

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 Partners Offshore LP (“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.

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Advisory Business

EnTrust, a Delaware limited partnership formed in January 2011, is an investment advisor registered 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 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 principals and managing members of EnTrust are Mark S. Fife and Gregg S. Hymowitz.

EnTrust currently serves as Investment Manager of the following private investment funds (collectively, the “Funds” or individually, a “Fund”), each organized as a Cayman Islands exempted company, and pursues a value driven long short equity strategy in accordance with the objectives and policies described in the Funds’ respective offering documents:

EnTrust Capital Waters Fund Ltd. (“Waters”)

EnTrust Capital Waters Institutional Fund Ltd. (“Waters Institutional”)

EnTrust Capital Waters Enhanced Fund Ltd. (“Waters Enhanced”)

In order to facilitate the ability of the Funds to pursue a substantially similar investment strategy, Waters and Waters Institutional contribute their respective assets to the EnTrust Capital Waters Master Fund Ltd. (the “Master Fund”), a Cayman Islands exempted company, which conducts trading activities on their behalf. The Funds generally participate on a *pro rata* basis in the profits and losses of the Master Fund and bear a *pro rata* portion of all expenses of the Master Fund based on the value of their respective shareholdings. The Funds are not required to pay any additional direct or indirect fees to EnTrust as a result of the use of the Master Fund. Waters Enhanced does not invest in the Master Fund.

The Funds are offered to eligible non-U.S. persons or qualified U.S. tax-exempt entities. EnTrust has sole investment discretion as to the management of the Funds and the selection of investments. EnTrust may manage separately managed accounts or other private investment funds in the future that may or may not follow the same investment strategy as the Funds.

Mark Fife has sole responsibility for the portfolio management and operation of the Funds and EnTrust’s long-only separately managed accounts (addressed in a separate Form ADV Part 2). Gregg S. Hymowitz has sole responsibility for the portfolio management and operation 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 Funds. In addition, none of the funds of hedge funds managed by EnTrust (or an EnTrust investment advisory affiliate) invest in any EnTrust (or affiliate) managed Fund. A separate Form ADV Part 2 has been prepared for EnTrust’s fund of hedge funds business.

As of December 31, 2011, EnTrust managed, on a discretionary basis, approximately \$5,620,727,751 in assets for 13 clients, \$37,889,716 of which was attributable to the Funds.

Investors in the Funds may include institutions, trusts, estates, charitable organizations, corporations, pension and profit sharing plans, and high net worth individuals.

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Fees and Compensation

The fee structure for each Fund is set forth in the offering documents for that Fund or in the managed account agreement for a separately managed account, as the case may be. A management fee equal to 1.5% per annum is paid by the Funds, quarterly in arrears, except for the Class D Shares of Waters Institutional, for which the management fee is equal to 2.0% per annum.

In addition to the Management Fee and incentive fee (see Item 6 below), expenses that are paid by the Funds include fees of the Funds' independent auditors and tax accountants; fees for the maintenance of the Funds' books and accounts and a pro rata share of any compensation or fees for legal and compliance costs and expenses (whether internal or external) incurred by the Funds or EnTrust or any of its affiliates (where such fees, costs and expenses are incurred in providing services to the Funds); expenses incurred in order to hold, protect, purchase, sell, deliver and receive assets of the Funds including, without limitation, brokerage fees and commissions, delivery charges, interest on margin accounts and other indebtedness, borrowing charges, registration, licensing and custodial fees and bank and service fees; taxes (including withholding and transfer taxes); directors' fees; governmental fees; preparation and distribution of shareholders' reports and other communications with shareholders and the public; the costs incurred in connection with marketing the Funds' interests; professional fees of consultants incurred in connection with the operations of the Funds; and premiums for insurance against liabilities. Waters and Waters Institutional are also responsible for their pro rata share of the expenses of the Master Fund.

The offering documents for a particular Fund specify the redemption terms for such Fund or account, as the case may be. In general, no redemption is permitted other than as set forth in such governing documents, subject to the right of the Fund's Board of Directors, in its sole discretion, to waive such requirements for investors on a case-by-case basis.

The management fee and/or incentive fee (see Item 6 below) for certain investors in the Funds may be waived or reduced.

In addition, EnTrust Securities LLC, an affiliate of EnTrust, is a Delaware limited liability company registered with the SEC as a broker-dealer (the "Broker-Dealer") and a member firm of the Financial Industry Regulatory Authority ("FINRA"). The Broker-Dealer does not hold securities or customer accounts nor does it clear or execute any trades on behalf of the Funds or otherwise. The sole business purpose of the Broker-Dealer is to introduce prospective investors to the private investment funds 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 to a particular Fund. 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.

The Broker-Dealer provides these services to EnTrust pursuant to a written agreement which provides that the Broker-Dealer receives 15% of the management fees attributable to investors it refers to the Funds and a portion of the incentive fee (see Item 6 below) as determined on an investor-by-investor basis. All fees payable to the Broker-Dealer and its registered representatives by virtue of this arrangement are the responsibility of EnTrust (and/or its investment advisory affiliates) and are not passed through to the Funds or to investors. Jill Daschle, the Chief Executive Officer of the Broker-Dealer, oversees its business development activities.

Item 6

Performance Based Fees

Shareholders in Class A of Waters and Waters Enhanced are subject to an incentive fee of 15% of the net profits, if any, subject to the recoupment of unrecovered net losses incurred previously. All other shareholders in the Funds are subject to an incentive fee of 20% of the net profits, if any, subject to the recoupment of unrecovered net losses incurred previously.

All Funds follow the same investment strategy for each separate class of Shares, regardless of fee structure. Accordingly, EnTrust is not incentivized to favor or pursue more speculative investment strategies for those classes of Shares for which it may receive a higher incentive fee.

Item 7

Types of Clients

As noted above, the Funds (which are the clients of EnTrust) are exempted companies incorporated under the laws of the Cayman Islands. The minimum initial investment for the Funds is \$1,000,000, although EnTrust (acting through the respective Fund's Board of Directors) may reduce this amount in its sole discretion (but to not below \$100,000).

Each Fund, in its sole discretion, may refuse to permit a partial redemption if, following such partial redemption, the value of the remaining shares would be less than \$1,000,000 or, in the case of a Class B or Class C Shareholder in Waters, less than \$500,000.

The respective Fund's Board of Directors may require the complete redemption of any shareholder at any time for any reason.

Item 8

Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis and Investment Strategies

The investment objective of the Funds is to seek attractive absolute, long-term risk-adjusted returns. The long equity positions are oriented to a philosophy of value. Typically, they include approximately 25-50 positions across multiple market capitalizations. Long positions are characterized by companies with, in the opinion of EnTrust, strong management teams, high and/or increasing returns on invested capital and free cash flow generation. The short equity positions, approximately 25-50, are based upon thorough fundamental analysis to identify companies with, in the opinion of EnTrust, deteriorating business models and financial characteristics. Both long and short positions are generally in highly liquid companies that are publicly traded on an exchange and the pricing for which is readily available. The Funds have traditionally not taken long or short positions in illiquid or unlisted securities.

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 foregoing parameters are intended to serve as guidelines, rather than absolute restrictions, for the management of the Funds' investment portfolios. Depending on the prevailing market conditions and other factors, such portfolios may, in EnTrust's discretion, operate outside of these parameters at any particular time.

When employing a long short strategy, the overall market risk is hedged by shorting stocks to maintain a net long exposure generally in the 30-60% range. Occasionally, ETFs will be used to maintain exposure within that range.

Any one short position in an individual company name generally will not exceed 3% of the net asset value of the portfolio, measured at the time of the investment. The securities within a single market sector generally will not exceed more than 15% of the net asset value of the portfolio measured at the time of the investment.

Waters Enhanced has its capital invested on the same basis as Waters and Waters Institutional except that Waters Enhanced utilizes leverage by borrowing up to one dollar for every dollar invested in Waters Enhanced, creating a 2:1 leverage ratio for its investments.

Risks

Investments in the Funds are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in the Funds. An investment in the Funds should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice. While some of the risks of investing in the Funds are discussed below, please refer to the offering documentation for the particular Fund for the risk factors regarding an investment in that Fund:

Investment and Trading Risks in General

All investments made by the Funds risk the loss of capital. EnTrust may utilize such investment techniques as leverage, margin transactions, short sales, option transactions, practices which can, in certain circumstances, maximize the adverse impact to which the Funds may be subject. No guarantee or representation is made that the Funds' 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 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.

Hedging Limitations

Although EnTrust may employ various hedging techniques, the extent and effectiveness of such hedging strategies may vary substantially. Most hedging techniques will be directed primarily toward general market risks or certain issuer risks. Typically, there are numerous investment risks which will not be hedged or are necessarily capable of being hedged as a practical matter. To the extent they are unhedged, investment positions may, in general, be fully exposed to market and investment risks. Hedging techniques have a variety of limitations. Hedging against a decline in the value of a portfolio position by selling short, for example, does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the overall portfolio positions’ value. Hedging through market index options may only protect against an overall market downturn, as compared with price declines in specific securities.

Hedge transactions generally also limit the opportunity for gain if the value of the portfolio position should increase, due to the hedging cost or price decline in the hedging position. For a variety of reasons, EnTrust may not seek or be able to establish a sufficiently accurate correlation between hedging instruments and the holdings being hedged. Such imperfect correlation may fail to achieve the intended hedge or may expose the Funds to risk of loss. Such losses can include losses on the hedged position, the attempted hedge position, or both, and could be substantial. Therefore, there can be no assurance that investment positions will be significantly hedged against investment risks or that hedging strategies, if any, will in fact prove successful.

Foreign Securities

The Funds may invest in non-U.S. companies where the protections afforded by the laws of the U.S. do not apply. The Funds 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 Funds’ ability to generate gains. As the Funds 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 Funds would not incur losses as a result of adverse changes in currency exchange rates and foreign exchange controls. The Funds 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 Funds.

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 Funds.

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 Funds, devotes a substantial amount of his time to the business of the Funds 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 Funds. In addition, any new investment strategy or technique developed may be more speculative than other techniques and may increase the risk of an investment in the Funds.

Substantial redemptions by shareholders at any one time could require a Fund to liquidate its positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the shares of a redeeming investor and the shares held by the remaining investors. In addition, this could make it more difficult for the Fund to generate trading profits or recoup losses.

There is currently no secondary market for shares in the Funds. Based on the Funds' Offering Memoranda there are significant restrictions on redemptions, transfer and assignment of investments in the Funds.

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 Funds or otherwise. The sole business purpose of the Broker-Dealer is to introduce prospective investors to the private investment funds 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 to a particular fund. 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.

The Broker-Dealer provides these services to EnTrust pursuant to 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/or its investment advisory affiliates) and are not passed through to the Funds or to investors.

In addition, the Funds may, without notice to investors, enter into agreements with certain investors who, in EnTrust's judgment, make a significant investment in the Fund granting them, among other things, greater portfolio transparency, fee waivers or reductions, different voting rights or restrictions, additional rights to reports or other information and other more favorable investment terms than the terms associated with an investment by investors pursuant to the offering documentation. The Funds have the power to create different classes of interests for certain substantial investors and may create additional classes having different rights for the purposes of implementing such agreements. For example, such additional classes of interests may have different voting rights, management fees or incentive compensation arrangements. In offering more favorable investment terms to certain investors, the Funds shall have no obligation to offer such additional rights, terms or conditions to all investors.

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.

The Funds typically maintain a net exposure of 30-60% net long throughout various market environments with the net exposure typically in the middle of that range. The portfolios are diversified with generally no sector representing above 15% of the net asset value of the portfolio measured at the time of investment. Investments are only made in sectors in which the investment team has a thorough understanding.

EnTrust has formed a Risk Committee to review and monitor the portfolio. The Risk Committee consists of Michael Lorch (Chairman, Chief Accounting Officer and Compliance Officer), Brian Delaney (Portfolio Analyst), and Michael Erb (Head Trader), and convenes formally and informally to discuss issues relating to the Funds' investment parameters and portfolio guidelines. Mr. Lorch reviews the Risk and Exposure Summary Reports ("Daily Risk Reports") on a daily basis to monitor compliance with applicable portfolio risk controls and parameters. Such risk controls are intended to serve as guidelines in connection with the management of the Funds' investment portfolios, as opposed to absolute restrictions. Depending on market conditions and other factors, the Funds' investment portfolios may, in EnTrust's discretion, operate outside of these guidelines at any given time. Mr. Lorch, upon his review of the Daily Risk Reports, will determine whether there exist any material departures from the risk controls that require immediate action, upon which he will alert Mr. Fife and, if necessary, the Chief Compliance Officer ("CCO").

Each morning, the two traders receive the Daily Risk Reports concerning the Funds' investment portfolios. 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, Mr. Lorch and the 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 and short positions, available funds, total net exposure and current equity. In addition, aggregate portfolio

information is also included, such as leverage utilized, value at risk, volatility, stress testing, delta adjusted exposure, exposure by region, market capitalization and sector, a listing of the prior day's trading activity and other measures.

Operational Risk Management

The Funds are audited on an annual basis by an independent auditing firm recognized as having an expertise in hedge fund auditing/accounting. As a requirement of Generally Accepted Auditing Standards ("GAAS"), the auditors are required to obtain a sufficient understanding of the Funds' systems of internal controls and assess their adequacy in order to determine the nature, timing and extent of tests to be performed. Additionally, SAS 99 requires auditors to plan and perform their audit to obtain reasonable assurances about whether the financial statements are free of material misstatements, whether caused by error or fraud. All audited financial statements for the Funds have had clean audit opinions.

Item 9

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 Partners Offshore LP ("EnTrust"): is an SEC registered investment advisor and Delaware limited partnership that serves as investment advisor to private offshore funds. Such offshore funds are generally the offshore counterpart funds to the domestic funds managed by EnTrust's affiliate that pursue the same investment strategy for EnTrust's hedge fund and fund of hedge funds businesses, respectively.

EnTrust currently serves as investment advisor of the Funds and pursues a value driven long short equity strategy in accordance with the objectives and policies described in the Funds' respective offering documents.

EnTrust Partners LLC ("Partners"): is an SEC registered investment advisor and CFTC registered commodity pool operator and commodity trading advisor. While none of the Funds

engage in the direct trading of commodities or futures, underlying managers for EnTrust's fund of hedge funds business may use such instruments for hedging or speculative purposes.

Partners serves as the general partner of certain private investment partnerships organized under the laws of the State of Delaware. Such domestic funds are generally the domestic counterpart funds to the offshore funds managed by EnTrust that pursue the same investment strategy for EnTrust's hedge fund and fund of hedge funds businesses, respectively. 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 funds managed by Partners.

EnTrust Capital Inc. ("Capital"): 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. Capital is under common control with EnTrust.

EnTrust Securities LLC: is an SEC registered broker-dealer and a member firm of FINRA. The sole 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 Capital.

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, Partners, and Capital. 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, Partners and Capital allow the investment analysts access to research products and services that might otherwise have been unavailable to a single advisor.

Trading orders are generally entered in aggregate and allocated based on a preset electronic allocation model contained in the Order Management System.

Clients of Capital and Partners may be solicited to invest in the Funds.

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 on a periodic basis.

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 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).

Item 12

Brokerage Practices and Soft Dollars

With respect to Waters, Waters Institutional, and Waters Enhanced, EnTrust maintains omnibus accounts at various broker-dealers in order to facilitate client trading and generally will have authority to determine, without obtaining specific client consent, the securities and the amount to be bought or sold, the 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 and/or a Fund'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 generated by a Fund may be used by EnTrust to service clients other than a particular Fund 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 benefits.

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 brokers. As a result, EnTrust expects to use brokers 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 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 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 Fund or in any other EnTrust product. 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 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 for the Funds or other investment vehicles 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 affiliated investments in the Funds or other investment vehicles managed by EnTrust 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 Waters, Waters Institutional, and Waters Enhanced, may purchase and/or sell equity positions contemporaneously with similar purchases and sales made by Capital and Partners. 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 Fund 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 two traders receive from Morgan Stanley Daily Risk Reports concerning the Funds' investment portfolios. 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, Michael Lorch, the Chief Accounting Officer, and the 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 and short positions, available funds, total net exposure and current equity. In addition, aggregate portfolio information is also included, such as leverage utilized, value at risk, volatility, stress testing, delta adjusted exposure, exposure by region, market capitalization and sector, a listing of the prior day's trading activity and other measures. Mr. Lorch reviews the Daily Risk Reports every morning to monitor compliance with stated investment parameters and guidelines.

Unaudited monthly and quarterly performance reports are sent to each investor in the Funds. Audited financial statements are sent to each investor in the Funds after the independent public accountants for each Fund have completed their audit after the end of each fiscal year. In addition, investors have access to EnTrust's password protected website where they can access performance data.

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 investors to the Funds with a portion of the advisory fees received with respect to those referred investors. Any such compensation is paid by EnTrust and not the 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 investment funds managed by EnTrust and its affiliates. 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. 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 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 are not passed through to any Fund. 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 Capital.

Item 15

Custody

EnTrust may be deemed to have constructive custody of certain client assets as a result of serving as investment advisor to the Funds. EnTrust does not have physical possession of client cash and securities. Actual custody of Fund assets are at Morgan Stanley & Co., Goldman Sachs & Co. and Pershing LLC, each an SEC registered broker dealer.

Each of the Funds is subject to an annual audit conducted by an independent public accountant registered with, and subject to inspection by, the Public Company Accounting Oversight Board. The auditor of the Funds is EisnerAmper (Cayman) Ltd. EnTrust complies with the custody requirements of the Advisers Act by providing GAAP compliant audited financial statements to all investors within 120 days of the end of the fiscal year.

The Funds have entered into an agreement with Admiral Administration Ltd., a company incorporated under the laws of the Cayman Islands (the “Administrator”). The Administrator performs certain general administrative tasks for the Funds including processing subscriptions and redemptions, calculating net asset value and providing account statements to shareholders. The fee payable by the Fund to the Administrator is based on a standard schedule of fees charged by the Administrator for similar services.

Item 16

Investment Discretion

EnTrust exercises investment discretion for the Funds it manages. This authority is established through the investment management agreement between the respective Fund and EnTrust. In the

case of a separately managed account, 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.