

Form ADV Part 2A: Firm Brochure

Item 1

Cover Page

March 27, 2012

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This brochure provides information about the qualifications and business practices of EnTrust Capital Inc. ("EnTrust"). If you have any questions about the contents of this brochure, please contact Bruce Kahne, General Counsel and Chief Compliance Officer at 212-224-5548. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about EnTrust is also available on the SEC's website at www.adviserinfo.sec.gov. Please note that registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Item 2

Material Changes

EnTrust's last version of Form ADV Part 2 was dated March 29, 2011. There are no material changes to report. However, this document should be reviewed carefully and in its entirety.

Item 3

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Item 4

Advisory Business

EnTrust is a corporation formed under Delaware law and registered as an investment advisor with the U.S. Securities and Exchange Commission (the “SEC”) under Section 203 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). EnTrust was founded in February 1997. The managing partners of EnTrust are Mark S. Fife and Gregg S. Hymowitz.

EnTrust provides discretionary investment advisory services through separately managed accounts (the “Accounts”) to high net worth and other individuals, pension and profit sharing plans, charitable organizations and other businesses or entities subject to investment guidelines memorialized in an investment advisory contract. The Accounts are “long only” and pursue value driven equity and/or fixed income investment strategies. As of December 31, 2011, EnTrust managed on a discretionary basis \$171,824,089 in assets.

Mark Fife has sole responsibility for the portfolio management and operations of the Accounts and for EnTrust’s business as it relates to making direct investments in securities. Gregg S. Hymowitz has sole responsibility for the portfolio management and operations of EnTrust’s “fund of hedge funds” business, which is managed as a separate business from a separate office and by separate management and investment teams, with the assistance of dedicated employees who do not perform any function for the Accounts. A separate Form ADV Part 2 has been prepared for the fund of hedge funds business.

Advisory services provided by EnTrust may be tailored to meet the individual investment needs of clients (e.g., imposition of restrictions on particular types of investments held in the client’s account).

In addition to the investment management services it provides, EnTrust offers business management services to existing clients which include check writing, budgeting, bookkeeping, and payroll services for household employees.

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Fees and Compensation

For its services, EnTrust receives a management fee (“Management Fee”) for each Account as set forth below:

For equity accounts:

- .50% per quarter of the first \$3 million of market value under management at the end of the quarter.
- .4375% per quarter of the next \$12 million of market value under management at the end of the quarter.
- .375% per quarter of the market value under management thereafter.

For fixed income accounts:

- .0625% per quarter of the market value under management at the end of each quarter.

Cash and cash equivalents in a client's account will be included in the market value under management. In instances where a client has both a fixed income account and an equity account, cash and cash equivalents will be included in the market value of the fixed income account. When billing related accounts, EnTrust may aggregate the market value of such accounts, apply its fee schedule to the aggregate market value, and prorate the Management Fee to each related account based on the value of its assets in relation to the aggregate market value. This will result in these accounts paying a lower fee than would be the case if the fees were calculated separately.

Clients may authorize EnTrust to debit accounts for payment of fees. In any such instance, EnTrust will send bills for such fees to the client and the custodian (if applicable) for the client's account while indicating the amount of the fee debited from the account, how it was calculated and the value of assets on which the determination of the fee was based. In addition, EnTrust will request that the custodian for the client's account notify the client, at least on a quarterly basis, of the amount of the fee debited from the client's account. In the event that an advisory relationship with a client terminates prior to the end of a quarter, the Management Fee will be prorated accordingly.

In certain limited circumstances, the Management Fee may be negotiable. In addition, EnTrust may offer to certain client agents or consultants a portion of the Management Fee in consideration of their referral of clients to EnTrust, and may honor the request of such agents or consultants to rebate all or a portion of such referral fees directly to clients as an offset against the Management Fee.

EnTrust Securities LLC, a Delaware limited liability company and an affiliate of EnTrust, is an SEC registered broker-dealer (the "Broker-Dealer") and member firm of the Financial Industry Regulatory Authority ("FINRA") whose sole business purpose is to introduce prospective investors to the private investment funds and Accounts managed by EnTrust or its investment advisory affiliates. Registered representatives of the Broker-Dealer may be compensated under a variety of compensation arrangements, including base compensation and/or a bonus or a percentage of the fee attributable to investors they refer. Such dedicated business development professionals may be part time or full-time employees of the Broker-Dealer and may provide information about a particular marketplace (e.g., Taft Harley, State or local governments) with which they are familiar.

The Broker-Dealer provides these services to EnTrust under an agreement where the Broker-Dealer is paid 15% of the management fees attributable to investments referred to EnTrust by the Broker-Dealer. All fees payable to the Broker-Dealer and its registered representatives by virtue of this arrangement are the responsibility of EnTrust and are not passed through to any such private investment fund or Account. Jill Daschle is the Chief Executive Officer of the Broker-Dealer and oversees its business development activities.

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Performance Based Fees

EnTrust does not collect performance fees from the Accounts. Any such fee would be the subject of negotiation between EnTrust and the investor.

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Types of Clients

Through the management of the Accounts, EnTrust generally provides investment advisory services to high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations. EnTrust will generally require a minimum account size of \$1 million, but may waive this minimum account requirement in certain instances.

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Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis and Investment Strategies

EnTrust employs its own fundamental and company specific research. Stock selection is predicated on thorough analysis and an understanding of the company's financial statements coupled with intensive qualitative due diligence. Significant emphasis is placed on a company's ability to generate free-cash flow. Qualitative due diligence includes meeting and evaluating management teams and verifying an investment thesis through industry consultant interviews, site visits and other research. Public documents are heavily researched and detailed financial analysis and modeling are utilized during this process. The research effort is distinguished by its adherence to disciplined accounting due diligence and the level of field research done on investments. The companies invested in are typically headquartered in North America and Western Europe. The investment idea generation and research processes for the Accounts and the hedge funds managed by EnTrust's investment advisor affiliates are conducted by the same portfolio manager and team of investment analysts.

Each morning, EnTrust's Head Trader reviews the trading activity in the Accounts. Any issues are brought to the attention of Mark Fife, who has discretionary authority over the Accounts. Trade confirmations and monthly statements are provided directly to the clients by the prime broker, Pershing LLC. A quarterly newsletter that discusses the relative performance of the investment portfolio is sent to all clients. Periodic reviews, which include account performance, are provided monthly or quarterly, as the client prefers. In addition, clients have access to the EnTrust website where, with a password, they can access their account information.

Risks

Investments made by EnTrust are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of his equity in the Account. An investment in an Account should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice. Some of these risks are discussed below.

Investment and Trading Risks in General

All investments made by EnTrust risk the loss of capital. EnTrust may utilize such investment techniques as option transactions, practices which can, in certain circumstances, maximize the adverse impact to which the Accounts may be subject. No guarantee or representation is made that the Accounts' program will be successful, and investment results may vary substantially over time.

Small and Medium Capitalization Companies

EnTrust may invest in the securities of companies with small- to medium-sized capitalizations. While the securities of such companies often provide significant potential for appreciation, smaller-capitalization securities involve higher risks in some respects than do investments in the securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than that for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization securities, an investment in such securities may be relatively illiquid.

Short Selling

EnTrust may, if authorized by the investment guidelines for a particular Account, engage in short selling or selling securities it does not own. While short selling may be used for risk management or hedging purposes, as well as to create profit opportunities, there is substantial risk to this strategy because EnTrust may be required to cover its short positions (the purchase of the securities to replace those borrowed and delivered on sale) involuntarily or otherwise and there is no limitation on the potential upward movement of the purchase price. Short selling can also involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

Leverage

Depending on the particular investment strategy, EnTrust may employ leverage to varying degrees. The use of leverage will magnify gains but will also magnify losses. The expenses paid on borrowings will erode the income and gains generated by leveraged positions. If asset values decline, EnTrust may be forced to unwind and liquidate leveraged positions at an inappropriate time.

Options

EnTrust may invest for speculative and/or risk management purposes in option contracts. Options trading entails an entirely distinct set of risks. Options positions may include both long positions, where the underlying portfolio is the holder of put or call options, as well as short positions, where the underlying portfolio is the seller ("writer") of an option. Although option techniques can increase investment returns, they can also involve a relatively higher level of risk. The expiration of unexercised long option positions effectively results in the loss of the entire

cost or premium paid for the option. The writing or selling of an uncovered put or call option can involve, similar to short selling, a theoretically unlimited risk of an increase in the cost of selling or purchasing the underlying securities in the event of exercise of the option.

Foreign Securities

The Accounts may invest in non-U.S. companies where the protections afforded by the laws of the U.S. do not apply. The Accounts are subject to various risks inherent in investing in foreign companies, including fluctuations in currency exchange rates, exchange controls, expropriation, burdensome or confiscatory taxation, moratoria, or political or economic events, all of which could have an adverse effect on the Accounts' ability to generate gains. As the Accounts determine their gains or losses in U.S. dollars, they will be subject to the risk of fluctuations in currency exchange rates between the local currency and dollars and to foreign exchange controls. There can be no assurance that the Accounts would not incur losses as a result of adverse changes in currency exchange rates and foreign exchange controls. The Accounts are unable to predict the nature of future exchange controls. The imposition of significant increases in the level of exchange controls or other restrictions could have an adverse effect on the Accounts.

Potential Conflicts Regarding Political and Charitable Contributions

EnTrust and/or its affiliates may make political and charitable contributions pursuant to requests by potential or existing investors or their representatives. Such contributions, while made for charitable or philanthropic purposes, have the potential to influence such investor's or potential investor's decision on whether EnTrust and/or its affiliates manage their assets, continue to manage their assets or the amount of assets managed by EnTrust and/or its affiliates. Prospective investors should consider this before investing in the Accounts.

Possible Conflicts with Other Investment Entities or Clients

Mark Fife, the principal of EnTrust with portfolio management responsibility and oversight as it relates to the Accounts, devotes a substantial amount of his time to the business of the Accounts and anticipates continuing to do so.

EnTrust has considerable discretion in choosing the securities which may be acquired. Any investment strategies and techniques may have operational or theoretical shortcomings, which could result in unsuccessful trades and, ultimately, losses to the Accounts. In addition, any new investment strategy or technique developed may be more speculative than earlier techniques and may increase the portfolio risk.

In addition, and as noted above, the Broker-Dealer, an affiliate of EnTrust, is registered with the SEC as a broker-dealer and is a member firm of FINRA. The Broker-Dealer does not hold securities or customer accounts nor does it clear or execute any trades on behalf of the Accounts or otherwise. The sole business purpose of the Broker-Dealer is to introduce prospective investors to the private investment funds or Accounts managed by EnTrust and its affiliates.

Registered representatives of the Broker-Dealer may be compensated under a variety of compensation arrangements, including base compensation and/or a bonus or a percentage of the fee attributable to investors they refer. Such dedicated business development professionals may be part-time or full-time employees of the Broker-Dealer and may provide information about a

particular marketplace (e.g., Taft Hartley, State or local governments) with which they are familiar and may have other relationships with a prospective investor.

Portfolio Risk Management

To mitigate the risks outlined above, EnTrust has adopted a series of risk management measures, as discussed below.

Liquidity and risk/reward dynamics are evaluated when determining position size. The position size is determined by the Portfolio Manager, Mark Fife, with recommendations made by the analysts based upon their level of conviction in an investment and the expected absolute return of the investment measured against perceived downside risk.

Each morning, the two traders receive Risk and Exposure Summary Reports (“Daily Risk Reports”) concerning the investment portfolios for the hedge funds managed by EnTrust’s SEC registered investment advisory affiliates. The traders review the Daily Risk Reports to monitor overall risk and exposure and provide copies of such reports every morning to Mark Fife, the hedge fund analysts, the Chief Accounting Officer (“CAO”) and the Chief Compliance Officer (“CCO”) or his designee. The Daily Risk Reports contain detailed information regarding the investment portfolios of the particular funds, such as the value of long positions, available funds, total net exposure and current equity.

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Disciplinary Information

There are no legal or disciplinary events believed to be material to a client’s evaluation of EnTrust.

Item 10

Other Financial Industry Activities and Affiliations

Listed below is a brief description of EnTrust and its affiliates as it relates to the firm’s hedge fund and separately managed account business. Those affiliates that relate to the firm’s fund of funds business are set forth in Item 10 of Part 2A of the Form ADV separately prepared for the fund of funds:

EnTrust Capital Inc. (“EnTrust”): is an SEC registered investment advisor and a Delaware corporation that provides discretionary investment advisory services to separately managed, “long only” accounts for high net worth and other individuals, corporations and other business entities, charitable organizations and pension and profit sharing plans. EnTrust is under common control with EnTrust Partners LLC, EnTrust Partners Offshore LP, EnTrust Management LP and EnTrust Securities LLC.

EnTrust Partners LLC (“Partners”): is an SEC registered investment adviser and CFTC registered commodity pool operator and commodity trading advisor. Partners serves as the general partner of domestic private investment funds (the “Domestic Funds”), both as part of a multi-strategy fund of hedge funds platform and for domestic funds that make direct investments in securities. Each of the Domestic Funds is a private investment partnership organized under the laws of the State of Delaware. Partners is under common control with EnTrust.

EnTrust Management LP (“Management”): is a limited partnership organized under the laws of the State of Delaware and an affiliate of, and under common control with, EnTrust. Management provides certain administrative and managerial services and serves as the management company to, and receives a management fee from, the Domestic (hedge) Funds.

EnTrust Partners Offshore LP (“Offshore”): is an SEC registered investment adviser and Delaware limited partnership that serves as investment advisor to offshore private investment funds, both as part of a multi-strategy fund of hedge funds platform and for offshore funds that make direct investments in securities (the “Offshore Funds” and, collectively with the Domestic Fund, the “Funds”). Offshore is the successor to EnTrust Partners Offshore LLC, a Delaware limited liability company registered with the SEC under the Advisers Act that commenced business operations in December 1999. There was no change in management or control as a result of this succession. The Offshore Funds are generally the offshore counterpart funds to the Domestic Funds managed by EnTrust’s affiliates that pursue the same investment strategy. Offshore is under common control with EnTrust.

EnTrust Securities LLC: is registered with the SEC as a broker-dealer and is a member firm of FINRA. The business purpose of the Broker-Dealer is set forth in Item 5 above. Jill Zelenko, Chief Financial Officer of EnTrust, is registered as the Financial Operations Principal of the Broker-Dealer. Bruce Kahne, the General Counsel/ CCO of EnTrust, is also the General Counsel/CCO of the Broker-Dealer.

Mark S. Fife and Gregg S. Hymowitz are the managing partners of EnTrust, although as noted above, Mr. Fife oversees the portfolio management and operations of the hedge fund business and Mr. Hymowitz oversees the portfolio management and operations of the fund of hedge funds business, each from a separate office and with a separate, dedicated investment team and staff.

EnTrust shares office space with, and will benefit from the staff and research resources of, Partners and Offshore.

As it relates to the firm’s direct hedge fund business, and “long only” separately managed accounts that invest directly in securities, there is a uniform investment strategy shared by EnTrust, Offshore, and Partners. Investment idea generation and research processes are conducted by the same portfolio manager, traders and investment analysts. This idea generation benefits investors because the aggregated commissions generated by EnTrust, Offshore and Partners allow the investment analysts access to research products and services that might otherwise have been unavailable to a single advisor.

Clients of EnTrust may be solicited to invest in the private investment funds managed by Partners and Offshore.

Item 11

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

EnTrust recognizes that, as a fiduciary, it must serve the interests of its clients. EnTrust further recognizes that it must adhere to the highest standard of care and diligence in conducting its business activities and must be particularly sensitive to situations in which the interests of its advisory clients may be directly or indirectly in conflict with those of EnTrust. Compliance obligations are a priority of EnTrust and, as such, EnTrust has adopted written policies and procedures in accordance with those standards.

In addition, EnTrust has adopted a Code of Ethics intended to limit or mitigate potential conflicts of interest arising from ownership of securities by EnTrust's employees that may also be purchased or sold for advisory clients (either directly or through an underlying private investment fund or managed account).

The Code of Ethics may generally be summarized as a "no trading" policy, although it also contains guidelines and reflects expectations regarding business entertainment, gifts and the standard of conduct required of employees.

The Code of Ethics is based on the notion that EnTrust's employees must act in the best interests of advisory clients and should avoid engaging in business activities, including making personal investments, that create or appear to create a conflict of interest, and is intended to prevent and detect such conflicts or potential conflicts of interest. The Code of Ethics prohibits full-time EnTrust employees from purchasing or selling securities for their own accounts, including all securities accounts in their own name and under their control or management, such as accounts for the benefit of such person's spouse or children. This does not include accounts that hold exclusively mutual funds, exchange traded funds or government securities or other accounts over which the employee has no direct or indirect investment discretion.

On a quarterly basis, employees submit to the CCO or his designee "no trading" statements to confirm that they are in compliance with the policy. In addition, employees are required to complete periodic reports listing their brokerage accounts and provide brokerage statements if such accounts hold any "reportable securities." The CCO or his designee will review such reports and statements.

Part-time employees may exercise investment discretion in making investments, subject to the review of such accounts by the CCO (or his designee), who is authorized to take any necessary corrective action. The CCO (or his designee) will review each trade in accounts for or under the discretion of part-time employees referred to above on a quarterly basis. The review will consider, among other factors, the price at which such personal trades were executed relative to the price received by clients for the same trade, if any, that day. In the event that the CCO determines that such trade adversely impacted EnTrust's clients or was otherwise inappropriate, the CCO will have the authority to suspend such personal trading, reimburse the affected client and/or take other appropriate action.

Notwithstanding the foregoing, EnTrust believes that it is important that employees invest in securities that EnTrust purchases for clients and, therefore, align their interests with and share in the same investment risks and benefits as clients. Accordingly, EnTrust permits eligible employees to invest in any of its hedge fund or fund of hedge fund entities.

In addition, EnTrust and its principals or employees may invest personally in certain outside business activities alongside clients with whom EnTrust's principals or employees have long standing personal and business relationships ("Joint Investments"). This could create potential conflicts of interest including, among others, the risk that EnTrust may favor such investors relative to other investors. The CCO or his designee will review in advance any potential Joint Investments to identify any potential conflicts of interest.

For any such Joint Investments, EnTrust or its principals or employees: (i) may not earn a fee or be otherwise compensated with respect to such investment; (ii) must invest in the Joint Investment on the same terms as other investors; and (iii) may not have an active, day-to-day management role with respect to such investments. In addition, the CCO will periodically monitor the accounts of such clients to ensure that they do not receive favorable treatment relative to other investors regarding the payment of fees and withdrawals.

In an effort to avoid any potential conflicts of interest, employees of EnTrust are prohibited from using their position at EnTrust to give to or receive from any person or company that does business with EnTrust or that the employee hopes to do business with on behalf of EnTrust, including prospective investors, their consultants or representatives, a gift, favor, special accommodation or similar item of value, so frequently or of such high value as to raise a question of impropriety. Gifts and business entertainment must be consistent with customary business practices and employees are instructed that care should be taken that the entertainment or gift does not appear to be intended to unduly influence the recipient in the exercise of his or her judgment and discretion. Employees must report any form of business entertainment and the giving or receiving of any gift that is likely to be viewed as so frequent or of such high value as to raise a question of impropriety.

EnTrust's policy regarding political contributions is intended to satisfy the requirements of Rule 206(4)-5 under the Advisers Act and other applicable laws and regulations with respect to political contributions made by EnTrust and its employees. The policy requires, among other things, preclearance of all political contributions by the CCO. In addition, unless preapproved by the CCO or his designee, employees may not, among other things, solicit contributions on behalf of candidates, political parties or political action committees (PACs) or serve on political committees for candidates. The goal of the policy is to avoid actual or apparent impropriety between EnTrust and/or its employees and government officials.

In addition to the policies described above, EnTrust has adopted and implemented written policies and procedures designed to prevent the misuse of material nonpublic information by EnTrust or persons associated with EnTrust (pursuant to Section 204A of the Advisers Act), as well as the intentional spreading of misinformation or rumors intended to influence the market price of a security. EnTrust's Insider Trading Policy explains the concepts of an "insider" and "material, nonpublic information," contains procedures for employees to evaluate the types of

information received and requires employees immediately, and prior to affecting any trade or communicating such information, to notify the CCO.

EnTrust's policies and procedures are reinforced by, among other things, training sessions and quarterly employee certifications confirming compliance with such policies and procedures.

Copies of the Code of Ethics are available upon request by contacting Bruce Kahne, General Counsel and CCO (tel. 212-224-5548).

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Brokerage Practices and Soft Dollars

EnTrust maintains a prime broker relationship with Pershing LLC ("Pershing"). The Accounts managed by EnTrust generally are custodied at Pershing. For these Accounts, EnTrust generally has authority to determine, without obtaining specific client consent, the securities and the amount to be bought or sold, the executing broker-dealer to be used and the commission rates to be paid. In exercising its authority to select broker-dealers through which transactions will be effected, EnTrust seeks to obtain the best execution, taking into account such relevant factors as price of the security, commission rate, the broker-dealer's facilities, reliability and financial responsibility, confidentiality, the ability of the broker-dealer to handle execution of aggregated or volume orders and research and other services provided by such broker-dealer to EnTrust. EnTrust does not obligate itself to seek the lowest commission cost except to the extent that it contributes to the overall goal of obtaining the best execution for its clients.

EnTrust may enter into arrangements with broker-dealers who may assume some of EnTrust's overhead costs relating to brokerage and research services in exchange for EnTrust's directing brokerage business to such broker-dealers. The use of "soft dollars" tends to reduce the out-of-pocket expenses of EnTrust. It is EnTrust's intention to utilize soft dollar arrangements within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended, which provides a non-exclusive safe harbor for such arrangements. Under Section 28(e), research obtained with soft dollars may be used by EnTrust to service clients or to benefit one of EnTrust's investment advisory affiliates in managing assets for clients of such affiliate. Consistent with Section 28(e), if EnTrust receives services from a broker-dealer that fall outside the definition of brokerage or research services, EnTrust will make a reasonable allocation of the cost which may be paid for with commission dollars. Finally, certain trades may yield no soft dollar benefit.

Although EnTrust does not have a contractual agreement to generate a minimum level of commissions to broker-dealers that provide research, brokers sometimes suggest a level of business that they would like to receive in return for the various services they provide. While these are not enforceable obligations, they create a potential conflict of interest between EnTrust's objective to seek best execution and EnTrust's interest in maintaining for its clients the services provided by the broker-dealers. As a result, EnTrust expects to use broker-dealers that charge competitive institutional rates, but will not necessarily pay the lowest commission, or dealer spread available.

EnTrust and its affiliates may, from time to time, direct commission business to one or more broker-dealers (or an affiliate of such broker-dealer) in consideration of the recommendation by such broker-dealer to his or her clients of an investment in a hedge fund or in any other EnTrust product. In addition, EnTrust has in the past and may continue in the future, to direct commission business at the request of a client to a broker-dealer that serves as a consultant to the client (or which is an affiliate of the consultant). A portion of the commissions generated as a result of such directed brokerage arrangements may be recaptured and refunded to certain investors as a result of such arrangements. Commissions to a broker-dealer in consideration of client referrals represent a conflict of interest in that such broker-dealer or, where applicable, an affiliate of the broker-dealer may be more inclined to recommend an investment in a hedge fund or in any other EnTrust product. It is important that any prospective investor who has been referred by a broker-dealer or consultant consider this conflict of interest in determining whether to make an investment in a hedge fund or in any other EnTrust products. EnTrust will only direct commissions to referring broker-dealers in instances where it has determined that the commission being paid is a competitive institutional rate and quality of execution is consistent with its best execution obligation.

Apart from client referrals by broker-dealers, clients have requested that EnTrust and its affiliates utilize a particular broker-dealer because the clients have a directed brokerage arrangement with the broker-dealer. When a client instructs EnTrust to direct all or a portion of the securities transactions for its account to a specified broker-dealer, EnTrust will treat the client direction as a decision by the client to retain the discretion EnTrust otherwise would have in selecting a broker-dealer to effect transactions and in negotiating commissions generally for the client's account. Any instruction or limitation relating to the selection of broker-dealers must be in writing. Because client-directed trades often cannot be aggregated with non-directed trades, such designation may adversely affect EnTrust's ability to obtain volume discounts on aggregated orders or to obtain best price and execution by effecting certain transactions directly with the market maker. EnTrust will only enter into such arrangements where it believes it will be able to obtain best execution. However, these arrangements may benefit one particular investor at the expense of other investors to the extent such investors are in a hedge fund that pays higher commissions than would otherwise be the case in the absence of such arrangements.

In addition, EnTrust and/or its affiliates may manage proprietary and/or affiliated investments of broker-dealers utilized to execute securities transactions managed by EnTrust and/or its affiliates. Since commission rates are generally negotiable, selecting broker-dealers to effect client transactions that may be EnTrust clients or have investments in the hedge funds or other investment vehicles managed by an EnTrust affiliate may create a potential conflict of interest since there may be an incentive for EnTrust to direct more transactions to these broker-dealers in order to obtain additional assets under management. Moreover, such arrangements may impact the decision-making process of EnTrust and/or its affiliates in determining which broker-dealers effect transactions on behalf of clients and the resulting influence on the ability of EnTrust and/or its affiliates to obtain best price and execution. However, EnTrust at all times will determine that the commission rate being paid is consistent with its best execution obligations.

At the discretion of the executing brokers, all of which are unaffiliated with EnTrust and its affiliates, clients may be charged more than the standard commission rate for fixed income securities transacted in small quantities to cover execution charges.

EnTrust, on behalf of its clients, may purchase and/or sell equity positions contemporaneously with similar purchases and sales made by Partners and Offshore. When entering these orders, EnTrust generally has determined the full allocation to each participating account at the time the orders are placed.

In such cases, EnTrust may sometimes provide broker-dealers with the account and share breakdown at the time the order is entered, particularly when execution of the order is expected to be completed in a single trading day. Under these circumstances, trades will be allocated among clients on an average price basis. However, in many cases -- particularly when execution of the order is not expected to be completed in a single trading day -- the account allocation of shares purchased or sold may be provided to the broker or dealer at the end of the day's trading. Under these circumstances, EnTrust's policy is that in allocating securities among clients, all clients should be treated in a manner which EnTrust determines is fair and equitable and will, wherever possible, employ one of the following allocation strategies until the complete order has been executed:

- pro rata, based upon the respective market values of each client's account;
- percentage ownership allocation, based upon the relative exposure of each client account to a particular class of security;
- a combination of the above; or
- in consideration of other relevant equitable factors, such as available cash, reduction of margin exposure, differing suitability and risk parameters, attempting to limit the number of trade tickets and relevant tax considerations.

With respect to orders which are bunched or aggregated, the commission or commission equivalent paid by clients for such transaction may differ from and be higher than the rate paid by other clients participating in the same transaction. These differing rates may be due to differences in the size and nature of the accounts, and differences in the services provided. When portfolio transactions are executed on an aggregated basis, EnTrust may bunch orders for advisory accounts and allocate the trade results among accounts (including accounts in which EnTrust's principals have a beneficial interest) in the manner in which EnTrust determines is appropriate. EnTrust is not required to bunch orders if it determines that it would be consistent with its fiduciary duties not to do so or if portfolio management decisions are not made together. Because of trading activity, it is frequently not possible to receive the same price or execution on the entire block of securities bought or sold. When this occurs, at EnTrust's sole discretion, the various executions may be averaged and accounts will be credited or charged the average price. The effect of bunching orders may at times be to an Account's disadvantage. Any allocation procedure administered will not operate concurrently to favor or disfavor the same Accounts.

Trade Error Policy

EnTrust may from time to time inadvertently purchase, sell or allocate incorrectly an issue, class or number of securities. EnTrust will attempt to legally reverse or unwind trading errors in a fair and equitable manner as soon as practicable and place the Account in the same position as it would have been in had there been no error. EnTrust has established at its clearing broker a segregated trading errors account. In the event that EnTrust is unable to legally reverse or unwind any trading error, EnTrust will deposit all securities acquired as the result of a trading error in the trading errors account. Losses incurred in the trading errors account will be the

obligation of EnTrust and not its clients. Profits, if any, in the trading errors account will be held to offset losses in the trading errors account or will be donated to charitable organizations selected by EnTrust. Notwithstanding the foregoing, in order to achieve the goal of placing the Account in the same position as it would have been in had there been no error, EnTrust may, in certain circumstances and in its discretion, utilize a different approach than as set forth above.

Item 13

Review of Accounts

Each morning, EnTrust's Head Trader reviews the trading activity in the Accounts. Any issues are brought to the attention of Mark Fife, who has discretionary authority over the Accounts. Trade confirmations and monthly statements are provided directly to the clients by the prime broker, Pershing LLC. A quarterly newsletter that discusses the relative performance of the investment portfolio is sent to all clients. Periodic reviews, which include account performance, are provided monthly or quarterly, as the client prefers. In addition, clients have access to the EnTrust website where, with a password, they can access their account information.

Item 14

Client Referrals and Other Compensation

EnTrust and its affiliates may enter into arrangements from time to time pursuant to which it or they will compensate persons who refer prospective clients or investors to the Accounts or to the private investment funds managed by Partners or Offshore, with a portion of the advisory fees received with respect to those referred investors. Any such compensation is paid by EnTrust and not the Accounts or such funds, the amount of which is negotiated by EnTrust. All such arrangements are memorialized in a written agreement subject to the prior review and approval of the CCO and in compliance with relevant anti-fraud requirements.

The Broker-Dealer employs a number of business development employees as registered representatives, who are responsible for introducing prospective investors to the private investments funds managed by Partners and Offshore or the Accounts. These employees may be compensated under a variety of compensation arrangements, including base compensation and/or a bonus or a percentage of the fee attributable to investors they refer to a particular fund or Account. Such dedicated business development professionals may be part time or full-time employees of the Broker-Dealer and may provide information about a particular marketplace (e.g., Taft Harley, State or local governments) with which they are familiar. The Broker-Dealer provides these services to EnTrust and its affiliates under a written agreement. All fees payable to the Broker-Dealer and its registered representatives by virtue of this arrangement are the responsibility of EnTrust and its affiliates and are not passed through to any private investment fund or Account. Jill Daschle is the Chief Executive Officer of the Broker-Dealer and oversees its business activities.

EnTrust and its affiliates may also utilize certain consultants to provide advice or information about a particular marketplace (e.g., Taft Hartley, State or local governments) or prospective investors. These consultants are paid a retainer by EnTrust.

Item 15

Custody

EnTrust does not have physical possession of cash and securities in Accounts. Actual custody of such assets is at Pershing, an SEC registered broker-dealer, or at another broker-dealer at the instruction of the client.

Item 16

Investment Discretion

EnTrust exercises investment discretion for the Accounts. The discretionary authority is set forth in the managed account agreement, which the client may limit as set forth in that agreement.

Item 17

Voting Client Securities

EnTrust has adopted proxy voting policies and procedures to guide its exercise of this responsibility. EnTrust will consider the best interest of each client when voting proxies. Generally, EnTrust will vote in favor of proposals that maintain or strengthen the shared interests of shareholders and management, shareholder influence over the issuer's board of directors and management and the rights of shareholders generally.

Generally, EnTrust will vote against proposals having the opposite effect. EnTrust may decide, in its sole discretion, to not vote on certain immaterial matters.

In exercising its voting discretion, EnTrust will identify and avoid any direct or indirect conflict of interest between EnTrust and its clients that are raised by such voting decision and will resolve such conflicts before voting proxies. Such conflicts of interest may result from any personal or business relationship between EnTrust, its employees or affiliates, and the issuer of each security. Prior to voting the proxy, EnTrust will provide adequate notice to the client if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest. If the client consents or fails to respond within a reasonable time, EnTrust will vote the proxy as described above. If a client objects to EnTrust's proposed vote, then the proxy will be voted according to the client's direction.

Investors may contact Bruce Kahne, General Counsel and CCO of EnTrust (tel. no. 212-224-5548) to obtain information regarding proxy voting, including a copy of EnTrust's policies and procedures.

Item 18

Financial Information

This Item does not apply to EnTrust.

Item 19

Requirements for State-Registered Advisers

This Item does not apply to EnTrust.