

Part 2A of Form ADV - FIRM BROCHURE

Item 1 – Cover Page

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Parkman Healthcare Partners LLC (the “**Adviser**” or “**Parkman**”). If you have any questions about the contents of this Brochure, please contact us at (203) 516-3690. 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 the Adviser is also available on the SEC's website at www.adviserinfo.sec.gov.

Parkman is a registered investment adviser. Registration with the SEC as an investment adviser does not imply that Parkman or any of its employees possess a particular level of skill or training.

March 2020

Item 2 – Material Changes

Parkman is providing this Brochure as part of its annual updating amendment. Since its registration as an investment adviser became effective as of March 15, 2019, Parkman has not experienced any material changes. In the future, this section will discuss any material changes made to the document since the last annual update of this Brochure.

Parkman will ensure its Clients (as defined below) receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. The Adviser may further provide other ongoing disclosure information about material changes as necessary.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 - Advisory Business	4
Item 5 - Fees and Compensation	5
Item 6 - Performance Based Fees and Side-By-Side Management.....	9
Item 7 - Types of Clients.....	10
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9 - Disciplinary Information	27
Item 10 - Other Financial Industry Activities and Affiliations	28
Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading.....	29
Item 12 - Brokerage Practices	30
Item 13 - Review of Accounts	33
Item 14 - Client Referrals and Other Compensation	34
Item 15 - Custody	35
Item 16 - Investment Discretion	36
Item 17 - Voting Client Securities.....	37
Item 18 - Financial Information	38

Item 4 - Advisory Business

- A. Parkman was formed in November 2018 as a Delaware limited liability company and has its principal place of business in Stamford, Connecticut. The principals of Parkman are Greg Martinez, Logan Unland, and Jeremy Chase (each a “**Principal**” and collectively, the “**Principals**”), who have the overall responsibility for the day-to-day supervision and management of Parkman’s business. Parkman will act as an investment adviser to the following private pooled vehicles: (i) Parkman HP Master Fund LP, a Cayman Islands exempted limited partnership, Parkman HP Onshore Fund LP, a Delaware limited partnership, Parkman HP Offshore Fund Ltd., a Cayman Islands exempted company (collectively referred to herein as the “Fund”) for sophisticated, qualified investors (“Investors”); and (ii) two sub-advised accounts (the “Managed Accounts”, which, collectively with the Fund, are referred to as the “Clients”)).¹
- B. Parkman pursues its investment strategy through managing its Clients. Parkman has discretion with respect to investment decisions made for the Clients. The Adviser provides its services to the Clients as described in the Fund’s confidential offering memorandum and governing documents, and in accordance with an investment management agreement between Parkman and the Managed Accounts. Parkman’s investment strategy aims to protect and grow capital by taking long and short positions in a portfolio that consists primarily of a broad range of global equities, focusing on the healthcare sector. Parkman uses a fundamental bottom-up analysis to identify what it considers to be undervalued investments and to capture fundamental valuation disparities.
- C. While each of its Clients follow the general strategy mentioned above, the Adviser may tailor the specific advisory services with respect to the individual needs of such Clients pursuant to the agreed upon terms described in the applicable governing documents, including but not limited to an investment management agreement (referred to collectively as “**Offering Documents**”). Each advisory agreement was separately negotiated and designed to suit the needs of the respective Client and its respective investment guidelines. Such advisory agreements may impose restrictions on Parkman’s ability to invest in certain securities or types of securities. Additional portfolio restrictions may also include exposure limits, concentration limits, industry and sector limits, geographical limits and liquidity limits.
- D. The Adviser will not participate in wrap fee programs.
- E. As of December 31, 2019, the Adviser managed \$418,118,688 in regulatory assets under management on a discretionary basis. Parkman does not manage any advisory client assets on a non-discretionary basis.

¹ As a registered investment adviser, the Adviser owes a fiduciary duty to all of its clients. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006), with respect to private funds, clarified that the “client” of an investment adviser to a private fund is the fund itself and not an investor in the fund.

Item 5 - Fees and Compensation

The below describes how the Adviser is generally compensated in connection with providing advisory services to its Clients. However, the Adviser may enter into different fee arrangements on a Client by Client basis.

- A. Set forth below is a description of the fees and expenses to be paid by the Fund and Managed Accounts, respectively:

The Fund

The Fund will pay to the Investment Manager a management fee, calculated at an annual rate of (i) 1.25% of each Limited Partner's capital account (a "Capital Account") attributable to Founders' Interests and (ii) 1.75% of each Limited Partner's Capital Account attributable to Series A Interests (the "Management Fee").

The Management Fee will be paid quarterly in advance, based on the value of each Limited Partner's Capital Account as of the first day of each calendar quarter or on the date of a contribution if other than the beginning of a quarter. The Management Fee will be deducted in calculating net profit or net loss of the Fund for purposes of computing the Incentive Fee. To the extent the Management Fee is paid by the Master Fund, no management fee will be paid by the Fund. The Investment Manager, in its sole discretion, may change the level at which it receives the Management Fee. The Management Fee will be adjusted for contributions and withdrawals made during the quarter.

The Investment Manager, in its sole discretion, may waive or modify the Management Fee for Limited Partners that are members, principals, employees or affiliates of the Investment Manager or the General Partner, relatives of such persons, and for certain large or strategic investors.

As of the end of each fiscal year, the Investment Manager will be paid at the Master Fund level an amount equal to (i) 18% of each Limited Partner's share of net profits (including net unrealized gains on investments) attributable to Founders' Interests as of that fiscal year and (ii) 20% of each Limited Partner's share of net profits (including net unrealized gains on investments) attributable to Series A Interests as of that fiscal year (such payments, the "Incentive Fee"); in each case, the Incentive Fee will be subject to a loss carryforward provision.

When calculating the Incentive Fee and Management Fee, all items of income, loss, and expense incurred by the Fund will be taken into account. To the extent the Incentive Fee is paid at the Master Fund level, no Incentive Fee will be paid at the Fund level. The Investment Manager, in its sole discretion, may change the level at which it is paid the Incentive Fee. In the event that a Partner withdraws capital (in whole or in part) or retires at any time other than at the end of a fiscal year, the Incentive Fee will be paid with respect to such withdrawn capital as though it were being made at the end of a fiscal year.

The Investment Manager, in its sole discretion, may waive or modify the Incentive Fee for Limited Partners that are members, principals, employees or affiliates of the General Partner or the Investment Manager, relatives of such persons, and for certain large or strategic investors.

Managed Accounts

The Adviser is compensated by each Managed Account through a pre-negotiated monthly compensation. Additionally, the Managed Accounts pay to Parkman an annual performance fee, equal to a set percentage of net appreciation of the assets held by such accounts. Such fees are generally paid by the owners of the applicable accounts and not deducted from the assets of the Managed Accounts.

As stated above, the Fund pays a management fee, calculated based on the net asset value of the Fund's account, quarterly in advance, as compensation for the management services to be performed by the Adviser. Such fees are generally deducted by the Adviser from the Fund. The Adviser has the right to reduce, waive, assign, participate or otherwise share or modify the management fee chargeable with respect to any Investor (including any affiliate of the General Partner or the Adviser) without the consent of, or notice to, any other Investor.

- B. Fees are not automatically deducted from the Managed Accounts. Parkman bills the applicable Managed Account for fees incurred on a monthly basis. The Adviser is compensated pursuant to advisory agreements that were individually negotiated with each Managed Account.
- C. The Clients may incur brokerage and other transaction costs. Additionally, Clients may incur expenses relating to the organization, maintenance, and operation of the Client accounts including, but not limited to, registered agent fees, costs related to compliance, regulatory and AML matters, costs associated with gaining access to non-U.S. markets, all direct trading expenses, including but not limited to, execution and clearing commissions, transaction charges, ticket charges, fees and expenses incurred in the borrowing and lending of securities, custodian and trustee fees, bank service fees, transfer taxes, withholding taxes, administrative fees (including fees paid to the Client's administrator) accounting, tax preparation and audit fees, fees paid to third-parties retained by the Client related to the delivery of the trade file, and other fees and expenses related to the purchase, sale or other disposition of assets. Please see the disclosures in *Item 12* as it relates to Parkman's brokerage activities.

The Fund may incur normal and customary expenses relating to its operations, and such expenses are allocated among the Investors in the Fund pursuant to the terms of its Offering Documents.

The Fund will generally bear all expenses relating to its ongoing structure and operation (including direct expenses of the Fund), including: (i) the Management Fee and the Incentive Fee; (ii) all investment-related costs and expenses (i.e., expenses that, in the Investment

Manager's sole discretion, are related to the investment of the Fund's assets, whether or not such investments are consummated), including commissions and charges, interest on margin accounts and other indebtedness, expenses relating to short sales, clearing and settlement charges, option premiums and custodial and service fees, research-related expenses (including research-related travel expenses), expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments; (iii) fees and expenses related to portfolio exposure and performance management systems, risk management services and software related to trade reconciliation, treasury, margin, financial and counterparty management, risk monitoring, performance reporting, valuation quotation services (e.g., Bloomberg terminals, historical and live financial data and other similar services and data feeds) and trade order management systems (including systems that facilitate trade compliance, commission management, stock locates and transaction cost analysis, and third party service providers used for implementation, custom reporting, updates, consultations, support, maintenance, monitoring and data extracts); (iv) the Fund's legal, accounting, tax preparation and other tax-related expenses (including preparation and mailing costs of financial statements, tax returns and other reports to Limited Partners), auditing, consulting, and other professional expenses; (v) third-party administration costs, fees and expenses (including any costs, fees and expenses related to investor communications, relations, reporting or other investor materials, tax preparation and related reporting, performance information, data extraction and other types of reporting and any audit or accounting services provided by a third-party administrator); (vi) all fees and charges of custodians, clearing agencies and banks; (vii) compliance and reporting expenses and expenses attributable to regulatory filings that are made with respect to the Fund or assets of the Fund (including Section 13, Section 16, Form D, Form PF, FATCA, anti-money laundering compliance, state security filings, general regulatory compliance and non-U.S. position reporting filings, if applicable, and non-U.S. filings, if any); (viii) the Fund's pro rata share of Fund -related insurance costs (including the Fund's pro rata portion of director's and officer's insurance, errors and omissions insurance, fidelity insurance and other similar policies covering the General Partner, the Investment Manager, and members of the Governance Committee); (ix) independent Master Fund Governance Committee members' and advisory board members' (if any) fees and expenses; (x) any taxes (including but not limited to any withholding taxes, transfer taxes, stamp duties and other governmental or self-regulatory agency-related charges or duties); (xi) all costs and expenses incurred in attempting to protect and enhance the value of a Fund investment (including any fees and expenses associated with any pending or threatened litigation, audit, investigation, administrative or other proceeding, as well as any settlement costs); (xii) the Fund's pro rata portion of the Master Fund's expenses; (xiii) any fees and expenses related to the Fund's liquidation, if applicable; (xiv) fees paid to proxy and securities class action advisory firms; (xv) expenses relating to the offer and sale of Interests and withdrawals and transfers thereof; (xvi) other reasonable expenses related to the purchase, sale, preservation or transmittal of the Fund's assets and (xvii) any extraordinary expenses (e.g., indemnification expenses). The Fund does not have its own separate employees or offices, and it does not reimburse the Investment Manager for salaries or office rent. The Investment Manager is responsible for all of its overhead expenses and other similar expenses, except as provided for herein. See "Investment Manager Expenses" below.

The Fund will bear all costs and expenses relating to the organization of the Fund and to the offering of Interests (including government filing fees, stamp duties or other taxes, legal and accounting fees, printing and mailing expenses, and any other organizational costs, if any). To the extent that the General Partner or the Investment Manager advances organizational expenses that should be borne by the Fund and does not waive reimbursement of such expenses, the General Partner or the Investment Manager will be reimbursed by the Fund.

Organizational expenses may be amortized over a period of up to 60 months from the date the Fund commences operations.

The Investment Manager is responsible for its overhead expenses of an ordinary and recurring nature, such as rent, supplies, secretarial expenses, its direct compliance expenses, stationery, charges for furniture and fixtures, salaries and bonuses of its employees, employee insurance, employee benefits and payroll taxes.

- D. As stated above, management fees are deducted directly from the Fund's capital and paid quarterly in advance. The management fee is prorated for any period that is less than full quarter for capital contributions made by new or existing investors, and refunded on a prorated basis upon withdrawal or redemption from the Fund prior to quarter-end.

The Managed Accounts pay Parkman monthly compensation draws in arrears based on the relevant Managed Account's percentage of the Adviser's assets under management. Upon the termination of an advisory contract, a Managed Account shall pay a draw prorated through the end of the foregoing notice period.

- E. Other than as described above, neither Parkman nor any of its supervised persons receive any additional compensation from the sale of securities or other investment products.

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

As stated in *Item 5* above, Parkman and its affiliates may receive performance-based fees from its Clients. The specific structure and calculation of the performance-based fee are described in detail in the respective Offering Document. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to “qualified clients” (as such term is defined in Rule 205-3).

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all client accounts receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

Item 7 - Types of Clients

As mentioned in *Item 4*, Parkman provides investment advisory services to its Clients based on the investment objectives and strategies described in the Offering Documents.

Admission as a Limited Partner in the Fund is not open to the general public. The Fund is not intended as a complete investment program and is designed only for persons who are able to bear the economic risk of the loss of their entire investment in the Fund and who have a limited need for liquidity in their investments. Limited partnership interests will generally be sold only to qualified investors who are “accredited investors” under Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act.

The minimum initial investment in the Fund is \$1,000,000, subject to reduction in the sole discretion of the General Partner. In general, the Fund will accept capital contributions monthly. Capital contributions by Limited Partners will be made in cash or, in the General Partner’s sole discretion, in securities or partly in cash and partly in securities.

The General Partner may admit additional or substitute general partners (i) as of the beginning of any calendar quarter upon 60 calendar days’ prior written notice to all Limited Partners, (ii) at any time with the consent of the majority in interest of the Limited Partners, or (iii) at any time if such additional or substitute general partners are affiliates of the General Partner or its principals or an estate planning vehicle established for the benefit of a family member.

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

- A. The Adviser's principal investment strategy aims to protect and grow capital by taking long and short positions in a portfolio that consists primarily of a broad range of global equities, focusing on the healthcare sector. The Adviser uses a fundamental bottom-up analysis to identify what it considers to be undervalued investments and to capture fundamental valuation disparities. The Adviser will pursue its investment objectives across all market capitalizations, with a focus on small and mid-capitalization companies in the medical technology, pharmaceutical, biotechnology and healthcare services sub-sectors.

Investing in securities and other instruments involves risk of loss that clients and investors should be prepared to bear, including but not limited to, those described below. The management style offered by Parkman is not intended as a complete investment program, and may not be suitable for all investors. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. No guarantee or representation is made that the Adviser will achieve its investment objectives or that there will be any return of capital, and investment results may vary substantially on monthly, quarterly or annual basis.

Although the Adviser seeks to reduce the risks associated with the Clients' investments, prospective investors should consider carefully, among other factors, the risks described below. Such risk factors are not meant to be an exhaustive listing of all potential risks associated with investments in the Clients.

- B. The following is a brief summary of certain significant risks associated with the Adviser's investment strategies:

Nature of Investment. The Investment Manager has broad discretion in making investments for the Adviser (through its investment in the Master Fund). Investments will generally consist of investments in securities of publicly traded companies in the healthcare field across the globe, however, investments may also include options to manage individual stock risk and Adviser exposure that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's activities and the value of its investments. In addition, the value of the Adviser's portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Adviser's investment objective will be achieved.

Healthcare and Related Risks. Healthcare securities, especially those of smaller, research-orientated companies, can be more volatile than the overall market. The medical device and drug development companies (biotechnology and pharmaceutical) in which the Adviser may invest may allocate, or may have allocated, greater than usual amounts to research and

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. Only a limited number of healthcare companies have reached the point of approval of products by government regulatory bodies, such as the U.S. Federal Drug Administration and the subsequent commercial production and distribution of such products. Therefore, the success of investments in the healthcare sector generally, and the biotechnology industry in particular, is often based upon expectations about future products, research progress, and new product filings with regulatory authorities. In addition, a number of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profitmaking history, operate at a loss, have limited access to capital and/or be in the developmental stages of their businesses.

Further, many healthcare companies with proprietary platform technologies rely on patent protection and non-disclosure agreements to establish and protect their proprietary rights, which may be essential to the growth and profitability of the company. Patents have limited duration and, upon expiration, competitors may market substantially similar “generic” products which cost less to develop and may cause the original developer of a product or service to lose market share and/or reduce prices, resulting in lower profits for the original developer. In addition, there can be no assurance that a particular company will be able to protect these rights, or will have the financial resources to do so. Conversely, other companies may make infringement claims against a company in which the Adviser invests, which could have a material adverse effect on such company.

The healthcare sector is subject to extensive government regulation. The industry will be affected by government regulatory requirements, regulatory approval for new drugs and medical products, product liability concerns, and similar significant matters. Changes in governmental policies may have a material effect on the demand for or costs of certain healthcare products and services and securities prices of health care companies can fluctuate dramatically as a reaction to adverse legal judgments and the adverse publicity associated with accompanying threatened litigation. As these factors impact the industry, the value of the Adviser's interests may fluctuate significantly over relatively short periods of time.

Health care companies are frequently dependent upon private and governmental third-party sources of reimbursement for products and services provided to their customers. In addition to market and cost factors affecting the fee structures implemented by healthcare companies, numerous Medicare and Medicaid regulations, cost containment and utilization decisions of third-party payers and other payment factors over which the companies do not have control may affect the amount of payment that healthcare companies receive for their products and services. These third-party payers are increasingly challenging the prices charged for healthcare products and services and, in some cases, refusing payments for products and services they deem inappropriate.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

Lack of Diversification/Portfolio Concentration. It is anticipated that the Adviser's portfolio will be invested primarily in equities of companies in the healthcare field. Accordingly, the Adviser's portfolio may not be diversified among industries or types of securities. Further, the Adviser's portfolio may not be diversified among a wide range of issuers. Accordingly, the investment portfolio of the Adviser may be subject to more rapid change in value than would be the case if the Adviser were required to maintain a wide diversification among industries, investment areas, types of securities and issuers.

Short Sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Adviser's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase, which might prevent or limit the Adviser's ability to exit the short position.

There is also the risk that the securities borrowed by the Adviser in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Adviser may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The Adviser's inability to continue to borrow securities previously sold short may also force the Adviser to unwind other elements of an investment position, possibly at a loss.

From time to time, various regulatory authorities have imposed "short-selling bans" in selected securities (often, however, a wide population of securities), making it difficult if not impossible to continue to implement certain long/short (as well as other) equity strategies.

For example, the SEC adopted an "uptick rule" in 2010 and securities exchanges have also reinstated "uptick rules" — generally prohibiting short sales unless the last recorded sale price of a stock was higher than the previous transaction. Over time, rules similar to the "uptick rule" could materially increase the Adviser's transaction costs by requiring the Investment Manager to delay executing certain short sales (as well as to execute them at higher prices than would otherwise be the case), and in certain circumstances could prevent the Adviser from acquiring a short position which the Investment Manager would otherwise have acquired for it.

Use of Leverage. As noted in Section 4 above, the Adviser may utilize leverage. This results in the Adviser controlling substantially more assets than the Adviser has equity. Leverage increases the Adviser's returns if the Adviser earns a greater return on investments purchased with borrowed funds than the Adviser's cost of borrowing such funds. However, the use of

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

leverage exposes the Adviser to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Adviser not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Adviser's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Adviser's assets, the Adviser might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Investment Manager may find it difficult or impossible to obtain leverage for the Adviser. In such an event, the Adviser could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager being forced to unwind the Adviser's positions quickly and at prices below what the Investment Manager deems to be fair value for such positions.

Hedging Transactions. The Adviser may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, forward contracts for both risk management and general investment and speculation purposes. With respect to the Adviser's risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser than if it did not engage in any such hedging transactions. In addition, the Adviser may choose not to enter into hedging transactions with respect to some or all of its positions.

High Growth Industry Related Risks. The Adviser has investments in the securities of high growth companies (e.g., medical technology and biotechnology companies). These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

Portfolio Turnover. The investment strategy of the Adviser may require the Investment Manager to actively trade the Adviser's portfolio, and as a result, turnover and brokerage commission expenses of the Adviser may exceed those of other investment entities of comparable size.

Emerging Markets. Investing in emerging market debt or equity involves certain risks and special considerations not typically associated with investing in other more established

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

economies or securities markets. Such risks may include (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war; (c) dependence on exports and the corresponding importance of international trade; (d) price fluctuations, less liquidity and smaller capitalization of securities markets; (e) currency exchange rate fluctuations; (f) rates of inflation; (g) controls on foreign investment and limitations on repatriation of invested capital and on the Adviser's ability to exchange local currencies for U.S. dollars; (h) governmental involvement in and control over the economies; (i) that governments may decide not to continue to support economic reform programs generally and could impose centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (k) less extensive regulation of the securities markets; (l) longer settlement period for securities transactions; (m) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (n) certain considerations regarding the maintenance of Adviser portfolio securities and cash with non-U.S. sub-custodians and securities depositories.

Counterparty Risk. To the extent that the Adviser invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Adviser takes the risk of nonperformance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Currency Risks. The Adviser may have exposure to fluctuations in currency exchange rates. It may, in part, seek to offset the risks associated with this exposure or enter into foreign exchange transactions to increase its returns. These transactions involve a significant degree of risk and foreign exchange markets are volatile, specialized, and technical. Significant changes, including changes in liquidity and prices, can occur in these markets within very short periods of time. Changes in exchange rates over time are the result of many factors directly or indirectly affecting the economic and political conditions in the country or economic region associated with a specific currency. Exchange rates fluctuate for a number of reasons, including:

- existing and expected rates of inflation,
- existing and expected interest rate levels,
- the balance of payments between the relevant country and its major trading partners,

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

- political, civil or military unrest in the relevant country or economic region; and
- monetary, fiscal, and trade policies of the relevant country or economic region (including pegging, de-pegging, flooring or capping an exchange rate relative to another currency).

Governments use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the value of other currencies. However, governments do not always allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the trading value of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. The value of the Adviser could be affected by the actions of sovereign governments, which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. Additionally, market perceptions of the relative strength or cohesion of a specific political state or monetary union can dramatically affect the value of a currency. Fluctuations in exchange rates may negatively impact the value of an investment in the Adviser to the extent the Adviser has currency exposure in the form of a hedge, a non-U.S. dollar denominated instrument or as a standalone position.

Cyber Security Breaches and Identity Theft. The Investment Manager's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Investment Manager has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Investment Manager may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Manager's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Investment Manager's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Master-Feeder Fund Structure. The Partnership invests through a "master-feeder" structure. The Adviser contributes substantially all of its assets to the Master Fund. The master-feeder

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

fund structure, in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors. Smaller investment vehicles investing in the Master Fund may be materially affected by the actions of larger investment vehicles investing in the Master Fund. For example, if a larger investment vehicle withdraws from a Master Fund, the remaining funds may experience higher pro rata operating expenses, thereby producing lower returns. Similarly, the Master Fund may become less diverse due to a redemption by a larger investment vehicle, resulting in increased portfolio risk.

Brokerage and Custodial Risk. There are risks involved in dealing with the custodians or prime brokers who settle Adviser trades. The Adviser maintains a custody account with its prime brokers and primary custodians, J.P. Morgan Securities LLC and Jefferies LLC (the “Prime Brokers”). Although the General Partner will monitor the Prime Brokers and believes that they will be appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that the Adviser may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Adviser assets, the Adviser would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Adviser and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Adviser. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Adviser as a result of the bankruptcy or insolvency of any such sub-custodian. The Adviser may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Adviser. Under certain circumstances, including certain transactions where the Adviser’s assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Adviser’s assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Adviser and the Adviser could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Adviser to recover assets held by a sub-custodian in the event of the sub-custodian’s bankruptcy or insolvency could be in doubt, as the Adviser may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or timing problems associated with enforcing the Adviser’s rights to its assets in the case of a bankruptcy or insolvency of any such party.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

Lack of Liquidity of Partnership Investments. While the Investment Manager expects the majority of the Partnership's portfolio to be liquid, Partnership assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Limited Withdrawal and Transfer Rights. A Limited Partner generally will be permitted to withdraw all or any part of its Capital Account only in accordance with the terms described herein. Transfers of the limited partnership interests will be permitted only with the written consent of the General Partner. Accordingly, the limited partnership interests should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

Side Letters. The Adviser may enter into agreements ("Side Letters"), with certain prospective or existing Limited Partners whereby such Limited Partners may be subject to terms and conditions that are more advantageous than those set forth in this Memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Partnership, other investment vehicles or managed accounts; special withdrawal rights, relating to frequency or notice; a reduction or rebate in management fees or incentive fees to be paid by the Limited Partner and/or other terms; rights to receive reports from the Adviser on a more frequent basis or that include information not provided to other Limited Partners (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Adviser and such Limited Partners. The modifications are solely at the discretion of the Adviser and may, among other things, be based on the size of the Limited Partner's investment in the Adviser or affiliated investment entity, an agreement by a Limited Partner to maintain such investment in the Adviser for a significant period of time or other similar commitment by a Limited Partner to the Adviser, or may be granted to founding or strategic Limited Partners.

Less Liquid Securities. While the Adviser's portfolio is generally expected to be comprised of relatively liquid securities, the Adviser (through its investment in the Master Fund) may, at times, invest in less liquid securities, including certain illiquid privately offered securities. The Investment Manager may find it more difficult to readily dispose of these investments in the ordinary course of business. In addition, some of these investments may not have an established trading market. In the absence of an established trading market, the Adviser will, in accordance with its valuation policies then in effect, value such investments in good faith at each time the Adviser's net asset value ("Adviser Level NAV") is determined. Accordingly, the Adviser Level NAV may be based in part on the valuations placed on Master Fund assets by the Investment Manager (in consultation with the Governance Committee) without reference to an established trading market for such investments.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

Incentive Fee. The payment of a percentage of the Adviser's net profits to the Investment Manager from the Limited Partners may create an incentive for the Investment Manager to cause the Adviser to make investments that are riskier or more speculative than would be the case if this fee were not paid. Since the fee is calculated on a basis that includes unrealized appreciation of assets, such fee may be greater than if it were based solely on realized gains.

In addition, in the event that a Limited Partner makes a complete or partial withdrawal from its Capital Account, or is required to retire at any time other than at the end of a fiscal year, the Incentive Fee may be computed and charged to such Partner as though the date of such Limited Partner's withdrawal of capital or retirement was the last day of a fiscal year. This may result in the Limited Partner being charged an Incentive Fee during the year even though the Limited Partner does not have net profits based on the entire year's performance (i.e., due to losses that occur after the withdrawal).

Unrelated Business Taxable Income for Certain Tax-Exempt Investors. Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize "unrelated business taxable income" as a result of an investment in the Adviser since the Adviser may employ leverage. See Section 14, "Taxation." Any tax-exempt investor should consult its own tax adviser with respect to the effect of an investment in the Adviser on its own tax situation.

Accounting for Uncertainty in Income Taxes. The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("ASC 740") (formerly known as "FIN 48"), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. A prospective Limited Partner should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the value of the net assets of the Adviser, including reducing the value of the net assets of the Adviser to reflect reserves for income taxes that may be payable in respect of prior periods by the Adviser. This could adversely affect certain Limited Partners, depending upon the timing of their purchase and withdrawal of their Interests.

Limiting Operating History. Each of the General Partner, the Master Fund and the Adviser is a newly formed entity and has no operating history upon which investors can evaluate its likely performance. In addition, the Investment Manager is a recently formed entity. Accordingly, an investment in the Adviser entails a significant degree of risk.

Reliance on Mr. Martinez. The Adviser relies heavily on the services of Gregory Martinez. Mr. Martinez is solely responsible for the investment decisions made with respect to the Adviser. Should Mr. Martinez determine to discontinue managing the affairs of, or withdraw from, the Investment Manager or should Mr. Martinez die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Investment Manager, the

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

business and results of the operations of the Adviser may be adversely affected and a Limited Partner's withdrawal terms may be altered (as described in Section 11 - "Withdrawals; Retirement; Distributions – Special Withdrawal Rights").

Absence of Regulatory Oversight. While the Adviser may be considered similar to an investment company, it does not intend to register as such under the Investment Company Act of 1940, as amended (the "Investment Company Act") in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be afforded to the Adviser or the Limited Partners.

Business and Regulatory Risks of Hedge Funds. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Adviser and the ability of the Adviser to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Adviser could be substantial and adverse.

Non-Disclosure of Positions. In an effort to protect the confidentiality of its positions, the Adviser generally will not disclose its positions to Limited Partners on an ongoing basis except as detailed in the monthly position summaries and risk reports, although the General Partner, in its sole discretion, may permit such disclosure on a select basis to certain Limited Partners.

Potential Conflicts of Interest. Each of the General Partner and the Investment Manager will use its best efforts in connection with the purposes and objectives of the Adviser and will devote so much of its time and effort to the affairs of the Adviser as may, in its judgment, be necessary to accomplish the purposes of the Adviser. Under the terms of the Adviser Agreement, the General Partner, the Investment Manager, each of their respective directors, members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the "Affiliated Parties") may conduct any other business, including any business within or outside the securities industry, whether or not such business is in competition with the Adviser.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

The Investment Manager and the General Partner also serves as investment manager and general partner, respectively, to the Master Fund. The Investment Manager also serves as investment manager to the Offshore Fund. It should also be noted that the members of the Governance Committee sit on several boards of directors and oversee several different corporate entities, and as a result they may face conflicts for their time and attention. Without limiting the generality of the foregoing, the Affiliated Parties may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. In this regard, it should be noted that the Investment Manager currently manages a separate account that pursues the same investment strategy as that of the Adviser. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the Adviser. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which the Adviser invests as well as interests in investments in which the Adviser does not invest. The Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Adviser. To the extent a particular investment is suitable for both the Adviser and other clients of the Affiliated Parties, such investments will be allocated between the Adviser and the other clients pro rata based on assets under management or in some other manner that the Affiliated Parties determine is fair and equitable under the circumstances to all clients, including the Adviser. As noted above, certain other clients or accounts may have investment objectives or implement investment strategies similar to the Adviser and such other clients or accounts may therefore have substantially similar portfolios to that of the Adviser and any withdrawal/redemption by an investor of such other client or account may be permitted on terms that are preferential to the terms under which Limited Partners are permitted to withdraw from the Adviser; therefore such withdrawals/redemptions may adversely affect the Adviser.

- C. The following is a brief summary of the risks involved with particular securities recommendations:

Equity-Related Instruments in General. The Adviser will generally invest in securities of publicly traded companies in the healthcare field across the globe. Equity securities represent ownership interests in their respective issuers and generally carry the most risk associated with a specific issuer's capital structure.

The price of equity securities and their related financial instruments vary for a variety of reasons, including but not limited to supply and demand of the equity securities, the actual or perceived business opportunities associated with the issuer, the current and potential future cash flow of the issuer, the issuer's management, their ability to execute on a specific business plan, the general economic environment, and the outlook for the overall economy. To the extent the Adviser owns an equity security or otherwise has exposure to an equity

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

security or an equity-related financial instrument, this investment carries the risks associated with owning equities and may also carry risks associated with the form of financial instrument (e.g., options, derivative or securities-based futures contract). Any investment in equities or equity-related instruments entails a significant risk of loss.

Equity Securities. The Clients may invest in equity and equity-related securities, including, without limitation, equity investments acquired in connection with restructured debt securities or instruments, or in connection with reorganizations and/or restructurings of debt securities, equity securities or other obligations and assets of undervalued, operationally challenged and/or financially troubled companies or institutions. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.

Options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Additionally, the premium paid for an option is based, in part, on the time to expiration, and with the passage of time, the premium associated with an option declines, assuming all other factors being equal. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Non-U.S. Securities. The Adviser may invest outside the United States. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options and swaps on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associate with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Exchange Traded Funds and Other Similar Instruments. Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including risks that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Clients investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. Parkman considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

Securities of Sub-Investment Grade Companies. Special risks may arise if the Clients invest in the securities of sub-investment grade and highly leveraged companies. Although such investments may result in significant returns to the Clients, they involve a substantial degree of risk. If the “natural leverage” created by a company’s high level of borrowing should work against a Clients short position, the Clients’ losses would be heightened. Although the Clients may not do so frequently, should the Clients purchase distressed and/or non-performing debt securities, and subsequent to purchasing them find that they are no longer readily traded by broker-dealers, these securities may not show any return for a considerable period of time. Many distressed and/or non-performing securities ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, if they are no longer readily traded by broker-dealers, such securities may have to be held for an extended period of time. There is no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Clients invests, the Clients, may lose its entire investment. Under such circumstances, the returns generated from the Clients’ investments may not compensate the Investors adequately for the risks assumed.

Restricted and Illiquid Investments; Unregulated Transactions. The Clients may invest in securities, debt and other assets, that are subject to legal or other restrictions on transfer or for which no liquid market exists. Such investments are subject to the restrictions contained herein. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable and the Clients may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Clients may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Companies whose securities are not publicly traded are not subject to the same disclosure and reporting requirements that are generally applicable to companies with publicly traded securities, nor is the trading of such non-publicly traded securities regulated by any governmental agency. Accordingly, the protections accorded by such regulation will not be available in making such investments. In addition, in certain circumstances, governmental or regulatory

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

approvals may be required for the Clients to dispose of an investment. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in the Clients is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

Derivative Instruments. To the extent that the Adviser invests in swaps, derivative or synthetic instruments, or enters into repurchase agreements or other over-the-counter transactions, the Adviser may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, more frequent mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Adviser, and hence the Adviser should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Total Rate of Return Swaps. Under a total rate of return swap, the Adviser may be obligated to make certain periodic payments in exchange for the total rate of return on a referenced asset, such as an eligible loan or bond, and such return will include interest and the gain or loss on such asset over the term of the swap. Swap facilities often require covenants or qualifications related to referenced assets, including, but not limited to, covenants or qualifications regarding ratings and liquidity of a referenced asset or the diversification of a portfolio as a whole. The Adviser may be required to maintain collateral with the total rate of return swap counterparty. If the Adviser fails to fulfill its payment obligations or fails to post any required collateral under a total rate of return swap or if the Adviser has a substantial decline in net asset value, the counterparty may declare an event of default and, as a result, the Adviser may be required to pay swap breakage fees, suffer the loss of the amounts paid to the counterparty and forego the receipt from the counterparty of further total return swap payments.

Commodity and Futures Contracts. The Adviser may also invest in commodity or futures contracts. Trading in commodity and futures contracts and options thereon are highly specialized activities which while they may increase the total return in the Adviser's investments, may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Investment Manager could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. For example, there are no requirements with respect to record-keeping, financial responsibility or segregation of customer funds or positions.

In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or counterparty being contracted with to fulfill its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the Clients have a forward contract. Although the Adviser seeks to trade with reliable counterparties, failure by a counterparty to fulfill its contractual obligation could expose the Clients to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with unusually wide spreads between the prices at which they were prepared to buy and those at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to a lower volume than that which the Adviser would otherwise recommend, to the possible detriment of the Clients. Market illiquidity or disruption could result in significant losses to the Clients.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED ASSOCIATED WITH PARKMAN'S INVESTMENT ANALYSIS AND INVESTMENT STRATEGIES. SUBSTANTIAL ADDITIONAL RISKS MAY BE

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

PRESENT. PROSPECTIVE INVESTORS SHOULD READ THE OFFERING DOCUMENTS AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the Adviser or the integrity of Adviser's management.

There are no legal or disciplinary events that are material to a Client's or prospective client's evaluation of Parkman's advisory business or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. The Fund is an affiliate of the Adviser. Additionally, the Fund's general partner, Parkman HP Fund GP LLC, is an affiliate of the Adviser. Since the general partner is entitled to receive a share of the Performance Allocation from the Fund, this may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect. However, as noted in *Item 11*, the Adviser has a written Code of Ethics that contains policies and procedures to address conflicts of interest. Under such policies and procedures, the Adviser is required to make investment decisions for its Clients in a manner that is consistent with its fiduciary duties to its Clients.
- D. The Adviser does not recommend or select other investment advisers for its Clients nor does it have any business relationship with other advisers that might create a material conflict of interest.

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

- A. The Adviser has adopted a written Code of Ethics (the “**Code**”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that Adviser employees execute personal securities trading in a manner that mitigates actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser requires pre-clearance of purchases of an IPO or a new private placement; pre-clearance of certain personal securities transactions; periodic reporting of employees' personal securities transactions and holdings; and prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures to reduce the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Neither the Adviser nor any of its related persons recommend to its Clients securities in which the Adviser or any related persons have a material financial interest.
- C. The Adviser or related persons may not invest in securities that it recommends to Clients. The Adviser has implemented personal trading policies within the Code that prevents personal trading in healthcare sector security investments; requires pre-clearance of personal trades in certain circumstances; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.
- D. As defined in the Code, the Adviser or related persons may not invest in healthcare sector security investments recommended to Clients, or investments made for Clients, in their own personal account.

Item 12 - Brokerage Practices

- A. The Adviser has complete discretion to determine, subject to each Client's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries will use in effecting the transactions for Clients, and the commission rates to be paid for such transactions.

Brokerage

The Adviser selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of its Clients. The Adviser seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause the Clients to enter into arrangements pursuant to which the Clients pay transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by the Clients may be cleared through, and the Clients' investment instruments may be held by, a number of financial institutions the Adviser will select on terms negotiated with each such financial institution individually. Subject to the Adviser's Offering Documents, the Adviser may use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm.

Brokerage for Client Referrals

In selecting or recommending broker-dealer for client accounts, the Adviser nor its related person has considered the receipt of client referrals when selecting broker-dealers to execute transactions.

Directed Brokerage

The Managed Accounts have designated firms to serve as both the custodian and prime broker for its assets. The Managed Accounts, however, will not routinely recommend, request or require the Adviser to execute transactions through a specified broker-dealer. The executing brokers retained by Parkman will be selected by the Adviser at its sole discretion.

Soft Dollars

The Adviser does not intend to, but may receive from a Client's broker-dealers, products and services in addition to brokerage services.

A portion of the commissions generated on the Client's brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to use to pay for research and other non-research related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and

Item 12 - Brokerage Practices (continued)

services from the broker-dealer. The Adviser will use the research and services in making investment decisions for the applicable Client. The Adviser may also enter into “soft dollar” arrangements to cover Client expenses or costs and expenses of the Adviser to the extent such arrangements are permitted by law.

The Adviser has authority to use “soft dollar” credits generated by the Clients’ securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser an incentive to select brokers or dealers for Client transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Adviser rather than giving exclusive consideration to the interests of the Client. In the event that the Adviser elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Adviser may create a conflict of interest between the Adviser and its Clients, because a Client will pay for such products and services that may not be exclusively for the benefit of the Client and that may be primarily or exclusively for the benefit of the Adviser. To the extent that the Adviser is able to acquire these products and services without expending its own resources, the Adviser’s use of “soft-dollars” would tend to increase the Adviser’s profitability. In addition, the availability of these non-monetary benefits may influence the Adviser to select one broker rather than another to perform services for its Clients. The Offering Documents of the Managed Accounts specifically authorize these practices to the fullest extent permitted by law.

- B. In managing Clients’ portfolios, the Adviser generally will aggregate trades, because it believes that doing so is consistent with its duty to seek best execution and to negotiate more favorable commission rates or other transaction costs than might be paid if orders are placed independently. When Advisory Client trades in the same security or other instrument cannot be aggregated into a single order, the Adviser’s Chief Investment Officer or traders will direct the trades to the market in a way that seeks to best achieve equivalent treatment.

Trade Allocations

Item 12 - Brokerage Practices (continued)

Trade allocation decisions are made in a manner that is both fair and equitable to all of its Advisory Clients in accordance with the investment objectives of the Advisor's Clients. The Adviser will take steps to ensure that no Client will be systematically disadvantaged by the aggregation, placement or allocation of trades. The Adviser will allocate investments among the accounts of its Clients in a manner which it believes to be fair and equitable. The Adviser will not allocate investment opportunities based on anticipated compensation or profits to the Adviser, any affiliates or its professionals. In addition, no allocations will be made to a personal account of any employee of the Adviser. To ensure fairness in the allocation of investment opportunities amongst Clients, the Adviser will allocate investment opportunities with regard to the suitability of such investments to each Client. In determining the suitability of each investment opportunity for a Client, consideration will be given to a number of factors, the most important being the Advisory Client's investment objectives, strategies, guidelines, existing portfolio composition and cash levels, as well as legal, tax, and regulatory suitability. For investments that are suitable for more than one of the Adviser's Clients, the Adviser will allocate trades pursuant to a standard allocation methodology set forth in the Adviser's trade allocation policy. The Adviser may, however, determine not to allocate investments that may be suitable for multiple Clients in accordance with a standard allocation method for a variety of reasons that are set forth in the trade allocation policy adopted by the Adviser.

Trade Error Policy

The Adviser may from time to time make trade errors. Trade errors are not errors in judgment, strategy, market analysis, economic outlook, etc., but rather errors in implementing specific trades which the Adviser had determined (rightly or wrongly) to make. Trade errors include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume of transactions executed by the Adviser on behalf of Clients, Clients should assume that trading errors will occur.

Clients (and not the Adviser or any of its affiliates or personnel) will retain all gains resulting from trade errors. In accordance with the exculpation and indemnification provisions contained in the agreements between the Adviser and its Clients (and the investors therein), as a general matter, all losses resulting from trade errors (that are not reimbursed by third parties, such as executing brokers) shall be borne by the affected Client, and not the Adviser, unless (i) such trade error was caused by the Adviser or its personnel acting with willful misconduct, recklessness or gross negligence or (ii) reimbursement by the Adviser to the affected Client is otherwise required by applicable law. In order to address the risk presented by trade errors, the Adviser has adopted written policies and procedures to ensure the internal reporting and correction of trade errors.

Item 13 - Review of Accounts

- A. The Adviser is responsible for reviewing Client investment portfolios. The Principal of the Adviser is responsible for reviewing Client investment portfolios on a continuous basis relating to, among other factors, position sizes; security positions; exposure levels; margin requirements and investment opportunities.
- B. See *Item 13.A.* above.
- C. The Adviser provides written periodic financial reports, such as audited annual financial statements to the Investors in the Fund. Parkman or the custodian of the Managed Accounts will provide a written account statement or report to the Managed Accounts on a periodic basis, depending on the terms negotiated between the Managed Accounts and Parkman. The reports include the performance of the account along with other information as agreed by Parkman and the Managed Accounts.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to its Clients.
- B. The Adviser currently does not use a placement agent. In the event the Adviser chooses to engage a placement agent in the future, all such solicitation arrangements will be in compliance with Rule 206(4)-3 under the Advisers Act.

Item 15 - Custody

The Adviser is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of the Fund by virtue of the common control of the Adviser and the general partner of the Fund. All assets and securities of the Fund are held by qualified custodians. As noted in *Item 13* above, Fund Investors receive annual financial statements audited by an independent public accounting firm. Fund investors are urged to carefully review these statements.

Parkman is not deemed to have custody of the assets held in the Managed Accounts. The Managed Accounts do not surrender ownership of any cash or securities comprising the assets in its accounts. Parkman may not remove any cash or securities from a Managed Account and the assets subject to supervision will be maintained in street name in the respective Managed Account's custody with the custodian and/or broker-dealer selected by the Managed Accounts and set forth in each respective investment management agreement. Managed Accounts should carefully review account statements received from the broker-dealer, bank or other qualified custodian. Parkman periodically evaluates its status under the custody rule to determine any change.

Item 16 - Investment Discretion

Parkman exercises full discretionary authority in managing the investments made by the Fund, based on the Fund's investment objectives, policies, and strategies disclosed in its Offering Documents. Parkman contractually assumes discretionary authority over the assets of the Fund under an investment management agreement entered among Parkman, the Fund, and its general partner.

The Managed Accounts appoint the Adviser as agent and attorney-in-fact, with full power and authority in the Adviser's sole and absolute discretion to purchase, sell (including short sale), tender, exchange, convert or exercise and otherwise acquire or dispose of and trade and deal in or with the investments for the Managed Accounts in such manner as the Adviser considers appropriate, consistent with its strategies and the limits fully described in its investment management agreement.

Item 17 - Voting Client Securities

- A. As a general practice, the Adviser does not anticipate voting securities on behalf of its Clients, however, it retains the right to vote such proxies on behalf of its Clients at its sole discretion. If a situation arises where the Adviser needs to exercise proxy voting, it will comply with its written policies and procedures governing the voting of client securities to ensure such proxies are voted in the best interests of its Clients.

If a material conflict is identified, the Principal, or such other designee (in consultation with outside compliance consultants and/or legal counsel) will determine what course of action is in the best interests of the affected Clients (which may include utilizing an independent third party to vote such proxies). Further, Parkman will determine whether it is appropriate to disclose the conflict to affected Clients and give such Clients (and investors, if applicable) the opportunity to vote the proxies in question themselves.

In the event the Adviser participates in proxy voting, the Adviser will keep record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and Parkman's response for the previous five years. Investors do not have the ability to direct proxy votes.

Advisory Clients may obtain additional information regarding how Parkman voted proxies and may obtain a copy of Parkman's proxy voting policies and procedures by contacting melgort@parkmanhp.com.

- B. As discussed above, Parkman has the authority to vote Client securities, but as a general practice, does not participate in such voting.

Item 18 - Financial Information

- A. Parkman does not require or solicit prepayment of more than \$1200, six months or more in advance.
- B. Parkman does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.
- C. Parkman has not been the subject of a bankruptcy petition at any time during the past ten years.