); (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; (5) industry reputation of the broker; (6) financial strength and capital position; and (7) error correction capabilities. "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.

B. SOFT DOLLARS

Although KAM does not currently have any "soft dollar" arrangements in place, 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 Funds' 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 would 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, however. 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, soft dollar arrangements may create an incentive for KAM to increase the volume of the Funds’ trading activities.

C. BROKERAGE FOR CLIENT REFERRALS

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

D. 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.

E. 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 receives the wrong securities, the securities must be reallocated to the correct account at the trade date price. If a Fund 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 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. 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

A. PERIODIC AND INTERMITTENT REVIEWS

KAM reviews the Funds' investment programs 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 the effectiveness of a given strategy or approach. Clients are not permitted to place restrictions on how their investments will be managed within the Funds.

B. CLIENT REPORTS

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 and monthly statements during the year.

Item 14 Client Referrals and Other Compensation

A. ECONOMIC BENEFITS FROM OTHERS

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.

B. COMPENSATION TO UNAFFILIATED THIRD PARTIES

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

A. 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.

B. ACCOUNT STATEMENTS

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 with 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 independent accounting firm 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.

Item 16 Investment Discretion

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.

Despite this broad authority, KAM is committed to adhering to the investment strategy and program set forth in the offering Memorandum of each Fund. In addition, various securities and/or tax laws and KAM's internal compliance policies impose restrictions on the investments KAM can make on behalf of the Funds.

KAM provides all potential investors in the Funds with an offering Memorandum that sets forth, in detail, KAM's investment strategy and program with respect to such Fund. By completing a Fund's subscription documents to acquire an interest or shares in one of the Funds, investors give KAM complete authority to manage their investments in accordance with the applicable offering Memorandum.

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.

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.

Item 18 Financial Information

A. 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.

B. FINANCIAL CONDITION

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

C. 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.



FORM ADV PART 2B
BROCHURE SUPPLEMENT
March 30, 2017

This Brochure Supplement provides information about the qualifications of Michael P. Krensavage, the Investment Adviser Representative of Krensavage Asset Management, LLC ("KAM" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (212) 518-1970 or info@krensavage.com.

Additional information about the Firm's IARs also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Michael P. Krensavage's CRD number is 2591792.

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 appropriately 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 a Bachelor of Arts degree in journalism and a Master 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, 2016, the Firm has only one investment adviser representative, Michael P. Krensavage. Louis A. Parks, Chief Operating Officer and 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. 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.

B. 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.

C. BANKRUPTCY PETITIONS

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