

Soleus Capital Management, L.P.

Part 2A of Form ADV

Firm Brochure

May 19, 2020

104 Field Point Road
Second Floor
Greenwich, CT 06830
Telephone: 475-208-3178
Website: www.soleuscapital.com

This Part 2A of Form ADV (this “Brochure”) provides information about the qualifications and business practices of Soleus Capital Management, L.P. (hereinafter “Soleus Capital,” the “Adviser” or “us”). If you have any questions about the contents of this Brochure, please contact us at 475-208-3178 or steven@soleuscapital.com. The information in this Brochure has not been approved nor verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

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

Item 2 - Material Changes

This Brochure, dated May 19, 2020, provides you with a summary of the advisory business of Soleus Capital Management, L.P.

Because this Brochure is being filed as part of Soleus Capital's application for registration with the SEC, there are no material changes to be disclosed at this time. Going forward, this Brochure will be updated at least annually, or more frequently, as required.

Soleus Capital will send clients either an updated Brochure or a summary of any material changes to this and subsequent Brochures on at least an annual basis. Clients are encouraged to read the Brochure in detail and contact Soleus with any questions. The latest version of the Brochure can be accessed via the SEC Website at www.adviserinfo.sec.gov, by requesting a copy by contacting steven@soleuscapital.com or by calling Soleus Capital at 475-208-3178.

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Item 4 - Advisory Business

Soleus Capital is an investment adviser with its principal place of business located in Greenwich, CT. Soleus Capital was formed in 2017 and began operations in 2018. The Adviser is privately held by its general partner, Soleus GP, LLC, which is controlled by Guy B. Levy.

Soleus Capital provides investment advisory services to privately offered pooled investment funds (“Funds”) and may, in the future, provide advisory services to managed accounts (collectively with the Funds, the “Clients”). Soleus Capital manages each Client’s assets on a fully discretionary basis in accordance with the investment objectives outlined in the relevant Offering Documents (defined below) and/or investment management agreement for each Client. Soleus Capital manages each Client’s portfolio in accordance with a fundamentals-driven strategy. Soleus Capital’s primary investment strategy seeks superior risk-adjusted returns over time by investing in the healthcare sector (including biotechnology, medical technology, life science tools, healthcare services and other related subsectors). Soleus Capital’s Funds include:

- a hedge fund master-feeder structure with a long/short equity strategy that primarily invests in equity securities of U.S. and non-U.S. publicly-traded healthcare companies,
- a private equity fund and special purpose vehicle whose strategy primarily includes (a) middle-to-late stage investments, in anticipation of a potential near-term initial public offering, referred to as “cross-over” investments, (b) private investments in public equities, and (c) other investible, illiquid securities, including convertible equity and debt securities, and
- a special-opportunities hedge fund designed to invest all or substantially all of its assets in one publicly traded healthcare company, but retains the ability to make additional investments.

With respect to the Funds, Soleus Capital manages each Fund in accordance with the relevant limited partnership agreement, investment management agreement, offering memorandum or other applicable Fund documentation (collectively, “Offering Documents”), where applicable.

Any Fund restrictions on investments are set forth in each respective Fund’s Offering Documents. Soleus Capital does not tailor its investment advice to the individual investors in each Fund that it manages. As such, investors cannot impose restrictions on the types of investments made through the Funds. Subject to applicable law and each Fund’s Offering Documents, the general partner of a Fund may enter into side letter arrangements with certain investors that have the effect of altering or supplementing the terms of such investors’ investments in a Fund, including waivers or reductions of fees, access to portfolio information, rights to make withdrawals, and circumstances under which withdrawals are required.

Soleus Capital does not participate in any wrap fee programs.

As of March 31, 2020, Soleus Capital managed approximately \$292,169,670 of Client assets on a discretionary basis. Soleus does not manage any Client assets on a non-discretionary basis.

Item 5 - Fees and Compensation

A. Fees

Soleus Capital generally receives a management fee (“Management Fee”) and performance-based compensation (“Performance Allocation”) from each Fund (together, “Fees”). Management Fees and the Performance Allocation relating to each Fund are set forth in its respective Offering Documents. Management Fees for the Funds vary up to 1.75% of the value of a hedge fund’s capital account, or of the cost basis of a private equity fund’s investments plus its unfunded capital commitments. The Performance Allocation varies by the terms of each Fund’s Offering Documents and may be up to 30%. Soleus Capital reserves the right to negotiate, waive, reduce, rebate, or calculate differently, its Fees with respect to any Client and any Fund investor. To the extent Soleus offers advisory services to managed accounts in the future, it will do so pursuant to negotiated fees with each Client, as documented in the Client’s investment management agreement.

B. Billing

Soleus Capital generally deducts Management Fees directly from a Fund’s account held at a qualified custodian in advance, on, or promptly after the first day of each quarter and, where applicable, will realize a Performance Allocation as set forth in the Fund’s Offering Documents. Management Fees paid in advance shall be refunded if an investor redeems its interest prior to the end of the quarter in which the Management Fee was paid. Such refund shall be computed on a pro-rata basis for such partial period.

C. Additional Expenses

Clients generally bear transaction fees and certain other expenses, including, but not limited to, custodial expenses, service provider costs, litigation costs, operational costs, communications expenses, regulatory costs and expenses (including those relating to regulatory and compliance filings), research and due diligence costs and expenses (including investment-related travel expenses), taxes and other related costs and expenses that are incurred by the Client.

Transaction fees generally include brokerage commissions, mark-ups, mark-downs and other commission equivalents as well as spreads and/or transaction costs related to transactions effected for a Client by executing broker-dealers. As described in Item 12, Brokerage Practices, Soleus Capital chooses broker-dealers to effect these transactions subject to its obligation to seek best execution. For a more detailed discussion of brokerage expenses, please see Item 12 – Brokerage Practices.

The Funds also bear organizational expenses, including expenses related to negotiating Fund documentation, filing fees and other accounting and legal fees related to organization of the Funds (collectively, “Organizational Expenses”). Such charges, fees and commissions are in addition to Soleus Capital’s Management Fees and Performance Allocation (if applicable).

For a more complete discussion regarding fees and expenses applicable to a particular Fund, please refer to the appropriate Offering Documents.

Neither Soleus Capital nor any of its supervised persons does or will accept compensation for the sale of securities or other investment products.

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

Soleus Capital manages Clients that pay different levels of performance-based compensation, but that utilize the same or similar investment strategies and, at times, invest in the same or similar assets. Performance-based compensation includes carried interest, override, incentive allocation and other similar forms of performance-based compensation.

Clients that pay performance-based compensation reward Soleus Capital for achieving positive investment performance for those Clients. The higher a performance-based compensation arrangement is for a certain Client, the greater the incentive for portfolio managers to make investments that present a greater potential for return but also a greater risk of loss, or that are more speculative than would exist if only asset-based fees were applied.

Soleus Capital is involved with the valuation of securities held by certain Clients, which, in turn, determines the calculation of the Management Fee and the performance-based compensation it receives from such Clients. This creates an incentive for Soleus Capital to increase the value of such Clients' assets during the valuation process. Soleus Capital addresses this conflict of interest by using readily available market quotations and other commonly used and recognized valuation methods in making valuation determinations in consultation with its third-party administrator.

The simultaneous management of multiple Clients that pay different levels of performance-based compensation creates a conflict of interest as the Adviser has an incentive to favor Clients with the potential to receive greater fees. For instance, the Adviser will be faced with a conflict of interest when allocating scarce investment opportunities, given the possibly greater fees from Clients that pay higher performance-based compensation. To address these types of conflicts, Soleus Capital has adopted policies and procedures under which allocation decisions may not be influenced by fee arrangements and investment opportunities will be allocated in a manner that Soleus Capital believes is consistent with its obligations as an investment adviser.

For example, in allocating investments, Soleus Capital will not favor higher fee-paying Clients over others. Soleus Capital will also continuously monitor whether certain Clients receive, on a consistent basis, better prices or more favorable timing of transactions as compared with other Clients and will maintain documentation where pricing of trades significantly varies among Clients.

For additional information about these situations, please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Item 7 - Types of Clients

Soleus Capital provides investment advisory services to privately offered pooled investment funds and in the future may also advise managed account Clients. Investors may include institutional investors and other sophisticated investors. Please note that the investors in Funds are not Clients of Soleus Capital by virtue of their investment in a Fund. Each Fund's Offering Documents impose a minimum contribution for investment, which varies from Fund to Fund, and

is subject to Soleus Capital's sole discretion to accept contributions in lesser amounts. Soleus Capital may waive the minimum investment or contribution with respect to any Client in its sole discretion.

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

A. Methods of Analysis and Investment Strategies

Soleus Capital manages each Client's assets in accordance with a fundamentals-driven strategy. Soleus Capital's primary investment strategy seeks superior risk-adjusted returns over time by investing in the healthcare sector. As noted above, Soleus Capital currently manages the following Funds:

- a hedge fund master-feeder structure with a long/short equity strategy that primarily invests in equity securities of U.S. and non-U.S. publicly-traded healthcare companies,
- a private equity fund and special purpose vehicle whose strategy primarily includes (a) middle-to-late stage investments, in anticipation of a potential near-term initial public offering, referred to as "cross-over" investments, (b) private investments in public equities, and (c) other investible, illiquid securities, including convertible equity and debt securities, and
- a special-opportunities hedge fund designed to invest all or substantially all of its assets in one publicly traded healthcare company, but retains the ability to make additional investments.

There can be no assurance that these investment objectives will be achieved and investment results may vary substantially.

In order to seek superior risk-adjusted returns, Soleus Capital selects securities principally based on a fundamental approach to securities analysis. Soleus Capital generally identifies investment opportunities through review of scientific literature, field research, understanding of potential market opportunities, new product cycles, disruptive technologies, evolving sector themes, quantitative screens and discussions with brokerage firms. Other sources of idea generation include changes in a business's circumstances (such as shareholder structure or management changes) or corporate form (such as mergers) as well as stock screens to identify companies which are either over-earning or under-earning or have a significant discrepancy between cash flow and United States generally accepted accounting principles ("GAAP") earnings. Ongoing due diligence of portfolio investments includes rigorous analysis of issuers' valuations and the competitive landscape. Soleus Capital believes that such intensive fundamental research will generate a sustainable competitive advantage.

Soleus Capital's activities for each Fund are further described in each Fund's Offering Documents. Such documents also detail the various investment restrictions on types of investments in a Fund.

B. Material Risk Factors

Investing in securities involves risk of loss that Clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a Client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken in managing Client assets are subject to various market, liquidity, currency, economic, political and other risks, and investments may lose value.

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to Soleus Capital or a particular security or investment. Rather, it is a general description of the nature and risks of the advisory services provided by Soleus Capital and the related investments. This summary is qualified in its entirety by reference to the Offering Documents that apply to each of the Funds managed by Soleus Capital. Investors should carefully read such documentation before making an investment.

No Assurance of Investment Returns

There is no assurance that any investment will be able to generate returns for Clients or that the returns will be commensurate with the risks of investing with Soleus Capital. There can be no assurance that any Client's investment objective will be achieved or that there will be any return of capital. There can be no assurance that projected or targeted returns for any Client will be achieved.

Healthcare Industry Risks

Soleus Capital invests a significant portion of Client assets in securities of issuers in the healthcare industry. Investing in securities and other instruments of healthcare companies involves substantial risks. Such risks include, but are not limited to, the following: (a) changes in government policies, including policies regarding reimbursement of medical expenses; (b) certain companies in which Soleus Capital will invest may have limited or no operating histories, or may have limited products, markets and financial resources; (c) rapidly changing technologies may cause products to quickly become obsolete; (d) unanticipated problems often arise in connection with the development of new products, and many such efforts are ultimately unsuccessful; (e) scarcity of management and marketing personnel with appropriate technological or medical training may slow or impede companies' growth; (f) the possibility of lawsuits related to technological and medical patents could cause delays and expense in product development and implementation; (g) regulatory changes and/or government actions may prevent a company from marketing its products; (h) investors' changing sentiments and preferences with regard to investments in healthcare companies (which may be perceived as risky) may have an adverse effect on the price of underlying securities; (i) volatility in the U.S. stock markets affecting the prices of securities of healthcare companies may cause Soleus Capital's Client's investments to experience substantial volatility; and (j) certain healthcare companies may be subject to extensive government regulation and affected by government reimbursement policy changes. In addition, many healthcare companies may have substantial and ongoing capital needs for research and development, clinical trials and marketing and may have difficulty obtaining such funding under various market conditions or even under normal market conditions or such capital may be obtained on terms that are not favorable to existing equity holders. Also, obtaining government

approval for new products from governmental agencies can be lengthy, expensive and uncertain, and withdrawal or curtailment of government support could have an adverse impact on the profitability or market price of healthcare companies. Furthermore, delays in generating products (as well as more general ongoing capital requirements) may result in the need for companies to seek additional capital, potentially diluting the interest of existing investors, such as Soleus Capital's Funds and managed accounts.

Reliance on Key Personnel

Soleus Capital is given broad discretion and flexibility to select and manage the investments of its Clients. The success of these Clients is dependent in large part upon the expertise of Soleus Capital and Guy B. Levy. Furthermore, while Guy B. Levy has significant incentives to continue his activities on behalf of Soleus Capital's Clients, there can be no assurance that he will do so.

General Economic Conditions

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of equity prices, interest rates, general levels of economic activity, and the extent and timing of investor participation in the markets for both equity and interest-rate-sensitive securities. Unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in global markets in which Clients directly or indirectly holds positions, or national and international circumstances (such as terrorist acts, wars, or security operations) or acts of God (including tornadoes, hurricanes, epidemics, and earthquakes), could impair the ability of the Soleus Capital to carry out its business and could cause its Clients to incur substantial losses. In recent years, U.S. and non-U.S. securities markets and exchanges experienced high volatility, market disruption and substantial losses and resulted in governmental reform affecting the hedge fund industry. Prospective investors should be aware that similar market conditions in the future may present significant challenges to investors, including managers with past success under other market conditions. Private investment funds are likely to be further impacted by the recent events in financial markets around the world.

Acts of God and Geopolitical Risks

The performance of our Clients could be impacted by acts of God or other unforeseen and/or uncontrollable events (collectively, "Disruptions"), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These Disruptions may affect the level and volatility of security prices and liquidity of any investments. There is risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in its suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions.

The extent of the impact of any such Disruptions on Soleus Capital, its Clients, and any underlying portfolio company's operational and financial performance will depend on many factors, including the duration and scope of such Disruptions, the extent of any related travel advisories and restrictions implemented, the impact of such Disruptions on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its interference with important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A Disruption may materially and adversely impact the value and performance of any investment, the Soleus Capital's ability to source, manage and divest investments, and our ability to achieve its Clients' investment objectives, ultimately resulting in significant losses to Clients and investors. In addition, there is a risk that a Disruption will significantly impact the operations of Soleus Capital, its Clients, and their underlying portfolio companies, or even temporarily or permanently halt their operations.

Illiquid Investments

The Funds will, at times, make investments in illiquid securities that involve a high degree of risk. There will not always be a public market for illiquid investments, and there is no guarantee that a public market will develop for such investments. There are often substantial restrictions on a Fund's ability to withdraw capital from, or transfer their interests in, an illiquid investment.

Cybersecurity and Disaster Recovery

Cyber incidents affecting Soleus Capital and its various service providers have the ability to disrupt and impact business operations, potentially resulting in financial losses, interference with a Fund's ability to value its securities or other investments, impediments to trading, the inability of Clients and Fund investors to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which Clients invest, counterparties with which Clients engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future.

While business continuity plans and risk management systems are designed to prevent and mitigate cyber incidents and other disasters, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Soleus Capital has only limited disaster recovery plans for its operations, and relies on outside parties for some key accounting and operational functions, who in turn may also have limited disaster recovery plans, which Soleus Capital has no control over and which could negatively impact Clients and Fund investors. There is no assurance that any of these disaster recovery plans will be in place or will work, which could result in significant losses to Clients and Fund investors.

Investment Selection

Soleus Capital selects investments, in part, on the basis of information and data prepared by the issuers of such securities or made directly available to Soleus Capital by the issuers of the securities through sources other than the issuers. Although Soleus Capital evaluates all such information and seeks independent corroboration when they consider it appropriate and when it is reasonably available, Soleus Capital is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

Potential of Loss

Soleus Capital and the Funds are relatively new enterprises with limited operating histories. Accordingly, an investment in any Client's portfolio managed by Soleus Capital entails a high degree of risk. There can be no assurance that Soleus Capital will achieve the investment objective of any Client or that the strategies described herein will be successful. Given these factors, there exists a possibility that an investor could suffer a substantial or total loss as a result of an investment in any Client's portfolio by Soleus Capital.

Future Legal, Tax and Regulatory Risks for Private Funds

Future legal, tax and regulatory changes could occur that may adversely affect Soleus Capital or the Funds. The regulatory environment for private funds is evolving, and changes in regulations that impact private funds may adversely affect the value of investments held by a Fund and the ability of a Fund to pursue its investment strategy. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with recent and past market events and may take additional actions. A Fund may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators. The effect of any future regulatory changes on a Fund or Soleus Capital could be substantial and potentially adverse.

Political and Economic Considerations

Changes in political, social and economic conditions could have substantial impact on the investments made in a Client's portfolio. Such potential changes include, but are not limited to, (a) currency exchange rate fluctuations, (b) exchange control regulations, (c) risks associated with different (and lower quality) information being available, (d) higher rates of inflation, (e) greater governmental involvement in the economy, (f) stricter or more expansive governmental regulations in the healthcare services, business services and/ industrial sectors, or (g) contraction of economies, in particular, loss of consumer confidence and an economic slowdown in the markets in which Clients are invested in, which may impact a Client's financial performance and the value of its investments. In addition, laws and regulations of non-U.S. countries may impose restrictions or approvals that would not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S. Foreign countries may also impose taxes on a Fund or its investors.

Leverage

A significant amount of leverage will, at times, be used in connection with investments made in a Client's portfolio. This leverage will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deteriorations in the condition of the company invested in or its sector. The return on investment may be reduced to the extent that changes in market conditions increase the cost of financing relative to the income that can be derived from the assets acquired.

Item 9 - Disciplinary Information

Neither Soleus Capital nor any of its management persons has any reportable disciplinary events.

Item 10 - Other Financial Industry Activities and Affiliations

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

Neither Soleus Capital nor 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.

Each of Soleus Capital, LLC and Soleus Private Equity GP I, LLC is an affiliate of Soleus Capital, serves as general partner to one or more of the Funds, and is controlled by Guy B. Levy. We do not believe that Soleus Capital's relationship with the general partners create any material conflict of interest with the Clients.

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

A. Code of Ethics

Soleus Capital has adopted a Code of Ethics for all supervised persons that describes, among other things, Soleus Capital's standard of business conduct and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to a prohibition on insider trading and personal securities trading procedures and reporting requirements, among other things. All supervised persons at Soleus Capital must acknowledge the terms of the Code of Ethics annually and at any time the Code of Ethics is materially amended.

Soleus Capital's Clients or prospective clients, and current and prospective Fund investors, may request a copy of the Adviser's Code of Ethics by contacting Steven Musumeci, Soleus Capital's Chief Operating Officer/Chief Compliance Officer, at steven@soleuscapital.com.

Soleus Capital addresses potential conflicts through regular monitoring of each Client's portfolio for consistency with Fund objectives, strategies, and target capacity. Further, Soleus Capital carefully considers the risks involved in any investments and provides extensive disclosure to Clients and investors regarding the risks related to investing with Soleus Capital.

B. Personal Trading

Per Soleus Capital's Code of Ethics, employees of Soleus Capital (and their family members) and its affiliates are not permitted to trade securities for their own accounts except in limited circumstances. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Soleus Capital will not interfere with (a) making decisions in the best interest of its Clients and (b) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Employee trading is monitored to detect and prevent conflicts of interest between Soleus Capital and its Clients. Soleus Capital requires employees to submit initial and annual holdings reports detailing each employee's trading positions, as well as quarterly transaction reports.

C. Participation or Interest in Client Transactions

Principals, officers and employees of Soleus Capital and its related persons and affiliates are or may be investors in the Funds. As such, it is possible that Soleus Capital will cause a Fund to buy or sell securities in which Soleus Capital or one of its related persons has a financial interest. For example, Soleus Capital could recommend that a Fund invest in a security in which another Fund previously invested. Moreover, Soleus Capital is incentivized to favor the Funds in which Soleus Capital or its employees and affiliates have a greater financial interest. Soleus Capital addresses this conflict through disclosure to its Clients and investors, as well as through policies and procedures governing the allocation of investment opportunities, which are described in Item 6 – Performance-Based Fees and Side-by-Side Management. It should be noted that investments in the Funds made by such related persons and affiliates will not be subject to the Fees described above in Item 5.

D. Material Non-Public Information

Soleus maintains policies and procedures that are designed to detect and prevent the misuse of material nonpublic information by Soleus and its employees. In accordance with these policies, to prevent trading of public securities based on material nonpublic information, Soleus maintains and updates as needed a "restricted list" of companies about which Soleus employees have or expect to receive material, nonpublic information.

E. Gifts and Entertainment

The Code restricts Soleus employees from giving a gift to, receiving a gift from, or giving or accepting entertainment to or from certain third parties if such gift or entertainment is likely to compromise the independence of its recipient or his/her judgment and is likely to cast doubts over his/her integrity or to seem disproportionate to the business relationship. Certain limits, reporting requirements and prohibitions have been established with respect to giving and the receipt of gifts above certain thresholds.

F. Outside Business Activities

Soleus employees may engage in worthy activities for their community or personal development. Such activities, however, should not impair the working efficiency or responsibilities of the

individual. Soleus employees may from time to time be asked to serve as a director, adviser, consultant, or employee or engage in other forms of participation in other companies or organizations. Because such commitments often involve substantial responsibilities, or they present actual or apparent conflicts of interest, Soleus employees are required to obtain approval prior to accepting such positions.

Item 12 - Brokerage Practices

A. Selection of Broker-Dealers

Soleus Capital selects broker-dealers to execute transactions for its Clients according to its best execution policies and procedures. Soleus Capital takes into account a range of factors in determining which broker to use for transaction execution, including, among other things, (a) the ability of the broker to effect the transaction; (b) transaction costs; (c) the size and difficulty of the order; (d) expertise in particular markets; and (e) the relative value of any research and brokerage services or products provided by such broker. Soleus Capital does not always solicit the lowest commission cost available, rather if Soleus Capital determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the research and brokerage products or services provided by such broker, Soleus Capital may pay commissions to such broker in an amount greater than the amount another broker may charge.

B. Research and Other Soft Dollar Benefits

Broker-dealers typically bundle research and execution services, charging one commission rate that includes charges for both services. Payments for research using client commissions are referred to as “soft dollars.” When an adviser uses client commissions to buy research, there is a conflict between the adviser's desire to avoid producing or paying for the research itself and the client's interest in paying the lowest possible commission and obtaining the best possible execution. In addition, the adviser has an incentive to select a broker-dealer based on the adviser's interest in receiving the research, rather than on its clients' interest in receiving most favorable execution. Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”) provides a non-exclusive safe harbor to advisers who use soft dollars to obtain certain research and brokerage services that will assist the adviser in its investment responsibilities. Section 28(e) does not, however, relieve Soleus Capital of the duty of seeking best execution.

Soleus Capital has soft dollar arrangements with one or more counterparties that fall within the safe harbor of Section 28(e) of the Exchange Act. Research and related products or services obtained through soft dollar arrangements include, but are not limited to, one or more of the following, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; statistical and pricing services, along with hardware, software, data bases and other technical and telecommunication services, lines, and equipment (including updates, replacement parts, repairs and service thereon) utilized in the investment management process. The research and related products or services may include both proprietary research created or developed by the broker-dealer and research created or developed by a third party. As a result of these arrangements, Soleus Capital will, from time to time, cause Clients to pay commissions (or markups or markdowns) higher than those charged by other

broker-dealers in return for research and brokerage services as permitted under the safe harbor of Section 28(e) of the Exchange Act. In entering into soft dollar arrangements, Soleus Capital at all times acts in good faith and in such a way as to put its Client's interests ahead of its own. Soleus Capital is permitted to use soft dollars to obtain services for all Clients, not just the Client(s) that paid for the benefits. Soleus Capital does not allocate research to Clients proportionately to the credits the Clients generate. In selecting broker-dealers, Soleus Capital places primary consideration on the broker's ability to provide best execution of transactions. It is the policy of Soleus Capital to approve only those soft dollar arrangements which meet the conditions of Section 28(e). Soleus Capital reviews all new research related services and subscriptions to determine if the services can be paid by soft dollar commissions.

C. Brokerage for Client Referrals

Soleus Capital selects broker-dealers to provide prime brokerage services to certain Clients. Certain prime brokerage firms introduce prospective investors to Soleus Capital, which creates an incentive to select these prime brokerage firms based on Soleus Capital's interest in receiving client referrals rather than its Clients' interest in receiving most favorable execution. Soleus Capital seeks to mitigate this conflict of interest by selecting such firms only when the selection is consistent with obtaining appropriate services for Clients and Soleus Capital's duty to seek best execution for its Clients.

D. Directed Brokerage

Directed brokerage refers to the practice of clients directing an adviser only to use a specific broker-dealer to execute transactions on the client's behalf. Generally, Soleus Capital does not allow Clients to direct brokerage. Should Soleus Capital receive a request for a directed brokerage arrangement, Soleus Capital will evaluate the adequacy and circumstances of such request. To the extent Soleus Capital permits a Client to direct brokerage, the Client should be aware that in such circumstances Soleus Capital may be unable to achieve most favorable execution of that Client's transactions and that directing brokerage may cost the Client more money than if Soleus is able to evaluate and select amongst multiple broker-dealers. For example, if a Client directs brokerage, the Client may pay higher brokerage commissions because Soleus Capital may not be able to aggregate orders to reduce transaction costs, or the Client may receive less favorable prices.

E. Aggregation of Trades

Soleus Capital seeks to execute orders for its Clients fairly and equitably over time. Soleus Capital follows policies and procedures pursuant to which it may combine or aggregate purchase or sale orders for the same security or other instrument for multiple Clients so that the orders can be executed at the same time and block trade treatment of any such orders can be elected when available. Soleus Capital aggregates orders when it considers doing so appropriate and in the interests of its Clients generally and may elect block trade treatment, when available.

Item 13 - Review of Accounts

Client portfolios are under continuous review by the investment team at Soleus Capital. Such reviews include, but are not limited to, a review of existing investments, potential investments,

cash availability, market fluctuations, significant events, and investment objectives. All investors in the Funds are expected to receive the following written reports: (a) unaudited investor statements on a monthly basis for certain Client portfolios utilizing a long/short equity strategy, and on a quarterly basis for the special opportunities hedge fund and certain Client portfolios utilizing a private equity strategy; (b) annual audited financial statements within 120 days of the fiscal year end; (c) a Schedule K-1 for investors in a U.S. Fund only; and (d) certain other reports.

Item 14 - Client Referrals and Other Compensation

Soleus Capital does not have any referral arrangements or other compensation to disclose.

Item 15 - Custody

While Soleus Capital is deemed to have custody, it does not maintain physical possession over any Client funds or securities. From time to time, Soleus Capital maintains physical possession of and safeguards privately offered, certificated securities for its Funds. Such certificates can only be used to effect a transfer or to otherwise facilitate a change in beneficial ownership of the security with the prior consent of the issuer or holders of the outstanding securities of the issuer, and the certificates contain a legend disclosing such restriction on transfer. In addition, the ownership of these privately offered securities is recorded on the books of the applicable issuer or transfer agent in the name of the relevant Fund, and the certificates can be replaced upon loss or destruction. With respect to the Funds, Soleus Capital complies with the Custody Rule's audit exception for private funds that are subject to an annual audit. Specifically, the Funds are subject to annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, audited financial statements for each Fund are prepared in accordance with generally accepted accounting principles and the audited financial statements are distributed to investors within 120 days of each Funds' fiscal year end.

Item 16 - Investment Discretion

Soleus Capital manages each of its Client's portfolios on a discretionary basis. Discretionary authority allows Soleus Capital to select the Clients' securities to be purchased or sold, including the amount, time, and price at which securities are to be purchased and sold for each Client. Soleus Capital is authorized to exercise discretion by the applicable Offering Documents and/or investment management agreements for each Client.

Item 17 - Voting Client Securities

The investment objectives of certain Clients for which Soleus Capital provides investment advisory services involve investing assets in publicly traded securities. Proxy voting is a means by which shareholders of publicly traded securities can exercise their influence over the governance of their investments. Soleus Capital votes proxies in a prudent and diligent manner keeping in mind its fiduciary obligation and will base its voting decision on its reasonable judgment of what will serve the Client's best financial interests and is in line with each Client's investment objectives.

Soleus Capital has engaged a third party service to assist in its proxy voting procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”) by taking into account relevant factors, including (a) the impact on the value of the securities owned by a Client and the returns on those securities; (b) industry and business practices; and (c) recommendations of the companies' management.

Soleus Capital will consider the recommendations of company management as well as third-party analysts (as applicable) and determine which voting decision is aligned with the best economic interests of the Clients. In general, Soleus Capital does not provide information to investors as to how it (or its delegates) voted proxies for specific securities owned by a Fund. Clients may obtain a copy of Soleus Capital’s proxy voting policies and procedures upon request.

Item 18 - Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. Soleus Capital has no financial condition that impairs its ability to meet contractual and fiduciary commitments to its Clients, and has not been the subject of a bankruptcy proceeding.