

**Item 1
Cover Page**

Part 2A of Form ADV: Firm Brochure

Affinity Asset Advisors, LLC

March 29, 2023

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This Part 2A of Form ADV (the “*Brochure*”) provides information about the qualifications and business practices of Affinity Asset Advisors, LLC (“*Affinity*”, the “*Firm*”, and similar terms). If you have any questions about the contents of this Brochure, please contact Affinity at compliance@affinityadv.com or (646) 481-3856.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“*SEC*”) or by any state securities authority.

Affinity is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Affinity and its affiliates is also available on the SEC’s website at www.adviserinfo.sec.gov. The firm CRD # is 312788.

Item 2

Material Changes

Affinity is required to identify and discuss any material changes made to this Brochure since the last annual Brochure (filed update in March 2022). While this update to the Brochure contains changes and updates to certain information, Affinity does not believe that they constitute material changes to the Brochure filed in conjunction with our last update.

Affinity recommends that you read this Brochure in its entirety. If Affinity makes any material changes to this Brochure, this item will be revised to include a summary of such changes.

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Item 4

Advisory Business

A. General Description of Advisory Firm

Affinity Asset Advisors, LLC (“*Affinity*”, the “*Firm*”, and similar terms), a Delaware limited liability company formed in 2017, is an investment adviser to private fund clients. Affinity was founded by Michael Cho and Jonathan Chu. Mr. Cho serves as the Portfolio Manager of Affinity’s clients and has ultimate responsibility for all of Affinity’s management, operations and investment decisions. Mr. Chu serves as Affinity’s Chief Compliance Officer. Affinity has its principal place of business in New York, New York.

B. Description of Advisory Services

Affinity provides investment advisory services on a discretionary basis to the following private fund clients (the “*Funds Clients*”):

- Affinity Healthcare Fund, LP, a Delaware limited partnership (the “*Master Fund*”); and
- Affinity Healthcare Offshore Fund, LTD, a company incorporated under the laws of British Virgin Islands, which invests substantially all of its assets into the Master Fund (the “*Feeder Fund*”).

Affinity Healthcare GP, LLC, a Delaware limited liability company (the “*Master Fund General Partner*”), is an affiliate of Affinity and serves as the general partner of the Master Fund. The Feeder Fund is governed by its Board of Directors.

In providing advisory services to the Fund Clients, Affinity pursues a long/short equity strategy focused on companies in the healthcare sector. Generally, healthcare investments will focus on pharmaceutical and biotechnology companies that develop, discover, and commercialize drug therapies. Certain of the Master Fund’s investments may be illiquid at the time of acquisition or become illiquid, difficult to value, or subject to lock up or non-withdrawal provisions. Such investments may include, without limitation, investments in special purpose vehicles, privately placed unregistered securities such as convertible debt and preferred equity investments in private companies, and other securities that, in the opinion of the Affinity and/or the Master Fund General Partner, either do not have a readily ascertainable market value or which may be valued but are not freely transferable. Affinity and/or Master Fund General Partner may isolate such illiquid investments by creating a “side pocket” within the Master Fund as a sub-account, to which the Affinity and/or the Master Fund General Partner may determine to allocate or attribute such investments or assets. Please see “*Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss*” for a description of the Affinity’s investment strategies and certain related risks. Notwithstanding the foregoing, subject to any limitations in the governing documents of the Fund Clients, Affinity is not limited with respect to the types of investment strategies it may employ or the markets or instruments in which it may invest.

Affinity may, in the future, advise other clients and private investment funds, including separately managed accounts, special purpose vehicles, co-investment funds, and similar investment vehicles.

References throughout this document to “*Clients*” refer to the Funds Clients listed above and to any other clients Affinity may advise in the future.

The securities of the Fund Clients are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Investors in the Fund Clients must meet the qualifications set forth in the applicable offering documents. Persons reviewing this Brochure should not construe this as, and should understand that this Brochure is not, an offer to sell or solicitation of an offer to buy the securities of any of the Fund Clients described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

C. Tailored Advisory Services for Client Accounts

Affinity manages assets in accordance with the stated investment objectives of each Client, as described in any relevant investment management agreement (or similar agreement) or in an offering memorandum or a Client’s organizational documents (collectively, the “*Offering Documents*”). Investment advice is provided directly to the Clients and not individually to the limited partners, shareholders, and investors in the Clients (the “*Investors*”).

D. Wrap Fee Programs

Affinity does not currently participate in wrap fee programs.

E. Assets Under Management

Affinity manages, on a discretionary basis, approximately \$237,621,000 of Client regulatory assets under management. This figure for regulatory assets under management was determined as of December 31, 2022. Affinity does not manage any assets on a non-discretionary basis.

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Fees and Compensation

A. Advisory Fees and Compensation

The fees applicable to the Fund Clients are set forth in detail in the applicable Offering Documents. A brief summary of such fees is provided below.

(a) Management Fees

Investors in the Fund Clients (the “*Fund Client Investors*”) pay Affinity a management fee that ranges between 1.5% and 2% per annum (the “*Management Fee*”). The Management Fee is equal to the net asset value of each Fund Client Investor’s capital balance at the beginning of the fiscal quarter. For the purposes of calculating the Management Fee, investments held in side pocket accounts will be valued based on fair market value as determined by Affinity.

Affinity, in its sole discretion, may waive, by rebate or otherwise, all or part of the Management Fee otherwise due with respect to any Investor’s investment or any class of interests, including, without limitation, Affinity’s affiliates, members, principals and/or employees.

(b) Incentive Allocation

At the end of each fiscal year, each Fund Client Investor will be subject to an incentive allocation (the “*Incentive Allocation*”), calculated at the Master Fund level, generally in an amount between 17.5% and 20% of realized and unrealized gains (excluding unrealized income on investments held in side pocket accounts) for the year subject to a traditional “high watermark” and subject to certain reductions as more fully set forth in the Offering Documents. The Incentive Allocation for investments held in side pocket accounts is calculated upon the liquidation of such investment or the determination by Affinity and/or the Master Fund General Partner that such investment is no longer illiquid. The Incentive Allocation will be allocated to the Master Fund General Partner.

The Master Fund General Partner reserves the right to waive or reduce the Incentive Allocation with respect to any Fund Client Investor or class of interest, including, without limitation, its affiliates, members, principals and/or employees.

In addition, Affinity occasionally enters into side letter arrangements with certain Investors which provide for different or additional terms than those described above, including, without limitation, the fees charged, minimum subscription amounts, redemption rights and other rights. The terms of such side letters will be determined by Affinity.

B. Payment of Fees

Management Fees for the Fund Clients are paid quarterly in advance. Incentive Allocation for the Fund Clients is paid annually in arrears (excluding unrealized gains on side pocket investments).

C. Additional Expenses

In addition to the fees and allocations described above, each Fund Client generally bears all of their own expenses, including but not limited to expenses related to its operations and the investment of its assets. Each Fund Client shall bear those expenses as set forth in the applicable Offering Document, as amended from time to time, including, but not limited to, some or all of the following:

- Organizational expenses;
- Investment and research related travel costs;
- Brokerage commissions;
- Research expenses;
- Legal and auditing expenses;
- Accounting and fund administration expenses;
- Investment related consultants and other service provider expenses;
- Custody fees and expenses;
- Insurance premiums of the Funds Clients, Affinity, and its affiliates (including insurance premiums with respect to any of Affinity's principals, partners and officers);
- Expenses incurred with respect to the preparation of annual reports and other financial information; and
- Expenses relating to (i) all market data and related software used by Affinity and its employees (including, without limitation, Bloomberg terminals and subscriptions) and (ii) portfolio management system and any other software used for accounting and/or monitoring of the portfolio, including, without limitation, subscriptions relating to trading and order management systems and services) to the extent items (i) and (ii) are not otherwise eligible for payment with soft dollars under Affinity's soft dollar policy, and other ongoing operational expenses

In general, each Investor will bear its proportionate share of the Client expenses on a pro rata basis with respect to the size of its capital account balance. Affinity and its affiliates may, however, allocate expenses on another basis, including by allocating certain expenses to certain (but not all) Investors, if Affinity and its affiliates determine that such an allocation is more equitable.

When Affinity incurs expenses on behalf of multiple Clients, it will allocate the expenses among the applicable Clients in an equitable manner, based upon the relative use of a product or service, net asset value, or such other allocation methodology determined by Affinity and its affiliates. However, it is possible not all expenses will be allocated ratably across all Clients.

D. Prepayment of Fees

The Management Fee for the Fund Clients is paid quarterly in advance.

E. Additional Compensation and Conflicts of Interest

Neither Affinity nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

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

Affinity and its affiliates accept performance-based fees or allocations from every Client. As a result, Affinity and its affiliates do not face certain conflicts of interests that may arise when an investment adviser accepts performance-based fees or allocations from some clients, but not from other clients.

The performance-based fees or allocations paid to Affinity and its affiliates may create an incentive for Affinity to make investments that are riskier or more speculative than would be the case in the absence of performance-based fees or allocations. In addition, because performance-based fees or allocations are calculated based on unrealized appreciation of a Client's net assets (except as it relates to side pockets), it may be greater than if such fees or allocations were based solely on realized gains. These conflicts are disclosed in each Client's Offering Documents.

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Types of Clients

Affinity provides investment advice to the Fund Clients, as described in Item 4, “*Advisory Business*,” above. Affinity may, in the future, provide investment advisory services to other types of clients. The respective investment programs of the Fund Clients and such additional clients may or may not overlap.

The Fund Clients typically require a minimum initial investment of \$1,000,000, subject to the ability of Affinity, the Master Fund General Partner, and/or the Board of Directors to waive or reduce such minimum initial capital contribution amounts in its sole discretion. Each Fund Client Investor generally must be a non-U.S. person or a U.S. person that is (i) an “*accredited investor*”, as defined in Regulation D under the U.S. Securities Act of 1933, as amended, and (ii) either a “*qualified purchaser*”, as defined in the U.S. Investment Company Act of 1940, as amended (the “*Company Act*”), or a “*knowledgeable employee*”, as defined under Rule 3c-5 of the Company Act, and must meet other suitability requirements.

Item 8

Method of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that Affinity offers to Clients, and investment strategies pursued and investments made by it on behalf of Clients, should not be understood to limit in any way Affinity's investment activities. Affinity may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that are considered appropriate, subject to each Client's investment objectives and guidelines. The investment strategies that Affinity pursues are speculative and entail substantial risks. Clients and Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

The Fund Clients, through their investments in the Master Fund, pursue an active long-short equity strategy focused on the healthcare sector. Generally, healthcare investments will focus on pharmaceutical and biotechnology companies that develop, discover, and commercialize drug therapies. The Fund Clients, through the Master Fund, also invest opportunistically across the capital structure, including investments in credit instruments, private transactions, and alternative investments, which may include but are not limited to special purpose acquisition companies.

Potential investment opportunities undergo a robust internal and external evaluation process. Affinity's research team conducts an internal evaluation based on the scientific rationale, preclinical datasets, and, when available, early clinical data. This includes a bottom-up strategy of scientific analysis to examine the mechanistic rationale by means of literature review to dissect the target pathway, structural biology, and preclinical pharmacokinetic and pharmacodynamic attributes of an analysis. For assets that have generated clinical datasets, Affinity critically prosecutes reported safety and efficacy data as well as analyzes trial design using predictive modeling. Affinity pays particular attention to on-and-off-target activities of compounds under review. External analysis utilizes key opinion leaders and scientific advisors to guide public data synthesis and market analysis.

The culmination of this process is a comprehensive perspective of a biotech company's asset valuation, from which financial metrics are applied to determine the company's potential valuation. Because Affinity believes its skillset allows it to predict a drug/asset's probability of success to a high degree, Affinity is comfortable investing earlier in the drug development pipeline.

Once an investment opportunity is identified, Affinity seeks to optimize the structure of the investment through the following:

- Position sizing is directly correlated to Affinity's risk assessment.
- Derivatives (e.g., options, convertible debt) may be employed to even the risk reward spectrum.

- Capital is deployed strategically around key value inflection catalysts.
- Short derivatives (e.g., options) may be utilized to capture additional alpha on high conviction ideas in periods of low catalyst activity and/or overpriced volatility.
- Long derivatives (e.g., options) may be used for downside protection as well as volatility trades.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The investment program that Affinity pursues on behalf of its Clients is speculative and involves substantial risks. There can be no assurance that Clients will achieve their investment objectives. As a result of the inherent riskiness and uncertainty of an investment in the Clients, such investment involves the risk of loss of some or all of an Investor's investment.

Risk Factors

Prospective Investors should carefully consider the risks involved in an investment in a Client, including, but not limited to, those discussed below.

For a complete explanation of all relevant investment strategies and their associated risks, prospective Investors should review the applicable Offering Documents, which may contain explanations of additional strategies and corresponding risks not discussed below.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients that Affinity advises. These risk factors include only those risks Affinity believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis that it employs.

Risk of Loss. An investment in a Client entails a high degree of risk. The past performance of Affinity and its affiliates (or the principals or employees of Affinity and its affiliates) is not an indication of the future success of the Clients and is not presented as being relevant to the future success of the Clients. There can be no assurance that Affinity will achieve the Clients' investment objective or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could lose all or substantially all of an investment in a Client.

Investment Related Risks

Equity Securities. The Clients hold long and short positions in common and preferred stocks of primarily U.S. issuers. Equity securities fluctuate in value, often based on factors unrelated to the fundamental economic condition of the issuer of the securities, including general economic and market conditions, and these fluctuations can be pronounced. The Clients may purchase securities in all available securities trading markets and may invest in equity securities without restriction as

to market capitalization, such as those issued by smaller capitalization companies, including micro-cap companies.

Risk Factors Associated with Investments in the Healthcare Sector. Investing in companies focused on, or dependent upon companies focused on, pharmaceuticals, biotechnology, managed care, healthcare services, healthcare IT, hospitals and other related industries contains substantial risks. These risks include (but are not limited to):

Industry Concentration. The healthcare industry, and particularly the biotechnology sector, can be significantly affected by patent considerations, intense competition, rapid technological change and obsolescence, and government regulation. Healthcare companies can have persistent losses during a new product's transition from development to production, and revenue patterns can be erratic. Should such industry become subject to more adverse financial conditions than currently exist, the Clients' capital will not be afforded the protection otherwise available through greater diversification of its investments. Furthermore, market conditions, interest rates, and economic, regulatory, or financial developments in a related industry could significantly affect the healthcare industry and the securities of companies in the healthcare industry could react negatively to these or to other developments.

Regulatory Risks. The healthcare industry may be subject to various and changing government regulations. While healthcare reform legislation has expanded healthcare coverage in the US, instability in the healthcare market presents a potential risk to many healthcare companies. For example, the value of healthcare company stocks could drop significantly depending on whether and how the government chooses to control the prices of drugs and medical devices and/or limit premium increases from managed care companies in an effort to control healthcare cost in the US. In addition, many healthcare companies receive significant amounts of revenue from government programs, including Medicare and Medicaid. Sudden changes in the amount, manner or method of revenue or cost reimbursement could have a dramatic impact on the shares of these companies. Furthermore, even if a biotech or other healthcare company that the Clients invests in develops a new drug or therapy, product approvals and regulations by the Food and Drug Administration and other regulatory agencies can be lengthy and complicated, thereby depressing the value of the Clients' investment until such approvals are achieved.

Volatility Risks. The shares of early stage healthcare companies can be very volatile, i.e. the value of such shares can drop significantly and rapidly on announcements of negative news (such as news about product development failures, denial of approval by the Food and Drug Administration, post-approval discovery of previously unknown problems with a particular product, recalls, adverse event reporting, fines, suspensions of approvals, and the imposition of civil or criminal penalties), all of which can have an adverse effect on the stock price of a particular Client investment. The shares in these companies can also appreciate significantly and rapidly on good news or for other reasons. Because these changes in valuation can happen fast, Affinity might not have time to trade in or out of positions before prices are adjusted.

Liquidity Risks. Shares in healthcare companies may be illiquid. Several factors may contribute to this issue. These include, but are not limited to the following: (a) many healthcare companies, such as biotechnology, medical device and healthcare services companies, are small and have relatively few shares outstanding and, many shares are often held by insiders, which are restricted from trading and this further reduces the public float (publicly available number of shares for trading); (b) spreads (the differences between buy and sell prices) for such illiquid stocks can be significant, which can increase trading costs, and potentially further reduce trading liquidity; and (c) there may be times that investors have little interest in technology, telecommunications and/or pharmaceutical companies and this might further slow down trading.

Financial Risks. Many healthcare companies incur losses and have negative cash flows from operations and carry significant financial risks. Revenues, if there are any, usually cover only a minor fraction of the costs associated with research and operations. For example, it costs a tremendous amount on the part of pharmaceutical and biotechnology companies to research a new drug; to fund clinical trials; to obtain regulatory approvals; to expand the market for their products; to file, prosecute, defend and enforce patent applications; and to develop new and complementary products). The negative cash flow from operations (sometimes called the ‘cash burn’) requires the companies to raise cash through other means or may even cause bankruptcy. Certain companies are often financed through the issuance of securities (shares, debt, etc.) combined with payments by corporate partners (if there are any). The refinancing risks are significant and include risks related with the issuance of more securities, the willingness of the markets to buy these securities, the dilution of ownership, and the opportunities to close funds.

Management Risks. The management teams of early-stage healthcare companies are usually quite small (except, for example, the staffs at some more established healthcare companies) and their experience might be limited to certain fields and not include other essential capacities. The management of the companies might have extensive large drug company experience but might have limited experience running small entrepreneurial companies. In addition, it may be difficult for a healthcare company to recruit and retain highly qualified personnel to manage business growth due to intense competition or other reasons. Recruitment and retention of personnel can put a strain on the company’s resources, while failure to manage growth and improve management could harm the business of such company.

Product Development Risks. Many healthcare companies are developing one, or at most, a few products, usually based on a specific technology (such as the development of a specific drug on the part of a pharmaceutical company or the development of specialized implement on the part of a medical devices developer). The success or failure of the technology or the lead product of the company can have enormous impact on the valuation of the company. Failure could lead to significant losses, and success could lead to significant gains of the stock. Many new healthcare companies have not yet led to commercialized products and their potential remains to be proven. Historically, many products have failed in trials and

it is expected that this trend will continue. Products can fail for many reasons. For example, in the case of a pharmaceutical company developing a new drug, the product might not be effective, it may have negative or dangerous side effects, or it might lead to negative interactions with other commonly used drugs.

Intellectual Property and Litigation Risks. If the Clients invest in a biotechnology or other healthcare company that is unable to obtain or maintain intellectual property rights relating to its technology, the commercial value of that company's technology and products can be adversely affected and its competitive position can be harmed, leading to losses. Pending and future patent applications may not issue as patents or, if issued, may not issue in a form that will provide a company with a competitive advantage, thus negatively impacting the value of the company. Further, existing patents can be challenged or infringed, which would limit the ability of a company to maintain its competitive advantage. A company may have to make claims or file lawsuits against third parties in order to preserve and enforce its patent and other intellectual property rights, which can entail significant costs and divert a company's attention away from developing and commercializing its products. In addition, there is a risk that a company in which the Clients invest may infringe the intellectual property rights of a third party, leading to claims against the company that would cause it to incur substantial expenses and, if successfully asserted against the company, adversely affecting the value of that company's stock. In addition, any healthcare company in which the Clients invest faces the possibility of product liability claims and may not be able to obtain adequate insurance. If insurance coverage is inadequate to protect against future product liability claims, a company would be exposed to significant liabilities, which may harm its business.

Risks of Derivatives. Affinity trades derivatives on behalf of the Fund Clients. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) system risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that the Clients face when it has performed its obligations under a contract but has not yet received value from its counterparty).

Options. Affinity engages from time to time in various types of options transactions. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the "strike" price or "exercise" price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a "premium," which consists of a single, nonrefundable payment. Unless the price of the securities underlying the option changes and it

becomes profitable to exercise or offset the option before it expires, the Clients may lose the entire amount of the premium. The purchaser of an option runs the risk of losing the entire investment. Thus, the Clients may incur significant losses in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying securities interest becomes restricted. Options trading may also be illiquid in the event that Client assets are invested in contracts with extended expirations. The Clients may purchase and write put and call options on specific securities, on stock indexes or on other financial instruments and, to close out its positions in options, may make a closing purchase transaction or closing sale transaction. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e., a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price.

Hedging Transactions. Affinity may utilize a variety of financial instruments such as derivatives, options, swaps, and forward contracts, both for investment purposes and for risk management purposes. Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent Affinity's assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The Clients are subject to the risk of the failure or default of any counterparty to the Clients' transactions. If there is a failure or default by the counterparty to such a transaction, the Clients will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty). The Clients may seek to minimize counterparty risk through the selection of financial institutions and types of transactions employed. However, the Clients' operational mechanisms may involve counterparty and other risk elements that may create unforeseen exposures.

Forward Trading. The Clients' investment program may include forward contracts. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Affinity would otherwise recommend, to the possible detriment of the Clients. In respect of such trading, the Clients would be subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in substantial losses to the Clients.

Short Selling. The Clients sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. Affinity may adjust the Clients' net exposure as it determines to be appropriate in light of market condition. Affinity may apply short positions to seek to take advantage deteriorating fundamentals at the individual security level but may also apply short positions as a hedging technique where the shorts are paired with more fundamentally attractive, historically correlated, long positions. Affinity reserves the right to periodically hedge each Client's long portfolio through short selling sector, industry, and market ETFs, or through the use of several smaller "basket" positions that, in aggregate, Affinity believes, would theoretically hedge individual long positions or long industry or sector exposure. Affinity will generally select both long and short positions in order to seek to minimize general trends affecting the broader equity markets. If the price of the issuer's securities declines, the Clients may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the Clients' investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Leverage. The Clients may use some leverage in its investment program when deemed appropriate by Affinity and subject to applicable regulations. At times, the amount of such leverage may be substantial. The Clients are not subject to any limitations on borrowing or other forms of leverage. Indirect forms of leverage include leverage via short sales or derivative instruments such as options techniques, which have embedded leverage features. Affinity may also leverage the Clients' assets by entering into reverse repurchase agreements whereby it effectively borrows funds on a secured basis by "selling" interests in investments to a financial institution for cash and agreeing to "repurchase" such investments at a specified future date for the sales price paid plus interest at a negotiated rate.

Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If loans to the Clients are collateralized with portfolio securities that decrease in value, the Clients may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Clients, in their sole discretion, may change the leverage limits that they extend to the Clients.

Illiquidity of Investments. It may not always be possible for the Clients to execute a buy or sell order on exchanges at the desired price or to liquidate an open position due to market conditions, including the operation of daily price fluctuation limits. Realization of value from such investments may be difficult in the short-term or may have to be made at a substantial discount compared to other freely tradable investments. If trading on an exchange is suspended or restricted, the Clients may not be able to execute trades or close out positions on terms that Affinity believes

are desirable. Moreover, to the extent any portion of an Investor's investment in the Clients has been side pocketed (assuming such Investor has not exercised its side pocket opt out right), such Investor that withdraws from the Client will not receive its share of assets attributable to such side pocketed investment until Affinity, in its sole discretion, determines that such investment no longer constitutes a side pocketed investment, liquidates such investment in whole or in part (to the extent liquidated) or determines to make an in-kind distribution of the same to the withdrawing Investor.

Furthermore, it is possible that certain circumstances (including, without limitation, market turmoil, restrictions on the resale of an issuer's securities (i.e., in the context of a PIPE offering or lockups on securities of private companies acquired directly or indirectly by the Clients) and/or issues affecting one or more of the Clients' counterparties) could affect the liquidity of the Clients' investments. Such investments may become side pocketed investments as described in the Offering Documents. Because of the absence of any trading market, or limited trading, for illiquid investments, Affinity may take longer to liquidate these positions than would be the case for publicly traded securities. Accordingly, the Clients' ability to respond to market movements may be impaired and the Clients may experience adverse price movements upon liquidation of its investments. Although these securities may sometimes be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Clients. Additionally, accurately valuing and realizing such investments or closing out positions in such investments at appropriate prices may not always be possible. Finally, if a substantial number of Investors were to withdraw from the Clients and the Clients did not have a sufficient number of liquid securities, Affinity and its affiliates have the right to suspend or limit withdrawals or to meet such withdrawals through distributions of assets in kind (including any side pocketed investment).

Purchasing Initial Public Offerings. The Clients may purchase securities of companies in initial public offerings or shortly after those offerings are complete. Special risks associated with these securities may include a limited number of shares available for trading, lack of a trading history, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Clients to buy or sell significant amounts of shares without an unfavorable effect on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or near-term prospects of achieving revenues or operating income.

Investment Concentration. The Clients' assets may be invested in the securities of a limited number of issuers. In fact, Affinity's approach will emphasize securities of companies in the healthcare industry and may at times emphasize particular sectors or sub-sectors of that industry. To the extent the Clients' investments are concentrated in a single issuer, industry (or sector thereof) and/or geographic region, the Clients will be susceptible to a greater degree of risk affecting investments in that issuer, industry and/or region than would otherwise be the case. Such concentration of investments will increase the volatility of the value of the Clients' portfolio investments. In addition, the value of the Clients' investment positions may be subject to decreases

as a result of general economic conditions and/or the adverse effect upon the healthcare-related companies of which the Clients owns stock. Furthermore, new legislation or changes in governmental regulations could adversely affect the Clients' ability to engage in certain of its anticipated investment strategies.

The Markets in Which the Clients Invests are Highly Competitive. The securities industry in general is extremely competitive, and the competition is particularly acute in the case of the healthcare industry markets in which the Clients invest and trade. In pursuing its investment and trading methods and strategies on behalf of the Clients, Affinity will compete with securities firms, including many of the larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market-makers, banks and brokers. In relative terms, the Clients has little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs, and more securities professionals than the Clients has or expects to have in the future. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which a security may be purchased by the Clients and the price it expects to receive upon consummation of the transaction.

Distressed Securities. The Clients may take long or short positions in securities sponsored by entities experiencing financial difficulties, which may involve a substantial degree of risk. The Clients may lose a substantial portion or all of its investment in such securities or may be required to accept cash or securities with a value less than the Clients' investment. It may be difficult to obtain information as to the true financial condition of entities experiencing significant financial or business difficulties. Investments related to distressed entities also may be adversely affected by state and federal laws relating to fraudulent conveyances; voidable preferences, lender liability and the bankruptcy courts' discretionary power to disallow certain claims including those held by the Clients. The market prices of instruments related to distressed entities may be subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and ask prices of such instruments may be greater than normally expected. It may take a number of years for the market prices of such securities to reflect their intrinsic values. Some of such securities in the Clients' portfolio may not be widely traded, and the Clients' positions in such securities may be substantial in relation to the market for such securities. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Investments in distressed securities made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may involve substantial litigation.

General Risk and Client Specific Risks

Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory developments that may adversely affect the Clients could occur during the term of the Clients. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to

modification by government and judicial actions. The legal, tax and regulatory environment worldwide for private investment funds (such as the Clients) and their managers is evolving, and changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Clients to pursue its investment program and the value of investments held by the Clients. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Clients to trade in securities or the ability of the Clients to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Clients' portfolio).

The Clients and Affinity may also be subject to regulation in jurisdictions in which the Clients and Affinity engage in business. Investors should understand that the Clients' business is dynamic and is expected to change over time. Therefore, the Clients may be subject to new or additional regulatory constraints in the future. Further, the Affinity and its affiliates may, in their sole discretion, cause the Clients to be subject to certain laws and regulations if it believes that an investment or business activity is in the Clients' interest, even if such laws and regulations may have a detrimental effect on one or more Investors. Such regulations may have a significant impact on the Investors or the operations of the Clients, including, without limitation, restricting the types of investments the Clients may make, preventing the Clients from exercising its voting rights with regard to certain securities, requiring the Clients to disclose the identity of its Investors or otherwise. Prospective Investors are encouraged to consult their own advisors regarding an investment in the Clients.

Reliance on Key Personnel. All decisions with respect to the investment of the Clients' assets will be made by Affinity, which relies on the services of the Portfolio Manager. Investors will have no right or power to take part in the investment of the Clients' assets. As a result, the success of the Clients for the foreseeable future will depend largely upon the abilities of these key individuals. Should any of Affinity's key personnel terminate their relationship with Affinity, die or become otherwise incapacitated for any period of time, the profitability of the Clients may suffer. In addition, should Affinity terminate its relationship with the Clients, the profitability of the Clients may suffer. There can be no assurance that Affinity will be successful.

Broad Discretionary Power to Choose Investments and Strategies. Affinity has broad discretionary power to decide what investments the Clients will make and what strategies it will use. While Affinity currently intends to use the strategies and techniques described herein, it is not obligated to do so, and it may choose any other strategies and techniques that it believes are advisable consistent with the Clients' investment objective.

Trading Limitations. For all securities listed on a securities exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Clients to loss. Also, such a suspension could render it impossible for Affinity to liquidate positions and thereby expose the Clients to potential losses.

No Minimum Capitalization. At low asset levels, the Clients may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Clients operate for a period with substantial capital, Investor withdrawals could diminish the Clients' assets to a level that does not permit the most efficient and effective implementation of the Clients' investment program.

Accuracy of Public Information. Affinity selects investments for the Clients, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Affinity by the issuers or through sources other than the issuers. Although Affinity evaluates all such information and data and, when Affinity considers it is appropriate and when it is reasonably available, seeks independent corroboration, Affinity is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Cybersecurity Risk. As part of their business, Affinity and its affiliates, store, and transmit electronic information, including information relating to the transactions of the Clients and personally identifiable information of the Investors. Similarly, service providers of the Affinity, its affiliates and the Clients, especially the administrator, may process, store and transmit such information. While Affinity and its affiliates have or will develop procedures and systems that they believe are reasonably designed to protect such information and prevent data loss and security breaches, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Affinity and its affiliates may be susceptible to compromise, leading to a breach of Affinity's network. Affinity's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. If provided by Affinity to the Investors, on-line services may also be susceptible to compromise. Breach of Affinity's information systems may cause information relating to the transactions of the Clients and personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed.

The service providers of the Clients are subject to the same electronic information security threats as outlined above. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Clients and personally identifiable information of the Investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use, or disclosure of Affinity's or the Clients' proprietary information may cause them to suffer, among other things, financial loss, the disruption of their business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients and the Investors' investments therein.

Side Pockets, Liquidating Trusts and Special Purpose Vehicles. Affinity and its affiliates may determine to create a “side pocket” within the Clients at its absolute discretion and such “side pocket” shall be capable of being constituted as a separate division of investment of the Clients, to which the Affinity and its affiliates may determine to allocate or attribute particular investments or assets, including but not limited to investments or assets which are illiquid, difficult to value, subject to lock up or non-withdrawal provisions, subject to special circumstances in the opinion of Affinity and its affiliates, or such assets and investments which it may be prudent, necessary or desirable in the opinion of Affinity and its affiliates to segregate from other assets or investments of the Clients. Affinity and its affiliates may also establish a liquidating trust, special purpose vehicle, or similar mechanism, for the purpose of holding any illiquid investments. Affinity and its affiliates may determine to apply and/or impose particular investment restrictions with respect to assets that have been side pocketed, placed in a liquidating trust, special purpose vehicle or similar mechanism. Investments which have been placed in a side pocket, liquidating trust, special purpose vehicle or similar mechanism may not be withdrawn until such time as Affinity and its affiliates determine that such investments are no longer illiquid, which may be a considerable period of time and depend on factors outside Affinity and its affiliates control.

In addition, eligible Fund Client Investors that have not exercised their side pocket opt out right (as set forth in the appropriate Offering Document) will hold a larger percentage of the Fund Client’s illiquid portfolio than they otherwise would have absent the granting of such right to all Investors. This may result in a high concentration of illiquid investments for non-withdrawing Investors and difficulty for Affinity to settle withdrawal requests. Further, the Fund Client’s liquid assets may be depleted by withdrawals, margin calls, and expenses after the opted-out Investors have fully withdrawn their interests in the Fund Clients. In such an event, Affinity is more likely to impose suspensions and other liquidity preservation techniques thereby reducing the general ability of Investors to withdraw from the Fund Clients.

Institutional Risk and Custodial Risks. The institutions, including brokerage firms and banks, with which the Clients (directly or indirectly) does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Clients. Brokers may trade with an exchange as a principal on behalf of the Clients, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Clients (for example, the transactions which the broker has entered into on behalf of the Clients as principal as well as the margin payments which the Clients provides). In the event of such broker’s insolvency, the transactions which the broker has entered into as principal could default and the Clients’ assets could become part of the insolvent broker’s estate, to the detriment of the Clients. In this regard, Client assets may be held in “street name” such that a default by the broker may cause Client’s rights to be limited to that of an unsecured creditor.

Borrowing. The Clients are permitted to borrow for purposes of providing liquidity to fund withdrawals by Investors, for operations purposes (such as the payment of fees, expenses and other short-term Client obligations) and/or for investment purposes, subject to regulatory requirements. In the event of a sudden, precipitous drop in value of the Clients’ assets occasioned by a sudden

market decline, the Clients might not be able to liquidate assets quickly enough to meet its borrowing obligations. The Clients' borrowing capacity is limited by its voluntary restrictions (as set forth herein), and by the limitations imposed by lenders and any applicable credit regulations.

Force Majeure Events. General economic and business conditions may affect the Clients' activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Clients. Unexpected volatility or liquidity in the markets in which the Clients directly or indirectly hold positions could impair the Clients' ability to carry out its business and could cause it to incur losses.

In addition, the Clients' activities, and the companies in which it invests, may be negatively affected by *force majeure* events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, fire, flood, earthquakes, hurricanes, outbreaks of an infectious disease, pandemic or any other serious public health concern (*e.g.*, the global Coronavirus (or Covid-19)), war, terrorism, labor strikes, infrastructure breakdowns, failure of technology, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a counterparty to a Client to perform its obligations until it is able to remedy the force majeure event, adversely impact the cash flows of companies in which the Client invests, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the imposition of travel restrictions may impact the ability of Affinity's personnel to travel in connection with potential or existing investments of the Clients or to Affinity's offices, which could negatively impact the ability of Affinity to effectively identify, monitor, operate and dispose of investments in the Clients' portfolio.

Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on the value of the Clients' investments and overall returns. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and business activity generally, with corresponding negative impacts on the industries in which the Clients' investment strategy concentrates. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more companies or its assets in the Clients' portfolio, could result in a loss to the Clients. Any of the foregoing may therefore adversely affect the performance of the Clients and their investments.

Item 9
Disciplinary Information

There are no legal or disciplinary events that are material to a Client's or prospective investor in a Client's evaluation of Affinity's advisory business or the integrity of Affinity's management.

Item 10
Other Financial Industry Activities and Affiliates

A. Broker-Dealer Registration

Affinity and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration

Affinity and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

The Master Fund General Partner, with respect to the Master Fund, and Affinity, with respect to the Feeder Fund, have claimed an exemption from registration with the CFTC as commodity pool operators pursuant to CFTC Rule 4.13(a)(3).

C. Material Relationships and Conflicts of Interests with Industry Participants

Multiple Client Accounts

As mentioned throughout this Brochure, Affinity and its affiliates have sponsored and manage a number of private fund clients. Affiliates of Affinity serve as the general partner of such private fund clients that are organized as U.S. or offshore partnerships. Notwithstanding the foregoing, Affinity and its affiliates may sponsor or manage other pools or accounts in addition to the Clients and may have financial or other incentives to favor such pools or accounts over the existing private fund clients. These other pools or accounts may have investment objectives, programs, strategies, and positions that are similar to, overlap with, are different from or may conflict with those of other Clients. Such conflicts could affect the prices and availability of securities in which a Client invest and the time and resources Affinity personnel allocate between and among Clients.

Outside Business Activities

Certain Affinity employees engage in other business activities other than those of the Clients, including the management of family office investment vehicles. The investment strategy for such other investment vehicles varies from that of the Clients. A conflict of interest may arise because, at times, such employees may be required to devote time and attention that would otherwise be devoted to the business of the Clients.

How Affinity Addresses Potential Conflicts of Interest

To address potential conflicts of interests in its material relationships, Affinity has adopted certain policies and procedures, including a Code of Ethics. Affinity has implemented these policies such that they do not pose a material risk to Affinity and its Clients. For a more detailed discussion of the Code of Ethics, please see Item 11, “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading,*” below.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Affinity does not recommend or select other investment advisers for our Clients.

Item 11

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

A. Code of Ethics

Affinity has adopted a Code (the “Code”) designed to reinforce and enhance the Firm’s ethical way of doing business. The Code is based on the principle that Affinity and its employees have a fiduciary duty to its Clients, and must in this fiduciary capacity, place the interest of the Clients before its own. The Code is designed to address and avoid conflicts of interests and is applicable to all employees. The Code contains detailed rules concerning, among other issues, conflicts of interests, procedures with respect to personal securities transactions, gifts and entertainment, and outside business activities. Furthermore, the Code provides for a range of sanctions, as deemed appropriate, including censure, fine, reversal of transactions and disgorgement of profits, suspension, or termination of employment.

A copy of Affinity’s Code is available upon request by contacting the Chief Compliance Officer by email at compliance@affinityadv.com.

B. Participation or Interest in Client Transactions

Affinity does not generally purchase or sell any securities for its own account and does not otherwise engage in any principal transactions, except as set forth below. However, on occasion, subject to a Client’s applicable investment guidelines and restrictions, Affinity may engage in transactions in which it causes one Client to purchase securities or other instruments from, or sell securities or other instruments to, another Client (“*cross-trades*”) for purposes of portfolio rebalancing or for other necessary commercial purposes as may arise from time to time. Cross-trades will, to the best of Affinity’s ability, reflect the market value of the security or other instrument being purchased or sold. Affinity and/or its affiliates, as applicable, will always seek best execution for such trades. Neither Affinity nor its affiliates will take any brokerage commissions or otherwise be compensated for effecting such cross-trades. Prior to effecting any cross-trade, Affinity will make a good faith determination that the transaction is in the best interests of the Partnership. To the extent that any such cross-trades may be viewed as a principal transaction due to the ownership interest in the client by Affinity or its personnel, Affinity will comply with all applicable requirements of the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”).

C. Personal Trading

Affinity’s Code places restrictions on personal securities transactions by its employees and any of their respective spouses, domestic partners, children or immediate family members living in the same household of such employees (each a “*Covered Persons*”). In an effort to ensure that personal securities transactions will not interfere with making decisions in the best interests of Clients, Covered Persons are prohibited from trading in any single name equity or debt securities (including options or other derivatives on such securities) issued by a company in the healthcare or biotechnology sectors, including any position held by the Clients. On occasion, and subject to

written pre-clearance from the Chief Compliance Officer or his designee, Covered Persons may be permitted to sell positions in the foregoing sectors if acquired prior to joining Affinity. Covered Persons must also disclose all personal accounts and holdings initially upon commencement of employment, and annually thereafter. In addition, Covered Persons are required to provide quarterly reports regarding transactions in Reportable Securities and newly opened personal accounts thereafter.

The Clients may purchase or sell investments in which certain Affinity employees have a material financial interest.

D. Conflicts of Interest Created by Contemporaneous Trading

When allocating investment opportunities, Affinity, under normal conditions, will seek to ensure that all such investment will be allocated in a fair and equitable manner as measured over time, subject to Client guidelines.

Item 12

Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Affinity has complete discretion in deciding which brokers or dealers, including prime brokers, (“*Brokers*”) are to be used for a particular transaction and the compensation for those transactions.

Subject to Affinity’s obligation to seek best execution of Client securities transactions, in selecting Brokers to execute transactions, Affinity will consider the full range and quality of a Broker’s services (both qualitative and quantitative factors) including, but are not limited to:

- Ability of the Broker to effect prompt and efficient execution of transactions;
- Financial stability and reputation of the Broker;
- The Broker’s facilities;
- Reliability and financial responsibility of the Broker;
- Quality of the research and trading services provided by the Broker; and
- Competitiveness of commission rates in comparison with other Brokers satisfying Affinity’s other selection criteria.

The prices and commission rates charged to Clients by Brokers may be higher than those charged by other brokers-dealers that may not offer such services and Affinity may not solicit competitive bids.

Affinity will regularly evaluate the execution performance of Brokers executing transactions for the Clients.

1. Research and Other Soft Dollar Arrangements

Affinity uses “soft dollars” to obtain brokerage and research services within the meaning of Section 28(e) of the Exchange Act (“*Section 28(e)*”), which allows investment managers, such as Affinity, to use client funds, by way of commission dollars, to purchase certain “brokerage and research services.” Any soft dollar transactions are expected to fall within the safe harbor provided by Section 28(e). The services furnished by a Broker pursuant to soft dollar transactions for one Client are expected to benefit Affinity and its affiliates in rendering investment management services to other Clients. Research products or services within the scope of Section 28(e) typically include traditional research reports analyzing the performance of a particular company or stock, certain financial newsletters and trade journals, quantitative analytical software and software that provides analyses of securities portfolios, seminars, conferences and other services that reflect substantive content (*i.e.*, the expression of reasoning or knowledge relating to the subject matter of Section 28(e)) and provide lawful and appropriate assistance to Affinity in the performance of its investment decision-making responsibilities on behalf of the Clients). Brokerage services generally include activities related to executing securities transactions.

In some instances, Affinity may receive a product or service that may be used only partially for functions covered by Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, Affinity will make a good faith effort to determine the relative portion of the product or service used to assist Affinity in carrying out its investment decision-making responsibilities with respect to the Clients and the relative portion used for administrative or other purposes not covered by Section 28(e). The portion of the product or service attributable to assisting Affinity in carrying out its investment decision-making responsibilities with respect to the Clients, as applicable, will be paid through brokerage commissions generated by transactions on behalf of the Clients, and the portion attributable to administrative or other purposes not covered by Section 28(e) is expected to be paid by Affinity from its own resources, to the extent that such expenses are not Client expenses.

Affinity has entered into “commission sharing arrangements” with one or more broker-dealers. Under these arrangements, a portion of the commission is paid to that broker-dealer for execution services and the remainder of the commission is paid to other approved broker-dealers or third-party research providers for research services provided by such broker-dealers or vendors. Transactions executed under these commission sharing arrangements generate a higher commission rate than transactions executed with other broker-dealers.

When Affinity uses brokerage commissions generated by a Client to obtain research or other products or services, Affinity receives a benefit because it does not have to produce or pay for such products or services. While Affinity is obligated to seek best execution for each Client, the fact that Affinity can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer more favorable to Affinity’s interests, to the exclusion of another broker-dealer that offers business terms which are more favorable to one or more Clients.

On a periodic basis, Affinity will evaluate the transactions executed under these arrangements to ensure that the brokerage and research services received by Affinity are within the safe harbor provided under Section 28(e).

2. Brokerage for Client Referrals

Subject to best execution, Affinity may place transactions with a Broker that (i) provides Affinity with the opportunity to participate in capital introduction events sponsored by the Broker or (ii) refers prospective Investors to Affinity. Even though Affinity does not commit to allocate a particular amount of brokerage to a Broker in return for capital introduction services or investor referrals, the use of such services could create a conflict of interest when deciding Brokers to use.

3. Directed Brokerage

Affinity does not intend to recommend, request, or require that a Client direct Affinity to execute transactions through a specified broker-dealer.

4. Trade Errors

On occasion, errors with respect to trades made on behalf of Affinity's Clients may occur. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, when the correct security is purchased or sold but for the wrong account, and when the wrong quantity is purchased or sold. Trade errors frequently result in losses but may, occasionally, result in gains. Affinity will endeavor to detect and correct trade errors in an expeditious manner. To the extent an error is caused by a third party, such as a broker, Affinity will strive to recover any losses associated with such error from such third party. Affinity will determine whether any trade error has resulted from gross negligence on its part, and, unless it finds that to be the case, any losses generally will be borne by the applicable Client.

B. Aggregating Orders for Client Accounts

If Affinity determines that the purchase or sale of a security is appropriate with regard to more than one Client, the Firm may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client generally will receive the average price, with transaction costs generally allocated pro rata based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by Affinity. In the event of a partial fill, allocations may be modified on a basis that Affinity deems to be appropriate, including, for example, to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by Affinity. As a result, certain trades in the same security for one Client (including a Client in which Affinity and its employees may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Although Affinity believes that aggregating orders usually facilitates best execution and reduces transactional costs, it is possible that the average price received for a bunched order may be worse than the price which a Client could have received had it executed a smaller quantity of shares on its own. There may also be corresponding potential disadvantages when more than one Client simultaneously seeks to dispose of commonly held securities or other investment positions.

Item 13

Review of Accounts

A. Periodic Review of Client Accounts

The Portfolio Manager has ultimate responsibility for all investment decisions made and will conduct reviews on an ongoing basis that include, but are not limited to, an assessment of profit and loss reports with respect to its Clients' investment positions, the amount of leverage employed in connection with managing its Clients' accounts, and adherence to each Client's trading parameters and investment strategies. The Portfolio Manager, with the assistance of the investment team, will evaluate the Clients' investments based on performance, company fundamentals, news and press releases, analyst reports, general market conditions and other considerations. In addition to ongoing reviews, the Portfolio Manager generally holds weekly meetings with the investment team to evaluate the Clients' investments.

B. Additional Review of Client Accounts

There are variety of factors that may trigger a review of a particular portfolio or position. These include, without limitation: change in a portfolio company's fundamentals, general market events, material events affecting a portfolio investment, among others. In addition, a review of a Client account may be triggered by any unusual activity or special circumstance.

C. Contents and Frequency of Account Reports to Clients

Affinity provides monthly and quarterly investment reports to all Fund Client Investors, as well as annual audited financial statements prepared in accordance with GAAP. Affinity will also distribute a form K-1 with respect to each Investor's interest in the Fund. In addition, Affinity may provide Fund Investors with performance and other updates on a periodic basis.

In addition, the Clients occasionally enter into side letter arrangements with certain Investors that provide such Investors with additional information. This information may provide such Investors with greater insight into the Clients' activities and possibly affect such Investor's decision to request a redemption from a Client.

Item 14
Client Referrals and Other Compensation

A. Economic Benefits for Providing Services to Clients

Affinity does not receive economic benefits from non-Clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

Affinity does not currently compensate anyone for client referrals.

Item 15

Custody

The Firm is subject to Rule 206(4)-2 under the Advisers Act (the “*Custody Rule*”), as the Firm is deemed to have custody of the funds and securities held by the Fund Clients. However, the Firm is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Fund Clients because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund Client be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund Client distribute its audited financial statements to all Fund Investors within 120 days of the end of its fiscal year.

Item 16

Investment Discretion

Pursuant to investment management agreements between Affinity and the Clients, Affinity has full discretionary authority with respect to investment decisions on behalf of the Clients.

Item 17

Voting Client Securities

Affinity has authority to vote proxies relating to securities held by the Clients. In compliance with Advisers Act Rule 206(4)-6, Affinity has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve the applicable Client's best interests and is in line with each Client's investment objectives.

Affinity generally expects to vote proxies in accordance with the recommendations of company management. However, there are many complexities to proxies, and Affinity will vote against a proposal or recommendation of management if it determines that such a vote is in the best interests of each Client.

Affinity will process every proxy it receives. Certain types of matters that are the subject of a proxy vote may require a more detailed analysis than the analysis required for some routine or uncontested matters. Affinity will abstain from voting or affirmatively decide not to vote if it determines, after considering a variety of factors, that abstaining or not voting is in the best interests of the Clients.

Conflicts of interest may arise between the interests of the Clients and Affinity or its affiliates. If Affinity determines that it may have, or may be perceived to have, a conflict of interest when voting Proxies, Affinity will vote in accordance with our Proxy voting policies and procedures.

Investors may obtain a copy of Affinity's proxy voting policies and procedures and information about how Affinity voted a Client's proxies by contacting Affinity's Chief Compliance Officer by email at compliance@affinityadv.com.

Item 18
Financial Information

Affinity is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.