

Madryn Asset Management, LP

Part 2A of Form ADV

The Brochure

29 Shawnee Road
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This brochure (the “Brochure”) provides information about the qualifications and business practices of Madryn Asset Management, LP (“Madryn” or the “Firm”). It is provided in connection with Madryn’s Form ADV filing (“Form ADV”). If you have any questions regarding the contents of Madryn’s Form ADV or this Brochure, please contact us at +1 (914) 703-9434. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Item 2. Material Changes

This is Madryn's initial filing of Part 2A of Form ADV and, as such, there are no material changes to this Brochure to be reported. Madryn is in the process of establishing its business and is filing this Brochure under the 120-day provision. Madryn is not presently engaged in the business of providing advisory services and will update this Brochure with all applicable information prior to the commencement of its investment advisory services.

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Item 4. Advisory Business

Madryn is a Delaware limited partnership that was founded and established in July 2016 and is owned by Dr. Avinash Amin and Peter Faroni. The Firm provides discretionary investment advice to pooled investment vehicles (each such vehicle, a “Fund,” and all such vehicles collectively, the “Funds”) as well as to separately managed accounts (each such account, an “SMA,” and all such vehicles collectively, the “SMAs,” and together with the Funds, the “Clients”). Madryn has broad and flexible investment authority with respect to the management of Client accounts, subject to investment objectives, policies, procedures, and restrictions set forth in, as applicable, the limited partnership agreement (or analogous governing document) of the respective Client, or the separate investment and advisory agreement, investment management agreement, or portfolio management agreement of the respective Client (each such agreement an “Advisory Agreement”). Madryn provides a full range of private equity style services including investment sourcing, due diligence, negotiation, structuring, monitoring, valuation, and management.

Upon commencement of operations as an Advisor, Madryn will advise Madryn Health Partners, LP, a Delaware limited partnership (“MHPD” or the “Onshore Fund”), Madryn Health Partners (Cayman Master), LP, a Cayman limited partnership (“MHPCM” or the “Offshore Master Fund”), and Madryn Health Partners (Cayman Feeder), LP, a Cayman limited partnership (“MHPCF” or the “Offshore Feeder Fund,” together with the Offshore Master Fund, the “Offshore Fund” and, together with the Onshore Fund, “MHP” or “Fund I”). The Onshore Fund was formed for the purposes of facilitating investment by certain onshore investors. The Offshore Fund was formed in a master-feeder structure for the purpose of facilitating investment by offshore investors and certain onshore investors. The Onshore Fund and the Offshore Fund will be managed on a *pari passu* basis. Please refer to Item 7 for additional information on Madryn’s Clients. It is expected that Madryn will have a total of four employees and approximately \$280 million of Client assets under management (“AUM”) at launch.

Item 5. Fees and Compensation

Madryn typically receives an annual management fee (a “Management Fee”) in connection with the advisory services it provides to the Funds. Management Fees are typically between 1% and 2% per annum and are payable quarterly in advance. Management Fees are not directly deducted from a Funds’ assets, but Madryn bills the Funds for Management Fees on a quarterly basis. During a Fund’s investment period (an “Investment Period”), Management Fees are typically calculated based on the capital investors have committed to the Fund. Following a Fund’s Investment Period, Management Fees are typically calculated based on the aggregate cost basis of investments made therein.

Madryn, at its discretion, may reduce or waive Management Fees for certain large or strategic investors pursuant to side letter arrangements. Additionally, Madryn, at its discretion, may reduce or waive Management Fees for certain classes of investors, including employees and affiliates of Madryn. Management Fee arrangements for SMAs are individually negotiated and established pursuant to each Client’s investment management agreement.

In accordance with the offering documents, the Funds will reimburse general partners for the Funds’ organizational and start-up expenses, including legal, travel, accounting, filing, capital raising, and other organizational expenses. In addition to this share of organizational and start-

up expenses, the Funds will pay all other costs and expenses of the Funds that are not reimbursed or borne by portfolio companies or other persons, including management fees; legal, auditing, consulting, financing, accounting, and custodian fees and expenses; expenses associated with the Funds' financial statements, tax returns and Schedule K-1s; expenses incurred in connection with the sourcing, evaluation, acquisition, holding and disposition of investments (including investments that are not consummated), including private placement fees, sales commissions, appraisal fees, entity-level taxes, brokerage fees, underwriting commissions and discounts, travel expenses, and legal, accounting, investment banking, consulting, information services, and professional fees; expenses of the Advisory Committee and annual meetings of the limited partners; insurance; expenses for establishing and maintaining the Funds debt facilities; and extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Funds.

Expenses borne by SMA Clients are set forth in trading advisory or similar agreements between Madryn and the respective SMA Clients. These expenses generally include all custodial fees, brokerage commissions, clearing fees, interest and withholding or transfer taxes incurred in connection with trading for the respective SMA Clients.

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

Madryn (or an affiliate) receives performance-based compensation that may create a conflict of interest in that Madryn (or an affiliate) may have an incentive to make investments that are riskier or more speculative than those which might have been made in the absence of such a performance-based fee. In addition, in the event that there are clients that do not pay a performance-based fee, Madryn may be incentivized to provide preferential treatment to clients that have a performance-based fee over those that do not.

To mitigate these potential conflicts of interest, Madryn has adopted policies and procedures to ensure the fair allocation of investment opportunities across clients.

Investors in the Funds will pay performance-based fees on the excess returns over a preferred return of 8% per annum. Certain strategic and early-stage investors will receive a higher preferred return and may receive a portion of the carried interest paid to Madryn and its affiliates.

Incentive fee arrangements with Managed Accounts are individually negotiated and established pursuant to each Managed Account's investment management agreement.

Madryn in its discretion may waive or reduce incentive fees, carried interest and allocations for certain large or strategic investors or for certain classes of investors, including employees and affiliates of Madryn.

Investors should consult the Funds' offering documents for more information regarding the calculation of the incentive fee.

Item 7. Types of Clients

As mentioned previously, the Firm provides investment advisory services to the Master Fund and Offshore Feeder, as well as the Onshore Fund. The Funds are privately offered and will qualify for an exclusion from the definition of an "investment company" under the Investment Company Act of 1940, as amended, and expects Fund investors to consist of institutional

investors such as state and corporate pension plans, university endowments, and funds of funds.

Madryn may also offer co-investments to individual partners in the Funds or to third parties at its discretion. The Firm may also form one or more vehicles for pooled co-investments. The terms of the co-investment clients may differ from those for investors in the Funds and will be outlined in the relevant documentation regarding the particular co-investment.

Generally, the minimum commitment to a Fund will be \$10,000,000, which may be waived. The Firm expects to enter into separate account relationships with similar institutional investors. The minimum for separate account mandates will be subject to negotiation on a Client-by-Client basis.

When deemed appropriate for a large or strategic investor, Madryn may in the future establish, separately managed accounts, which: (i) tailor their investment objectives, guidelines, and restrictions to specific Funds and/or (ii) are subject to objectives, guidelines, restrictions, terms and/or fees different from those of the Funds. Such investment objectives, fee arrangements and terms have been and will be individually negotiated, and it should be noted that such separately managed account relationships are and generally would be subject to significant account minimums.

Madryn has entered into side letter agreements with certain large and strategic investors that provide such investors with additional notification and disclosure rights, transfer rights, and accelerated redemption rights triggered by certain events. In the future, Madryn may enter into additional side letter agreements.

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

The investment strategy of Madryn is aimed at providing customized financing solutions to healthcare companies worldwide. Capital will be deployed through structured investments in senior debt, subordinated debt, convertible debt, royalty streams, revenue interests, and equity securities, as well as hybrid investments combining elements of two or more security types, all of which are supported by healthcare assets and cash flows. Investments are generally collateralized by a first priority security interest in all assets of the company including intellectual property, regulatory filings, contracts, and PP&E.

The strategy will aim to create a portfolio of 12–15 investments of \$20–75 million each, diversified by therapeutic category, product type, and sales geography. All investments will be allocated on a *pro rata* basis between the Onshore Fund and the Offshore Fund, subject to any tax or legal considerations.

Risk of Loss

All investing involves a risk of loss and the investment strategy offered by Madryn could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks including, but not limited to, commercial risk related to the success of the healthcare products of the companies in which Madryn invests, regulatory risk related to product approvals of companies in which Madryn invests, financing risk related to the ability of Madryn portfolio companies to continue to raise additional capital to support their commercial activities,

competitive risk related to other products and companies that compete with Madryn portfolio companies, reimbursement risk related to whether the products of Madryn portfolio companies receive favorable reimbursement from public and private payors. This could result in impairment of value to individual investments and cause accounts to decline in value. Madryn selects investments based, in part, on information provided by issuers to regulators or made directly available to Madryn by the issuers or other sources. Madryn is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with Madryn. Prospective investors in the Funds should read the entire applicable offering materials and consult with their own advisers before deciding whether to invest. In addition, as the investment program develops and changes over time, an investment managed by Madryn may be subject to additional and different risk factors.

Item 9. Disciplinary Information

Madryn and its employees have not been involved in any legal or disciplinary events in the past ten (10) years that would be material to a Client's evaluation of the Firm or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

Madryn Health Advisors, LP is the general partner of the Onshore Fund and the Offshore Master Fund. Madryn Health Advisors (Cayman), LLC is the general partner of the Offshore Feeder Fund. These entities are under common control with Madryn and are advisory affiliates. Investors should review the offering documents for the Funds for further information regarding the organization and structure of the Funds and Madryn's affiliates.

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

Madryn has adopted a Code of Ethics and Conflicts of Interest Policy which, among other things, contains provisions designed to: (i) prevent improper personal trading by employees; (ii) prevent improper use of material, non-public information about securities recommendations made by Madryn or securities holdings of advisory clients and (iii) identify conflicts of interest, including monitoring of gifts and pay-to-play issues that could arise due to political donations by Madryn or its personnel.

Personal Trading Policy and Procedures

Madryn has policies and procedures designed to prevent its employees from misusing material nonpublic information (which may include information regarding Madryn's clients) in their personal trades. Madryn maintains a Restricted List of securities subject to sales or trading activity prohibitions and employees must request pre-approval to execute personal securities transactions. If a company is listed on the Restricted List, employees are generally prohibited from trading in that company's securities.

A copy of Madryn's Code of Ethics shall be provided to any client or prospective client upon request.

Item 12. Brokerage Practices

The origination and consummation of private investment opportunities for Clients is not expected to involve broker-dealers or the payment of commissions or similar fees. In future, there may be a need to liquidate publicly traded securities which are obtained in the course of the consummation of the privately negotiated credit deals. Madryn does not envision this occurring any time in the near future and will be taking steps to establish brokerage accounts and policies and procedures to govern these types of transactions prior to their occurrence. Upon establishment, Madryn will update this Form ADV Part 2A and will notify clients and investors of the arrangements in accordance with the custody rule.

Item 13. Review of Accounts

The Firm has an Investment Committee which is responsible for all formal decision making regarding investments. On a day-to-day basis, the investment team is responsible for working with the portfolio company's management and monitoring each of the Funds' investments.

Investors in the Funds will receive quarterly financial statements along with a commentary on the current events in the portfolio and in the markets in general. Investors will also be provided with audited annual financial statements no later than the 120-day deadline provided in Rule 206(4)-2 under the Investment Advisers Act of 1940.

Separately managed account clients will receive reporting as agreed and outlined in the relevant investment management agreement governing the Client relationship.

By virtue of side letters, certain large and strategic investors may have more information and reporting available to them than other investors. However, there are no preferential terms regarding liquidity.

Item 14. Client Referrals and Other Compensation

The Funds have entered into an agreement with Fortress Group Inc. as a placement agent. In accordance with the agreement and the offering documents, payment for the placement agent services will be made by the Firm and then billed back to the Funds as an offset against the management fees due to Madryn.

Aside from the management and incentive fees outlined in Items 5 and 6, Madryn does not receive any other compensation resulting from the provision of advisory services to Clients.

Item 15. Custody

Madryn does not take or maintain physical custody of any client cash or securities and conducts all business operations such that client cash and securities are preserved in the safekeeping of an independent custodian. Clients receiving statements directly from such custodians should

carefully review those statements and should carefully compare such statements to any reports sent by Madryn.

Madryn and/or its affiliates may be deemed to have custody of the assets and securities of the Funds by virtue of their status as an investment manager, manager, or general partner of the Funds.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, the Funds are subject to an annual audit in accordance with generally accepted auditing standards and the audit reports are issued in accordance with US GAAP by an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board. The relevant audited financial statements are distributed to each investor via the Administrator within 120 days of the Private Funds' fiscal year end.

In addition, the Funds are subject to audit upon liquidation and the liquidation audit is provided to investors promptly after its completion.

Item 16. Investment Discretion

In accordance with the terms and conditions of the pertinent offering documents and governing documents of the Funds, Madryn has discretionary authority to determine, without obtaining specific consent from the Clients, their directors or investors, the securities, other financial instruments and the amounts to be bought or sold thereof on behalf of the client accounts, and to implement the day-to-day investment decisions for client accounts. Investors in the Funds do not have the ability to impose limitations on Madryn's discretionary authority.

With regard to SMAs, the extent of Madryn's discretionary authority, if any, will be outlined in the Advisory Agreement. SMA clients may also choose to implement investment restrictions and guidelines as part of the Advisory Agreement.

Item 17. Voting Client Securities

The types of securities in which MHP typically invests are not expected to require proxy votes. However, where there are situations in which MHP is eligible to provide input or vote on aspects of an investment; Madryn shall act in the best interests of its clients.

Item 18. Financial Information

Madryn has never declared bankruptcy and is not aware of any financial condition that may be reasonably expected to impact its ability to manage its Clients' accounts.