

Restructuring Capital Associates, L.P.

March 31, 2012

This brochure provides information about the qualifications and business practices of Restructuring Capital Associates, L.P. (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (203) 353-3101 and/or investorrelations@bennettmgmt.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

Note: Registration with the SEC or with any state securities authority does not imply a specific level of skill or training.

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Item 2. Material Changes

The Adviser is updating its brochure as of March 31, 2012 as part of its annual amendment filing. There have been no material changes to the Adviser's brochure dated as of March 31, 2011.

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Item 4. Advisory Business

The Adviser is a registered investment adviser with its principal place of business in Stamford, Connecticut. The Adviser began providing investment advisory services on June 29, 1989 and has been registered with the SEC since May 22, 1989. The general partner of the Adviser is Bennett Capital Corporation, of which James D. Bennett is the sole owner and director.

The Adviser provides advice, either directly or indirectly pursuant to advisory agreements or arrangements with other entities controlled by Mr. Bennett, to the following five pooled investment vehicles (the “Funds”):

- Bennett Restructuring Fund, L.P. – established in June 1989 – “BRF”
- Bennett Offshore Restructuring Fund, Inc. - established in April 1995 – “BORF”
- BRF High Value, L.P. – established in June 2006 – “High Value”
- BORF High Value, Inc. - established in June 2006 – “BORF High Value”
- BRF Senior Income, L.P. - established in June 2006 – “Senior Income”

BORF High Value invests all of its assets in, and is a limited partner of, High Value. The terms of investment in BORF High Value are essentially the same as the terms of investment in High Value.

See Item 10 for a more detailed discussion of the Adviser’s arrangements with affiliated firms.

The Adviser’s primary investment strategy is known as “distressed investing”, which means that it focuses on investing in financially troubled companies and other special situations.

The Adviser’s investment strategy for each Fund is set forth in the offering memorandum of the relevant Fund. Depending on the particular investment strategy, the Adviser may recommend that a Fund purchase, sell, exchange or otherwise deal in and with long or short positions in publicly-traded or privately-placed common stocks, preferred stocks, securities or foreign companies, futures, stock warrants and rights, bonds, note or other debentures, loans and participations in loans, trust receipts, creditor and other claims and rights and other obligations, convertible securities, partnership interests, otherwise illiquid securities, swaps, including but not limited to credit derivative swaps, and other securities including those of investment companies. The Adviser’s investment advice is generally limited only by the relevant terms, if any, of the governing documents of each Fund.

The Funds generally invest excess funds (pending investment in accordance with the objectives of the respective Fund) in U.S. Government-backed securities, money market funds, commercial paper, certificates of deposit and bankers acceptances, other money market instruments or other interest-bearing accounts the Adviser deems appropriate. The Funds may pay management fees or commissions to other managers or advisors with respect to mutual fund share investments and investments in money market funds.

The Adviser provides advice to the Funds based on specific investment objectives and strategies as described in their respective offering documents.

As of December 31, 2011, the Adviser had \$1,605,046,764 Fund assets under management. As of that date, the Adviser managed all of such assets on a discretionary basis.

Item 5. Fees and Compensation

The Adviser, or an affiliated advisory entity, typically receives asset-based compensation and performance-based compensation with respect to each of the Funds as follows:

Fund	Quarterly Management Fee	Annual Incentive Allocation/Fee
BRF	0.375%	20%
BORF	0.375%	20%
High Value	0.375%	20%
Senior Income	0.3125%	20%

Asset-Based Compensation – Management Fee

The Adviser, or an affiliated advisory entity, charges a quarterly investment management fee with respect to each Fund ranging from 0.3125% to 0.375% of the total market value of such Fund's assets under management.

These management fees are charged each quarter in advance based on the total market value of the assets in the relevant Fund (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of such fiscal quarter. If an initial or additional investment is made to a Fund during a quarter, the management fee will be charged as of the date of such investment based on the value of such investment as of such date and will be prorated for the number of days remaining in the quarter.

These fees are not negotiable.

Performance-Based Compensation – Incentive Allocation

The Adviser or its related persons are also paid a performance-based fee, called an "incentive allocation" or an "incentive fee", which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a Fund. This compensation is typically an amount equal to 20% of the net profits allocated to an investor in a Fund. Under certain circumstances, receipt of performance-based compensation is subject to a hurdle rate of 10%.

These fees are not negotiable.

BMC deducts the management fee from each Fund by instructing the Fund's custodian, and the deduction occurs in advance of each quarter.

In addition to paying investment management and performance-based fees, the Funds will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which a Fund invests) associated with products or services that may be necessary or incidental to such investments or accounts. Fund assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, a Fund will bear its pro rata share of the investment management fee and other fees of the fund, which are in addition to the investment management fee paid to the Adviser. To the extent a Fund is invested in a master-feeder structure, such Fund bears a pro rata share of the expenses associated with the related master fund. In addition, the Funds will incur brokerage and other transaction costs.

Please refer to Item 12 of this Brochure for a discussion of the Adviser's brokerage practices.

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

The Adviser, or an affiliated advisory entity, is authorized to receive performance-based compensation from the Funds. In addition, the investment personnel of the Adviser's and of affiliated advisory entities typically receive compensation that includes a performance-based component.

When the Adviser and its investment personnel manage more than one Fund, a potential exists for one Fund to be favored over another Fund. However, the Adviser believes that this risk is significantly reduced due to the relatively consistent fee structure among the Funds.

Furthermore, the Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. The Adviser reviews the investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably and the performance of such accounts are also regularly compared to determine whether there are any unexplained significant discrepancies. In allocating the purchases and sales of investments among the Funds, the Adviser's policy is that all Funds should be treated fairly and that, to the extent possible, all Funds should receive equivalent treatment.

The Adviser considers the following factors in allocating investments among the Funds: (1) investment objective and strategy; (2) risk profile; (3) tax status; (4) any restrictions placed on a Fund's portfolio by the structure of the Fund or by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974, as amended); (5) size of the Fund; (6) total portfolio investment position; (7) supply or demand for an investment at a given price level; (8) current market conditions; and (9) any other information deemed to be relevant to the fair and equitable allocation of such investments. Due to differences among Funds or others deemed relevant by the Adviser, the Adviser may cause a Fund to take investment positions in certain investments that are materially different from those taken by other Funds. Under these circumstances, the Adviser will determine the most appropriate, fair and equitable allocation of

investments among all Funds, taking into consideration the differences in size, objective and strategy and any other factors the Adviser deems relevant. Mr. Bennett and, to a lesser extent, the chief compliance officer are responsible for monitoring and reviewing the allocations among the Funds.

The Adviser frequently "bunches" or aggregates orders for execution for the Funds, as further described in Item 12 of this Brochure.

Item 7. Types of Clients

The Adviser's clients consist of the following private funds consisting of pooled investment vehicles: BRF, BORF, High Value, BORF High Value and Senior Income.

Any initial and additional subscription minimums are disclosed in the offering memorandum of each Fund.

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

The Adviser selects potential investments using a research method that includes fundamental financial, legal and trading analysis.

Fundamental financial analysis generally is the starting point for evaluating a company. An analyst will review all publicly available information, including filings with the SEC, bankruptcy court records, press releases, industry research reports and comparative company valuations. Further due diligence will be performed, to the extent possible, by interviewing company management, competitors, customers and suppliers, and lawyers and financial advisors involved in a restructuring. Based on this in-depth research, the analyst will project cash flow and earnings to provide a going concern valuation and, importantly, a liquidation value of the enterprise to determine a "worst case" valuation.

Finally, the analyst estimates the amount and priority of claims and projects the distributions to the various classes of creditors and equity holders on both a going concern and a liquidation value basis.

Most restructurings involve a significant amount of legal analysis, either as a result of the filing for bankruptcy or, in many cases, because the financial crisis was caused by significant damage awards resulting from one or more lawsuits. The Adviser and its investment personnel have extensive contacts in the bankruptcy legal community, as well as access to major bankruptcy law firms. A significant portion of any analysis involves making judgments about the timing and outcomes of the cases before the various bankruptcy courts.

The investment strategies used to implement advice are very broad and are generally limited only by the relevant terms, if any, of the governing documents of the Funds. Such strategies include, among other things, short and long term purchases, active trading, short sales, margin

transactions, option purchases, option writing (including uncovered option and spreading strategies), derivative and hedging transactions (including but not limited to the buying and selling of credit derivative instruments or swaps, and forward currency or interest rate contracts (such contracts may also be entered into for speculation on an unhedged basis)).

Additionally, investment strategies may include investments in unlisted and/or private investments, including direct or indirect transactions in trade claims or bank loans, which may not be recognized as securities by the SEC.

Material risks (including significant or unusual risks) relating to the investment strategies discussed above include:

1) General Market Risks

The profitability of a significant portion of a client's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments as well as the course of the distressed market cycles. There can be no assurance that the Adviser will be able to predict accurately these price movements and cycles. With respect to the investment strategy utilized by the Adviser, there is always some, and frequently a significant degree of general market risk.

2) High Risk Investments

a) Distressed Situation Risk

The clients will invest in business enterprises involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions and the purchase of high-risk receivables. In any investment opportunity involving any such type of business enterprise, there exist risks that the transaction in which such business enterprise is involved will be unsuccessful; take considerable time; or result in a distribution of cash and/or new securities or other financial instruments, the value of which will be less than the purchase price to the client of the securities or other financial instruments in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the client may be required to sell its investment at a loss. In addition, troubled company investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities, other financial instruments and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the clients will invest, there is a potential risk of loss by the clients of their entire investment in such companies.

A client's investments in trade claims and high-risk receivables may also entail special risks, including but not limited to, fraud on the part of the assignor of the trade claim as well as logistical and mechanical issues which may affect the ability of the client or its agent to collect the claim in whole or in part.

b) Control Positions

To the extent that a client owns a controlling stake in, has representatives on a board of directors or creditors committee or is deemed an affiliate of, a particular company, it may be subject to certain additional bankruptcy or securities laws restrictions which could affect both the liquidity of the client's interest and its ability to liquidate its interest without adversely impacting the stock price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the U.S. Securities Act of 1933, as amended, and the disclosure requirements of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended.

3) Hedging

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

4) Short Sales

Short selling, or the sale of securities not owned by a client, necessarily involves certain additional risks. Such transactions expose the client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and in the case of equities, without effective limit. There is the risk that the securities borrowed by a client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the client might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

5) Financial Leverage

In pursuing its investment strategy, the Adviser may utilize financial leverage, including the use of derivative instruments and short sales (see above). This may result in the clients controlling substantially more assets than they have equity. Leverage increases returns to the investors if the client earns a greater return on leveraged investments than the client's cost of such leverage, but conversely decreases returns to investors if the return on leveraged investments is less than the client's costs of such leverage.

Risks associated with types of securities that are primarily recommended (including significant or unusual risks) include:

1) Distressed Securities

Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities

involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

2) High Yield Securities

The Funds may invest in “high yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

3) Illiquid Instruments

Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser’s ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of the creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a client’s portfolio.

4) Fixed-Income and Debt Securities

Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client’s portfolio to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio’s income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or if negative perceptions of the issuer’s ability to make such payments cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and be less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, are more likely to encounter financial difficulties and more vulnerable to adverse changes in the economy.

5) Equity Securities

The value of equity securities fluctuates in response to issuer, political, market and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, small cap stocks react differently from large cap stocks and “value”

stocks react differently from “growth” stocks. Issuer, political or economic developments can affect a single issuer, all issuers within a particular industry, economic sector or geographic region, or the entire market. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have general long-term adverse effects on world economies and markets.

6) Futures and Options

Futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in futures trading. As a result, a relatively small price movement in a futures contract may result in substantial losses to such a pooled investment vehicle. Options, like futures contracts, are speculative, and their use involves risk. Specific market movements of the futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

7) Derivatives

Swaps and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly, over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges and will expose the client to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation.

There are additional risks related to the use of credit derivatives. The market for credit derivatives may be illiquid and there are considerable risks that it may be difficult to either buy or sell the instruments as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. A trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk.

The value of a credit derivative instrument depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to trading derivatives related to such assets. There are a number of other risks

associated with derivatives trading. The swaps market is a relatively new market and it is largely unregulated. It is possible that developments in the swaps market, including potential government regulation, could adversely affect a Fund's ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

8) Options

Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses the premium paid. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security (which could result in a potentially unlimited loss) rather than only the loss of the premium payment received. Over-the-counter options also involve counterparty solvency risk.

9) Non-U.S. Securities; Currency Risks

Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Item 9. Disciplinary Information

This item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

1) Bennett Management Corporation ("BMC")

BMC provides management, research and administrative services to BRF, High Value and Senior Income and provides services to BORF through BOIC, defined below. Mr. Bennett owns BMC. BMC receives payment for its services, either directly or indirectly, from each of the Funds in the form of the management fee.

2) Bennett Offshore Investment Corporation ("BOIC")

BOIC is the investment manager of Bennett Offshore Restructuring Fund, Inc. Mr. Bennett and a family trust controlled by Mr. Bennett own BOIC. BOIC receives payment from BORF in the form of the management fee and the incentive fee, a portion of which is then paid to BMC and the Adviser.

The Adviser, BMC and BOIC are responsible for the investment management decisions of BORF. The Adviser advises BOIC with respect to investment decisions and recommendations

for investments for BORF and advises BMC with respect to the management, research and administrative services BMC provides to BORF.

3) BRF Finance, LLC (“BRF Finance”)

BRF Finance is a limited liability company formed in 2010 which allows its members, BRF, BORF, High Value and Senior Income, to acquire certain private investments which may not be custodied directly by a Fund or by a prime broker or custodian. Such private investments generally include: (1) those which may only be purchased by one named party, which would preclude the Funds from sharing in such investments; and (2) claims which a bankruptcy court will not permit to be divided and transferred into more than one creditor’s name, which would preclude the Funds from sharing in such investment. The Adviser and BOIC, each ultimately controlled by Mr. Bennett, are the investment managers of BRF Finance.

Side Letters

Some of the Funds for which the Adviser or an affiliated advisory entity serves as general partner or investment manager have and may in the future enter into agreements, or “side letters,” with certain prospective or existing investors in the Fund whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the Fund. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special withdrawal or redemption rights, rights relating to frequency or notice; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such investors. The modifications are solely at the discretion of the Adviser or affiliated advisory entity and may, among other things, be based on the size of the investor’s investment in the Fund, an agreement by an investor to maintain such investment in the Fund for a significant period of time, or other similar commitment by an investor to the Fund.

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

High ethical standards are important for maintaining the confidence of the investors in the Funds. Personal trading and other business activities such as membership on a board of directors and/or other outside business activities by the Adviser, an affiliated advisory entity or their respective investment personnel may create potential or actual conflicts of interest with the Funds. All such personnel have a fiduciary duty to the Funds and must comply with applicable federal securities laws. In recognition of these obligations, the Adviser has adopted a Code of Ethics (the “Code”) containing provisions designed to prevent improper personal trading, identify conflicts of interest and to resolve any actual or potential conflicts of interest with the Funds on an honest, fair and reasonable basis.

Adherence to and understanding of the Code and the related restrictions on personal trading is considered a basic condition of employment by the Adviser. Conflicts of interest or suspected violations of the Code are required to be reported immediately to the chief compliance officer.

Violations of the Code may result in the imposition of sanctions or remedial actions deemed appropriate or required by law. Such sanctions may include, without limitation, formal reprimand, disgorgement of profits, suspension or termination of employment, in addition to any criminal or civil penalties imposed by federal or state authorities.

Under the Code, an employee must pre-clear and obtain written authorization from the chief compliance officer and Mr. Bennett prior to executing certain securities transactions for his or her personal securities account, subject to certain limited exceptions. Transactions requiring pre-clearance include the purchase or sale of: (i) securities in an initial public offering; (ii) securities in a private placement or investment opportunity of limited availability; and (iii) generally, any security which, considering the nature of a Fund's investment objectives, which include buying and selling distressed or high-yield investments and investing in financially troubled companies and other special situations, is held by any Fund, has been held by any Fund within the past two years or may reasonably be held by any Fund in the future. In addition, unless otherwise preapproved, the Code prohibits employees from executing personal securities transactions in limited trade securities, which means any security that the Adviser has bought or sold for any Fund in the past five business days or intends to buy or sell for any Fund in the next five business days. The Code exempts certain de minimis or involuntary transactions. The chief compliance officer and Mr. Bennett will assess the proposed transaction's potential impact on the Funds and the transaction's compliance with the Code.

The Code also requires all employees to submit initial and annual holding reports to the chief compliance officer, describing certain securities which the employee beneficially owns. Initial reports are required within ten days of commencement of employment and annually thereafter. The Code also requires all employees to submit to the chief compliance officer quarterly or monthly transaction reports, which describe transactions in certain securities in which the employee had or obtained beneficial ownership during the applicable time period.

Employees are required to submit such reports on a timely basis. Holding reports and transaction reports are not required with respect to certain securities, mutual funds, money market instruments, ETFs or direct obligations of the U.S. government, or for accounts over which an employee does not exercise control, such as automatic investment plans. Such reports are reviewed on a regular basis and compared to approved pre-clearance requests, the Adviser's restricted trading lists and Fund portfolio holdings and transactions. Any violations of the Code which are discernable from this review are to be reported promptly to the chief compliance officer, who is obligated to report such violations to management.

The chief compliance officer oversees the administration and implementation of the Code and, at least annually, reviews and distributes revised copies of the Code to all employees, who are required to acknowledge and certify receipt of the Code and any amendments. The chief compliance officer has the authority to exempt any employee or any personal securities transaction of an employee from any or all provisions of the Code if it is determined that an exemption would not be adverse to the interests of any Fund. The chief compliance officer will prepare and maintain a written memorandum of any exemption granted, describing the circumstances and reasons for the exemption.

Investors or prospective investors in the Funds may obtain a copy of the Adviser's Code by contacting Diane Matt via e-mail at dmatt@bennettmgmt.com or by telephone at (203) 353-3101.

Item 12. Brokerage Practices

Generally, the Adviser has the authority to select, without limitation and without obtaining specific client consent, broker-dealers to effect securities transactions for the Funds. The Adviser negotiates the commission rates therefore in agency transactions. In such cases, the Adviser attempts to standardize discounts available from various brokerage firms and to execute transactions at the lowest possible rate. However, most of the Adviser's transactions are executed on a net basis as principal transactions with the broker-dealers and in such cases, the Adviser negotiates with the broker-dealers for the best net price. In both agency and principal transactions, the Adviser's goals are to maintain Fund contacts with a firm and obtain research materials from such firms.

From time to time, the Adviser may select specific agency brokers rather than market makers to execute over-the-counter trades when the Adviser believes such brokers will obtain the best price and execution. In addition, such agency brokers provide a service in conducting a market search for best execution and may also serve to protect the Adviser's confidentiality.

The Adviser has established general criteria to determine which brokers are qualified to provide brokerage services to the Funds, and considers factors such as the availability of or market conditions for a particular security, the brokerage commission charged, Fund instructions, the financial stability and reputation of a particular brokerage firm, the receipt and nature of research services, the maintenance of contacts with a firm's analysts, access to street-sponsored company meetings, and any other services that are expected to be of benefit to the Funds.

Other factors that the Adviser considers in determining the ability of a broker to provide best execution include, but are not limited to, the: (1) actual executed price of the security and the broker's commission rate, if disclosed; (2) research (including economic forecasts, investment strategy advice, fundamental advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance the Adviser's general portfolio management capabilities; (3) size and type of the transaction; (4) difficulty of execution and the ability to handle difficult trades; (5) operational facilities of the brokers and/or dealers involved (including back office efficiency); and (6) ability to handle a block order for securities and distribution capabilities.

On at least an annual basis, the portfolio manager, trader and the chief compliance officer will evaluate the execution performance of its current brokers. However, brokers of transactions in the debt markets are evaluated on a more subjective basis and the portfolio manager and trader consider various factors deemed necessary for the Adviser to make reasonable decisions about the best execution analyses for debt market brokers.

Research and Other Soft Dollar Benefits

The Adviser is not obligated to seek the lowest available commission cost and it is not the Adviser's practice to negotiate "execution only" commission rates; accordingly, the Funds may be deemed to be paying for research provided by the broker which is included in the commission rate, resulting in higher transaction costs for the Funds.

The research services received may include written materials and the availability of the broker's analysts to assist the Adviser in the evaluation of the security values, information on general market and economic conditions, technical measurement services and quotation services utilized in the investment management process. Currently, there are no formal or informal soft dollar arrangements between the Adviser, the Funds or any affiliate of the Adviser and any of the companies providing brokerage services to the same, except as may be permitted under Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Section 28(e) is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Adviser expects to limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

During the Adviser's last fiscal year, the Adviser generally received research services within 28(e) such as research reports (including market research); financial newsletters and trade journals; attendance at certain seminars and conferences; discussions with research analysts, meetings with corporate executives; data services; and advice from brokers on order execution. The Adviser also generally received brokerage services within 28(e) such as execution services; clearing and settlement of securities transactions and related functions; broker-dealer operated trading software for order routing; trade analytic and trading strategy software; software used to transmit orders; routing settlement instructions; electronic communication of allocation instructions; post-trade matching of trade information; and electronic confirms or trade affirmations.

In the event that the Adviser receives a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system, trade analytical software or proxy services), the Adviser would make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities would be paid through brokerage commissions generated by Fund transactions and the proportion attributable to administrative or other purposes outside Section 28(e) would be paid for by the Adviser from its own resources.

Research and brokerage services obtained by the use of commissions arising from the Funds' portfolio transactions may be used by the Adviser in its other investment activities and thus, the applicable Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although the Adviser will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services would create a potential conflict of interest between the Adviser and the Funds.

The Adviser frequently "bunches" or aggregates orders for execution for the Funds. Although execution prices for bunched orders may be more attractive since a larger block of an investment may be traded more efficiently, execution prices may be less attractive because such an order may take several days to execute and, in the case of a sale, may create an overhang in the market. On balance, however, the Adviser does not believe that bunching Fund orders has a material effect on execution prices, and it generally believes that bunching Fund orders may reduce commission costs in executing a transaction as a result of the greater economies of scale for a larger trade. Funds participating in bunched or aggregated trades will be allocated securities in accordance with the Applicant's internal policies and procedures.

Item 13. Review of Accounts

James Bennett is the principal person responsible for reviewing the investments of BRF and BORF and conducts such reviews on a frequent basis.

Mr. Bennett and John Koerber, co-portfolio managers of High Value, review High Value's investments on a frequent basis. Mr. Bennett and Lucy Galbraith, co-portfolio managers of Senior Income, review Senior Income's investments on a frequent basis.

All of the investments in the Funds are and will be closely monitored with respect to (i) specific securities held; (ii) adherence to investment guidelines; (iii) the performance of each Fund; and (iv) determining the timing of disposition of positions on as frequent a basis as is deemed necessary. Generally, there are no established triggering factors for the initiation of a review of a Fund.

Significant market events affecting the prices of one or more securities in a Fund may trigger reviews of a Fund on an other than periodic basis.

Investors in the Funds are provided unaudited quarterly financial information and audited financial statements, and necessary tax reporting information, to the extent applicable, and statements as to the allocation of net profits and losses to the investors on an annual basis.

Item 14. Client Referrals and Other Compensation

Although the Adviser has no current agreements or intentions to do so, the Adviser may agree to pay commissions in the future to brokers who introduce investors to the Funds. However, in such event, no commissions for selling interests in the Funds will be charged to the Funds, or their respective investors.

Item 15. Custody

This item is not applicable.

Item 16. Investment Discretion

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

Prior to assuming discretion in managing a Fund's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

The Adviser has the authority to determine (i) the securities to be purchased and sold for each Fund (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the Fund. Because of the differences in Fund investment objectives and

strategies, risk tolerances, tax status and other criteria, there may be differences among Funds in invested positions and securities held.

Trading errors (e.g., when an order is not executed according to the portfolio manager's instructions due to a mistake of fact, processing error or other similar reason) and order errors (e.g., when an order is not suitable and appropriate for the client because of investment restrictions or regulatory limitations, changed circumstances, inadvertent duplication or other similar reason) that are attributable to the Adviser shall be corrected in accordance with the following principles.

The Adviser will use its best efforts to assure that orders are executed correctly; however, to the extent that an error occurs, it is to be (i) corrected as soon as practicable; and (ii) reported to Mr. Bennett. The Adviser is only responsible for its own errors and not the errors of other persons, including third-party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

Trades that are simply misallocated to the wrong account ("trade misallocations") and are discovered prior to settlement date shall be reallocated to the originally intended account at the price of the original trade. If an error (other than a trade misallocation) is discovered on the trade date or thereafter, the trade shall be broken, if possible. If the executing broker cannot break the trade, the error should be reported to the appropriate portfolio manager and/or compliance officer, who will investigate the matter and determine an appropriate resolution. After a complete investigation and evaluation of the circumstances surrounding an error, the portfolio manager and/or compliance officer has discretion to resolve a particular error as the portfolio manager deems appropriate. Any errors resulting from unique circumstances shall be resolved on a case-by-case basis. In any event, a written summary describing the event shall be prepared and maintained by the compliance officer.

Please refer to Item 6 of this Brochure for a discussion of the Adviser's allocation policies and procedures.

Item 17. Voting Client Securities

The Adviser has adopted proxy voting policy and procedures ("Proxy Voting Policy") that are designed to ensure that the Adviser votes proxies with respect to a Fund's securities in the best interests of the Funds. The Proxy Voting Policy also requires that the Adviser identify and address potential conflicts of interest between the Adviser and the Funds. If a conflict of interest exists, the Adviser will determine whether it is a material conflict and whether voting in accordance with the guidelines set forth in the Proxy Voting Policy is in the best interests of the Fund or taking an alternative action is appropriate.

Generally, the Adviser votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases or reclassifications of common stock, and against proposals that may make it more difficult to replace an issuer's board of directors, including proposals to stagger the election of board members, cause management to be overrepresented on the board, introduce cumulative voting, unequal voting rights, or create supermajority voting. For all other proposals, the

Adviser will determine whether a proposal is in the best interests of the Funds and may take into account the following factors, among others, whether the proposal: (i) was recommended by existing management and the Adviser's opinion of such management; (ii) acts to entrench existing management; and (iii) fairly compensates existing management for past and future performance.

Investors or prospective investors in the Funds may obtain a copy of the Adviser's Proxy Voting Policy and information concerning the Adviser's voting of proxies by contacting Diane Matt via e-mail at dmatt@bennettmgmt.com or by telephone at (203) 353-3101.

Item 18. Financial Information

This item is not applicable.

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