

Part 2A of Form ADV

Firm Brochure

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Velan Capital Investment Management LP

1055B Powers Place
Alpharetta, Georgia 30009
Tel: 901-292-3974
Website: <https://www.Avego.com/>

This brochure provides information about the qualifications and business practices of Velan Capital Investment Management LP (the “Adviser”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer at 631-553-9278 or zenker@avego.com. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

Since the Adviser's last annual amendment to the brochure dated April 5, 2021, the Adviser has updated disclosures relating to its investment strategies and risks in Item 8.

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Item 4. Advisory Business

The Adviser is an investment adviser with its principal place of business in Alpharetta, Georgia. The general partner of the Adviser is Avego Management, LLC. Adam Morgan and Avego Management, LLC are the principal owners of the Adviser.

The Adviser provides investment advisory services on a discretionary basis to its clients, which consist of private funds (the "Funds") intended for sophisticated investors and institutional investors.

The Adviser provides advice to the Funds based on specific investment objectives and strategies. The Adviser does not tailor advisory services to the individual needs of clients.

As of December 31, 2021, the Adviser had approximately \$429,890,001 of regulatory assets under management, all of which was managed on a discretionary basis.

Item 5. Fees and Compensation

Asset-Based Fee, Fixed Fee and Performance-Based Compensation. The asset-based fee and performance-based compensation rates for the Funds is disclosed in each Fund's limited partnership agreement (the "Limited Partnership Agreement").

The Funds will pay to the Adviser a management fee (the "Management Fee") quarterly in advance based on Fund investor ("Fund Investor") capital commitments with respect to one of the closed end funds, or the value of Fund investor capital accounts with respect to open end funds. The Adviser may elect to reduce, otherwise modify or waive the Management Fee with respect to any Fund Investor in accordance with the Fund's governing documents.

An affiliate of the Adviser that serves as the general partner of a Fund (the "General Partner") will be paid performance-based compensation by the Funds, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of the Funds. The General Partner, in its sole discretion, may elect to reduce, otherwise modify or waive the performance-based compensation with respect to any Fund Investor including for Fund Investors that are members, employees or affiliates of the General Partner, relatives of such persons, and for certain strategic investors.

Expenses. In addition to paying the Management Fee and the performance-based compensation, the Funds will also be subject to other investment expenses in accordance with that Fund's offering memorandum and other governing documents (collectively, the "Governing Documents"). A Fund is responsible for and must pay all expenses or obligations of the Fund or otherwise incurred by the General Partner (or an entity designated by it) on behalf of the Fund other than any expenses that would be considered General Partner Expenses in the General Partner's sole discretion. These include but are not limited to: Fund legal; the Management Fee; Organizational Expenses (as defined below); administrator expenses (including, but not limited to, middle and back office services and software necessary for trade capture and portfolio management); audit and tax preparation (including third-party tax preparation) and accounting expenses (including third party accounting services and accounting software); Fund-related insurance costs; master fund governance committee members' fees and expenses (if any); expenses of regulatory compliance (including compliance with AIFMD and AEOI); directors' fees; pricing service fees; portfolio valuation expenses (including data feeds and third-party valuation agents); execution and order management system fees and expenses; investment related expenses such as the Fund's brokerage commissions; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; withholding and transfer fees; any other expenses related to the purchase, sale or transmittal of Fund assets; and filing fees and expenses (including regulatory filings made in respect of the Fund or the master fund such as Form PF preparation and filing expenses). The Specified Fund Expenses, excluding the Management Fee, shall be apportioned on a monthly basis so that up to \$250,000 per annum shall be treated as Fund Expenses and anything in excess of \$250,000 shall be treated as General Partner Expenses. To the extent any expenses incurred by or on behalf of the Fund

may be shared with a third party, the General Partner shall, in its sole discretion, negotiate the appropriate allocation of such expenses.

The allocation of expenses by the Adviser between it and a client represents a conflict of interest for the Adviser. The Adviser will adopt an expense allocation policy that is designed to address this conflict. The Adviser will allocate expenses to clients in accordance with the client's Limited Partnership Agreement. The Adviser will seek to allocate any shared expenses for products and services benefitting both the Adviser and the client, and not covered in the client's Limited Partnership Agreement, in a fair and reasonable manner.

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

The General Partner, an affiliate of the Adviser will be entitled to be paid performance-based compensation by the Funds. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

The Adviser manages multiple client accounts. Accordingly, the Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with different fee arrangements, and the allocation of investment opportunities.

Item 7. Types of Clients

The Adviser's sole client are the Funds. Any initial and additional subscription minimums with respect to investment in a Fund is disclosed in a Fund's Governing Documents.

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

Methods of Analysis and Investment Strategies

The following is a summary of the methods of analysis and investment strategies employed by the Adviser on behalf of the Funds. This summary should not be interpreted to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, provide advice with respect to any investment strategies and make any investments, including those that may not be described in this brochure, that the Adviser considers appropriate, subject to each Fund's investment objectives and guidelines. Detailed disclosures of such strategies and methods are included in each Fund's Governing Documents. There can be no assurance that the investment objectives of any Fund will be achieved, and results may vary substantially over time.

Velan Capital Strategy

The Velan Capital strategy seeks to invests predominately in the equities of healthcare value companies or similarly dislocated issuers, with no emphasis on any specific subsector. The Adviser's philosophy views capital preservation as tantamount to achieving superior compounded investment returns in a risk adjusted manner. Fundamentals are strictly adhered to despite macro and external factors in order to remove anchoring bias as it pertains to appropriately reflecting the potential of any given investment to generate positive investment returns. Hedging strategies using long and short equity positions, equity options, and index options are used in an attempt to reduce and control risk.

Avego BioSciences Strategy

The Avego BioSciences Strategy seeks to achieve attractive returns by investing principally in equity investments in mid- to late-stage privately held life sciences companies. The Avego BioSciences Strategy generally targets a limited number of investments, sourced globally, that are seeking strategic capital to move to the next phase of development, and which are typically expected to be 1-3 years away from a liquidity event (e.g., IPO or acquisition). The Avego BioSciences Strategy will additionally invest in subsequent offerings in future private rounds as well as the public offerings (e.g., IPO and secondary offerings) of companies in which it has an existing equity ownership. The Avego BioSciences Strategy is not limited to any specific therapy area and will seek to diversify across modality and indications.

Avego Healthcare Strategy

The Avego Healthcare Strategy seeks to generate long-term capital appreciation by investing a significant amount of its assets in a portfolio of private companies, with the intent to realize value upon successful completion of each portfolio company's initial public offering or sale to another company. The Avego Healthcare Strategy utilizes a variety of methods and strategies to make investment decisions and recommendations, including fundamental research and identification of sector specific themes. The Avego Healthcare Strategy employs investment strategies that include equity, credit including term loans, convertible notes, or similar debt instruments to private companies, including companies in which it has an existing equity ownership.

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations including:

Equity. The Adviser's equity strategy focuses on a broad range of equity investment styles, including growth, core, and value, as well as portfolios designed to be "style-neutral". The Adviser's equity strategy considers investment in long and short positions in a broad range of equity securities from issuers domiciled inside and outside the United States, including developing countries. The Adviser's equity strategy utilizes the combination of long and short positions to pursue its investment objective of long-term capital appreciation over a complete market cycle with lower volatility relative to broad equity indices.

Activism. The Adviser engages in shareholder activism. Specifically, it engages in acquiring a concentrated equity position in a publicly-traded company with the intent to proactively engage with the company's management and/or board of directors and to advocate for changes, including changes in the company's strategy, capital structure, management compensation, asset prioritization, and financial management of operations. This strategy will require the Adviser to take certain regulatory actions on behalf of the Funds, including filing Form 13D. In the context of shareholder activism, the Adviser will utilize both private and public communication in the best interest of the Funds.

Buy and Hold. The Adviser engages in a buy and hold investment strategy wherein the Adviser buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

Short Selling. The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

Hedging. The Adviser utilizes a variety of financial instruments such as derivatives, options, and futures contracts for profit and/or risk management purposes.

Option Trading. The Adviser engages in various option trading investment strategies. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages in the following types of option trading strategies: both covered and uncovered call and put writing

for purposes of income and risk reversals; call and put buying for leverage and hedging; as well as fundamental exposure that would be substitutive for a fundamental equities position.

Leverage. The Adviser's investment program utilizes a significant amount of leverage which includes the borrowing of funds from brokerage firms, banks, and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

Fundamental Value. The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

Growth. The Adviser engages in a growth investment strategy wherein the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

Relative Value. The Adviser pursues relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

Arbitrage Transactions. The Adviser engages in one or more types of arbitrage strategies. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in other forms. The Adviser engages in the following arbitrage strategies: event-driven arbitrage, merger arbitrage, and convertible arbitrage.

Short-Term Market Timing. The Adviser engages in a short-term market timing investment strategy wherein the Adviser attempts to anticipate the market price of a stock before the stock's price reacts to market forces by analyzing macroeconomic and market trends, and then sells the stock shortly after the stock's price is influenced by market movements.

Credit. The Adviser engages in a long credit strategy. *Client* accounts generally invest in credit-related assets across all levels of the capital structure, including, investments in distressed debt securities and other financial instruments, high yield and investment grade loans and bonds, structured credit, and special situations.

Risk of Loss

These methods, strategies and investments involve(s) risk of loss to *clients* and *clients* must be prepared to bear the loss of their entire investment.

All of the Adviser's investment strategies are generally speculative investments and are not intended as a complete investment program. The strategies are intended solely for sophisticated investors who are able to bear the risk of an investment. There can be no assurances that any strategy will achieve its investment objective or that there will not be a significant loss of capital. The specific risks associated with a Fund's investment strategy are described in greater detail in each Fund's Governing Documents. The following risks, however, are those that generally may be applicable and should be carefully evaluated by prospective investors. Investors may lose all, or substantially all, of their investment in any Fund.

Derivatives Risk. Investments in derivatives involve the risks associated with the securities or other assets underlying the derivatives, and also may involve risks different or greater than the risks affecting the underlying assets, including the inability or unwillingness of the other party to a derivative to perform its obligations to an account, an account's inability to sell, or delays in selling or closing, positions in derivatives, and difficulties in valuing derivatives. Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly

and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the *client* or the Adviser. Further, transactions in derivative instruments may not be undertaken on recognized exchanges and will expose the *client's* account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

Lack of Diversification. *Client* accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, *client* portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments, geographic areas or sectors.

Leverage. Performance may be more volatile if a *client's* account employs leverage.

Limits on Trading Activities. In some situations, purchases or sales of securities for one *client* account may cause certain trading limitations to apply to another *client* account. Such trading limitations may be the result of regulatory restrictions. For example, under federal securities laws, a short sale of a security by one *client* within five business days prior to a public offering of the same securities (the timing of which is generally not known to the Adviser in advance) may prohibit another *client* from participating in the public offering, which could cause the *client* to miss an otherwise favorable investment opportunity or to pay a higher price for the securities in the secondary markets. Similarly, in the event that the Adviser causes one of its *clients* to purchase equity securities offered via private placement, the Adviser's other *clients* may be restricted from trading in related publicly traded securities.

Management Risk. The Funds are actively managed portfolios, and the value of the accounts may be reduced if the Adviser pursues unsuccessful investments or fails to correctly identify risks affecting the broad economy or specific issuers in which the accounts invest.

Relative Value Risk. In the event that the perceived mispricings underlying the Adviser's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, *client* accounts may incur a loss.

Short Selling Risk. The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender

on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Security Futures and Options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the *client’s* account. In addition, the Adviser’s investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

Risks Specific to the Avego BioSciences Strategy and the Avego Healthcare Strategy

Illiquid Investments; Private investments, at least initially, are generally illiquid financial instruments or other illiquid assets. The risk of investing in such assets generally is greater than the risk of investing in registered, publicly traded financial instruments. There is a significant risk that the Avego BioScience Strategy or the Avego Healthcare Strategy will be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy. In some cases, the Adviser may be prohibited by contract from selling financial instruments for a period of time or otherwise may be restricted from disposing of such financial instruments. Such factors may negatively impact the Adviser’s exit strategy.

Concentration of Investments. Because a significant percentage of a Avego BioScience Strategy or Avego Healthcare Strategy client’s aggregate committed capital (and 100% of portfolio investments) may be invested in a single portfolio company at any point in time, any single loss may have a significant adverse impact on the client’s capital.

Control Liability. Significant or controlling ownership and serving on the board of directors of portfolio company exposes a Fund’s representatives, and ultimately the Fund, to potential liability because the Fund or its representatives may in certain cases be viewed as participating in the management of, influencing the conduct of, or controlling a portfolio company. Although portfolio companies often have insurance to protect directors and officers from such liability, such insurance may not be obtained by all portfolio companies in which a Avego BioScience Strategy or Avego Healthcare Strategy client may have a significant or controlling interest and may be insufficient to cover the cost of liability if obtained. The possibility of successful claims cannot be eliminated, and such events may have a significant adverse effect on a Fund.

The foregoing risks do not purport to be a complete explanation of all of the risks involved in the strategies utilized by the Adviser. Additional risk factors are set forth in the Governing Documents of each Fund. There can be no assurances that an investor will achieve its investment objective or that the strategies pursued, and methods utilized by the Adviser will be successful under all or any market conditions.

Additional Risks Relating to the Adviser

Cybersecurity Risk. The information and technology systems of the Adviser and of key service providers to the Adviser and its *clients*, including banks, broker-dealers, custodians and their affiliates, may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. For instance, cyber-attacks may interfere with the processing or execution of the Adviser’s transactions, cause the release of confidential information, including private information about clients, subject the Adviser or its affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Adviser’s key service providers, may cause significant harm to the Adviser, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of

securities in which the Adviser may invest. These risks could result in material adverse consequences for such issuers, and may cause the Adviser's investments in such issuers to lose value. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its *client* accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, which may result in identity theft.

Risk Management Failures. Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of *clients* may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to *clients*.

Systems and Operational Risk. The Adviser relies heavily on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its *clients* could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the *clients'* operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, *clients* and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the *client* trading activities, liability under applicable law, regulatory intervention or reputational damage.

Valuation of Portfolio Holdings. There are various conflicts of interest in connection with the valuation of *client* assets, in particular, higher valuations of *client* assets may result in increased asset-based and performance-based fees, and in some cases, increased compensation for personnel. In addition, inflated valuations may result in better performance which may assist in marketing for the Adviser. Conflicts of interest may be heightened in the case of assets that do not have readily ascertainable market values. To address these conflicts, the Adviser has adopted and implemented policies and procedures concerning the valuation of client assets, led by a valuation committee that includes personnel of Adviser not involved directly in the management of *client* accounts and that excludes each Fund's portfolio manager as a voting member. In addition, the Adviser has engaged each Fund's third-party administrator to perform portfolio reconciliations. On a monthly basis, the valuation committee will prepare and review its own calculation of the net asset value ("NAV") of the *client* accounts and seek concordance with each Fund administrator's assessment through a process of reconciliation. The Adviser will utilize Generally Accepted Accounting Principles (GAAP) and methods, including peer grouping or model analysis that take into account discounts for lack of marketability and liquidity to calculate Fair Value for illiquid securities, and such valuations will be checked for positive assurance by independent third parties where warranted.

Effects of Health Crises and Other Catastrophic Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations,

including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

The Adviser is affiliated with Avego Management, LLC (the "Filing Adviser"), which is registered with the SEC as an investment adviser. The Filing Adviser manages assets for clients using a private equity investment strategy.

Neither the Adviser nor any of the Adviser's management personnel have any relationships or arrangements that pose material conflicts of interest to the business of the Adviser.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser to put the interests of the Adviser's Funds before its own interests and to act honestly and fairly in all respects in their dealings with the Funds. In addition to compliance with the Adviser's policies and procedures, all of the Adviser's personnel are required to comply with applicable federal securities laws. The Funds or prospective clients may obtain a copy of the Code by contacting the Adviser's Chief Compliance Officer by email at zenker@avego.com, or by telephone at 631-553-9278. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of the Funds. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to the Funds and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Funds or using such information for the Funds' benefit. In such circumstances, the Adviser will have no responsibility or liability to the Funds for not disclosing such information to the Funds (or the fact that the Adviser possesses such information), or not using such information for the Funds' benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

In addition, the Adviser or its supervised persons invests in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a supervised person recommends to clients. The Adviser or its supervised persons may trade in a particular security in a manner that is the same as, different from, or even opposite to the trading activity undertaken by the Adviser on behalf of the Funds with respect to that same security. Such practices present a conflict when, because of the information an Adviser has, the Adviser or its supervised persons are in a position to trade in a manner that could adversely affect the Adviser's Funds (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the client's trades). In addition to affecting the Adviser's or its supervised person's objectivity, these practices by the Adviser or its supervised persons may also harm clients by adversely affecting the price at which the client trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts:

- The Adviser requires its supervised persons to preclear all personal trading transactions, including single name securities that are related to the healthcare industry (as determined by the Chief Compliance Officer), certain limited offerings and initial public offerings in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of the Adviser's clients; provided however that supervised persons are not required to preclear transactions in non-single name securities (e.g., ETFs and mutual funds).
- In addition, the Adviser's Code prohibits the Adviser or its supervised persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer.

All of the Adviser's supervised persons are required to disclose their securities transactions on a quarterly basis. In addition, the Adviser's supervised persons are required to disclose the holdings in their personal accounts upon commencement of employment with the Adviser and on an annual basis thereafter. The Adviser's supervised persons are also required to provide monthly or quarterly brokerage statements. Trading in the personal accounts of the Adviser's supervised persons is reviewed by the Chief Compliance Officer.

Item 12. Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions. The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to reputation, financial strength, stability, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, research (including but not limited to economic forecasts, fundamental and technical advice on securities, valuation advice on market analysis); custodial and other services provided for the enhancement of the Adviser's portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; and the operational facilities of the brokers and/or dealers involved (including back office efficiency). In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer and traders will periodically evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

1. Research and Other Soft Dollar Benefits. The Adviser receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with Fund securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial and scientific newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic

communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser will periodically review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

The Adviser may cause the Funds to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits, resulting in higher transaction costs for the Funds.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other client accounts of the Adviser or its affiliates. The Adviser does not seek to allocate soft dollar benefits to client accounts of the Adviser or its affiliates proportionately to the soft dollar credits the accounts generate.

2. Brokerage for Client Referrals. The Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend investments in these private funds as investments to the clients of the broker-dealer. The Adviser may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

In the event the Adviser has trading authority for multiple clients, it is the Adviser's policy, where appropriate, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for the client a more favorable price or a better commission rate based upon the volume of a particular transaction.

In cases where a client has negotiated the commission rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a client's account, the Adviser may be precluded from aggregating that Fund's transaction with others. In such a case, that Fund may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order.

When an aggregated order is completely filled, the Adviser will allocate the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged,

a client account participating in the trade may pay a higher price than if the Adviser did not aggregate the order. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to the client. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to participating clients.

Item 13. Review of Accounts

A. Frequency and Nature of Review. The Funds will be reviewed by the Adviser on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Matters to be reviewed will include specific securities held, adherence to investment guidelines and the performance of the Funds.

B. Factors Prompting a Non-Periodic Review of Accounts. Significant market events affecting the prices of one or more securities in Fund accounts, changes in the investment objectives or guidelines of a particular client or specific arrangements with particular clients may trigger reviews of client accounts on other than a periodic basis.

C. Content and Frequency of Regular Account Reports. Fund Investors will receive reports from the Fund pursuant to the terms of the Fund's Governing Documents.

Item 14. Client Referrals and Other Compensation

The Adviser does not have any arrangements in place to compensate anyone or be compensated for the referral of the Funds.

Item 15. Custody

The Adviser and the General Partner are deemed to have custody of Fund assets. The Adviser intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

Item 16. Investment Discretion

The Adviser will provide investment advisory services on a discretionary basis to the Funds.

Prior to assuming full discretion in managing the Funds' assets, the Adviser will enter into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary Fund, the Adviser will have the authority to determine (i) the securities to be purchased and sold for the Fund account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser's error correction procedure is to ensure that clients are treated fairly. The Adviser has discretion to resolve a particular error in any manner that it deems appropriate and consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Adviser's violation of the standard of care that is applicable to the client account, the Adviser will reimburse the client for losses attributable to such violation. Trade errors that do not result from the Adviser's violation of the standard of care applicable to the client account are borne by the client account. The Adviser is not responsible for the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser will comply with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of the Funds. The Adviser generally will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals including matters such as, without limitation, corporate events (mergers and acquisition transactions, dissolutions, conversions, or consolidations) or contested elections for directors, the Adviser will determine whether a proposal is in the best interests of the Funds and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; (iii) whether the proposal fairly compensates management for past and future performance; and (iv) the potential effect of the vote on the value of Fund investments.

If a material conflict of interest between the Adviser and the Fund exists, the Adviser will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of the Funds or take some other appropriate action.

The Funds may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted that Fund's proxies by contacting the Chief Compliance Officer by email at zenker@avego.com or by telephone at 631-553-9278.

Item 18. Financial Information

This Item is not applicable.

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