

CORRIENTE ADVISORS, LLC
Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

Firm Brochure

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March 29, 2011

This brochure provides information about the qualifications and business practices of Corriente Advisors, LLC, an investment adviser registered with the United States Securities and Exchange Commission. If you have any questions about the contents of this brochure, please contact us at 817-870-0400 or anna@corrientecapital.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

Additional Information about Corriente Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Corriente's most recent update to Part 2 of Form ADV was made in May 2010. In 2010 the United States Securities and Exchange Commission, commonly referred to as the "SEC," required significant changes to the content and format of Part 2 of Form ADV. This is the first brochure prepared by Corriente since such changes and is materially different from brochures used by Corriente in prior years. There are no material changes to report as Corriente is using this brochure format for the first time.

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Item 4 Advisory Business

Corriente Advisors, LLC, a Delaware limited liability company, which we will refer to as “Corriente,” began operation in May 2003 under the name of MAHO Partners, LLC. Corriente has been operating as an investment adviser under its current name since October 2004. Corriente is principally owned by Mark L. Hart III who serves as Corriente’s Chief Executive Officer.

Corriente serves as the investment manager for and provides discretionary investment advisory services to various private investment funds and may, in the future, advise a small number of separately managed accounts. Each fund is typically set up in a “master-feeder” structure with a U.S. feeder fund which is a Delaware limited partnership and an offshore feeder fund which is a Cayman Islands exempted limited partnership. Each onshore fund and offshore fund invests substantially all of its assets in, and conducts substantially all of its investment and trading activities through, a master fund which is another Cayman Islands exempted limited partnership. In this brochure we refer to the various master funds as the “Master Funds” and all of the above funds collectively as the “Funds.”

In this brochure we will generally refer to the trading activities of the Funds, but virtually all of the trading activity occurs at the Master Fund level.

The Funds currently offered to investors are:

- “*Corriente Funds.*” The primary purpose of the Corriente Funds is to achieve absolute rates of return in various market conditions by implementing a global macro investment strategy that employs technical, fundamental and market psychology and sentiment analysis, using a disciplined investment style that primarily employs a top-down approach. This investment approach is wide ranging, attempting to identify potential market opportunities irrespective of market sector, instrument or asset traded or geography. The Corriente Funds make investments in securities, futures and forward contracts, derivative instruments and other investments of all types and kinds.
- “*China Funds.*” The primary purpose of the China Funds is to achieve above average returns through a focused strategy of buying, selling and/or short-selling certain securities and derivatives products that aim to profit from discrepancies in Chinese asset and securities prices and currencies and related markets.
- “*European Divergence Funds.*” The investment objective of the European Divergence Funds is to achieve above average returns through a focused strategy of investing in certain securities and derivative products associated with European sovereign debt and currency markets.

On behalf of the Funds, Corriente trades a variety of securities, futures, derivatives and other instruments, including stocks, convertible securities, bonds, structured instruments and over-the-counter derivatives. Corriente takes both long and short positions in these instruments. All of the Funds have a broad investment mandate; there are no material limitations on the instruments

that Corriente trades on behalf of the Funds.

Corriente has full discretion in trading on behalf of the Funds. It does not require, and does not seek approval from the Funds or the investors in the Funds with respect to its trading.

As of, February 28, 2011 Corriente managed \$638,228,879 of client assets, all of which is managed on a discretionary basis.

Item 5 Fees and Compensation

Corriente's fee schedule is omitted because this brochure is only being delivered to qualified purchasers and knowledgeable employees, as defined in the Investment Company Act of 1940 and the rules thereunder, and non-U.S. persons.

Method of Payment of Fees. Management fees, as discussed below, are deducted from Fund assets quarterly in advance. Incentive compensation, as discussed below, is deducted from Fund assets (i) annually in arrears or upon complete or partial withdrawal from the Corriente Funds or (ii) upon distributions to investors in the China Funds and European Divergence Funds in excess of the investors' capital contributions.

Fund Operating Expenses, Including Brokerage and Other Transaction Costs.

In addition to compensation payable to Corriente, the Funds pay their ongoing direct offering, investment, administrative and operating expenses including:

- legal, accounting, administration, including administration fees, insurance, auditing, consulting, including, but not limited to, regulatory and information technology consulting, and other professional expenses;
- all expenses related to the offering of interests in the Funds, including legal fees relating to the preparation of offering materials;
- investment expenses such as commissions, research expenses, including research-related travel expenses, interest on margin accounts and other indebtedness;
- custodial fees and other reasonable expenses related to the purchase, sale or transmittal of Fund assets;
- telephone, computer, other communication expenses; and
- any other expenses which the Funds' general partners reasonably determine to be directly related to the investment of the Funds' assets.

Each Fund also pays its *pro rata* share of the expenses of any Master Fund in which it invests.

In some cases Corriente will pay expenses on behalf of the Funds, and in these cases the Funds will reimburse Corriente for these payments.

The Funds' trading programs generate high levels of portfolio turnover. Transaction costs for the Funds, therefore, are expected to be higher as a percentage of equity than those of other private investment funds. For a discussion of the brokerage arrangements that Corriente enters into on behalf of the Funds, see "Brokerage Practices."

Negotiation of Fees; Waivers. Compensation payable to Corriente is generally not negotiable, but under certain circumstances (such as the size of an interest in a Fund, the overall amounts allocated to Corriente for management by the client or the extent to which the client offers strategic opportunities or benefits to Corriente), Corriente may, in its discretion, waive all or a portion of its management fees or incentive compensation for a particular investor.

Pre-Payment of Fees. Quarterly management fees are paid by the Funds in advance. As a result of limitations on withdrawals from the Funds, management fees will in almost all cases have been earned at the time of withdrawal. In the unusual situation in which (i) an investor withdraws from a Fund, (ii) the Fund terminates its operations, or (iii) the Fund or Corriente terminate the investment management agreement between them, in each case prior to the end of a quarter, the management fee for the quarter in question will be prorated for the number of days that (i) the investor held an interest in the Fund, (ii) the Fund was in operation, or (iii) the investment management agreement between the Fund and Corriente was effective, in each case for such calendar quarter, and any unearned portion of the management fee will be refunded directly from Corriente to the Fund and the investor.

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

Corriente receives from investors in the Funds performance-based compensation in the form of an allocation equal to a percentage of the appreciation in the net asset value of the investor's interest in the relevant Fund. In certain Funds, this allocation is determined only at the time distributions are made from the Fund to its investors.

The performance-based compensation received by Corriente creates a conflict between Corriente's interest in earning a profit in the short term with the long-term interests of the Funds and their investors. Specifically, Corriente may have an incentive to invest Fund assets in investments that are riskier or more speculative than would be the case if Corriente were only compensated based on a flat percentage of capital, because these investments may allow Corriente to collect larger performance-based compensation.

Corriente does not currently, and does not intend to, advise long-only accounts or funds (including registered investment companies). In general, Corriente does not waive its performance-based compensation and that should mitigate risks associated with side-by-side management arrangements.

Item 7 Types of Clients

Corriente provides discretionary investment advice to the Funds and may, in the future, provide discretionary investment advice to a limited number of separately managed accounts. The investors in the Funds or the owners of any separately managed accounts consist of high net worth individuals, funds of funds and other pooled investment vehicles or business entities, institutions, and trusts. The Funds limit their investors to “qualified purchasers” or “knowledgeable employees,” as defined in the Investment Company Act of 1940 and the rules thereunder, or to non-United States persons. The minimum initial investment in the Corriente Funds, the China Funds and certain European Divergence Funds is \$1,000,000, although subscriptions of lesser amounts may be accepted in the sole discretion of the general partners of the respective funds. The minimum initial investment in other European Divergence Funds is \$25,000,000, although subscriptions of lesser amounts may be accepted in the sole discretion of the general partners of the respective funds. The Master Funds do not accept direct investment from investors other than through the related feeder Funds. Corriente currently does not intend to open any separately managed accounts for any amounts less than \$25,000,000 and expects that this amount would actually be much higher.

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

Summary of Strategies Employed by Corriente

Corriente advises using three separate strategies: (i) a China-focused strategy; (ii) a strategy focused on European sovereign debt and currency; and (iii) a global macro strategy that specifically involves both of the former strategies as well as any other strategy that Corriente determines to implement. The various strategies employed by Corriente on behalf of the Funds are all discretionary and rely primarily on the subjective market judgment of the principals and portfolio managers of Corriente, particularly Mr. Hart.

Corriente Funds

Investment Strategy

The Corriente Funds' investment objective is to attempt to achieve absolute rates of return in various market conditions. To achieve this objective, Corriente implements a global macro investment strategy that employs technical, fundamental and market psychology and sentiment analysis in its research, using a disciplined investment style that primarily employs a top-down approach. This investment approach is wide ranging, attempting to identify potential market opportunities irrespective of market sector, instrument or asset traded or geography.

The Corriente Funds currently use a number of trading strategies in an attempt to achieve their investment objective, including, but not limited to, equity long/short strategies, credit-related strategies, futures investing and investing in precious metals and related industries. The various techniques employed by the Corriente Funds may be used as independent profit opportunities, as well as to hedge existing positions.

To implement these strategies, the Corriente Funds may trade securities of all kinds, derivative instruments, including, but not limited to, swaps, including credit default swaps, swaptions, collars, caps, floors and foreign exchange, interest rate, currency, commodity or other species of swap agreements, or other transactions with similar substantive or economic effect, forward contracts, futures contracts and options thereon, options contracts, commodities including precious and non-precious metals and other investments of all types and kinds.

Corriente's analysis focuses on a variety of macro and micro economic considerations, including, but not limited to, the business cycle, central bank policy, the regulatory and political environment, demographics, technical analysis, fiscal policy, political developments and investor psychology. The Corriente Funds are entirely dependent on Corriente's market judgment and its implementation of one or more investment strategies to meet the Corriente Funds' objectives or avoid losses, without the protection of any formal trading, leverage or diversification policy. Mr. Hart is the primary portfolio manager of Corriente, and manages all of the Corriente Funds' portfolio.

There are no material restrictions on the particular types of strategies or instruments in which the Corriente Funds may engage or invest, on the percentage of the Corriente Funds' assets that may be committed to a particular type of investing or on the particular trading markets in which the Corriente Funds may invest. There is also no limitation on the percentage of assets the Corriente

Funds may hold in cash or cash equivalents. While Corriente closely monitors the risk profile of the Corriente Funds' positions, it does not follow any formal diversification policies, and from time to time the Corriente Funds' portfolio may be highly concentrated in a limited number of positions or a certain type of asset as mentioned above. Corriente will not attempt to hedge all market or other risks inherent in the Corriente Funds' portfolio.

Leverage

The amount of leverage employed by the Corriente Funds will be a function of prevailing market conditions, the strength of Corriente's conviction in a particular investment idea and applicable regulations. Corriente has full discretion over the leverage at which the Corriente Funds are traded, and the level of such leverage can be expected to vary materially over time.

China Funds

Investment Strategy

The investment objective of the China Funds is to achieve above average returns through a focused strategy of buying, selling and/or short-selling certain securities and derivatives products that aim to profit from discrepancies in Chinese asset and securities prices and currencies and related markets. The China Funds intend to position their portfolios to benefit from the effects created by a potential slowdown in Chinese credit growth and any associated unwind of speculative excesses that may have been created during the credit boom. The China Funds may invest in China-related equities, debt, currencies, currency-linked products, such as non-deliverable forwards, and other derivatives products, including futures, options and credit default swaps. The China Funds may also invest in other relatively liquid, interest-bearing instruments and use the income generated therefrom to fund their positions and obligations, and there is no limitation on the percentage of assets the China Funds may hold in cash or cash equivalents. The discretion of Corriente's personnel is fundamental to the implementation of the China Funds' strategies.

Corriente does not have fixed guidelines regarding diversification of investments to be made by the China Funds, and the composition of China Funds' portfolios is at Corriente's sole discretion and may fluctuate from time to time. Corriente will, however, implement an overall risk management process, which includes monitoring: (a) the China Funds' cash positions to ensure that sufficient cash is kept to honor all future obligations during the life of the China Funds; (b) the creditworthiness of the China Funds' counterparties; (c) the duration of the China Funds' positions to ensure that they align with the life of the China Funds; (d) the daily exposures of the China Funds; and (e) any existing or potential intervention from governments and how future regulatory changes could affect the profitability of the China Funds. However, there can be no assurance that Corriente will be able to prevent adverse effects to the China Funds even if it becomes aware of such actions.

Leverage

See "China Funds and European Divergence Funds—*Leverage*" below.

European Divergence Funds

Investment Strategy

The investment objective of the European Divergence Funds is to achieve above average returns through a focused strategy of investing in certain securities and derivatives products associated with the European sovereign debt and currency markets. The European Divergence Funds intend to position their portfolios to benefit from a decline in the perceived creditworthiness of selected European sovereign issuers. In implementing this strategy, Corriente analyzes factors specific to the individual markets in and around Europe, such as country-specific economic data and fiscal policy, the size and degree of balance sheet risk of European banks and other financial institutions, demographic trends, political developments, monetary policy and other market conditions including broader factors which may influence global capital flows.

The European Divergence Funds' portfolios are expected to include primarily positions in derivatives products which protect the holder against default by issuers of European sovereign debt. The European Divergence Funds intend to use the currencies, securities and/or derivatives markets to create such exposure, which is anticipated to include the use of credit default swaps and possibly other over-the-counter derivative instruments. The portfolios may include currency-related instruments to either hedge exposure to currency fluctuations or for general investment purposes. Additionally, the portfolios may include instruments that are associated with, or may be influenced by, movements in the European sovereign credit markets. The European Divergence Funds may invest in other relatively liquid, interest-bearing instruments and use the income generated to fund its positions and obligations. There is no limitation on the percentage of assets the European Divergence Funds may hold in cash or cash equivalents, and it is expected that amounts of cash or cash equivalents held by the European Divergence Funds may be substantial. Furthermore, the European Divergence Funds may invest in precious and non-precious metals and related industries through direct ownership of such commodities or securities, the use of futures and forward contracts or otherwise.

Corriente does not have fixed guidelines regarding diversification of investments to be followed by the European Divergence Funds, and the composition of the portfolios is at Corriente's sole discretion and may fluctuate from time to time. Portfolio holdings may be concentrated, and have little or no diversification, in those instruments or markets that Corriente believes offer the optimal opportunity to achieve the European Divergence Funds' investment objective. The European Divergence Funds are therefore entirely dependent on Corriente's market judgment and its implementation of its investment strategy to meet the European Divergence Funds' objectives or avoid losses, without the protection of any formal trading, leverage or diversification policy.

Risk Management

Corriente anticipates that a substantial portion of the European Divergence Funds' portfolios will be invested in credit default swaps on debt of European sovereign nations where the European Divergence Funds are the buyer of protection. The terms of the credit default swap contracts would obligate the European Divergence Funds to pay a fixed payment amount, usually on a quarterly or semi-annual basis, over the life of the contract. If the underlying reference entity

experiences a “credit event” during the term of the contract, then the European Divergence Funds will generally receive the notional principal amount and have no further obligation to make additional fixed payments. If there is no credit event related to the underlying reference entity, then the European Divergence Funds would continue to make payments and receive nothing at expiration of the contract. As such, the maximum amount that the European Divergence Funds will be obligated to pay over the life of a particular contract can be determined with certainty. Corriente plans to manage the portfolios in a manner intended to limit the European Divergence Funds’ exposure to loss on their equity contributions as part of its risk mitigation strategy.

Leverage

See “China Funds and European Divergence Funds—*Leverage*” below.

China Funds and European Divergence Funds

Leverage

The China Funds and the European Divergence Funds may use leverage to fund a portion of their positions where Corriente believes such a strategy appropriate. Market conditions and technical analysis will help Corriente determine the amount of leverage, if any, employed at any given time. Corriente intends to monitor the margin availability of each position daily, as applicable, and maintain a sensitivity analysis intended to ensure that the China Funds and the European Divergence Funds have adequate liquidity to meet margin requirements driven by changes in the market value of its positions.

Corriente has full discretion over the leverage at which the China Funds and the European Divergence Funds trade, and the level of such leverage can be expected to vary materially over time.

Managed Accounts

The strategy or strategies implemented by Corriente on behalf of any managed account may include any of the foregoing strategies or any other strategy as agreed upon with the client.

Material Risks of Corriente’s Strategies

The following is a summary of some of the material risks associated with the strategies implemented by Corriente. This summary does not attempt to describe all of the risks associated with an investment in the Funds or even all risks associated with the Funds’ strategies. Although no summary can fully describe all of such risks, the confidential private placement memorandum of each Fund contains a more complete description of the risks associated with an investment in each Fund, and no investment in any Fund can be made without such memorandum.

Risks Applicable to Each of the Funds

Investment Risks in General. Investments made by Corriente, by their nature, will involve a high degree of financial risk. In making investments, Corriente may utilize highly

speculative investment techniques, including highly concentrated portfolios and illiquid investments. In addition, Corriente intends to utilize derivative instruments in implementing its investment strategies. Such investments may expose the clients' assets to the risks of material financial loss.

Market Volatility; Recent Performance of Affiliated Funds. There has been substantial disruption in the equity, credit and derivatives markets related to the bankruptcy or government bailout of certain market participants as well as uncertainty relating to various government interventions. Such disruptions and uncertainty can cause substantial losses if transactions are prematurely terminated, especially due to default when payment may be delayed or completely lost.

The profitability of Corriente's investment strategies substantially depends upon Corriente correctly assessing the future price movements of equities, debt, currencies, currency-linked products, such as non-deliverable forwards, and other derivatives products, including futures, options and credit default swaps and the movements of interest rates (which can be volatile). Corriente cannot guarantee that it will be successful in accurately predicting price and interest rate movements. Due to current market conditions and the composition of their portfolios, certain Funds experienced significant losses during 2009. In addition, the respective performances of certain Funds have been highly volatile. It is anticipated that the performance of the Funds may be similarly or even more volatile.

Duration of Investment Positions. Corriente typically does not know the optimal — or, often, even the expected — duration of any particular position at the time of initiation. The length of time for which a position is maintained varies significantly, based on Corriente's subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses.

Optimizing the probability of being able to exploit the market value of a mispriced asset returning to equilibrium requires holding periods of significant length — often many months to a year or more. Actual holding periods depend on numerous market factors which can both expedite and disrupt price corrections or convergences/divergences. There can be no assurance that the Funds will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

Concentration. Corriente is not restricted as to the percentage of the assets of a Fund or account that may be invested in any particular issuer, industry, instrument, market or sector. Based on Corriente's investment strategies, it is likely that investments will be concentrated. If such investments perform poorly, this concentration could cause a proportionately greater loss than if a larger number of investments were made, and if such proportionately greater loss occurs, it will adversely impact the overall return on investments realized by the clients.

Illiquidity of Fund Assets. Corriente may utilize structured products, derivatives and other types of unregistered securities, which are generally not publicly traded, for its strategies. Such non-publicly traded financial instruments may not be readily disposable, and in some cases, there may be contractual prohibitions on disposing of them for a specified period of time. Accordingly, Corriente may be forced to sell, on behalf of a Fund or other client, its more liquid

positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid financial instruments. In addition, the market prices, if any, for such illiquid financial instruments tend to be volatile, and certain financial instruments may not be able to be sold when Corriente desires or, in the event of a sale, Corriente may not be able to realize what it perceives to be the fair value of such financial instruments. The sale of illiquid securities also often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Furthermore, there may be limited information available about the assets of such issuers of the financial instruments which may make valuation of them difficult or uncertain. Even those markets which Corriente expects to be liquid can experience periods, possibly extended periods, of illiquidity. The risks of trading in illiquid securities and instruments are exacerbated by the fact that Corriente may be buying and/or selling the same securities and instruments at the same time for a number of its clients, which could adversely affect the market value of such assets.

Reliance on Corriente and Key Personnel. Corriente has full discretionary authority to identify, structure, execute, administer, monitor and liquidate trades on behalf of the Funds. Although Corriente may use quantitative valuation models in evaluating the economic components of certain prospective trades, Corriente's strategies are predominately not systematic; the market judgment and discretion of Corriente's personnel, and specifically Mark L. Hart III, are fundamental to the implementation of these strategies. The greater the importance of subjective factors, the more unpredictable a trading strategy becomes. The inability of Corriente to continue as investment manager to any Fund and the loss of the services of Mark L. Hart III or any other key personnel of Corriente could have a material adverse effect on the potential performance of the Funds.

Non-U.S. Securities and Emerging Markets. Corriente expects to invest Fund and other client accounts in securities of non-U.S. issuers and securities denominated in, or dependent on, non-U.S. currencies, including from countries that are considered to be "emerging markets," and related derivative contracts and/or currency contracts or other derivative contracts, such as futures contracts. Investing in non-U.S. securities, derivatives and/or currencies may present a greater degree of risk than investing in U.S. securities due to possible exchange rate fluctuations, possible exchange controls, less publicly available information, more volatile markets, less regulation, less favorable tax provisions, including possible withholding taxes, instability of some governments, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy, changed circumstances in dealings between nations, war or expropriation. In particular, the U.S. dollar value of portfolio securities of non-U.S. issuers fluctuates with changes in market and economic conditions outside the United States and with changes in relative currency values. In the case of trading by Corriente on non-U.S. futures or commodity exchanges, counterparties may be unable or refuse to perform their contracts. In addition, the Funds or other accounts are exposed to the risk of counterparty default on credit default swaps, currency forward contracts and futures contracts. The application of non-U.S. tax laws and the imposition of withholding taxes on dividend or interest payments or confiscatory taxation may also affect investment in securities of non-U.S. issuers. Higher expenses may result from investment in non-U.S. securities, particularly in emerging market securities, than would from investment in U.S. securities and non-"emerging market" securities because of the costs that must be incurred in connection with conversion between

various currencies and non-U.S. brokerage commissions that may be higher than in the United States. Non-U.S. securities markets also may be less liquid, more volatile and subject to less governmental supervision than in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Sovereign Debt. Corriente intends to invest Fund and other client accounts in debt securities issued by governments and their agencies. The issuers of sovereign debt securities may experience serious difficulties in servicing their external debt obligations. These difficulties may, among other effects, force such countries to reschedule interest and principal payments on obligations and to restructure certain indebtedness. Rescheduling and restructuring arrangements often includes reducing and rescheduling interest and principal payments by negotiating new or amended credit agreements, or converting outstanding principal and unpaid interest to new instruments, and obtaining new credit to finance interest payments. Sovereign debt could be rated below investment grade by Moody's and Standard and Poor's if it is regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Although the success of Corriente's investment strategies generally rely in part on certain countries experiencing financial difficulties or defaulting on debts, there can be no assurance that this will occur, or that if it does occur, the Funds or other client accounts will not experience losses due to the risks associated with the government actions described above.

Short Selling. An integral component of certain of Corriente's investment strategies is short selling. Securities sold short must later be replaced or offset by market purchases, and therefore any appreciation in the market price of these securities therefore results in a loss. Purchasing securities to close out short positions can itself cause their market price to rise further, thereby increasing losses. Furthermore, in the case of short sales of securities in which a Fund or other client account does not hold a long position, such Fund or account may prematurely be forced to close out a short position if a counterparty demands the return of such borrowed securities. There can be no assurance that the securities necessary to cover a short position will be available for purchase.

Short selling is continually the subject of regulatory scrutiny, and regulatory restrictions in one or more markets in which Corriente trades, like the short-selling ban imposed by the SEC in September 2008, could severely impair its ability to engage in short selling and render a strategy unprofitable. Restrictions may be imposed with little or no warning, which could result in substantial losses.

Financing Arrangements. Many of the investment strategies utilized by Corriente require the use of substantial leverage. As a general matter, the banks and dealers that provide such financing can apply essentially discretionary margin, financing and security and collateral valuation policies. Changes by banks and dealers in financing and valuation policies may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. In addition, the dealers have discretionary authority to close out credit lines, and this happened in numerous instances during the credit crisis that began in 2008. The Funds or other Corriente accounts may not be able to maintain adequate financing to pursue its investment

program, and if they cannot this could result in portfolio liquidations and losses.

Leverage. Corriente expects to leverage the investment activities of the Funds and other accounts not only through selling securities short, but also through purchasing securities on margin and possibly using options, repurchase and reverse repurchase agreements and swaps. Leverage increases the magnitude of both profits and losses.

Turnover. Corriente anticipates engaging in high-volume trading. High-volume trading can have a negative effect on performance as a result of, for example, increased transaction costs such as brokerage commissions and tax inefficiencies.

Importance of Effective Transaction Execution. The pricing differentials that Corriente attempts to exploit are small not only in amount, but also in duration. Corriente's success depends to a greater degree than in the case of most strategies on the quality of its trading execution. While a number of traders have developed their own transactional capacity that is specifically tailored to the needs of their strategies, Corriente must rely on outside brokers and dealers for execution. There can be no assurance that such trade execution will be able to capture even those mispricings which its models have correctly identified. The potentially adverse impact of inefficient trade executions is increased by Corriente's turnover rate.

Futures Trading. Futures prices are highly volatile, and price movements are influenced by a multitude of factors such as supply and demand relationships, government trade, fiscal, monetary and exchange control policies, political and economic events and emotions in the marketplace. Futures trading is highly leveraged. Furthermore, futures trading may be illiquid as a result of daily limits on movements of prices. Corriente's futures trading could be adversely affected by speculative position limits.

Reliance on Corporate Management and Financial Reporting. Some of the strategies implemented by Corriente rely on the financial information made available by issuers. Corriente does not have the ability to independently verify the financial information disseminated by the issuers and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses which investors can incur as a result of corporate mismanagement, fraud and accounting irregularities.

Changing Market Conditions. Corriente's strategies are based, in part, on the analysis of past market and economic data as indications of future prices. The international economy is rapidly evolving and the financial markets are developing in response to new financial instruments and technologies. There can be no assurance that the valuation models developed by Corriente based on past market conditions will be applicable in current markets. Unlike a number of trading strategies, arbitrage strategies are dependent — due to the small intrinsic profit in each of their positions considered individually — on the bulk of their positions being profitable. Even small changes in market conditions can cause previously successful models to inaccurately predict future “true value” or mispricings.

Derivatives in General. The Funds may make use of various derivative instruments, such as convertible securities, options, futures, forwards and interest rate, credit default, total return

and equity swaps. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks, including dependence on the ability to predict movements in the price of the securities hedged; imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and difficulties in managing a portfolio or meeting short term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

Swaps and Other Derivatives. Corriente intends to utilize swaps and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows and sometimes principal amounts measured by different interest rates, commodity prices, exchange rates, indices or prices, with payments generally calculated by reference to a principal, or "notional," amount or quantity. Swap contracts and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, counterparties may be unable or refuse to perform with respect to such contracts on the part of the counterparties with which the Funds trade. Speculative position limits are not currently applicable to swap transactions, although the counterparties with which the Funds deal may limit the size or duration of positions available to the Funds as a consequence of credit considerations and certain swap transactions will be subject to limits under the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as the "Reform Act," adopted in July 2010, but the scope and application of such provisions is not yet clear. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade. The Reform Act includes provisions that comprehensively regulate the over-the-counter derivatives markets for the first time. While the Reform Act is intended in part to reduce certain of the risks described above, its success in this respect may not be evident for some time after the Reform Act is fully implemented, a process that may take several years.

Over-the-Counter Transactions. The Reform Act includes provisions that comprehensively regulate the over-the-counter derivatives markets for the first time. In this brochure we will abbreviate over-the-counter as "OTC." The Reform Act will require that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC or Commodity Futures Trading Commission, commonly referred to as the "CFTC." The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Reform Act includes limited exemptions from the clearing and margin requirements for so-called "end-users," Corriente does not expect that the Funds or other accounts will be able to rely on such

exemptions. In addition, the OTC derivative dealers with which Corriente may execute the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Reform Act and therefore such dealers will be subject to clearing and margin requirements in any case. OTC derivative dealers also will be required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as they currently are allowed to do. This will further increase the dealers' costs, which are expected to be passed through to other market participants in the form of higher fees and less favorable dealer marks.

The SEC and CFTC may also require a substantial portion of derivative transactions that are currently executed between two counterparties in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. These requirements may make it more difficult and costly for investment funds to enter into highly tailored or customized transactions. They may also render certain strategies in which Corriente might otherwise engage impossible or so costly that it will no longer be economical to implement.

OTC derivative dealers and major OTC derivatives market participants will be required to register with the SEC and/or CFTC. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers will also be subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. The overall impact of the Reform Act on the Funds is highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime.

Although the Reform Act will require many OTC derivative transactions previously entered into on a principal-to-principal basis to be submitted for clearing by a regulated clearinghouse, some of the derivatives that may be traded by Corriente may not be centrally cleared. The risk of counterparty nonperformance can be significant in the case of these OTC instruments, and "bid-ask" spreads may be unusually wide in these heretofore substantially unregulated markets. While the Reform Act is intended in part to reduce these risks, its success in this respect may not be evident for some time after the Reform Act is fully implemented, a process that may take several years. To the extent not mitigated by implementation of the Reform Act, if at all, the risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Funds' assets, include:

- credit risks—the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations;
- market risk—adverse movements in the price of a financial asset or commodity;
- legal risks—the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a

counterparty could preempt otherwise enforceable contract rights;

- operational risk—inadequate controls, deficient procedures, human error, system failure or fraud;
- documentation risk—exposure to losses resulting from inadequate documentation;
- liquidity risk—exposure to losses created by inability to prematurely terminate the derivative;
- system risk—the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system;
- concentration risk—exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity; and
- settlement risk—the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty.

Options. Trading options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. In trading options, Corriente speculates on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying such option. A change in the market price of the underlying securities or underlying market index will cause a much greater change in the price of the option contract. In addition, to the extent that Corriente purchases options that it does not sell or exercise, the Funds and other accounts will suffer the loss of the premium paid in such purchase. To the extent Corriente sells options and must deliver the underlying securities at the option price, the Funds and other accounts have a theoretically unlimited risk of loss if the price of such underlying securities increases. If Corriente must buy those underlying securities, the Funds and other accounts risk the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option. Furthermore, the risk of nonperformance by the seller of an option may be greater and the ease with which Corriente can dispose of such an option may be less than in the case of an exchange traded option.

Corriente may buy or sell OTC options that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of nonperformance by the seller of this type of option may be greater, and the ease with which Corriente can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

Hedging. Hedging techniques involve one or more of the following risks:

- imperfect correlation between the performance and value of the instrument and the value

of the securities of the Funds or other accounts or other objective of Corriente;

- possible lack of a secondary market for closing out a position in such instrument;
- losses resulting from interest rate, spread or other market movements not anticipated by Corriente;
- the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Funds' or other accounts' positions; and
- default or refusal to perform on the part of the counterparty.

Furthermore, to the extent that any hedging strategy involves the use of OTC derivatives transactions, the strategy would be affected by implementation of the various regulations adopted pursuant to the Reform Act.

Corriente will not, in general, attempt to hedge all market or other risks inherent in the positions, and hedge certain risks, if at all, only partially. Specifically, Corriente may choose not, or may determine that it is economically unattractive, to hedge certain risks either in respect of particular positions or in respect of Corriente's overall portfolios. Each Fund's or other account's portfolio composition will commonly result in various directional market risks remaining unhedged. Corriente may rely on diversification to control such risks to the extent that Corriente believes it is desirable to do so; however, Corriente is not subject to formal diversification policies.

The ability of Corriente to hedge successfully will depend on its ability to predict pertinent market movements, which cannot be assured. Corriente is not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Moreover, it should be noted that the Funds' and other accounts' portfolios will always be exposed to certain risks that cannot be hedged, such as counterparty credit risk. Furthermore, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

Currency Exchange Exposure and Currency Hedging. The Funds may invest in non-U.S. securities that are denominated or quoted in non-U.S. currencies, whereas the functional currency of the Funds is the U.S. dollar, and therefore the performance of the Funds may be significantly affected, either positively or negatively, by fluctuations in the relative currency exchange rates and by exchange control regulations. To the extent the Funds seek to hedge their currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, the Funds may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. A dealer therefore normally will offer to sell currency to the Funds at one rate, while offering a lesser rate of exchange should the Funds desire immediately to resell that currency to the dealer. The Funds

will conduct currency exchange transactions either on a cash basis at the spot rate prevailing in the currency exchange market, or through entering into a number of different types of hedging transactions including, without limitation, forward, futures or commodity options contracts to purchase or sell currencies, and entering into foreign currency borrowings.

To the extent Corriente enters into currency forward contracts, which are agreements to exchange one currency for another at a future date, the Funds and other accounts may face risk of loss if Corriente fails to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Funds or other accounts for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate. Furthermore, while the markets for currency forward contracts are not currently regulated, they may in the future become subject to regulation under the Reform Act, a development which may entail increased costs and result in burdensome reporting requirements.

There can be no guarantee that instruments suitable for hedging currency shifts will be available at the time Corriente wishes to use them or will be able to be liquidated when Corriente wishes to do so. In addition, Corriente may choose not to enter into hedging transactions with respect to some or all of the Funds' positions that are exposed to currency exchange risk.

Forward Contracts. Corriente may trade forward contracts in the inter-bank currency market. These forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. Neither the CFTC nor any banking authority currently regulates trading in forward contracts, although they may in the future become subject to regulation under the Reform Act, a development which may entail increased costs and result in burdensome reporting requirements. There is currently no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to the Reform Act might limit such forward trading to less than that which Corriente would otherwise recommend, to the possible detriment of the Funds.

Credit Default Swap Agreements. The buyer in a credit default contract is obligated to pay the seller a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the "par value," which is the full notional value, of the reference obligation. The contingent payment may be a cash settlement or physical delivery of the reference obligation in return for payment of the face amount of the obligation. A Fund or other account may be either the buyer or seller in the transaction. If the Fund or other account is a buyer and no credit event occurs, the Fund or such account may lose its investment, or premium. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, the Fund or other account receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years,

provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations.

Credit default swaps involve greater risks than the Funds or other accounts investing in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. As a buyer, the Funds or other accounts may lose their investment and recover nothing should no credit event occur. If the Funds or other accounts act as sellers, if a credit event were to occur, the value of the periodic payments previously received may be less than the full notional value they pay to the buyer, resulting in a loss of value.

Given the recent sharp increases in volume of credit derivatives trading in the market, settlement of these contracts may also be delayed beyond the time frame originally anticipated by counterparties. These delays may adversely affect Corriente's ability to otherwise productively deploy any capital that is committed with respect to these contracts.

Fluctuations in the Price of Gold and Other Precious Metals. The Funds or such other accounts may invest in gold and other precious metals. The price of gold and other precious metals has fluctuated widely over the past several years. Several factors may affect the price of gold and precious metals, including: global gold supply and demand, which is influenced by such factors as forward selling by producers, purchases made by producers to unwind hedge positions, central bank purchases and sales, and production and cost levels in major gold and other precious metals producing countries such as South Africa, the United States and Australia; investors' expectations with respect to the rate of inflation; currency exchange rates; interest rates; investment and trading activities of hedge funds and commodity funds; and global or regional political, economic or financial events. In addition, there is no assurance that gold or any other precious metal will maintain its long-term value in terms of purchasing power. In the event the Funds invest in gold and precious metals, the decline of prices of such precious metals, and gold in particular, could have a materially adverse impact on the value of an investment in the Funds.

Index Contracts. Corriente may also invest in customized instruments to seek to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities, non-U.S. currencies or commodity prices. These hedging strategies may be executed by Corriente through the use of exchange-traded equity index options, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts, which we refer to herein as "index contracts," structured by investment banking institutions.

Index contracts generally have substantial risks associated with them, including possible default by the counterparty to the transaction, illiquidity and, to the extent Corriente's view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, any lack of correlation between price movements of index contracts and price movements in the position may create the possibility that losses in the value of the Fund's or such account's position may be greater than the gain on the hedging instrument (or that a gain in the Fund's or such account's position may be less than the loss on the hedging instrument). In addition, certain OTC index contracts may have no markets. As a result, in certain markets, the Funds or such accounts might not be able to close a

transaction without incurring substantial losses, if at all. Any such result may have a material adverse effect on the Funds or such accounts.

Risks Applicable to the Corriente Funds and Accounts Implementing Such Strategies

Developing New or Additional Investment Strategies. Corriente is continually developing and refining new strategies. The Funds or such other accounts may allocate a portion of their capital to developing strategies. These strategies may lose all or most of the capital allocated to them. Corriente is not restricted from using the capital of the Funds or accounts in developing and incubating new strategies, even if Corriente has limited or no experience in such strategies. There can be no assurance that Corriente will be successful in implementing these strategies or such other strategies as the Corriente may from time to time develop and implement. Therefore the Funds or accounts may suffer losses during the development stage.

Risks Applicable to the China Funds and Accounts Employing Corriente's China Strategy

Risks Related to Investments in China. The Funds or such other accounts will be exposed to the direct and indirect consequences of political, economic, social, diplomatic or other factors in China. China may face economic, social and/or political instability resulting from, among other things, many of which may be unforeseeable: (i) changes in government or governmental policies; (ii) social unrest; (iii) adverse relations with other countries; (iv) public health issues such as the outbreak of severe acute respiratory syndrome in 2002-2003; and (v) the nationalization of certain issuers which could impair or eliminate the value of the securities of those issuers. Although the success of Corriente's investment strategy relies in part on China experiencing financial difficulties, there can be no assurance that this will occur, or that if it does occur, that the Funds or such other accounts will not experience losses due to the risks associated with the events described above.

Continued State Involvement in the Chinese Economy. The Chinese government owns directly or indirectly a substantial portion of China's productive assets and plays a significant role in regulating development through industrial policies, taxation, allocating resources, regulating payments of foreign currency obligations, imposing credit policies on commercial banks and setting monetary policy. Nationalization, expropriation or confiscatory taxation or governmental regulation could adversely affect the economy of China. Although the success of Corriente's investment strategy relies in part on China experiencing financial difficulties, there can be no assurance that this will occur, or that if it does occur, that the Funds or such other accounts will not experience losses due to the risks associated with Chinese government intervention.

Concentration. Based on Corriente's China investment strategy, the Funds or such other accounts will focus on investments that would benefit from the effects created by a potential slow-down in Chinese credit growth and any associated unwind of speculative excesses that may have been created during the credit boom, and it is likely that Corriente's investments will otherwise be concentrated.

Item 9 Disciplinary Information

Corriente has no legal or disciplinary events to report that would be material to a client's or prospective client's evaluation of Corriente's advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

Corriente is a member of EDF Management, LLC, which we refer to as “EDF Management,” a Delaware limited liability company which acts as investment manager and general partner to three private investment funds that operate in a “master-feeder” structure. The relationship between Corriente and EDF Management does not, in and of itself, create any material conflicts of interest affecting investors in the Funds. However, EDF Management is subject to the same conflicts of interest with investors as is Corriente, which conflicts are disclosed in this brochure under Item 11: “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.” References in Item 11 to Corriente should be read to include EDF Management.

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

As an SEC-registered adviser, Corriente has adopted a Code of Ethics pursuant to the SEC's rule 204A-1. The Code of Ethics includes Corriente's policies as they relate to personal investment and trading by Corriente principals and employees. The Code of Ethics requires Corriente employees to report securities holdings and to receive pre-approval before engaging in certain personal securities transactions. The Code of Ethics defines material and nonpublic information and the restrictions on trading on such information and sets forth the responsibilities of all supervised persons relative to insider trading. Among other things, Corriente imposes certain restrictions and reporting requirements on all employees and principals relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

Corriente employees may not purchase or sell any security on their own behalf or on behalf of others, including family members, unless the transaction (i) is pre-cleared with Corriente's Chief Compliance Officer and Chief Executive Officer and (ii) occurs in exchange-traded funds, exchange-traded notes, closed-end mutual funds, international bonds, corporate bonds, commodities, commodity futures (excluding futures on single stocks or stock indices), forward contracts on currencies, interests in privately-offered investment funds and pools, or any derivative security of the foregoing; provided, however, employees may make deposits in checking and savings accounts and purchase, sell or trade in certificates of deposit, commercial paper and other similar money market instruments, treasury securities, shares of unaffiliated open-ended stock and bond mutual funds, certain agency debt securities (such as Fannie May and Freddie Mac), municipal bonds and securities held in accounts managed by third-party investment advisers in which the employee has no investment discretion without receiving pre-clearance from the Chief Compliance Officer and the Chief Executive Officer.

Corriente's procedures and Code of Ethics also require that each Corriente employee instruct his or her broker-dealer to send to Corriente duplicate broker trade confirmations and account statements which must be received by the Chief Compliance Officer, at a minimum, no later than 30 days after the end of each calendar quarter. These brokerage statements are reviewed on a regular basis by appropriate supervisory personnel.

Further, Corriente maintains certain policies and procedures designed to prevent principals and employees from misusing material non-public information or trading the same securities as the Funds. Corriente will furnish a copy of the Code of Ethics to current and prospective investors upon request.

Conflicts of Interest

Corriente is subject to certain conflicts of interest in advising Funds or other client accounts. Some of these conflicts are summarized here, but this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. The confidential private placement memorandum for each Fund contains a more complete description of what Corriente believes to be the most significant conflicts of interest associated with an investment in such Fund, but is also not an exhaustive list.

Proprietary Trading. It is possible that a Corriente employee may invest in the same security as a Fund. However, given the broad personal securities trading restrictions contained in its Code of Ethics, Corriente has attempted to mitigate the risks associated with such a situation, but there can be no assurance that all such risks have been eliminated.

Other Accounts of Corriente. Corriente may, in the future, manage and advise accounts other than the Funds. The Funds and these accounts may be managed on terms that differ significantly from those applicable to any other Fund. Corriente may have financial incentives to favor certain other Funds or accounts over a particular Fund. Even if Corriente does not do so, Corriente would be required to allocate its limited resources among the Funds and any other accounts that it advises. Certain trades and entire strategies that Corriente utilizes on behalf of a Fund, as well as many of the positions acquired for the Fund, may be materially different from the trades and strategies which Corriente implements on behalf of one or more of its other Funds or accounts.

Corriente may in the future advise managed accounts pursuing the same or substantially the same strategy as one or more of the Funds. Although the agreements between Corriente and holders of such accounts will frequently limit the ability of the investor to terminate the agreement, the holder of a managed account always has the ability to assume control over the account and to liquidate positions in the account. In the case of a large managed account, these liquidations could have an adverse effect on a Fund. In addition, the holder of a managed account has an inherent ability to see all positions in the account. Accordingly, Corriente's advising a managed account pursuing the same or substantially the same strategy as a Fund is equivalent to having an investor in the Fund with full transparency and immediate liquidity. If the holder of a managed account pursuing substantially the same strategy as a Fund decided to assume control and to liquidate the positions in the account, this could cause substantial losses to the Fund.

Allocation of Investment Opportunities. Corriente advises the European Divergence Funds which pursue virtually identical investment strategies, as well as the China Funds, which also pursue virtually identical investment strategies. Corriente also advises the Corriente Funds, which pursue different investment strategies from the European Divergence Funds and the China Funds but nevertheless, from time to time, may implement their investment strategies by making the same investments as one another or any of the other Funds advised by Corriente. As noted above, Corriente could advise separately managed accounts that utilize one or more of such strategies. Corriente intends to allocate investments between all Funds and/or relevant accounts on a basis that it considers to be equitable, taking into consideration factors such as the size of a portfolio, available capital, concentration of holdings, investment objectives and guidelines, the liquidity needs of the fund and relevant tax considerations. Corriente will attempt to allocate or rotate investment opportunities in a manner deemed fair and equitable, over time and in the aggregate, by Corriente and in accordance with the terms of Corriente's compliance policies and procedures.

If a determination is made to sell simultaneously for the Funds or other accounts all or any portion of a shared position, Corriente intends to allocate the sale on a basis that it considers to be fair and equitable, including the excess portion that was purchased by any other accounts managed by Corriente, taking into account to the same relevant allocation factors used by

Corriente in determining the allocation of purchased investments.

Corriente serves as investment manager, and Corriente's affiliates serve as general partners of each of the Funds and Master Funds, and Corriente recommends that the Funds each invest in the relevant Master Fund. Corriente's employees may not trade in securities also invested in separately by the Funds unless permitted by Corriente's personal securities trading policy described above.

Trade Errors. Although Corriente has procedures designed to minimize mistakes made in executing trades, trade errors may occasionally occur. If it is determined that the trade error was caused by Corriente in its capacity as investment adviser to the Funds or with regard to an account, the trade error will be brought to the attention of the Chief Compliance Officer and Chief Executive Officer and Corriente will attempt to correct it as quickly as possible. Any cost or benefit of a trade error will be borne by the relevant Fund unless such trade error resulted from the willful misconduct, bad faith or gross negligence of Corriente or its trading personnel.

Item 12 Brokerage Practices

Corriente selects broker-dealers on the basis of obtaining the best price and execution for the transactions, which Corriente evaluates based on a variety of factors, including the following: price, size of order, difficulty of execution and operational facilities of a brokerage firm, the firm's risk in positioning a block of securities, and the competitiveness of commission rates in comparison with other brokers satisfying Corriente's other selection criteria.

Consistent with seeking best price and execution, Corriente may, and currently does, place brokerage orders with brokers that provide Corriente and its affiliates with supplemental research, market and statistical information. These services are referred to as "soft dollar items." Soft dollar items refer to arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer. The products and services available from brokers include both internally generated items, such as research reports prepared by employees of the broker as well as items acquired by the broker from third parties, such as quotation equipment. Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor to advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to an adviser in the performance of investment decision-making responsibilities.

In the event commissions or soft dollars generated by the Funds are used, they will pay for brokerage and research products or services within the safe harbor created by Section 28(e). Corriente currently receives only research from certain brokers executing transactions on behalf of the Funds. This research includes research reports related to specific securities, geographic regions, economic policies and markets in general. Corriente's personnel may use the information contained in the foregoing reports with respect to all Funds, even if only certain Funds generated the soft dollars used to pay for such reports.

Commission rates are negotiated to be as competitive as possible, given the appropriate level of service. Commission rates may be effected by the size of a client's account, as retail accounts may frequently necessitate trading in relatively small lots, which may give rise to higher than average commission rates on a per share basis. Many retail brokers impose minimum dollar amounts on individual transactions, which may cause such clients to incur higher transaction costs than other accounts.

Corriente may pay a commission in excess of that which another broker might have charged for effecting the same transactions, in recognition of the value of the brokerage or research services provided by the broker. Because commission rates in the United States as well as other jurisdictions are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

In placing orders to purchase and sell securities, Corriente's policy is to seek the best net execution, which includes both commissions and execution prices. Orders are placed with brokers or dealers which Corriente believes are responsible and provide effective execution of

such orders under conditions most favorable to the accounts.

In allocating order flow, Corriente may give preference to those brokers or dealers who provide to Corriente the research and/or related services described above, so long as Corriente believes it is consistent with the objective of best net execution. Corriente will have an incentive, however, to give preference to such brokers as a result of the research or services it receives. The receipt of such soft dollar items benefits Corriente because it does not have to produce or pay for the research or services received.

In certain instances, Corriente may determine that it is in one or more of its clients' best interests to engage in a block trade comprised of shares to be purchased or sold by more than one client account. Such a block trade may result in a lower brokerage commission, thereby benefiting the client accounts. In such cases, Corriente generally will allocate the block trade proportionately to capital of each of the client accounts participating in the trade within round lot parameters and in a manner that determines if fair and equitable to the participating clients.

Item 13 Review of Accounts

Each account is reviewed monthly or more frequently if triggered by economic or market conditions. Corriente's Chief Executive Officer and other investment personnel will review each account in a manner consistent with the investment goals of each account.

Corriente provides monthly unaudited performance reports to investors in the Funds. The Funds' administrator also provides monthly reports to each Fund investor with performance information specific to the investor receiving the report. Year-end results for the Corriente Funds are audited and forwarded to investors within 90 days of year-end. Year-end results for the China Funds and European Divergence Funds are audited and forwarded to investors within 120 days of the end of each fiscal year. All reports are in written form.

Item 14 Client Referrals and Other Compensation

Not applicable.

Item 15 Custody

Under Rule 206(4)-2 of the Investment Advisers Act of 1940, Corriente is deemed to have custody of the securities and other assets of each Fund even though Corriente does not physically hold the securities and other assets, and such securities and assets are not held or registered in Corriente's name. Corriente is exempt from many of the provisions of Rule 206(4)-2 because each Fund is audited in accordance with U.S. generally accepted accounting principles on an annual basis by Deloitte, an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are distributed to each investor in the Corriente Funds within 90 days of the end of the Corriente Funds' fiscal year, and to each investor in the China Funds and the European Divergence Funds within 120 days of the end of each such Fund's fiscal year.

Item 16 Investment Discretion

Pursuant to the governing documents of the Funds, Corriente, as investment manager, has complete investment authority with respect to all securities owned by the Funds and investors do not place any limits on this authority. This authority is conveyed by investors subscribing to the Funds in their subscription agreements and in the Funds' governing documents. To the extent Corriente enters into any separately managed accounts, Corriente would intend to obtain full discretionary authority in the managed account agreement, but such terms may be negotiated.

Item 17 Voting Client Securities

Corriente follows an established policy to vote proxies on behalf of the Funds or other client accounts. The purpose of this policy is to further the best interests of the Funds or such client accounts. This proxy voting policy, together with information regarding how Corriente has voted past proxies, is available to investors upon written request to:

Anna Nikiforova
Chief Compliance Officer
Corriente Advisors, LLC
201 Main Street
Suite 1800
Fort Worth, Texas 76102

Neither the Funds nor any investor in the Funds may direct Corriente's vote with respect to any particular solicitation. Corriente would intend to retain that voting discretion for managed accounts, but may negotiate the terms of such discretion.

Many of the positions held for the Funds are held for very brief periods of time, and Corriente will therefore not vote or evaluate proxies except as it may be specifically solicited or in other extraordinary situations when, in any event, Corriente believes the matter subject to vote may be material to the particular Fund's account and Corriente's vote may affect the outcome of the vote. If and when Corriente does vote proxies, it will vote them prudently and solely in the economic interests of, and for the exclusive purpose of providing economic benefits to, the relevant Fund. It will not consider social, political or other objectives unrelated to the value of the client's investments.

In the limited circumstances in which Corriente does vote proxies, Corriente will follow procedures designed to identify and address material conflicts that may arise between Corriente's interests and those of its clients before voting proxies on behalf of clients. Specifically, Corriente will monitor the potential for conflicts of interest on the part of Corriente with respect to voting proxies on behalf of a Fund's account as a result of personal relationships, significant client relationships or special circumstances.

Conflicts of Interest. If Corriente determines that a conflict of interest exists with respect to a particular issuer, the Chief Compliance Officer will determine whether the conflict of interest is material. If it is determined that the conflict of interest is not material, Corriente may vote proxies notwithstanding the existence of the conflict. If it is determined that the conflict of interest is material, Corriente will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote with respect to the proxy.

Item 18 Financial Information

Corriente has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.