

Item 1. Cover Page

**Brochure of
Endurant Capital Management LP**

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This brochure provides information about the qualifications and business practices of Endurant Capital Management, LLC (“Endurant Capital”). If you have any questions about the contents of this brochure, please contact us at 650-539-5900 or info@endurantcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Item 2. Material Changes

- Item 4: Updated RAUM and added new Sub-Advised Account
- Item 7: Minimum to open separate account is now \$50,000,000.

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Item 4. Advisory Business

Endurant Capital Management LP is a Delaware limited partnership that was formed in June 2013. Endurant Capital is owned and controlled, by Quang Pham, Endurant Capital's Co-Founder and Portfolio Manager. Mr. Pham invested \$3 million in the Funds' initial offering and plans to maintain a substantial portion of that net worth in the Funds thereafter. Endurant Holdings LLC is a General Partner of Endurant Capital Management LP and is fully owned by Quang Pham.

On October 1, 2013, Endurant Capital launched the Endurant Health Master Fund LP ("The Fund"). On November 1, 2013, Endurant Capital began managing a Sub-Advised Accounts that will be managed on a pari passu basis with the Fund. On September 28, 2020, Endurant Capital began managing another Sub-Advised Account that will be managed on a pari passu basis with the Fund. On May 1, 2021, Endurant Capital began managing another Sub-Advised Account that will be managed on a pari passu basis with the Fund. As of December 31, 2020, Endurant Capital had \$492,413.398 in regulatory assets under management ("RAUM").

The Fund and Sub-Advised Accounts invest principally, but not solely, in equity and equity-related securities that are traded publicly in U.S. markets. The Fund and Sub-Advised Accounts also may invest in other securities including preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed income securities, non-U.S. securities, non-U.S. currencies, futures, options on futures, other commodity interests, private securities, and money market instruments. The Fund and Sub-Advised Accounts engage in short selling, margin trading, hedging and other investment strategies. Endurant Capital is authorized to enter any type of investment transaction that it deems appropriate under the terms of the Fund's partnership agreement and Sub-Advised Accounts' Sub-Advisory Agreement.

Fund and Sub-Advised Account investors have no opportunity to select or evaluate any investments or strategies. Endurant Capital selects all Fund investments and strategies. Endurant Capital does not tailor its advisory services to the individual needs of Fund investors but manages each such account according to its stated strategy. Endurant Capital only manages assets on a discretionary basis.

Item 5. Fees and Compensation

Endurant Capital's compensation is negotiable and varies, but typically it charges an annual fee of 0.75% to 1.5% of assets under management, which amount is payable monthly in arrears, on the last day of each month, based on the net market value of the client's account on that date.

Endurant Capital also typically is allocated from each investor a performance allocation equal to 10% to 30% of net profits (including both realized and unrealized gains and losses) otherwise allocable to such limited partner. Performance allocations are assessed in arrears on an annual basis and are only applied to the portion of profits that exceed the cumulative losses previously

incurred by or allocated to investors. Endurant Capital complies with Rule 205-3 under the Investment Advisers Act of 1940 and California Code of Regulations section 260.234, to the extent applicable. Performance allocations may create an incentive for Endurant Capital to make more risky and speculative investments than it would otherwise make.

The Fund and Sub-Advised Accounts may invest in money market funds, for short term safety and liquidity, and exchange traded funds and if it does it also pays, indirectly, investment advisory fees to the managers of those funds. Endurant Capital believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

The disclosures in this Item 5 and Item 12 allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in the Fund to use the “alternative reporting option” to report Endurant Capital’s compensation as “eligible indirect compensation” on the Schedule C of the plan’s Form 5500 Annual Return/Report of Employee Benefit Plan.

The relationship between Endurant Capital and the Fund is terminable on expiration of the Fund’s term, dissolution of the Fund or on Endurant Capital’s withdrawal as general partner or investment adviser of the Fund. An investor may withdraw from the Fund, on specified prior written notice, on the last day of any calendar quarter that occurs on or after the day preceding the first anniversary of such limited partner’s admission to the Fund (subject to Endurant Capital’s right to suspend withdrawals in certain unusual circumstances). If an investor withdraws funds before that date, the Fund generally will charge a withdrawal fee of 3% of the amount withdrawn. In all cases, investors bear expenses, the pro rata portion of the management fee and the performance allocation through the date of termination or withdrawal. The Fund does not refund any management fee previously paid to an investor that withdraws from the Fund. The Fund is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions and charges, expenses related to short sales, custodial fees and clearing and settlement charges), Fund organizational expenses and fees, ongoing operating, legal, accounting, and bookkeeping fees and expenses, and the fees and expenses charged by Morgan Stanley Fund Services, the Fund’s administrator, for its accounting, bookkeeping and other services. Endurant Capital bears its own operating, general, administrative, and overhead costs and expenses, other than the expenses described above. Securities brokerage firms and futures commission merchants that execute clients’ securities and commodities trades, however, may pay all or part of these costs and expenses, as discussed in Item 12 below.

The relationship between Endurant Capital and the Sub-Advised Accounts are subject to terms of an account’s Sub-Advisory agreement but both parties to the agreement can terminate the agreement in its sole discretion upon at least 3 days’ prior written notice to the other party.

Item 6. Performance-Based Fees

Endurant Capital currently manages only accounts that pay performance-based compensation, as described in Item 5. It does not manage accounts that do not pay performance-based compensation, except that Endurant Capital may waive some or all its fees for certain investors in the Fund, such as employees and family members.

Item 7. Types of Clients

Endurant Capital provides investment advice to the Fund and individually managed accounts. Investors in the Fund are required to invest a minimum of \$1,000,000, but Endurant Capital may waive this minimum. Endurant Capital generally requires a minimum of \$50,000,000 to open an individually managed account but may waive this minimum.

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

Endurant Capital's core strategy is to generate steady, risk-adjusted returns by investing in companies in the health care industry. Endurant Capital intends to target companies that fit one of the following criteria when investing in long positions:

- a) Leading "quality" healthcare companies that generate strong free cash flow, reinvest capital to sustain and accelerate top-line and earnings growth, and have a pathway to improving operating margins, and therefore, return on invested capital.
- b) Companies, typically small- to mid-cap growth product companies, that are on the cusp or early stages of a robust and sustainable product cycle such that the market does not fully appreciate the extent of the market opportunity or the strength of the underlying technology.
- c) Companies that have typically been unfairly punished as a result of short-term earnings disappointments or exaggerated regulatory fears, creating a meaningful difference between the stock market value and the free cash flow basis for equity valuation.

On the short side, Endurant Capital looks to capitalize on both actual and perceived deterioration in fundamentals, especially for highly valued stocks. In short candidates, Endurant Capital typically looks for a catalyst that is likely to cause a shift in perception: an earnings disappointment, a downward shift in sell side estimates, or simply a negative development on a product uptake timeline. As a result, the Fund will likely have higher turnover in its short book, relative to long investments.

Healthcare companies have unique regulatory, litigation, and competitive risks, and the Investment Manager believes that proactively managing these risks within the context of the

overall portfolio is critical for delivering sustainable returns. Endurant Capital intends to employ the following guiding principles that explicitly serve as risk management tools:

1. *Broad Definition of Health Care Industry:* The Fund's and Sub-Advised Accounts' investable universe will encompass a broad definition of the "*health care industry*." [That definition includes any company that derives a substantial portion of its revenue from goods or services related to the diagnosis, treatment or prevention of medical or health-related issues, and any company involved in financing or insuring against any of foregoing, as part of the health care industry], including therapeutics companies, healthcare facilities, insurance providers, manufacturers of medical devices, diagnostics and life science tools, retail pharmacies, wholesale drug distributors, healthcare IT companies, and any other ancillary services that cater primarily to the healthcare industry. Endurant Capital believes that a broad definition of the industry combined with detailed sub-sector level coverage of the space is critical for unearthing and researching opportunities. Additionally, Endurant Capital believes that a truly diversified approach, both across sub-sectors and positions, is critical to delivering sustainable healthcare returns as over-concentration can lead to unforeseen exposure to regulatory factors that are hard to research or predict accurately.
2. *Appropriate sizing of largest positions:* Endurant Capital intends to include more positions in the Fund's portfolio than what it believes is the industry norm. The Fund's largest positions will generally be in the 3 to 6 percent range in the long-book, and 1.5 to 2.5 percent in the short book, and Endurant Capital intends to limit the top ten positions to less than 40 percent of gross exposure. As a result, the Fund's annual return is comprised of a plethora of singles and doubles, with limited reliance on "home runs" or "outsized bets" to deliver annual returns.
3. *Limited exposure to binary outcomes:* Endurant Capital takes a highly selective approach to investing in companies that are subject to binary outcomes relating either to FDA drug approvals or to the release of major research trial data. Endurant Capital's "margin-of-safety" oriented, fundamental research driven approach does not lend itself to the asymmetric investment payoffs inherent in such situations. Endurant Capital aims to restrict such bets to less than five percent of the overall Fund portfolio, and is likely to at least partially hedge our positions through options, whenever practical.
4. *Earnings, price targets, and valuation matter most:* Endurant Capital synthesizes its research results to build a viewpoint on the earnings power of the companies in its universe over a two-year cycle. As such, Endurant Capital aims to have a "non-consensus" view on the earnings powers of companies in the Fund's portfolio based on Endurant Capital's differentiated assessment of the key value metrics that drive earnings. Endurant Capital uses price targets to determine both the sizing, as well as the trading dynamics around a position. Finally, Endurant Capital

relies on free cash flow, and to a lesser extent, earnings multiples, to determine intrinsic value of mature enterprises. Endurant Capital relies on revenue multiples very selectively in evaluating fast-growth companies.

5. *Active sell discipline:* Endurant Capital believes that a key tenet for preserving capital is to expediently exit positions where Endurant Capital's original thesis and conviction level no longer apply. Endurant Capital aims to avoid thesis creep or valuation-based justifications for stocks in the portfolio.

Risk Factors

GENERAL

Possibility of Losses. An investment in the Fund or Sub-Advised Accounts is speculative. The value of Shares will fluctuate based upon a multitude of factors, including the financial condition, results of operations, and prospects of the issuers of the underlying securities acquired by the Master Fund or Sub-Advised Accounts, governmental intervention, market conditions, and local, regional, national, and global economic conditions. Therefore, investors may lose all or a portion of their principal invested in the Fund if the Fund's investment strategies are not successful. Neither the Fund nor Endurant can or do give any assurance that the Fund will achieve profits or will not incur substantial losses.

Dependence on Investment Manager; Investment Discretion. The Fund's and Sub-Advised Accounts' prospects depend upon Endurant Capital's ability to develop and implement investment strategies that achieve the Fund's investment objectives. Endurant Capital will select particular investments based on its analysis and subjective assessments of the variety of factors that it considers relevant to the prospects of those investments. Failures of that analysis or those assessments, as to particular investments or as to strategic direction and construction of the Fund's and Sub-Advised Accounts portfolio as a whole, may cause the Fund to incur losses or to miss profit opportunities on which it could otherwise have capitalized.

Reliance on Key Personnel. The Funds' and Endurant Capital's operations are substantially dependent upon the skill, judgment and expertise of Mr. Pham and Endurant Capital's other investment personnel. The death, disability, departure or other unavailability of any key personnel could have a material and adverse effect on the Fund and Endurant Capital.

Not a Complete Investment Program. The Fund and Sub-Advised Accounts pursue the investment strategies described in this memorandum (as Endurant Capital may modify it from time to time); an investment in the Fund is not intended as a complete investment program for any investor. If the Fund's and Sub-Advised Accounts' strategies are not successful, or if Endurant Capital is unable to implement them effectively, Shareholders could lose some or all of their capital. For these reasons an investment in the Fund may be considered speculative and is appropriate only for sophisticated and experienced investors who are able to bear the risk of loss of their entire investments.

PORTFOLIO INVESTMENT RISKS

All investment and trading activities risk the loss of capital. The following describe some of the risks to which the Fund's and Sub-Advised Accounts' portfolio will, or may, be subject.

Investments Based on Valuation. The Fund and Sub-Advised Accounts invest in securities Endurant Capital believes are undervalued and sells short securities Endurant Capital believes are overvalued. Identifying investment opportunities of these kinds is a difficult task, and neither the Fund nor Endurant Capital can provide any assurance that Endurant Capital will succeed at it. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. And short sales based on expectations that market participants will come to agree that a stock is overpriced can theoretically involve even higher risks (see "Portfolio Investment Risks – Short Selling"). The Fund may be required to hold positions for a substantial period before market prices reflect Endurant Capital's beliefs about their value. Returns generated from the Fund's and Sub-Advised Accounts' investments may not adequately compensate for the business and financial risks assumed.

Concentration of Investments. The Fund will not be as diversified as many other investment funds, and a substantial portion of the Fund's and Sub-Advised Accounts' portfolio will be invested in the health care industry. While Endurant Capital intends to limit investments that could create excessive concentration in a particular company, the Investment Management Agreement does not require it to do so, nor must the Fund divest positions when appreciation (or other positions' depreciation) causes them to comprise an outsized portion of the Fund's and Sub-Advised Accounts' portfolio, and the Fund may at times have a relatively large portion of its capital exposed to a relatively small number of positions. Losses in one or more large positions, or a downturn in the health care industry, could materially adversely affect the Fund's and Sub-Advised Accounts' performance and could have a materially adverse effect on the Fund's and Sub-Advised Accounts' overall financial condition. See "Investment Objectives and Strategies."

Investment in the Health Care Sector. The Fund and Sub-Advised Accounts intend to focus its investments in securities issued by companies in the health-care sector, including therapeutics companies, healthcare facilities, insurance providers, manufacturers of medical devices, diagnostics and life science tools, retail pharmacies, wholesale drug distributors, and healthcare IT companies. As a result, the Funds will be susceptible to specific market and other conditions that affect the health-care industry, such as a dependence on patent protection, expenses and losses from extensive litigation based on product liability and similar claims, the frequently long and costly process for obtaining regulatory approval for new products, and the difficulty healthcare providers may have obtaining staff to deliver service. Stock prices in this sector have been, and Endurant expects that they will continue to be, highly variable. The market value of these companies may often be based on speculation and expectations about future products and research progress. Some companies' viability may depend on their ability to obtain additional financing at attractive valuations. A downturn in the health care industry could materially

adversely affect the Fund's and Sub-Advised Accounts' performance and could have a materially adverse effect on the Fund's and Sub-Advised Accounts' overall financial condition.

Small and Medium Capitalization Stocks. The Fund and Sub-Advised Accounts may invest in stocks of companies with relatively small- or medium-sized market capitalizations. While Endurant Capital believes these stocks can provide significant potential for appreciation, they can involve higher risks than investments in stocks of larger companies. For example, prices of small-capitalization and some medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. In addition, thin trading in some small- and medium-capitalization stocks may make those stocks less liquid than large-capitalization stocks.

General Market Conditions and Disruptions; Interconnected Markets. Developments and disruptions in financial and securities markets generally, including aspects and attributes such as interest rates, the availability of credit, and liquidity of particular types of investments, as well as changes in general economic conditions, including unemployment and inflation, can significantly affect the prospects of companies in which the Fund invests, Endurant Capital's ability to assess those prospects, and the Fund's and Sub-Advised Accounts' ability to adapt its portfolio and market exposures. In 2007 and 2008, a global "credit crisis" caused rapid and violent swings in all markets. In the summer and early fall of 2011 global economic disruptions caused additional dramatic swings in securities prices. In 2012, developments in Europe caused significant price swings. And the first month of 2016 saw historic levels of price volatility and declines across international markets. Other types of disruptions could emerge, including as a result of political or economic developments outside the markets in which the Fund and Sub-Advised Accounts mainly invests, that have similar, or even more dramatic, effects on the markets in which the Funds invest. Market disruptions could cause the Fund to incur major losses, particularly if they cause historical pricing relationships to become materially distorted or previously liquid positions to become illiquid. Market disruptions can result in otherwise historically low-risk strategies performing with unexpected volatility and risk.

Governmental Intervention. Since 2008, financial crisis and market disruptions have led to extensive new governmental intervention in financial markets and the structure and operation of financial institutions. Many governmental interventions have been unclear in scope and application and have included apparent inconsistencies, at times causing losses for market participants who assumed either no intervention or intervention consistent with past precedent, contributing to confusion and uncertainty as to important market forces, and in some cases contributing, at least temporarily, to illiquidity in some markets.

In particular, in the United States the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd Frank") substantially altered the regulation of many markets, market participants, and financial instruments. Many of its provisions required rulemaking by various governmental agencies before they become fully effective and, as of the date of this

memorandum, some required implementing rules that have not been adopted or become effective. Some of those rules, when adopted, may have significant effects on various financial market participants' costs of investing and providing services and on the availability and costs of certain types of investments and services. European and other non-U.S. governmental entities have enacted and are still implementing their own regulations in response to the "credit crisis," and other market disruptions.

It is impossible to predict what additional interim or permanent governmental restrictions or other actions may be imposed on financial markets, particularly if new disruptions occur, and it is impossible to predict the effect those restrictions or other actions may have on Endurant Capital's strategies or the Fund's and Sub-Advised Accounts' portfolio when implemented. Those effects could create or exacerbate market disruptions and further expose the Funds to risks of the kinds described above. The recent election of a new president of the United States and the results of the recent U.S. congressional elections could lead to substantial changes in U.S. regulations applicable to the Fund and/or Endurant Capital Management as well as other changes in U.S. economic and tax policy, laws, and regulations. It is unclear what impact these developments may have on the Fund or sub-Advised Accounts and Endurant Capital Management.

Timing of Gains and Losses; Volatility. The Fund and Sub-Advised Accounts may need to hold some of its positions for significant periods before their success or failure becomes apparent or any gains can be realized. It may take longer for successful positions to realize their potential than for unsuccessful ones to reveal their weaknesses. Market prices of portfolio positions may be expected to fluctuate significantly over the Fund's and Sub-Advised Accounts' holding periods, causing the Fund's and Sub-Advised Accounts' performance to be volatile over the short term.

Counterparty and Custody Risk. Investment funds such as the Fund and Sub-Advised Accounts must place most of their assets in the custody of institutions, such as brokerage firms and banks, which may hold those on the books of depositaries and other intermediaries in the institutions' own name (i.e., in "street name"). The Funds are subject to the risk that these firms, as well as other brokers, counterparties, clearinghouses, or exchanges with which the Fund deals, may default on their obligations to the Fund and Sub-Advised Accounts. Any such default could result in material losses to the Fund. Bankruptcy or fraud at one of these institutions could also impair the Fund's operational capabilities or capital position. Securities and other assets the Fund deposits with custodians or brokers may not be clearly identified as being the Fund's assets, causing the Fund and Sub-Advised Accounts to be exposed to credit risk with regard to those custodians or brokers. The Fund generally will only be an unsecured creditor of its trading counterparties in the event of bankruptcy or administration of those counterparties and in some jurisdictions the same may be true of the Fund's relationship to its brokers. The Fund attempts to limit its brokerage and custody transactions to well capitalized and established banks and brokerage firms in an effort to mitigate these risks, but the collapse in 2008 of the seemingly well-capitalized and established Bear Stearns and Lehman Brothers demonstrates that there are limits to the effectiveness of this approach in avoiding counterparty losses.

Short Selling. The Fund and Sub-Advised Accounts expect to sell securities short as a regular part of its investing activities. In a short sale, the Fund and Sub-Advised Accounts sell securities it does not own, in the expectation that the market price will decline and the Fund will be able to buy replacement securities later at a lower price. To accomplish this, the Fund borrows the securities from a broker or other third party. It “closes” the position by “returning” the security (buying a replacement security on the lender’s behalf). This “return” obligation does not typically have a specified “maturity” date and the lender generally may require replacement of the securities whenever it chooses. A short sale theoretically involves the risk of unlimited loss; the price at which the Fund must buy “replacement” securities could increase without limit. The Fund may experience losses on short positions that are not offset by gains on long positions.

As collateral for its return obligation, the Fund and Sub-Advised Accounts must leave the proceeds of its short sales with the lender—generally a Prime Broker. Ordinarily all the Fund’s and Sub-Advised Accounts’ assets held by a Prime Broker will serve as collateral not only for the Fund’s and Sub-Advised Accounts’ short sale return obligation, but also for any other credit the Prime Broker extends and any other obligations the Fund owes the Prime Broker. If the amount of the Fund’s and Sub-Advised Accounts’ return obligation were to increase significantly due to increases in a short-sold security’s price, or if the value of collateral were to decrease, the Fund could be required to deliver additional cash or other collateral to the relevant Prime Broker. But, if substantially all the Fund’s and Sub-Advised Accounts’ assets were already serving as collateral, it is unlikely that the Fund would be able to meet such a demand, and the Prime Broker would likely cause the Fund to “buy-in” or “close” some or all of its short positions. Such a “buy-in” could well be at a time and on terms that are adverse to the Fund. Less dramatically, market-driven increases in short-sale-related liabilities and reductions in collateral value could also reduce the Fund’s and Sub-Advised Accounts’ ability to effect transactions or distribute cash to fund redemptions of Shares. Lenders such as the Prime Brokers have great discretion in their decisions regarding adequacy of collateral, and the Fund’s and Sub-Advised Accounts’ short-selling activities, and actions that depend on availability of assets not being relied on for collateral (e.g., distributing cash) could be curtailed, potentially significantly and without notice.

In 2008, regulators in the United States, the United Kingdom, and several other countries, significantly changed the regulations that govern short selling, settlements of short-sale transactions, lending to facilitate short sales, disclosure of short positions, and other aspects of short-selling activities. Those actions, taken on short notice, significantly affected some positions and some market participants, including through forced buy-ins under adverse circumstances and even “double” buy-ins. In 2011 and again in 2012, regulators in several European countries imposed additional interim limitations on short selling and in 2012 imposed significant permanent reporting requirements. Short selling practices remain the subject of political controversy and changes in short-selling-related regulations may continue to occur, again potentially with little notice. The Fund could suffer losses on short-selling activities as a direct or indirect result of those changes, and its ability to use short selling as a part of its overall investment activities could be limited or made less effective or profitable.

Limited Liquidity of Some Investments. Some of the Fund's and Sub-Advised Accounts' investments may be relatively illiquid. An investment may be illiquid because it is thinly traded or because the Fund's and Sub-Advised Accounts' position in it is large in relation to the overall market for the security. The Fund may own (or have a short position in) securities that are relatively liquid when acquired (or sold short) but that later become illiquid. The Fund may not be able to liquidate illiquid positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Fund's and Sub-Advised Accounts' profits, or increasing its losses, in the positions (and rapid purchases to cover short positions could have the corollary effect). In addition, while it does not currently intend to, the Fund may buy securities that are not immediately saleable in the public markets.

Redemptions funded out of the most liquid portion of the Fund's and Sub-Advised Accounts' assets could cause the illiquid portion to be a greater percentage of the Fund's and Sub-Advised Accounts' portfolio than would otherwise be optimal.

Changes in Investment Strategies. Endurant Capital has broad authority to expand, contract or otherwise change the Fund's and Sub-Advised Accounts' activities without notice to, or the consent of, the Shareholders. Over time, the strategies the Fund implements can be expected to expand, evolve, and change, perhaps materially. Endurant Capital will not be required to implement any particular strategies and may discontinue employing any particular strategy, whether or not that strategy is specifically described in this memorandum, and without notice to investors. Any change in strategies could expose the Fund's and Sub-Advised Accounts' capital to additional risks.

Valuation Risks. For some of the Fund's and Sub-Advised Accounts' securities the market may be or become subject to irregular trading activity, wide bid/ask spreads, and extended trade settlement periods, resulting in unreliability of pricing information. Further, if an issuer's financial condition deteriorates, accurate financial and business information can become limited or entirely unavailable and prices for its securities may not be available from any source. Where third-party pricing information for a position is not available, or where Endurant Capital considers market-based pricing information not to be indicative of the position's value, the Fund may assign a different (less favorable) value. As a result of these and other factors, values reflected in financial reports and used in determining investors' sharing percentages (*e.g.*, upon new subscriptions), redemption proceeds, the Management Fee, and Incentive Allocations might not accurately reflect the amounts the Fund could obtain (or would be required to pay as to some types of derivatives positions) if it were to try to sell the security (or close the position). Endurant Capital faces conflicts of interest in making valuation decisions. See "Potential Conflicts of Interest."

Risks of Investing in Non-U.S. Securities. The Fund and Sub-Advised Accounts may invest and trade in securities of non-U.S. companies or governmental entities, and in securities, commodity interests, and derivative contracts and instruments denominated in currencies other than U.S. dollars. Such securities and other instruments can subject the Fund to risks not typically

associated with investing in securities and commodity interests in the U.S. The following are some of the more significant risks associated with this type of investing.

- *Political and Economic Instability.* Many non-U.S. economies and markets are relatively unstable due to, among other things, volatile internal political environments, relatively unstable monetary systems, and/or external political risks. Some governments participate in their economies through ownership or regulation in ways that can have a significant effect on securities prices. The economies of some countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic condition of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation.
- *Currency Fluctuations.* The Fund may invest in securities denominated in foreign currencies. A change in the value against the U.S. dollar of a currency in which an investment is denominated causes a corresponding change in the U.S. dollar value of the investment. Some foreign countries maintain their currencies at artificial levels relative to the U.S. dollar. This type of system can lead to sudden and large adjustments in the currency, which can in turn result in losses to foreign investors. The Fund may enter into futures and foreign currency transactions to attempt to reduce its foreign currency exposure. These techniques may reduce but will not eliminate the risk of loss due to unfavorable currency fluctuations and they tend to limit any potential gain that might result from favorable currency fluctuations. Some countries restrict conversion of their currency into foreign currencies, including the dollar, and for some currencies, there is no significant foreign exchange market.
- *Characteristics of Foreign Securities Markets.* Many foreign securities markets are not as developed or efficient as those in the U.S. and may be more volatile than the U.S. markets. In particular, there is generally less government supervision and regulation of many foreign exchanges, brokers and listed companies than in the U.S. Further, trading volumes in many markets are lower than in U.S. markets, resulting in reduced liquidity and potentially rapid and erratic price fluctuations. Commissions for trades on foreign exchanges are generally higher than negotiated commissions on U.S. exchanges and custody expenses are generally higher as well. Settlement practices for transactions in foreign markets may involve delays beyond periods customary in the U.S., possibly requiring the Fund to borrow funds or securities to satisfy its obligations arising out of other transactions. In addition, there could be more “failed settlements,” which can result in losses to the Fund.
- *Less Company Information and Regulation.* There is less publicly available information about many foreign companies than about U.S. companies. This may make it more difficult for Endurant Capital to keep informed of corporate action that may affect the price of a particular security. Further, many foreign countries lack uniform accounting, auditing and financial reporting standards, practices and requirements. These factors can make it difficult to analyze and compare the performance of foreign companies.

- **Restrictions on Investment and Repatriation.** Some countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners, or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude the Fund's and Sub-Advised Accounts' investment in certain countries and may increase the Fund's and Sub-Advised Accounts' costs. Indirect foreign investment may, in some cases, be permitted through investment funds that have been specifically authorized for that purpose. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained and if the restrictions on direct foreign investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether or turned into a discount. In addition, certain foreign countries impose restrictions and controls on repatriation of investment income and capital.
- **Foreign Taxes.** Dividend and interest payments on certain foreign securities the Fund may be subject to foreign withholding taxes, as may realized capital gains. Such taxes will reduce net proceeds to the Fund.
- **Depository Receipts.** The Fund may pursue some non-U.S. investing through American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), European Depositary Receipts ("EDRs") or other similar securities representing ownership of foreign securities (collectively, "*Depository Receipts*"). Depository Receipts generally evidence an ownership interest in a corresponding foreign security on deposit with a financial institution. Transactions in Depository Receipts usually do not settle in the same currency in which the underlying securities are denominated or traded. Generally, ADRs, in registered form, are designed for use in the U.S. securities markets and EDRs, in bearer form, are designed for use in European securities markets. GDRs may be traded in any public or private securities markets and may represent securities held by institutions located anywhere in the world. Investing through Depository Receipts involves substantially the same risks as investing directly in non-U.S. securities.

Currencies and Foreign Exchange. The Fund and Sub-Advised Accounts' may take positions in currencies, either directly or through the use of derivative instruments. While it may do so to hedge currency exposure on other investments, it may also do so to take advantage of what Endurant Capital considers trading opportunities. The foreign exchange markets can be news-driven and can be unexpectedly volatile and can be affected by non-market forces such as actions of various governments, as described elsewhere in this memorandum.

Hedging. Endurant Capital may use hedging strategies to the extent it considers appropriate in light of current circumstances and portfolio composition. It may do so using short positions in one instrument to hedge long positions in another instrument, and vice versa. Hedging strategies in general are intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit. Hedges are

often imperfectly inversely correlated with the underlying exposure the Fund seeks to hedge and, to the extent that is the case, can subject the Fund to additional risk, if prices involved in the hedging position move against the Fund. Other risks that may be involved in hedging include: (i) possible illiquidity in the market for closing out a hedging position; (ii) interest rate, spread, or other broad market movements not anticipated by Endurant Capital; (iii) the Fund's and Sub-Advised Accounts' obligations to meet margin or other payment requirements; (iv) a counterparty's default or refusal to perform; and (v) impact that required segregation of the Fund's and Sub-Advised Accounts' assets to cover hedge-related obligations may have on portfolio management or the Fund's and Sub-Advised Accounts' ability to meet short term obligations. The Fund will not attempt to hedge all market or other risks inherent in its positions, and will hedge certain risks, if at all, only partially. The Fund's and Sub-Advised Accounts' portfolio composition will commonly result in various directional market risks remaining unhedged. In addition, the Fund and Sub-Advised Accounts may trigger events of default or termination events under various counterparty agreements due to, among other things, reductions in net asset value. If Master Fund is unable to obtain waivers from the relevant counterparties, such counterparties could exercise numerous remedies under the affected agreements, including liquidation of posted collateral and termination of outstanding trades.

Portfolio Leverage. Leverage in the Fund's and Sub-Advised Accounts' portfolio could increase both the possibilities for profit and the risk of loss. If the Fund were to borrow to leverage its investments (margin borrowing), that borrowing would probably be secured by the Fund's and Sub-Advised Accounts' securities and other assets. Margin borrowings typically allow the lender to demand an increase in the collateral that secures the Fund's and Sub-Advised Accounts' obligations, and if the Fund were unable to provide additional collateral, the lender could liquidate the collateral to satisfy the Fund's and Sub-Advised Accounts' obligations. Forced liquidation could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

Derivatives in General. The Fund's and Sub-Advised Accounts' investments in derivative instruments could include options, warrants, futures, forwards, and interest rate, credit default, total return, and equity swaps. Derivative instruments involve a variety of material risks, including, in some cases, extremely high embedded leverage. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying them may not correlate with historical patterns, resulting in unexpected losses.

Options. Trading options is highly speculative and may entail risks greater than investing in other securities. Option prices are generally more volatile than other securities' prices. When trading options, the Fund is speculating on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying the options. A change in the market price of the underlying securities or underlying market index would cause a much greater change in the price of the option contract. In addition, if the Fund and Sub-Advised Accounts' buys options that it does not sell or exercise, it will suffer the loss of

the premium paid. To the extent the Fund sells (writes) options and must deliver the underlying securities at the option price, the Fund has a theoretically unlimited risk of loss if the price of the underlying securities increases. If the Fund must buy those underlying securities, it risks the loss of the difference between the market price of the securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option.

Futures/Commodities Activities. The Fund and Sub-Advised Accounts' could buy futures on securities indices, commodities, or currencies, and trading in other commodity interests. As with some other derivatives, futures can provide a form of leverage, allowing the Fund to participate in market price fluctuations of indices, interest rates or commodities underlying futures (or options on futures), while only investing a small percentage of the value of those underlying indices, rates, or commodities as margin. Trading in futures is highly speculative and may entail risks that are greater than investing in securities, including: increased volatility relative to other securities; increased exposure resulting from the leverage aspects of futures trading; and the potential illiquidity of futures positions. Endurant Capital is not registered as either a "commodity pool operator" or a "commodity trading adviser." See "Certain Regulatory Matters."

Convertible Securities, Rights and Warrants. The Fund and Sub-Advised Accounts' may invest in hybrid securities that may be exchanged for, converted into, or exercised to acquire a predetermined number of shares of an issuer's common stock at the option of the holder during a specified time period (such as convertible preferred stocks, convertible debentures, stock purchase rights, and warrants). Convertible securities generally pay interest or dividends and provide for participation in the appreciation of the underlying common stock but at a lower level of risk because the yield is higher and the security is senior to common stock.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The credit standing of the issuer and other factors may also affect the investment value of a convertible security. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security is increasingly influenced by its conversion value.

Convertible securities may also include warrants, often publicly traded, that give a holder the right to purchase at any time during a specified period a predetermined number of shares of common stock at a fixed price but that do not pay a fixed dividend. Their value depends primarily on the relationship of the exercise price to the current and anticipated price of the underlying securities.

Over-The-Counter Derivatives. Over-the-counter or "OTC" derivatives have historically been individually negotiated, non-standardized agreements entered into directly and privately

between two parties—rather than on an exchange—to make/receive payments based on changes in underlying reference instruments or values. While, as described below, legislation and regulations require many derivatives to be cleared, many will remain bilateral and non-cleared. OTC derivatives involve the following types of risks, among others:

- Counterparties to non-cleared OTC derivatives might fail to perform, subjecting the Fund and Sub-Advised Accounts to loss of the benefit of the derivative agreement and potentially to loss of access to assets posted with the counterparty as collateral. Non-cleared OTC derivatives are generally not afforded the risk-mitigating protections of an execution facility or clearinghouse, or of a government regulator that oversees the execution facility or clearinghouse, in the event of such a failure to perform. Even cleared derivatives may not avoid these risks entirely: when transacting in cleared OTC derivatives, the Fund will not face a clearinghouse directly but rather will transact through an OTC derivatives dealer that is registered with the CFTC or SEC and that acts as a clearing member (a futures commission merchant). If another of the Fund's clearing member's customers fails to meet its obligations to the clearing member, under certain circumstances the clearing member could default on its obligations to the clearinghouse and the Fund's and Sub-Advised Accounts' assets held by the clearing member could consequently become inaccessible for an indefinite period or could ultimately prove not to be recoverable.
- If a counterparty's creditworthiness declines, the value of a derivative contract with the counterparty can be expected to decline, potentially resulting in losses by the Fund and Sub-Advised Accounts.
- Many derivative contracts call for payments by the Fund periodically or upon changes in the price of an underlying instrument or in underlying rates or indices. The Fund and Sub-Advised Accounts must be prepared to make those payments when due and it may be required to maintain collateral with its counterparty to support its payment obligations. If the Fund and Sub-Advised Accounts were to fail to fulfill those obligations or to post any required collateral, its counterparty could declare an event of default and the Funds could be required to pay breakage fees, suffer the loss of the amounts paid to the counterparty, and possibly forego future payments from the counterparty.
- OTC derivatives are less liquid than listed options or futures.
- Difficulties may arise in interpreting the legal terms of the relevant agreements.

Regulation of Over-the-Counter Derivatives. As a result of Dodd-Frank, the CFTC now requires certain derivative transactions that were previously executed on a bilateral basis in the OTC markets to be executed through a regulated futures or swap exchange or execution facility. The SEC is also expected to impose similar requirements on certain security-based derivative transactions in the near future, though it is not yet clear when these parallel SEC requirements will go into effect.

Among other things, in the U.S., trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as margin

requirements mandated by the CFTC, SEC, and/or federal prudential regulators. Regulators also have imposed margin requirements on non-cleared OTC derivatives and new requirements that apply to derivatives dealers' holding of customer collateral. Derivatives dealers may require the Fund and Sub-Advised Accounts' to give them the right unilaterally to increase collateral requirements for cleared OTC trades beyond regulatory and clearinghouse minima. These factors may increase the amount of collateral the Fund and Sub-Advised Accounts' is required to provide and the costs associated with providing it.

In an effort to facilitate derivatives strategies, the Fund and Sub-Advised Accounts, and/or Endurant might become members of exchanges and/or swap execution facilities ("SEFs"). Doing so would subject the Funds and/or Endurant to a wide range of regulations and other obligations and associated costs. Like other self-regulatory organizations, SEFs regularly revise and interpret their rules and those revisions and interpretations could adversely affect the Fund. Endurant may engage brokers that are members of exchanges and/or SEFs to place trades on its behalf. While the Fund and Endurant are not direct members of any SEF, such indirect SEF participation may nevertheless require the Master Fund to consent to the SEF's jurisdiction as a self-regulatory organization and to be subject to the SEF's rules, which could adversely impact the Fund and Sub-Advised Accounts.

In Europe, the E.U. Market Infrastructure Regulation on OTC derivatives, central counterparties, and trade repositories ("EMIR") imposes requirements in respect of derivative contracts that may affect the Master Fund's derivatives activities in Europe, including a general obligation to clear certain types of OTC derivative contracts through a duly authorized central counterparty. EMIR will largely be implemented through secondary measures, some of which are already in effect, and some of which will come into effect over the coming years. The E.U. regulatory framework for derivatives is also affected by the Markets in Financial Instruments Directive which is expected to be implemented over the next two or three years.

While these and other legislative and regulatory measures may provide protections for some market participants, they are new and still being implemented and their effects on the derivatives market activities cannot be reliably predicted. They may reduce the availability of some types of derivative instruments, may increase the cost of trading in or maintaining others, and may cause uncertainty in the markets for a variety of derivative instruments.

Swap Agreements. The Fund and Sub-Advised Accounts from time to time enter into various swap agreements ("*Swaps*") as part of its investment program. A Swap is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, commodity prices, exchange rates, indices or prices, with payments generally calculated by reference to a principal ("notional") amount or quantity. Swaps and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Fund and Sub-Advised Accounts are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Fund trades. Swaps may be subject to various other types of risk, including market risk, liquidity risk, counterparty

credit risk, legal risk, and operations risk. In addition, Swaps can involve considerable economic leverage and may, in some cases, involve significant risk of loss. Depending on their structure, Swaps may increase or decrease exposure to the corporate credit market, equity securities, long-term or short-term interest rates, foreign currency values corporate borrowing rates, or other factors. Swaps can take many different forms and are known by a variety of names. The Fund and Sub-Advised Accounts are not limited to any particular form of Swap if its use is consistent with the Fund's investment objectives and policies.

Depending on how they are used, Swaps may increase or decrease the overall volatility of a portfolio. The most significant factor in the performance of Swaps is the change in the specific interest rate, currency, equity index or other factors that determine the amounts of payments due to and from the Fund. If a Swap calls for payments by the Fund and Sub-Advised Account, the Fund must be prepared to make those payments when due. In addition, if a counterparty's creditworthiness declines, the value of a Swap with such counterparty can be expected to decline, potentially resulting in losses by the Fund and Sub-Advised Accounts.

Securities Lending. The Fund and Sub-Advised Accounts may lend portfolio securities either directly or through programs operated by financial intermediaries. As a creditor, the Fund runs the risk that borrowers of its securities may fail to return borrowed securities on demand or at all. A borrower's failure to return securities on a timely basis could cause the Fund to default on obligations it owes to third parties or it could force the Fund to make other arrangements to satisfy those obligations (such as borrowing equivalent securities elsewhere), resulting in penalties and unexpected costs. The Fund could lose the entire value of the lent securities. While borrowers typically provide securities as collateral for their obligations to return borrowed securities, that collateral is typically invested in instruments the value of which could decline, resulting in losses to the Fund. The institutions that operate securities lending programs in which the Fund participates may make mistakes in administering the lending and collateral investing arrangements, resulting in delays and potential losses for the Fund.

Distressed Companies. The Fund may invest in companies that are distressed or have experienced difficulties. These companies present greater risks than healthy companies; a bankruptcy could cause the Fund to lose its entire investment; the Fund could be forced to accept cash or securities with a value less than the Fund's and Sub-Advised Accounts' investment; and the Fund could be prohibited from exercising certain rights with respect to such investment. Even successful distressed investments may take longer to show returns than other investments, and the markets for them may be limited for extended periods or may disappear or fail to develop.

Trading Errors. Trading inevitably entails the risk of errors in order placement and execution. The Fund may engage in trading that is, at times, rapidly executed and may rely on computer code, software, hardware, and modes of transmission. These activities may increase the risk of trading errors. The Fund will bear the burdens, and enjoy the profits, from any trading errors, unless those errors constituted gross negligence or willful misconduct. In some cases, the ECM policy in regards to errors will be different than the trade error policy of the Sub-Advised Account's advisor. In such cases, ECM will adhere to the policy set in the Sub-Advisory

Agreement with the Sub-Advised Account's advisor, which may include financial responsibility for trade errors in the Sub-Advised Account.

Idle Funds. While Endurant Capital will endeavor to keep the Fund's and Sub-Advised Accounts' assets invested, there may be periods when the Fund has a significant portion of its assets in cash or cash equivalents. The investment return on such "idle funds" is not expected to meet the overall return objective Endurant Capital seeks through the Fund's and Sub-Advised Accounts' investment program.

New Issues. The Fund and Sub-Advised Accounts may invest in "new issues"—initial public offerings of equity securities. Shareholders who are "restricted persons" under the rules of FINRA, as well as executive officers and directors of certain companies that have or may have certain investment banking relationships with broker-dealers selling new issues, may be limited in the amount of profits (if any) that they may be allocated from new issues in which the Fund invests or prohibited entirely from participating in a new issue. To the extent a Shareholder is subject to these limitations, an investment in the Fund may produce lower performance than that experienced by investors who are not so subject. Any Shareholder who does not provide the Fund with information sufficient to show that he or she is not subject to FINRA-related limitations will be presumed to be subject to them.

FUND RISKS

Limited Liquidity. An investment in the Fund is illiquid and is not suitable for an investor who needs liquidity. There is no public market for Shares and there are limitations on Shareholders' abilities to transfer their Shares. Although Shares are redeemable, redemptions are subject to several limitations. Shareholders generally may redeem some or all of their Shares only as of any month end and will be subject to an early redemption fee if the redemption is effective fewer than 360 days after the date of the purchase of those Shares. To redeem Shares, a Shareholder must give the Fund written notice at least 30 days' before the intended redemption date. See "Redeeming Shares."

Effect of Substantial Redemptions. Substantial redemptions of Shares over a short period could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's and Sub-Advised Accounts' assets and/or disrupting the Fund's and Sub-Advised Accounts' investment strategy. Reduction in the Fund's and Sub-Advised Accounts' size could make it more difficult to generate a positive return or to recoup losses. Among other things, such a reduction could impair the Fund's and Sub-Advised Accounts' ability to take advantage of particular investment opportunities, and it would decrease the ratio of the Fund's and Sub-Advised Accounts' income to its expenses. In addition, withdrawals or redemptions by investors in other investment vehicles or accounts Endurant Capital or an affiliate manages, some of which may have more advantageous information and/or liquidity rights than those provided to Shareholders, could adversely affect the value of the Fund's and Sub-Advised Accounts' portfolio positions.

Effect of Other Accounts' Activities. Withdrawals or redemptions of capital from other investment vehicles or accounts Endurant or an affiliate manages could adversely affect the value of the Master Fund's portfolio positions. Endurant has entered into an agreement to manage another account of substantial size with the same investment objectives and strategy as the Funds, and expects that account's portfolio to be almost identical to the Funds' at most times. That account's owner will be able to view all details of the account's holdings and transactions on a daily basis. It will have the right to withdraw capital and/or terminate Endurant's authority, and thereby force liquidation of some or all of its portfolio, on short notice and at any time during a month. Such an action could have a substantial adverse effect on the Master Fund's portfolio and the proceeds of withdrawals of capital from the Fund that are effective shortly after the action.

Suspension of Redemptions. The Fund may suspend Shareholders' rights to redeem Shares if the Board determines that, due to extraordinary circumstances, suspension would be in the Fund's best interests. Similarly, the Fund may suspend the Feeders' rights to withdraw capital from the Fund and Sub-Advised Accounts in extraordinary circumstances described in the Master Partnership Agreement. Situations in which a suspension might occur include: when disruptions in markets for the Fund's investments would make pricing and/or liquidation of some or all Fund positions difficult or would result in losses if the Fund attempted such liquidations; when a redemption would cause the Fund or Endurant Capital to violate securities or commodities or other laws; or when there exist other extraordinary circumstances, as determined by the Board, that cause redemptions or payments to be impracticable under existing economic or market conditions or conditions relating to the Fund. See "Redeeming Shares."

Potential Mandatory Redemption. The Fund may, in its sole discretion at any time, for any reason or no reason, require a Shareholder to redeem all or a portion of his or her Shares. A mandatory redemption could result in adverse and/or economic consequences to that Shareholder. See "Redeeming Shares – Compulsory Redemption."

Redemptions in Kind. The Board has absolute discretion to effect a redemption payment to any or all redeeming Shareholders in kind rather than in cash. The circumstances in which the Board may exercise this discretion include, but are not limited to, a situation where substantial redemptions are received by the Fund that will make it impracticable to realize the underlying investments in order to fund the redemption payments. In making redemption payments in kind, the Board will use the same valuation procedures used in determining the Fund's Net Asset Value in determining the value to be attributed to the relevant securities or assets to be transferred or assigned or otherwise made available to the redeeming Shareholders. Redeeming Shareholders will receive securities or assets of a value equal to the redemption payment to which they would otherwise be entitled. Such securities or assets may include interests in special purpose entities specifically created to allow the Fund to effect redemptions in kind that may be created before or after the relevant redemption date. Furthermore, redeeming Shareholders receiving the redemption payment in kind will be responsible for all custody and other costs involved in changing the ownership of the relevant securities or assets from the Fund to the redeeming Shareholder and all ongoing custody costs in respect of such securities or assets after the relevant

redemption date. See “Redeeming Shares – Manner of Payment; Liquidating Accounts or Fund; Adjustment.”

Operating Deficits. The costs of operating the Fund (including fees payable to Endurant Capital and a third-party administrator and organizational costs and expenses) could exceed the Fund’s income. The fees the Fund pays may be higher than those charged by other private investment funds. If the Fund’s costs exceed its income, the difference will reduce the Fund’s capital and thus its potential for profitability. See “Management Fee, Incentive Allocation, and Expenses.”

Risks Associated with Incentive Allocations. The prospect that the General Partner or its affiliates could receive Incentive Allocations could encourage Endurant Capital to make investments on the Fund’s behalf that are riskier or more speculative than it would otherwise. Because the General Partner or its affiliates will receive an Incentive Allocation as to unrealized gains that may never be realized and will not return an Incentive Allocation made for one period if, in a later period, the Fund experiences losses, the Incentive Allocation may be greater than it would be if it were based solely on realized gains. Further, unrealized gains will be determined based on valuations over which the General Partner has ultimate authority. In addition, the General Partner may at any time withdraw from the Master Fund capital attributable to Incentive Allocations (and earnings on that capital). These factors could be viewed as providing an incentive for the General Partner to cause valuations of securities as of a calendar year end to be higher than it might in the absence of those factors. See “Fees, Allocations and Expenses” and “Potential Conflicts of Interest—Asset Valuation.”

Reliance on Technology; Cybercrime. The Fund and Sub-Advised Accounts will rely heavily on computer hardware and software, online services, and other computer-related or electronic technology and equipment to facilitate the Fund’s investment activities. Should events beyond Endurant Capital Management’s control cause a disruption in the operation of any of that technology or equipment, the Fund may experience losses, liabilities, or other adverse effects. In particular, the Fund and Sub-Advised Accounts are subject to risks associated with a breach in its cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from “hacking” by other computer users, other unauthorized access, and the resulting damage and disruption of hardware and software systems, loss or corruption of data, and misappropriation of confidential information. If a cybersecurity breach occurs, the Fund may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose both the Fund and Endurant Capital Management to civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial redemptions from the Fund. Investors could also be exposed to additional losses as a result of unauthorized use of their personal information.

Reliance on Third-Party Service Providers. Endurant and the Fund rely heavily on custodians, prime brokers, executing brokers and counterparties, and the Administrator for a variety of services that are essential to the Fund's operations, including executing, clearing, and settling portfolio transactions, reporting transactions and positions, financial reporting, processing subscriptions, redemptions, and payments of expenses, and monitoring and providing information for regulatory reporting and related purposes. If any of these service providers fails to perform its services accurately and effectively—and in particular if a service provider or its personnel were to engage in fraud or theft or make material errors in performing services—the Fund's operations could be materially impaired or the Fund could lose assets. Among other things, portfolio transactions the Investment Manager ordered might not be effected or the Investment Manager might take action based on erroneous information. Any such failures, errors, fraud, or other misconduct could cause the Fund to suffer losses. Moreover, the terms on which the Fund has retained its third-party service providers may limit or entirely prevent the Fund from recovering any losses borne by the Fund due to the actions or omissions of such third-party service providers, in which case the Shareholders would bear those losses.

Collective Investment Vehicle. The Fund and Sub-Advised Accounts are a collective investment vehicle permitting subscriptions and redemptions. Depending on the timing of such subscriptions and redemptions, a Shareholder may be exposed to risks, costs, and outcomes arising from investment activity that occurred before (or after) the Shareholder acquired (or redeemed) its Shares. For example, some Shareholders could receive the benefit of income (e.g., class action proceeds or appraisal actions) or bear expenses or losses (e.g., regulatory actions, litigation matters, and taxes) that are attributable to activities, transactions, or other events that occurred when those investors did not hold Shares. The Fund may not be able to allocate such items (particularly costs or losses) to those investors that were Shareholders when the events giving rise to those items occurred and Shareholders at the time the item is received, paid, or accrued may receive the benefit or burden of the item.

Orderly Wind Down. During any indefinite suspension of the calculation of the Fund's and Sub-Advised Accounts' Net Asset Value and redemptions of Shares, Endurant Capital Management may recommend to the Board that the Fund be managed with the objective of informally winding down the Fund's affairs and returning the Fund's assets to Shareholders in an orderly manner, without appointment of a liquidator or recourse to a formal liquidation process (an "Orderly Realization"). Upon receipt of such a recommendation from the Investment Manager, the Board may, in such circumstances, resolve to effect an Orderly Realization. Unlike a formal liquidation, the informal wind down of the Fund's affairs through an Orderly Realization leaves the Board's powers intact and allows the continued management of the Fund's investment portfolio. To effect the return of assets to Shareholders, the Board would use any means permitted including, but not limited to, declaration and payment of a dividend, distribution, or a Share repurchase. Any resolution to undertake an Orderly Realization and the associated process will be deemed to be integral to the business of the Fund and may be carried out with a minimum of formality (i.e., without recourse to a formal process of liquidation or any other applicable bankruptcy or insolvency regime). An Orderly Realization may be effected more than once during the Fund's lifetime.

TAX RISKS

U.S. Source Payments May Be Subject to Withholding Under FATCA. The U.S. legislation commonly known as the Foreign Account Tax Compliance Act (“FATCA”) generally imposes a 30% withholding tax on certain payments to non-U.S. financial institutions (including investment entities) of U.S. source income and proceeds from the sale of property of a type which can produce U.S. source interest or dividends unless the financial institution discloses to the IRS the name, address and taxpayer identification number of certain U.S. persons that hold, directly or indirectly, an account with the financial institution, as well as certain other information relating to any such account. The United States and the Cayman Islands have entered into a “Model 1” intergovernmental agreement with respect to FATCA (the “U.S. IGA”). The U.S. IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the Cayman Islands government and ultimately to the IRS. The Fund and Sub-Advised Accounts intend to comply with any obligations imposed on them under FATCA and the U.S. IGA to avoid the imposition on them of any withholding tax under FATCA, but there can be no assurances that they will be successful in this regard.

Special Measures for Shareholders that Fail to Cooperate with Efforts to Comply with FATCA. The Fund’s ability to comply with FATCA will depend on each Shareholder providing the Fund with information that the Fund requests concerning the direct and indirect owners of such Shareholder. If a Shareholder fails to provide the Fund with any information the Fund requests, the Fund may take a number of measures intended to place the entire economic burden of withholding on that Shareholder. These special measures may include mandatorily redeeming the Shareholder and using a portion of the redemption proceeds to fund the withholding or converting the Shareholder’s shares into a separate Series or Sub-Series and allocating the cost of the withholding to that Series or Sub-Series. However, if those steps are not entirely effective, the return of all Shareholders could be materially affected. Prospective investors are encouraged to consult with their own tax advisers regarding the possible implications of FATCA on their investments in the Fund. See “Certain Tax Considerations – Cayman Islands – Automatic Exchange of Financial Account Information.”

Disclosure of Information to Taxing Authorities. Under FATCA and the U.S. IGA, a similar intergovernmental agreement between the Cayman Islands and the United Kingdom, and the Cayman Islands implementing legislation, the Fund may be required to disclose confidential information about certain Shareholders and their investments in the Fund, and the Cayman Islands Tax Information Authority (the “TIA”) may be required to provide that information to the IRS or the UK tax authority (HM Revenue and Customs or “HMRC”). Further, the Fund may be required to provide certain confidential information about Shareholders and their investments directly to the IRS, TIA, or HMRC, including information that the Fund requires Shareholders to provide in order to comply with FATCA, UK laws, and/or Cayman Islands laws. Other jurisdictions may enact similar laws and enter into similar agreements with the Cayman Islands in the future. See “Certain Tax Considerations – Cayman Islands – Automatic Exchange of Financial Account Information.”

Tax Audits. The Fund and Sub-Advised Accounts may be audited by U.S. federal, state or other tax authorities. An income tax audit may result in an increased tax liability of the Fund and Sub-Advised Accounts, including with respect to years when an investor was not a Shareholder of the Fund, which could reduce the Net Asset Value of the Fund or the Sub-Advised Accounts and affect the return of all Shareholders. U.S. legislation enacted in late 2015 will impose procedures for IRS audits of partnerships (such as the Master Fund) for tax years beginning, in general, after 2017 in ways that are difficult to predict but that could conceivably include assessment of taxes, interest, and penalties at the Master Fund (rather than the Fund) level that could result in the Fund bearing taxes out of proportion to its participation in the underlying activities that gave rise to the assessment. Taxes arising out of audits (whether or not pursuant to the new procedures) could relate to years when an investor was not a Shareholder.

Accounting for Uncertainty in Income Taxes. Accounting Standards Codification Topic No. 740, “Income Taxes” (in part formerly known as “FIN 48”) (“ASC 740”), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity’s financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the Net Asset Value of the Master Fund or the Fund, including reducing those Net Asset Values to reflect reserves for income taxes, such as U.S. and foreign withholding taxes and income taxes payable on income effectively connected with a trade or business, that may be payable by the Fund. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from the Fund.

OTHER RISKS

Limited Investment Company Regulation. The Fund and Sub-Advised Accounts intend to rely on Section 3(c)(7) of the Investment Company Act of 1940 (the “*Investment Company Act*”), to avoid requirements that the Fund register as an “investment company” under, and comply with the substantive provisions of, that act. If the Fund were registered as an investment company, the Investment Company Act would require, among other things, that the Fund have a board of directors, a majority of whom are “disinterested,” compel certain custodial arrangements and regulate the relationship and transactions between the Fund and Endurant Capital or its affiliates. Shareholders do not have the benefit of the protections afforded by, nor is the Fund subject to the restrictions that arise from, such registration and regulation. Compliance with some of those regulations could possibly reduce certain risks of loss, although it would significantly increase the Fund’s operating expenses and limit the Fund’s investment and trading activities. The Fund is not subject to comparable regulation in any non-U.S. jurisdiction.

Interpretations of Section 3(c)(7) are complex and uncertain in several respects. As a result, there can be no assurance that the Fund will remain entitled to rely on this section. If the Fund were found not to have been entitled to exclusion from investment company regulation under this section, the Fund and Endurant Capital could be subject to legal actions by the SEC and others

and the Fund could be forced to terminate its business under adverse circumstances. See “Certain Regulatory Matters.”

Limited Commodity-Related Regulation. Neither Endurant Capital nor the General Partner nor any of the Funds is registered with the CFTC as a “commodity pool operator” or a “commodity trading advisor.” They instead rely on certain registration exemptions. None of them is subject to comparable regulation in any non-U.S. jurisdiction. As a result, neither the Fund nor Shareholders have the benefit of protections that might be afforded by, and Endurant Capital is not subject to the restrictions attendant on, any such registrations and regulations.

Regulatory Developments Related to Commodities Trading. The Funds’ and Sub-Advised Accounts trading activities may be affected by regulatory developments related to commodities trading. For example, joint rulemaking by the CFTC and the SEC (required under Dodd Frank) has broadened the definition of “commodity interest” positions to include certain types of swaps, including some foreign exchange trades, that were previously not regulated as commodities. The precise contours of the SEC and CFTC rules remain somewhat uncertain and may change in unpredictable ways over time. As of the date of this memorandum, each of the Investment Manager, and the Funds are exempt from registration with the CFTC as a commodity pool operator (“CPO”) pursuant to CFTC Rule 4.13(a)(3), which imposes certain quantitative limits on the size of commodity interest positions (including positions in swaps regulated as commodity interests) that the Funds may take. Continued reliance on CFTC Rule 4.13(a)(3) may cause the Funds to forego certain investment opportunities that might otherwise be suitable investments for the Fund. In order to avoid the trading limitations imposed by CFTC Rule 4.13(a)(3), Endurant Capital may elect to register as a CPO with the CFTC. However, even if Endurant Capital does register as a CPO, it expects that it may nevertheless be able to qualify from exemption from certain disclosure, recordkeeping, and reporting requirements that would otherwise apply to it as a registered CPO (*i.e.* in reliance on CFTC Rule 4.7).

Private Offering Exemption. The Fund offers Shares on a continuing basis without registration under the Securities Act and without registration or qualification of the Shares under state laws. It relies on an exemption for “transactions by an issuer not involving any public offering.” While the Fund believes that reliance is justified, factors such as the manner in which offers and sales are made, concurrent offerings by other investment funds with which Endurant Capital is involved, the scope of disclosure provided, failures to file notices or renewals of claims for exemption, or changes in applicable laws, regulations or interpretations could cause the Fund to fail to qualify for the exemption under federal or one or more states’ laws. Loss of the exemption could result in the rescission of sales of Shares at prices higher than the current value of those Shares, potentially materially and adversely affecting the Fund’s performance and business. Further, even non-meritorious claims that offers and sales of Shares were not made in compliance with applicable securities laws could materially and adversely affect the Fund’s ability to conduct its business. See “Certain Regulatory Matters.”

Master-Feeder Structure. The Fund currently expects that the U.S. Feeder and possibly other pooled investment vehicles Endurant Capital manages with the same investment objectives as

the Fund's will invest alongside the Fund as a "feeder fund" in the Master Fund. Operating in a master-feeder structure could, under some circumstances, create pressure for Endurant Capital to manage the Master Fund's portfolio in ways that are less advantageous to the Fund than if the Fund pursued its investment activities independently. For example, investments might become available that are attractive to the U.S. Feeder but that the Master Fund may forego because they could give rise to withholding taxes or other tax burdens specific to the Fund. Separately, withdrawals from the Master Fund as a result of withdrawals or redemptions from other feeder funds could affect the Master Fund's investment activities.

Contagion Risk Factor. The Fund will issue Shares in Series and Sub-Series. The Articles provide that liabilities are generally to be attributed to the specific Series or Sub-Series in respect of which they were incurred. However, the Fund is a single legal entity with no limited recourse protection for any class or series against liabilities incurred in respect of another Series or Sub-Series. Accordingly, all of the Fund's assets will be available to meet all of its liabilities regardless of the Series or Sub-Series to which any particular assets or liabilities are attributable. Cross-Series or cross-Sub-Series liability would arise only if liabilities referable to a Series or Sub-Series were to exceed the assets referable to that Series or Sub-Series. If that were to occur, the assets referable to other Series or Sub-Series could be applied to cover the liability excess and the value of the contributing Series or Sub-Series would be reduced as a result. The Fund intends to invest only in Limited Partner interests in the Master Fund and not to incur indebtedness in order to do so.

Item 9. Disciplinary Information

Not applicable.

Item 10. Other Financial Industry Activities and Affiliations

Endurant and its sponsored funds are exempt from registration as a CPO with the CFTC pursuant to CFTC Rule 4.13(a)(3).

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

Endurant Capital has adopted a Code of Ethics, including an Employee Investment Policy. The Code of Ethics includes general requirements that Endurant Capital's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, use of Endurant Capital's property, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and to report their personal securities transactions and holdings to Endurant Capital's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of Endurant Capital receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients

and prospective clients may obtain a copy of Endurant Capital's Code of Ethics by contacting Chris Ronan, at chris@endurantcapital.com or (650) 539-5905.

Endurant Capital and its members, managers, officers and employees may personally invest in securities of issuers whose securities are subsequently purchased for clients, but such persons are restricted from investing in the same securities as Endurant Capital is considering purchasing or has purchased for its clients. This restriction and the other restrictions in the Employee Investment Policy do not apply to accounts over which the individual does not have investment discretion, such as indirect holdings through mutual funds. Endurant Capital and its members, managers, officers and employees may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which Endurant Capital does not believe appropriate to buy or sell for clients.

Endurant Capital solicits investors who may or may not be Endurant Capital's clients to invest in the Fund. Endurant Capital has an incentive to cause a client to invest in the Fund instead of an individually managed account because of the reduced expenses and administrative burdens of managing the Fund compared to an individually managed account, Endurant Capital's performance compensation from the Fund receives more favorable tax treatment than that from an individually managed account and limited partners have less transparency and liquidity than individual account clients. Endurant Capital discloses these conflicts of interest to clients and investors.

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

Item 12. Brokerage Practices

Clients of Endurant Capital will incur substantial brokerage commissions and other transaction expenses. Endurant Capital has complete discretion in deciding what brokers, dealers, and other financial intermediaries and counterparties to use for portfolio transactions (collectively, "Transacting Parties"). It also has complete discretion to negotiate compensation arrangements and transaction terms with Transacting Parties, including not only commissions for transactions effected on any agency basis, but also markups, markdowns, and other compensation implicit in prices of transactions effected directly with Transacting Parties acting as principal. The following

describes some noteworthy aspects of Endurant Capital's use of, and relationships with, Transacting Parties.

Selection Criteria

In choosing Transacting Parties, Endurant Capital is not required to consider any particular criteria. It generally seeks "best execution" of client's transactions. However, what constitutes "best execution" and determining how to achieve it are inherently uncertain. Endurant Capital typically considers a range of factors, including: historical net prices (after markups, markdowns and other transaction-related compensation); Transacting Parties' execution, clearance and settlement and error correction capabilities generally and in connection with instruments of the type and in the amounts to be bought or sold; their willingness to commit capital; their reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; the market for the instrument in question; and the nature, quantity and quality of research and other services and products the Transacting Party provides. Endurant Capital may at times pay more than the lowest transaction cost available in order to obtain services and products other than the execution of securities transactions. When a Transacting Party provides Endurant Capital with services beyond transaction execution or products, or pays for them, Endurant Capital is said to have acquired those services or products with "soft dollars." That practice involves a conflict of interest, but Section 28(e) of the Securities Exchange Act of 1934 provides that it does not breach Endurant Capital's fiduciary duty to clients if the services and products consist of "research" and "brokerage" services and products and certain other conditions and requirements are met. To be protected by Section 28(e), Endurant Capital must, among other things, determine that commissions paid are reasonable in light of the value of the "brokerage" and "research" services and products acquired. Section 28(e) protects Endurant Capital's use of soft dollars for research and brokerage services and products even when those services or products benefit clients other than the Master Fund.

In acquiring services or products using soft dollars, Endurant Capital has an incentive to cause the Master Fund to pay higher compensation, use different Transacting Parties, and affect more transactions than it might otherwise do, possibly at the client's expense. The Investment Management Agreement authorizes Endurant Capital to use client soft dollars for a wide range of services and products and does not limit soft dollar activities to those that are protected by the Section 28(e) safe harbor. However, Endurant Capital generally intends to use client soft dollars only to acquire services and products that constitute "research" and "brokerage" within the meaning of Section 28(e).

Endurant Capital may acquire, among others, the following types of "research" from Transacting Parties: reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial and industry publications; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; analytical software and services; proxy analysis services and systems; quotation services; and other products or services that may enhance Endurant Capital's investment decision-making. "Brokerage" services and products

beyond “actual” execution, may include computer systems and facilities (including hardware) used for such things as communicating orders and settlement related information electronically to executing Transacting Parties, post-trade matching of trade information, communicating allocation instructions, and other clearance and settlement functions.

Endurant Capital may cause clients to use soft dollars to pay Fund-related accounting and other ongoing expenses and to reimburse Endurant Capital for the client’s expenses. The clients could also use transaction-related compensation (as well as interest Prime Brokers receives on cash balances, margin borrowings and borrowings of securities to maintain short positions) to pay a Prime Broker for recordkeeping, custodial, and related services. And, while it does not expect to do so, even if it were to use soft dollars more generally, under the Investment Management Agreement, Endurant Capital could use soft dollars to acquire non-research or non-brokerage services for itself, potentially including some of its costs of, and equipment used in, providing services to the clients, such as computer and communications equipment Endurant Capital uses in investment analysis and decision-making, and costs of computer software and equipment used for client reporting and other administrative activities. This would not be within the Section 28(e) safe harbor, and, if it were to do so, Endurant Capital would have all the incentives described above (including to use those Transacting Parties regardless of whether using them would otherwise be in the clients’ best interests, to pay higher compensation and to effect more transactions than otherwise optimal). Endurant Capital may choose a Transacting Party in recognition of referrals of investors, including investors in other investment funds Endurant Capital manages (including use of Prime Broker capital introduction services), referrals of advisory clients, or the potential for future referrals. To the extent Endurant Capital would otherwise be obligated to pay for these referrals, this practice would present a conflict of interest. Even without that obligation, it faces a conflict because it benefits from increases in the clients’ size.

Other Relationships

Endurant Capital and/or its personnel or affiliates may have other relationships or arrangements with Transacting Parties or Transacting Parties’ affiliates beyond using those Transacting Parties to execute client’s transactions.

Examples could include those listed above under the caption “Potential Conflicts of Interest — Transaction

Execution; Prime Broker; Other Service Providers,” giving rise to the incentives described there.

Aggregation of Orders

If the clients and Other Accounts seek to buy or sell the same security at the same time, Endurant Capital may combine the client’s and the Other Accounts’ orders. When it does so, Endurant Capital will generally allocate the proceeds of those transactions (and the related transaction expenses) among the participants on an average price basis (although it may allocate partially filled orders differently). Endurant Capital believes combining orders in this way will, over time,

be advantageous to all participants. However, the average price could be less advantageous to the clients than if the clients had been the only transacting account or had traded ahead of the other participants.

Cross Transactions

Endurant Capital may (but is not obligated to) cause the clients and Other Accounts to effect “cross” transactions (i.e., buy and sell securities from and to each other), subject to applicable law or regulation. Endurant Capital may do so if it believes the cross transaction will be beneficial to both parties. ERISA and other laws or regulations could in some circumstances prevent the clients from engaging in “cross” transactions that could be beneficial to it.

Limited Partner Consent

By signing the Subscription Application and entering into the Partnership Agreement, each Limited Partner expressly consents to Endurant Capital’s selection of Transacting Parties, negotiation of transaction compensation and terms, and use of the Fund’s soft dollars in all of the ways described above, even where the nature of the services and products or the manner in which payment is made do not meet the requirements for protection under Section 28(e).

Item 13. Review of Accounts

Quang Pham, Endurant Capital’s Portfolio Manager, and other members of the investment team review the Fund’s portfolio weekly. The reviews consider such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels.

Investors receive a monthly capital account statement, quarterly letter stating performance for the quarter and an annual letter discussing annual performance and investment outlook.

Item 14. Client Referrals and Other Compensation

Endurant Capital may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and Endurant Capital complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, if applicable.

Item 15. Custody

As defined in SEC Rule 206(4)-2, Endurant is deemed to have custody of client funds and securities through its general partner, as well as through Endurant’s authority to make withdrawals from client accounts to pay advisory fees. All client funds are maintained by a qualified custodian as described below. Each Fund is audited annually, and Investors in each Fund are sent the audited financial statements within 120 days following the end of the Fund’s fiscal year end. The audit is conducted by a Public Company Accounting Oversight Board (PCAOB) accountant.

The Fund and Sub-Advised Accounts obtain custodial, clearing and related services through what is known as a “prime brokerage” arrangement. Under this type of arrangement, a Prime Broker (i) maintains custody of the Funds’ assets (either directly or through affiliated companies or sub-custodians); (ii) provides margin credit and locates securities to borrow to facilitate short sales; (iii) arranges for the receipt and delivery of securities bought, sold, borrowed and lent; (iv) makes and receives payments for securities; (v) tenders securities in connection with tender offers, exchange offers, mergers or other corporate reorganizations; (vi) provides Endurant Investors detailed portfolio and related reports; and (vii) provides related services. The Fund’s and Sub-Advised Accounts’ arrangements with a Prime Broker permits the Fund and Sub-Advised Accounts to maintain a single custodial relationship, while using other brokers (in addition to the Prime Broker) to execute transactions. The arrangement permits the Funds and Sub-Advised Accounts to use not only the Prime Broker, but also other brokers to execute transactions, thereby permitting Endurant Investors to seek valuable research and to compare execution quality and commission rates. By using a Prime Broker rather than a bank or other institutional custodian for these functions the Funds also may avoid paying custodial fees that banks charge other institutional investors. The Fund and Sub-Advised Accounts compensate their Prime Broker through interest on credit balances, margin borrowings, stock loans and brokerage commissions. It is possible that a material amount of the Fund’s and Sub-Advised Accounts’ capital will be treated by the Prime Broker as margin and collateral.

Morgan Stanley & Co, LLC (a “Prime Broker”), JP Morgan Clearing Corp (a “Prime Broker”), Jefferies LLC (a “Prime Broker”), BofA Securities Inc. (a “Prime Broker”), and Weeden Prime Services, LLC (a “Prime Broker”), serve as the Fund’s and Sub-Advised Accounts’ current Prime Brokers. The Fund and Sub-Advised Accounts may change their Prime Broker, use additional Prime Brokers, alter the terms of their arrangements with each Prime Broker, or make alternative arrangements to receive the services currently provided by the Prime Brokers, all in Endurant Investors’ discretion. The Prime Broker may appoint sub-custodians for portions of the Funds’ and Sub-Advised Accounts’ assets held in prime brokerage accounts.

Item 16. Investment Discretion

Endurant has broad discretion, without limitation, to determine the:

- securities to be bought, sold, or traded for Client accounts;
- amount of securities to be bought or sold for Client accounts;
- broker or dealer to be used for a purchase or sale of securities for Client accounts;
- commission rates to be paid to a broker or dealer for Client account securities transactions.

Item 17. Voting Client Securities

Endurant Capital decides whether to vote proxies on behalf of the Fund after considering whether the proposal will have a material effect on the Fund’s investment strategy. This analysis may frequently lead Endurant Capital to vote proxies with management. In determining whether

a proposal serves the Fund's best interests, Endurant Capital considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

Endurant Capital abstains from voting proxies when Endurant Capital believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between Endurant Capital and a client, Endurant Capital will vote all proxies in accordance with the policy described above.

A client can obtain a copy of Endurant Capital's record of votes cast by Endurant Capital on behalf of that client by contacting Endurant Capital at the contact information shown on the cover page of this Part 2.

Item 18. Financial Information

Not Applicable.

Item 19. Requirements for SEC-Registered Advisers

All of the information required by this Item is disclosed elsewhere in Endurant Capital's Form ADV.

Item 20. Privacy Policy

Endurant Capital and the Fund:

- collect non-public personal information about their clients and investors from the following sources:
 - information received from clients or investors on applications or other forms, and
 - information about clients' or investors' transactions with Endurant Capital, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and

- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

Federal privacy laws require all "financial institutions," defined to include investment advisers to establish procedures and systems to assure privacy of customer personal and financial information. The privacy requirements set forth herein apply only to individual, non-entity U.S. Investors.

Federal privacy laws define "customers" of a "financial institution," such as an investment management firm, to mean natural persons (as opposed to corporations, partnerships, limited liability companies, trusts, and other entities) that have a continuing relationship with the Endurant Capital under which Endurant Capital provides one or more financial products or services to the individual that are to be used primarily for personal, family, or household purposes. Because none of Endurant Capital's Clients are natural persons, Endurant Capital has no "customers" within the strict meaning of the term. However, Endurant Capital wishes to provide (to the extent feasible) the same kinds of "customer" protections to Investors as its Clients. It is Endurant Capital's policy to keep all Client and Investor information strictly confidential and not to disclose any such information to non-affiliated third parties, except as set forth in Endurant Capital's Privacy Notice.

A. Protected Information

A financial institution must respect the privacy of its customers and protect the security of "non-public personal information," defined as personally identifiable financial information provided by a customer, obtained as a result of a transaction with a customer or obtained otherwise. Regulation S-P, adopted by the SEC to implement federal privacy laws, treats any personally identifiable information as "financial" if the financial institution received the information in connection with providing a financial product or service to a consumer. Thus, any information provided by U.S. Investors with managed accounts in connection with the investment advisory relationship should be considered subject to these privacy requirements. In addition, information created in the course of the relationship, such as account balances and securities positions or transactions, is subject to privacy protection.

B. Initial and Annual Notices

Regulation S-P requires advisers to provide notice to "customers" about the institution's privacy policies and practices. The initial notice must be provided to an individual when the "customer relationship" is established. An annual notice (which should be identical to the initial notice unless such notice has been subsequently revised) must be given once in each twelve-month (12) period. It is Endurant Capital's policy to issue notices of Endurant Capital's privacy policies and practices to Investors at the inception of Endurant Capital's relationship with the Investor and once annually thereafter.

C. Content of Notices

Both the initial and annual notices must set forth, among other things, a general description of Endurant Capital's policies and procedures to protect Investors' non-public information; categories of non-public personal information, if any, that are disclosed; and categories of affiliates or non-affiliated third parties, if any, that may receive the information.

D. Firm Policies and Procedures

1. Delivery of Initial Privacy Notice. Endurant Capital will deliver the initial Privacy Notice to individual Investors at the time an account is opened.

Delivery of Annual Privacy Notice. The Chief Compliance Officer will confirm that the annual Privacy Notice is mailed to all individual Investors. Normally the Privacy Notice will be mailed together with the annual offer of Endurant Capital's brochure.

Record Retention. The Chief Compliance Officer is responsible for maintaining Endurant Capital's Privacy Notice and updating the notice in light of any changes. The Chief Compliance Officer will retain evidence that the initial and annual Privacy Notice was delivered to individual U.S. Investors.

Safeguarding Client Information. Endurant Capital maintains safeguards that comply with federal standards to protect Client and Investor information, restrict access to the personal and account information of Clients to those Employees who need to know that information in the course of their job responsibilities, and require that third parties with which Endurant Capital shares Investor information must agree to follow appropriate standards of security and confidentiality.

Physical Facilities. Endurant Capital's physical office space is secure and accessible only by authorized personnel who have keys and/or electronic access cards.

Training. To assist Employees in understanding their obligations with respect to non-public personal financial information of U.S. Investors, the Chief Compliance Officer will:

- i) Inform Employees regarding Endurant Capital's confidentiality and security standards for handling Client and Investor information by giving them a copy of the Privacy Policy.
- ii) Instruct Employees to take basic steps to maintain the security, confidentiality and integrity of Client and Investor information, including:
 - not leaving files, notes or correspondence in the open;
 - changing passwords periodically, and not posting passwords near computers;
 - conversing behind closed doors and not in the presence of any persons not authorized to hear or receive such information;
 - avoiding the use of speaker phones and discussions in hallways, elevators, and any public places; and

- recognizing any fraudulent attempt to obtain Client and Investor information and reporting it to appropriate management personnel.
- access to Client and Investor information only to Employees who have a business reason for seeing it.

Keep access to computer files containing Client and Investor information restricted by password. Inform Employees not to leave open files that hold Client and Investor information on the computer while they are not at their desk.

Keep back-up computer files locked at alternate sites allowing access only by authorized persons.

Oversee service providers by taking reasonable steps to select and retain service providers that are capable of maintaining appropriate safeguards and requiring service providers to agree contractually to implement and maintain such safeguards.

Evaluate and adjust the information security program in light of results of testing and monitoring, any material changes to Endurant Capital's operations or business arrangements or any other circumstances that would impact Endurant Capital's information security program.

Outside service providers, including Endurant Capital's attorneys, auditors, brokerages and administrators, may be given access to non-public personal financial information concerning U.S. Investors in connection with the provision of services to Endurant Capital and its Clients. It is Endurant Capital's reasonable belief that such service providers are capable of maintaining and have in place appropriate safeguards to protect Client and Investor information.

Information Systems. Endurant Capital will maintain the security of its information systems by:

- i) Storing electronic Client or Investor information on a secure server that is accessible only with a password and is kept in a physically secure area.
- ii) Disposing, when necessary and permissible, of Client and Investor information in a secure manner by:
 - a. Supervising the disposal of records containing non-public personal information;
 - b. Erasing all data when disposing of computers, diskettes, magnetic tapes, hard drives or any other electronic media that contain Client or Investor information;
 - c. Effectively destroying obsolete or replaced hardware; and
 - d. Promptly disposing of outdated Client or Investor information.
 - e. Using appropriate oversight to detect the improper disclosure or theft of Client or Investor information.

Additional Procedures for Massachusetts Residents. For the purposes of the procedures in this sub-section, "personal information" includes a Massachusetts resident's first and last name and

any of the following a) social security number; b) driver's license number; or c) financial account number (e.g. bank, credit card, etc.). To the extent that a client or investor is a Massachusetts resident, Endurant Capital will implement the following procedures:

- i) Any personal information maintained or stored on a mobile device (e.g. laptop or smart phone) will be stored in an encrypted format;
- ii) To the extent technically feasible, any personal information transmitted wirelessly or across a public network will be transmitted in an encrypted format;
- iii) and Endurant Capital will take reasonable steps to ensure that its service providers who have access to the personal information of Endurant Capital's Clients or Investors will implement and maintain appropriate security measures for the information.

**Endurant Capital Management LP
Part 2B of Form ADV
The Brochure Supplement for Quang Pham
66 Bovet Road, Suite 353
San Mateo, CA 94402
650-539-5900
May 2021**

This brochure supplement provides information about Quang Pham and supplements the brochure of Endurant Capital Management LP. ("Endurant Capital"). You should have received a copy of that brochure. Please contact Chris Ronan at chris@endurantcapital.com if you did not receive Endurant Capital's brochure or if you have any questions about the contents of this supplement.

Additional information about Quang Pham is available on the SEC's website at www.adviserinfo.sec.gov.

This Brochure Supplement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase any interest in any entity, investment, or investment vehicle. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

Item 2 Educational Background and Experience

Name: Quang Pham

Year of Birth: 1984

Formal education after high school:

Mr. Pham graduated from the University of California, San Diego, with a Bachelor of Science in Bioengineering and a Bachelor of Arts in Economics.

Business background for the preceding five years:

Mr. Pham has 15 years of investment industry experience and focuses on the health care sector. Prior to co-founding Endurant Capital, he worked at the Seligman Technology Group beginning in 2006.

Item 3 Disciplinary Information

Mr. Pham has no legal or disciplinary events that are material to a client's or prospective client's evaluation of him.

Item 4 Other Business Activities

Mr. Pham is not engaged in any business or occupation for compensation other than his engagement with the Adviser. He is not registered and does not have an application pending to register as (i) a broker-dealer or registered representative of a broker-dealer, or (ii) futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

Item 5 Additional Compensation

Mr. Pham does not receive additional compensation or economic benefit from a person who is not a client for providing advisory services.

Item 6 Supervision

Chris Ronan, Endurant Capital's Chief Compliance Officer, whose telephone number is 650-539-5905, supervises Endurant Capital's supervised persons, including Mr. Pham, by monitoring their compliance with Endurant Capital's Code of Ethics, including its Employee Investment Policy.

In addition, Mr. Ronan, monitors the securities transactions of the Fund and Endurant Capital's other client accounts, if any, generally using the review process described in Item 13 of Endurant Capital's Brochure.