



Part 2A of Form ADV: The Brochure

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March 30, 2020

This brochure provides information about the qualifications and business practices of Copernicus Capital Management, LLC (“Copernicus” or the “Company”). If you have any questions about the contents of this brochure, please contact us at info@cocapllc.com or 415-589-7530. 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. Registration as an adviser does not imply any level of skill or training.

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

2. Material Changes

Item 4. Advisory Business has been updated to reflect Regulatory Assets under Management as of December 31, 2019.

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4. Advisory Business

Copernicus Capital Management, LLC, is a Delaware limited liability company formed in April 2013. The Company's principal owner is John Rende, Founder and Portfolio Manager.

Copernicus provides investment advisory services with respect to the following private pooled investment vehicles:

- Borghese Partners, LP, a Delaware limited partnership (the "Stand-Alone"),
- Borghese Partners Institutional, LP, a Delaware limited partnership (the "Domestic Fund"),
- Borghese Partners Offshore Fund, Ltd., a Cayman Islands exempted company (the "Offshore Fund" and, together with the Domestic Fund, the "Feeder Funds"),
- Borghese Partners Master Fund, LP, a Cayman Islands exempted limited partnership (the "Master Fund" and, together with the Feeder Funds and the Intermediate Fund, the "Funds").

We also serve as general partner or managing general partner with respect to the Stand Alone, Domestic Fund, and the Master Fund. Each of the Feeder Funds invests all or substantially all of its assets in, and conducts its investment activities through the Master Fund. Accordingly, the Master Fund serves as a centralized investment vehicle for the Feeder Funds. We are responsible for investing and re-investing the capital of the Stand-Alone and Master Fund in securities, financial instruments and/or other assets in accordance with the investment objectives, policies and guidelines set forth in the offering and/or governing documents of the Funds. Information about each of the Funds is set forth in the offering documents of the Stand-Alone and Feeder Funds. **See Methods of Analysis, Investment Strategies and Risk of Loss.**

Copernicus provides advice to the Funds based on the investment objectives and strategies described in each Fund's offering memorandum, organizational agreements, and/or investment management agreement. Investment advice is not provided to individual investors in the Funds (individually an "Investor" and collectively "Investors").

Investors should carefully review relevant offering memoranda, organizational agreements, subscription documents, and investment management agreements (if any) (collectively, "Governing Documents") before making an investment in a Fund, as the terms set forth therein will govern the Funds. Investment restrictions, if any, are contained in the Funds' Governing Documents. Investors may not impose restrictions on investing in securities or types of securities.

The Funds, Copernicus and certain of its affiliates have entered into a project agreement with a group of strategic investors, pursuant to which the strategic investors have and will have certain preferential economic and non-economic rights and terms.

As of December 31, 2019, Copernicus managed approximately \$163,580,392 in regulatory assets under management, all of which were managed on a discretionary basis.

5. Fees and Compensation

Copernicus, or the board of directors in the case of the Offshore Fund, may waive or reduce the management fee or incentive allocation paid as to particular Investors at any time. Employees, members, and other related persons of Copernicus typically do not pay a management fee or incentive allocation. A portion of the management fee and performance allocation generally is paid or allocated, as applicable, to certain strategic investors, which reduces the amounts that would otherwise be paid or allocated to us or our affiliate. A complete description of fees charged by Copernicus is set forth in the Funds' Governing Documents.

Management Fees

Copernicus generally charges an annual management fee, quarterly in advance, that ranges between 1.0% and 1.5%, depending on the type of equity interest owned by a particular Investor.

Performance Allocation

Copernicus is entitled to receive an annual performance allocation, subject to a loss carry forward provision (also known as a "high water mark"). The performance allocation will generally range between 15% and 20% per annum of the appreciation in an Investors' capital account for the relevant period, which will reflect the effects of management fees and other expenses.

Organizational Expenses

The Funds have borne or will bear all costs associated with their organization, as well as their share of the costs of organizing the Master Fund and, if applicable. Such costs include government formation charges and professional fees and expenses in connection with preparing each Fund's Governing Documents and regulatory filings.

Ongoing Expenses

The Funds will bear all operating costs, including their proportional share of the master fund's operating costs, if applicable. These include, but are not limited to: (a) brokerage commissions and other transaction-related costs, including interest and borrowing charges on securities sold short; (b) custodial and bank service fees; (c) auditing, accounting, third-party-administration, bookkeeping, tax preparation and reporting, legal, and other professional fees and costs; (d) costs of the Funds' registration and filings with governmental organizations; (e) applicable taxes; (f) costs of reporting to Investors and of Fund meetings and other governance activities; and (g) costs directly related to research about investments and potential investments, including costs of third-party investigative and analytical services.

The Funds will also bear all costs incurred in connection with the ongoing offer and sale of interests, including costs of preparing, reproducing, and disseminating offering materials and supplemental materials, legal fees and costs related to those activities.

If more than one Fund is responsible for a particular expense, Copernicus will seek to allocate the expense among the relevant Funds in a fair manner. Similarly, if Copernicus and the Funds are

responsible for a particular expense, Copernicus will seek to allocate the cost between the Funds and Copernicus in a fair manner.

Brokerage and other transaction costs that the Funds will incur are described further below in the **Brokerage Practices** section.

A complete description of fees and expenses is outlined in each Fund's Governing Documents. Investors should review the applicable Governing Documents in order to fully understand the total amount of fees and expenses to be paid by the Funds.

6. Performance-Based Fees and Side-By-Side Management

Copernicus currently manages only accounts that pay performance-based compensation as described in the **Fees and Compensation** section above. The fact that Copernicus is compensated based on the success of investments held by the Funds may create an incentive for Copernicus to make investments that are riskier or more speculative than would be the case in the absence of such compensation. Because the performance allocation is calculated on the basis that includes unrealized appreciation in the Funds' portfolio, the performance-based compensation may be greater than if it was based solely on realized gains. Our individual employees and affiliates who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. We address this conflict through full and fair disclosure in the applicable offering documents and this brochure.

7. Types of Clients

Copernicus provides investment advisory services to the Funds, which are unregistered private pooled investment vehicles. The Funds rely on rules under the United States federal securities laws that exempt privately offered funds from registering as investment companies. Copernicus anticipates that the Funds will have various types of Investors, including high net worth individuals, other private pooled investment vehicles, corporations, and pension and profit sharing plans.

The minimum initial subscription in a fund is \$1 million. Copernicus may waive or reduce investment minimums for certain Investors at its discretion, including for Investors who are employees or affiliates of the Company.

Copernicus may enter into agreements ("Side Letters") with certain Investors that will result in terms of an investment in a Fund different than those applicable to other Investors. As a result of such Side Letters, certain Investors may receive additional rights that other Investors will not necessarily receive. Except as required by law, in general, Copernicus will not be required to notify other Investors of any such Side Letters or any of the provisions of the Side Letters. Copernicus will not be required to offer such additional or different rights and terms to any or all of the other Investors.

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

Investment Strategies and Methods of Analysis

The Funds invest in securities, consisting principally, but not solely, of long and short positions in equity and equity-related securities that are issued by companies primarily in the healthcare sector that are traded publicly in U.S. and non-U.S. markets. The Funds may also invest in preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed income securities, private securities, non-U.S. currencies and money market instruments. The Funds may also engage in margin trading, hedging and other investment strategies.

The Funds focus on healthcare long/short equities, with subsector allocations to healthcare life sciences companies in the pharmaceuticals, biotechnology, medical devices and laboratory tools areas, as well as healthcare services companies, including acute and post-acute care hospitals, managed care organizations, pharmacy benefit managers and other suppliers of services into the industry. The Funds primarily focus on listed U.S. companies but may opportunistically have exposure to non-U.S. companies through ADRs or other instruments.

Position size ranges are expected to be relatively concentrated, and Copernicus emphasizes risk management by using equity and ETF hedges, swaps, options and trailing stop losses. Copernicus actively monitors gross and net exposure and subsector allocations, with a focus on market capitalization and liquidity. Listed options are used for both income generation and to capitalize on near-term stock specific events when appropriate. Fundamental research is supplemented with technical analysis to manage entry and exit points of a position.

Copernicus generally uses a fundamental approach to investing, which may include the following: reviewing investor presentations, transcripts and SEC filings; assessing Street consensus relative to bull and bear sentiment; financial analysis of both proprietary and third-party models to understand the assumptions and key drivers to revenue, earnings and cash flow growth; competitive landscape analysis; and primary research through management team calls and in-person meetings to understand key issues. Copernicus believes that both primary and external research are important and actively manages its buy-side and sell-side networks. In addition, Copernicus attends key medical and investor conferences.

An investment in a Fund should be considered a long-term investment. Copernicus does not intend that any Fund will meet investors' short-term financial needs or provide a complete or balanced investment program.

The investment strategies summarized above represent Copernicus's current intentions, are general in nature and are not exhaustive. The Funds have no limits on the types of securities they may hold, the types of positions that they may take, the concentration of their investments or the amount of leverage that they may use. Copernicus may use any trading or investment techniques for the Funds, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities markets and the economy generally, Copernicus may pursue any objectives or use any techniques that it considers appropriate and in clients' interest.

Risk of Loss

Investing in securities involves risk of loss that Fund investors should be prepared to bear. No guarantee or representation is made that a Fund's investment objectives will be achieved and performance could be negatively impacted by a number of risks, including, but not limited to:

1. **Dependence on the Investment Adviser and Key Personnel.** The Funds' prospects depend upon Copernicus's ability to develop and implement investment strategies that achieve the Funds' investment objectives. Copernicus's operations are substantially dependent upon the skill, judgment and expertise of Mr. Rende and Copernicus's other investment personnel. The death, disability, departure or other unavailability of any key personnel could have a material and adverse effect on the Funds.
2. **Investment Risks.** The Funds invest principally in equity and equity-related Securities that are traded in U.S. and non-U.S. markets. The Funds also engages in short sales of Securities, margin trading, hedging and other investment strategies. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. In addition, such Securities may be issued by unseasoned companies and may be highly speculative. The Fund's investment portfolios may not generate any income or appreciate in value.
3. **Risks of Investing in the Healthcare Industry.** The Investment Adviser currently expects to focus its research on the Securities of healthcare companies. Investing in these companies involves substantial risks, including (but not limited to) the following: there is scarce capital being invested in these Securities which leads to increased price volatility and unpredictable liquidity; certain companies may have limited operating histories; scarcity of management and marketing personnel with appropriate scientific or medical training may slow or impede companies' growth; the possibility of lawsuits related to patents or products, obsolescence of products, change in government policies, changing investor sentiments and preferences with regard to healthcare sector investments (some of which are generally perceived as risky) may have an adverse effect on the price of underlying Securities; and volatility in the stock markets affecting the prices of healthcare company Securities may cause the performance of the Funds to experience substantial volatility.
4. **Investment Selection.** The Funds engage primarily in long purchases and short sales of Securities. They also engage in hedging, options trading, leverage (including, but not limited to, margin trading and investing in derivatives) and other strategies. The Funds may invest in Securities with relatively low prices, which may be subject to greater percentage price fluctuations than higher priced Securities. The Funds may have higher portfolio turnover than other investment funds. Its brokerage commissions and other

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transaction costs generally are higher than those incurred by a fund with a lower portfolio turnover rate.

5. **Short Sales.** The funds expect to sell securities short as a regular part of their investing activities. A short sale theoretically involves the risk of unlimited loss; the price at which a short seller must buy “replacement” securities could increase without limit. As such, the funds may experience losses on short positions that are not offset by gains on long positions.
6. **Hedging.** The Funds may use hedging strategies to attempt to control risk. Hedging strategies may not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged. The Funds may not be able to hedge a particular position, which can result in undesired exposure to that position and may lead to liquidation of that position when it is disadvantageous to the Funds. The Investment Adviser is not obligated to hedge the Fund’s portfolio positions and it frequently may not do so.
7. **Leverage.** The Funds may use leverage by borrowing on margin, entering into swaps, and using other derivative contracts and leveraging strategies. Such leverage increases profit potential, but at the same time increases risk of loss and volatility. In the stock market, “margin” refers to buying stock on credit. Margin customers are required to keep cash and Securities on deposit with their brokers as collateral for their borrowings. As a result, a relatively small price movement in a Security may result in immediate and substantial losses to an investor. Thus any purchase of Securities using leverage increases the risk and volatility of the Funds’ portfolio and may result in losses that greatly exceed the amount invested. In addition, margin trading requires the Funds to pledge their Securities as collateral. Margin calls or changes in margin requirements can require the Funds to pledge additional collateral or liquidate its holdings, which can force the Funds to sell Securities at substantial losses that they otherwise would not incur.
8. **Risks of Non-U.S. Investments.** The Funds may invest in Securities of non-U.S. companies, which involve unusual risks not typically associated with investing in U.S. companies. These risks include, but are not limited to, less public information available regarding non-U.S. issuers, limited liquidity of non-U.S. Securities and political risks associated with the countries in which non-U.S. Securities are traded and the countries where non-U.S. issuers are located. Exchange control regulations or changes in the exchange rate between other currencies and the U.S. dollar may affect the Funds unfavorably. Individual non-U.S. economies may differ unfavorably from the U.S. economy in gross national product growth, inflation rate, savings rate and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects value and marketability of the Funds’ investments in some countries may be materially and adversely affected by expropriation or confiscatory taxation, limitations or removing funds or other assets, political or social instability, or diplomatic developments. The Securities of non-U.S. issuers that the Master Fund holds generally are not registered under, nor are the issuers thereof subject to the reporting requirements of, U.S. securities laws and regulations. Accordingly, there may be less publicly available information about these Securities and about the non-U.S. company or government issuing them or the board

of trade clearing them than is available about a U.S. company, government entity or board of trade. Non-U.S. companies and boards of trade generally are not subject to accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Further, government supervision of stock exchanges, boards of trade, securities brokers and issuers of Securities is generally less stringent than supervision in the U.S. The investments also may be subject to withholding taxes imposed by the applicable country's taxing authority.

Securities of some non-U.S. companies are less liquid and their prices are more volatile than Securities of comparable U.S. companies. Investing in non-U.S. Securities or selling those Securities short creates a greater risk of Securities clearance and settlement problems.

9. **Options and Other Derivatives.** The Funds may use both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, other commodity interests, swaps, options and contracts for differences. These instruments can be highly volatile and expose the Funds to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to the Fund's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict.

In addition, if the Funds purchase options that they do not sell or exercise, they will lose the premium paid in such purchase. If the Funds sell call options and must deliver the underlying Securities at the option strike price, they theoretically have an unlimited risk of loss if the price of such underlying Securities increases. If the Funds sell put options and must buy the underlying Securities, they risks losing the difference between the market price of the underlying Securities and the option strike price. Further, if they sell meaningfully out-of-the-money put or call contracts, the Funds may incur substantial losses if these contracts unexpectedly progress into-the-money. Any gain or loss from selling or exercising an option is reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase, exercise or sale of an option. The Funds may also sell covered and uncovered options on Securities. If such options are uncovered, the Funds could incur an unlimited loss.

10. **Counterparty and Custody Risk.** Financial institutions with which the Funds do business, including the prime brokers or counterparties that hold assets as collateral, could become insolvent. In particular, if a prime broker were to declare bankruptcy or become insolvent, the Funds may not be able to recover all or a portion of their assets.
11. **Derivative Counterparty Risk.** The Funds will be a party to derivative contracts with third party brokers or dealers which will be unsecured obligations. Default of these unsecured obligations will cause the Funds to become an unsecured creditor in any insolvency proceedings of the counterparty. As a result, the Funds may not be able to reclaim amounts due under the obligations.

12. **Service Provider Default Risk.** The Funds have contractual agreements with various service providers, including their brokers and custodians and the Administrator, to perform various functions or effect certain transactions for or on their behalf. These entities may not be subject to credit evaluation and regulatory oversight, and may default on their obligations, which could adversely affect the Funds, and the Shareholders.
13. **Small and Medium Capitalization Stocks.** The Funds may invest in stocks of companies with relatively small or medium-sized market capitalizations, which can involve higher risks than investments in stocks of larger companies.
14. **Concentration of Investments.** The Funds will not be as diversified as many other investment funds. Losses in one or more large positions, or a downturn in an industry in which the Funds are concentrated, could materially adversely affect the Funds' performance and could have a materially adverse effect on the Funds' overall financial condition.
15. **Securities Lending and Borrowing.** The Funds may lend Securities to brokers, FCMs and other institutions to earn additional income, or borrow Securities from brokers, FCMs or other institutions to enable short sales. These loans typically are fully collateralized daily, but the value of the collateral may fall below the value of the loaned Securities or the Investment Adviser may misjudge the other party's creditworthiness. If the other party becomes insolvent or bankrupt, the Funds could incur losses if the collateral is insufficient or experience delays and incur costs in liquidating the collateral or recovering payment or the Securities. If, in the meantime, the value of the Securities changes, the Funds could incur further losses.
16. **General Market Conditions and Disruptions.** Developments and disruptions in financial and securities markets can significantly affect the prospects of companies in which the Funds invest.
17. **Volatility.** The Funds may hold positions for significant periods of time before their success or failure becomes apparent or any gains are realized. It may take longer for successful positions to realize their potential than for unsuccessful ones to reveal their weaknesses. Market prices of portfolio positions may fluctuate significantly, causing performance to be volatile over the short term.
18. **Trading Errors.** Trading inevitably entails the risk of errors in order placement and execution. Copernicus may engage in trading that is, at times, rapidly executed and may rely on computer code, software, hardware, and modes of transmission. These activities may increase the risk of trading errors. The Funds will bear the costs of trade errors, as long as the errors do not constitute gross negligence or willful misconduct.

The list of risk factors above is not a complete enumeration or explanation of the risks involved in an investment in a Fund. Investors and prospective Investors should refer to the relevant Governing Documents for a complete description of risks associated with a particular Fund.

9. Disciplinary Information

Neither Copernicus nor its employees have been involved in any legal or disciplinary events that would be material to an Investor's evaluation of Copernicus or its personnel.

10. Other Financial Industry Activities and Affiliations

Neither Copernicus nor its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker dealer.

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

Code of Ethics

Copernicus has adopted a Code of Ethics in compliance with Rule 204A-1(a) under the Investment Advisers Act of 1940 that establishes standards of conduct for Copernicus's supervised persons. The Code of Ethics includes general requirements that Copernicus's supervised persons must comply with fiduciary obligations to clients and with applicable securities laws, and specific requirements relating to personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and to report their personal securities transactions and holdings periodically to Copernicus's Chief Compliance Officer (CCO), and requires the CCO to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the CCO. Each supervised person of Copernicus receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of Copernicus's Code of Ethics by contacting Craig Skaling at cskaling@cocapllc.com.

Personal Trading

To avoid potential conflicts of interest, the Code generally prohibits supervised persons from trading in any securities held by client accounts and requires supervised persons to report personal securities holdings on an annual basis. In addition, Copernicus monitors all employees' securities transactions: employees must arrange for duplicate copies of their brokerage statements and trade confirmations to be sent to the CCO (or his or her designee). The Code includes procedures for and restrictions (including a restriction with regard to purchase and/or sale of securities in the healthcare sector) on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement that may be caused by client transactions or Copernicus's recommendations regarding securities. Among other things, these include requirements that employees make a written request for and receive clearance from Copernicus's CCO (or his or her designee) before they buy or sell any security (other than certain government

securities, bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments; and money markets and open-end mutual funds).

Participation or Interest in Client Transactions

If at any time Copernicus manages more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, Copernicus intends to select investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. Copernicus may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. Copernicus may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client. Copernicus is not obligated to acquire for any account any security that Copernicus or its officers or employees may acquire for its or their own accounts or for any other client, if in Copernicus's absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

12. Brokerage Practices

Copernicus has complete discretion in selecting the broker that it uses for Fund transactions and the commission rates that the Funds pay such brokers. In selecting a broker for any transaction or series of transactions, Copernicus may consider net price and a number of other factors, including, for example:

- clearance, settlement and reputation;
- confidentiality;
- financial strength, stability and credit worthiness;
- efficiency of execution, error resolution and correction in a prompt and efficient manner and the number of errors committed by the broker;
- the availability of stocks to borrow for short trades;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities;
- custody, recordkeeping and similar services;
- order of call;
- offering to Copernicus on-line access to computerized data regarding clients' accounts;
- computer trading systems;
- on-line pricing.

Copernicus may also purchase from a broker or allow a broker to pay for the following (each a "soft dollar" relationship):

- research reports, services and conferences, including third-party research fees;
- economic and market information;

- portfolio strategy advice;
- industry and company comments;
- technical data;
- periodical subscription fees;
- consultations;
- performance measurement data;
- on-line pricing;
- outsourced trading expertise and trading desk services;
- news wire and data processing charges;
- quotation, service charges and exchange trading data (such as, for example, access to Bloomberg market data and pricing data from securities exchanges);
- proxy research services;
- software relating to research;

Copernicus may receive soft dollar credits based on principal, as well as agency, securities transactions with brokers or direct a broker that executes transactions to share some of its commissions with a broker that provides soft dollar benefits to Copernicus.

Copernicus may select a broker to act as a “trading broker” for a client. In such cases, Copernicus or the trading broker may select the executing broker, and the trading broker would then place or manage the order. The trading broker is compensated (through commissions or otherwise) for this trading service in addition to the commissions paid to the executing brokers. As with all soft dollar arrangements, using a trading broker in this manner causes the client to pay brokerage commissions, mark-ups and other transactions fees that are higher than might otherwise be paid if brokers were selected solely based on lowest execution cost. In addition, using a trading broker (rather than an employee of Copernicus) to provide those services may allow Copernicus to reduce its own personnel expenses.

Soft Dollar

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law.

Copernicus may pay to a broker commissions and mark-ups that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker provides. Copernicus determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Copernicus’s overall fiduciary duty to its clients. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from Copernicus’s brokerage relationships benefit Copernicus’s operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other

benefits and accounts of clients that direct Copernicus to use a broker that does not provide Copernicus with soft dollar services. Copernicus does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

Copernicus's relationships with brokers that provide soft dollar services influence Copernicus's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. Copernicus has an incentive to select or recommend a broker based on Copernicus's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Copernicus uses soft dollars to pay expenses it would otherwise be required to pay itself.

Copernicus addresses these conflicts of interest by annually evaluating the trade execution services that it receives from the brokers that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers. Copernicus considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers, increasing or decreasing targets for each broker and the appropriate level of commission rates.

Aggregation of Orders

Copernicus may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts that Copernicus manages. In such event, Copernicus may charge or credit a client the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if Copernicus were not executing similar transactions concurrently for other accounts. Copernicus may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

13. Review of Accounts

The Funds' holdings are reviewed by the investment and research team, including the Portfolio Manager, on a continuous basis. In addition, the CCO reviews the Funds' holdings and transactions at least monthly to ensure compliance with investment objectives, guidelines, and restrictions (if any).

Copernicus delivers, or causes the Funds' service providers to deliver, the following reports to Investors: Capital statements monthly, investor letters quarterly, audited financial statements for the Funds annually, and tax information as soon as reasonably practicable following the close of each calendar year. Copernicus may agree with particular Investors to provide reports and access to financial or portfolio-related information that is more detailed than the reports and information provided to Investors generally, and/or to provide financial and portfolio-related information more rapidly and/or more frequently than it provides that information to Investors generally. If Copernicus does so, it will not be obligated to provide the same reports or access to information, or the same timing, to all Investors.

For a complete description of the books and records to be made available to or to be provided to Investors, Investors should refer to each Fund's Governing Documents.

14. Client Referrals and Other Compensation

Copernicus does not currently receive or pay compensation of the referral of clients or investors.

15. Custody

All Fund assets are held in custody by unaffiliated broker-dealers or banks, which are qualified custodians. However, Copernicus is deemed to have custody of the Funds' assets because it or an affiliate serves as the general partner of a Fund or because it has broad authority to obtain possession of a Fund's funds or securities. Accordingly, the Funds are subject to an annual audit and audited financial statements are distributed to each Investor. The audited financial statements for the Funds are prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end.

16. Investment Discretion

Copernicus has broad discretion to employ a wide variety of investment techniques, even if they involve changes in the investment approach initially anticipated. In all cases, investment discretion is to be exercised in a manner consistent with the stated investment objectives of the Funds.

Copernicus is also authorized to make the following decisions on a discretionary basis: (a) which securities or instruments to buy or sell; (b) the total amount of securities or instruments to buy or sell; (c) the executing broker, dealer, or bank for any transaction; and (d) the commission rates or commission equivalents charged for transactions.

Investment discretion is granted to Copernicus by the Funds' Governing Documents, including an investment management agreement between Copernicus and the master fund.

17. Voting Client Securities

Copernicus is ultimately responsible for ensuring that all proxies received with respect to the Funds are voted (when appropriate) in a timely manner and in a manner consistent with Copernicus's written policies and procedures. Copernicus seeks to ensure that all votes are consistent with the best interests of the Funds and are free from unwarranted and inappropriate influences.

Each proxy is reviewed on a case-by-case basis by the Chief Compliance Officer, and discussed with the Portfolio Manager. However, Copernicus believes that voting with an issuer's

management recommendations is generally in the best interest of the Funds. Accordingly, Copernicus will vote with an issuer's management unless, after review, the Portfolio Manager believes that another course of action - including abstention – is in the Fund's best interest. Investors may not instruct Copernicus how to vote with respect to any proxy received on behalf of a Fund. If a conflict of interest between Copernicus and the Funds with respect to voting their securities arises, the conflict of interest will be resolved by consulting with an independent third party or with outside counsel in order to arrive at a recommendation.

Copernicus has adopted policies and procedures that address generally the guidelines it expects to follow when voting proxies on behalf of the Funds. Investors may request a copy of Copernicus's full proxy voting policies and procedures, as well as information about how Copernicus voted the Stand Alone Fund or Master Fund's proxies, by contacting Copernicus at info@cocapllc.com. A copy of those policies and procedures and information about how Copernicus voted the Stand Alone Fund or Master Fund's proxies will be provided upon request to Investors, at Copernicus's sole discretion.

18. Financial Information

Copernicus has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Funds and has not been the subject of a bankruptcy proceeding.