

ADV Part 2A: Firm Brochure

March 30, 2012

Brencourt Advisors, LLC
280 Park Avenue
West Building, 30th Floor
New York, NY 10017
(212) 313-9700
www.brencourt.com

This brochure provides information about the qualifications and business practices of Brencourt Advisors, LLC (“Brencourt”). If you have any questions about the contents of this brochure, please contact Shaker Choudhury, Brencourt’s Chief Compliance Officer, at (212) 313-9723 or compliance@brencourt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Brencourt refers to itself as a registered investment adviser. Such registration does not imply any level of skill or training.

Additional information about Brencourt Advisors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

The following material changes have been made to Brencourt's brochure previously dated September 12, 2011. Only specific material changes are discussed in this summary:

The brochure has been updated to reflect that Shaker Choudhury is now Brencourt's Chief Compliance Officer in place of Richard E. Bani, who continues to serve as Chief Operating Officer and is now Brencourt's Chief Financial Officer. It has also been updated to reflect the restructuring of certain pooled investment vehicles to which Brencourt provides investment advisory services, as well as a new advisory arrangement whereby Brencourt provides sub-advisory services to Central Park Group Multi-Event Fund, through a joint venture arrangement with Central Park Advisers, LLC.

Item 3 Table of Contents

ITEM 2	MATERIAL CHANGES	2
ITEM 3	TABLE OF CONTENTS.....	3
ITEM 4	ADVISORY BUSINESS	4
ITEM 5	FEES AND COMPENSATION	5
ITEM 6	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	8
ITEM 7	TYPES OF CLIENTS.....	8
ITEM 8	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	8
ITEM 9	DISCIPLINARY INFORMATION.....	25
ITEM 10	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	25
ITEM 11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	25
ITEM 12	BROKERAGE PRACTICES	25
ITEM 13	REVIEW OF ACCOUNTS.....	31
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION.....	31
ITEM 15	CUSTODY	32
ITEM 16	INVESTMENT DISCRETION	32
ITEM 17	VOTING CLIENT SECURITIES.....	32
ITEM 18	FINANCIAL INFORMATION.....	32

Item 4 Advisory Business

Brencourt Advisors, LLC (“Brencourt”) is an SEC registered investment advisor established to build a leading alternative asset management firm focused on event driven strategies. The firm is engaged in the business of providing investment advisory services primarily to pooled investment vehicles and currently offers three strategies: credit opportunities, merger arbitrage, and multi-strategy. Brencourt is a Delaware limited liability company and was founded by William L. Collins, the principal owner, in January 2001 to continue the investment philosophy and strategy that he established in managing Taurus Partners, L.P. from 1993 through 2000. The portfolio management team is comprised of 12 investment professionals.

Based in New York, the Brencourt team is comprised of 25 employees and investment professionals. As of February 29, 2012, Brencourt manages on a discretionary basis approximately \$320,044,990 of client assets through various pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (each, a “Fund” and collectively, the “Funds”). Investment advice is provided directly to the Funds, subject to the discretion and control of the general partner or board of directors of the applicable Fund, and not individually to the limited partners or shareholders of the Funds.

Generally, the Funds are organized in a master-feeder structure. As a result of the January 1, 2012 Fund reorganization mentioned under Item 2, the Funds currently advised by Brencourt are: (i) Brencourt Multi-Strategy Onshore Fund, L.P., Brencourt Credit Opportunities Onshore Fund, L.P. (each, an “Onshore Fund”), (ii) Brencourt Multi-Strategy Offshore Fund, Ltd., Brencourt Credit Opportunities Offshore Fund, Ltd., Brencourt Merger Arbitrage Offshore Fund, Ltd. (each, an “Offshore Fund”), (iii) Brencourt Multi-Strategy Master Fund, L.P., Brencourt Credit Opportunities Master Fund, L.P. (each, a “Master Fund”), and (iv) Brencourt SP Fund, L.P. (“SP Fund”). Multi-Strategy Onshore Fund, L.P. and Brencourt Multi-Strategy Offshore Fund, Ltd. are feeder funds that achieve their objective by investing substantially all of their assets in Brencourt Multi-Strategy Master Fund, L.P. Brencourt Credit Opportunities Onshore Fund, L.P. and Brencourt Credit Opportunities Offshore Fund, Ltd. are feeder funds that achieve their objective by investing substantially all of their assets in Brencourt Credit Opportunities Master Fund, L.P.

One of Brencourt Associates, LLC, Brencourt CO, LLC, or Brencourt GP, LLC (each a “GP”), each an affiliate of Brencourt, serves as the general partner to each Onshore Fund and each Master Fund.

In addition to the Funds described above, Brencourt has entered into a joint venture arrangement with Central Park Advisers, LLC, whereby Brencourt’s personnel provide day-to-day management of the Central Park Group Multi-Event Fund (the “Central Park Fund”) portfolio under the oversight of Central Park Advisers, LLC. The Central Park Fund’s investment adviser is Central Park Multi-Event Management, LLC, a joint venture between Central Park Advisers, LLC and Brencourt. The Central Park Fund, which commenced operations on December 6, 2007, is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company, and its investment program is substantially similar to that of the Brencourt Funds. The shareholders of the Central Park Fund’s shareholders approved the advisory agreement at a

Special Meeting of Shareholders held on September 23, 2011, and Brencourt began providing sub-advisory services to the Central Park Fund as of November 1, 2011. Central Park Multi-Event Management, LLC is registered under the Investment Advisers Act of 1940, as amended, and information pertaining to its advisory activities is available on its Form ADV filing available on the IARD website.

Brencourt may in the future serve as sub-adviser to other investment funds or organize other investment funds, including feeder funds for the Funds or parallel funds for employees of Brencourt, or management investment funds or separate accounts that may either co-invest with the Funds or follow an investment program similar to or different from the Funds' programs. Brencourt may also establish special purpose vehicles or subsidiaries and it or the Funds may invest in or through such special purpose vehicles or subsidiaries.

Brencourt may also provide services to individually managed accounts (each a "Managed Account") or serve as an adviser or sub-adviser to funds not formed or sponsored by Brencourt.

Investors in the Funds generally may not impose restrictions on investing in certain securities or types of securities while Managed Account clients may do so.

Item 5 Fees and Compensation

The fees and compensation described herein reflect updated information in connection with the Fund reorganization mentioned under Item 2. As provided under the governing documents and investment management agreements of the Funds, Brencourt or its affiliates will receive from the Funds both a quarterly management fee at a fixed rate and an annual performance allocation or performance fee based on the performance of the Funds, as described further below. Although Brencourt has entered into agreements with the Funds providing for the below fees or allocations, Brencourt reserves the right on a discretionary basis to waive, reduce or negotiate alternative fees and/or allocations on a client-by-client basis with other funds or separate account clients that it manages in the future and/or with one or more investors in the Funds. Different client facts and circumstances will be considered in determining such fees or allocations, including the client's investment strategy, assets under management, account composition, reporting requirements, economies of scale, if any, and any other factors Brencourt deems relevant. All such fees will be set forth in agreements with such clients.

Management Fee. Generally, Funds compensate Brencourt with an annual management fee ranging from one percent (1%) to one-and-one-half percent (1.5%).

Brencourt calculates the annual management fee quarterly in advance based on Fund capital not including performance fees and incentive allocations. In the event of an investor admitted to a Fund after the first business day of the relevant calendar quarter, or makes a withdrawal from a Fund on a day other than the last business day of the relevant calendar quarter, the management fee will be pro-rated based on the admission or withdrawal date of the investor. Management fees are deducted from Fund capital.

Any management fee that relates specifically to a particular special situation investment may be charged solely to those investors participating in the special situation investment (in accordance with their respective interests in such special situation investment).

For purposes of calculating the management fee, net asset value includes net realized and unrealized profits and losses (other than for special situation investments, which shall be valued at their fair value as of the applicable designation date for purposes of calculating the management fee).

Incentive Allocations and Performance Fees. Generally, for each fiscal year Brencourt or a GP will be entitled to a performance fee or an incentive allocation of up to twenty percent (20%) of any net profit allocable to an investor's interest for such fiscal year in excess of any loss recovery with respect to such interest, adjusted for contributions, withdrawals, distributions and interest-specific expenses. The incentive allocation or performance fee with respect to any investor will be allocated or deducted and paid, as applicable, as of the close of each fiscal year (and as of each other date on which Brencourt or a GP, as applicable, determines is appropriate or necessary to make a determination of the incentive allocation or performance fee, as applicable, with respect to an investor's interest, including a date on which an investor withdraws all or a portion of its interest).

Special situation investments will not be taken into account for the purpose of calculating the incentive allocation or performance fee, as applicable, until such special situation investment is liquidated or realized or deemed realized, at which point the net profit or loss, if any, on such special situation investment will be allocated to the corresponding capital account and taken into account in determining the incentive allocation or performance fee for the year in which such realization or deemed realization took place. If the corresponding interest has been fully withdrawn, the incentive allocation or performance fee on the special situation investment will be made upon realization or deemed realization. For the avoidance of doubt, Brencourt intends to hold special situation investments through realization.

The computations required to be made for purposes of computing the incentive allocation or performance fee will be made separately with respect to separate contributions to or withdrawals from the Fund by a particular investor, to reflect appropriately the different times at which investors may have contributed capital to the Fund or withdrawn capital from the Fund and the net asset values at such times. Each separate contribution to a Fund may, in the discretion of Brencourt or the GP, as applicable, be treated as a separate interest (and, if applicable, as a separate capital account of a Master Fund). As a result, an incentive allocation or performance fee may be charged with respect to a specific investment in the Fund made by an investor even if no incentive allocation or performance fee would have been charged had all of such investor's investments been aggregated for purposes of calculating the incentive allocation or performance fee.

Other Expenses. Brencourt and the GPs are authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable. Brencourt will be responsible for and shall pay, or cause to be paid, all Overhead Expenses, except as described below. For this purpose, "Overhead Expenses" for a fiscal year include overhead expenses of an ordinarily recurring nature such as rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, employee benefits including insurance, payroll and other taxes and compensation (and related costs) of all personnel.

All other expenses will be borne by the Funds including without limitation, legal, indemnification, accounting, audit and tax preparation (including expenses associated with the preparation of financial statements, tax returns, Forms K-1, and any other reports to investors), bookkeeping, tax compliance, auditing, consulting and other professional expenses, including

those of valuation firms; administration fees and other expenses charged by or relating to the services of third-party providers of administration services (including expenses for all middle- and back-office services whether provided by the Fund's administrator or any other third-party); fees payable to sub-advisers (if Brencourt determines that such an arrangement represents the best way to access a particular investment opportunity or a difficult to access market or otherwise makes available specialized investment expertise to the Funds); third-party and out-of-pocket research and market data expenses (including, without limitation, news and quotation equipment and services, market data services, and fees to third-party providers of research and/or portfolio risk management services and all third party out-of-pocket costs, in each case, incurred in connection with investments or contemplated investments); interest and fees (including commitment, structuring and underwriting fees) on margin loans, committed loan facilities, total return swaps and any other indebtedness; bank service, custodial, consulting, investment banking, and other professional fees or compensation and similar fees; fees and expenses (including travel and lodging expenses) related to the analysis, purchase or sale of investments (including special situation investments), whether or not the investments are consummated; expenses related to the purchase, monitoring, sale, settlement, custody or transfer of Fund assets (directly or through trading affiliates); expenses associated with activist investment activities (including public relations, tender offer and proxy solicitation expenses); third party and out-of-pocket fees and expenses relating to systems and software used in connection with the operation of the Funds and investment related activities (including any accounting, risk management, trading and administrator-like functions that Brencourt performs in-house); entity-level taxes; fees and expenses relating to the offer and sale of interests (including organizational fees and expenses and filing and legal fees); premiums for directors' and officers' liability insurance, including, without limitation, premiums for director and officer liability or other insurance for Brencourt and/or the GPs (if any); expenses related to the maintenance of the Funds' registered offices, corporate licensing, fees or other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds or liquidation of the Funds; and other ordinary and extraordinary expenses associated with the operation of the Funds and its investment activities.

To the extent that expenses to be borne by the Funds are paid by Brencourt (or its affiliates), the Funds will reimburse Brencourt or its affiliates for such expenses. The Master Funds may pay and reimburse the Feeder Funds for capital account-specific expenses and specially allocate these expenses to the applicable capital accounts in the Master Funds.

Any expenses directly attributable to a particular special situation investment as determined by Brencourt will be charged solely to the interests of investors participating in such special situation investment. To the extent an investor retains any interest in any special situation investments after withdrawing all or a substantial portion of its interest, Brencourt or the GPs may reserve, accrue or hold back from the proceeds payable with respect to such withdrawal such amount as Brencourt or the GPs deems sufficient to cover any such expenses expected to be payable by such investor in connection with such special situation investment.

Clients will incur brokerage , custody and transaction costs. See Item 12 for further details regarding Brencourt's brokerage practices.

General. All fees and terms are negotiable except in certain circumstances. Brencourt reserves the right on a discretionary basis to reduce or waive fees and/or alter certain terms such as waiving performance based fees and reducing or waiving asset based fees.

Fees paid by Managed Account Clients are subject to negotiation, primarily due to the size of the account, however, the fees payable are generally in line with those noted above.

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

As discussed under Item 5, Brencourt and the GPs receive performance fees or incentive allocations, which are based on performance of the Funds.

The Funds pay a performance fee or incentive allocation calculated at different rates and there may also be waivers or reductions for certain investor accounts. The payment of performance fees or incentive allocations at varying rates may create an incentive for Brencourt to disproportionately allocate time, services or functions to Funds paying performance fees or incentive allocations at a higher rate, or allocate investment opportunities to such Funds.

Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by policies and procedures of Brencourt, including that Brencourt generally allocates transactions in which more than one client is eligible to participate on a pro rata basis in proportion to the relative equity of each client. Please also see Item 12 below regarding trade aggregation as well as Item 11 below for additional information relating to how conflicts of interest are generally addressed by Brencourt.

Item 7 Types of Clients

Brencourt provides advisory services to the Funds. Interests in the Funds are offered pursuant to applicable exemptions from registration under the 1940 Act and the Securities Act. Investors in the Funds may include high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

The minimum investment in each Fund is \$1,000,000. Brencourt, in its sole discretion, may waive this minimum on behalf of an Offshore Fund (subject to requirements of Cayman Islands law), and the applicable GP may waive this minimum in their sole discretion with respect to an Onshore Fund. The minimum subsequent investment in each Fund is \$250,000, again subject to waiver as described in the previous sentence. Brencourt does not have a minimum size for a Fund.

Brencourt may also provide services to Managed Accounts, including, without limitation, serving as an adviser or sub-adviser to funds not formed or sponsored by Brencourt.

Minimum account sizes for Managed Accounts are subject to negotiation, but would typically be significantly higher than \$1,000,000.

Brencourt may in the future provide advisory services to other funds and separately managed accounts for high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

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

Brencourt currently offers the following investment strategies to clients: merger arbitrage, credit opportunities and multi-strategy (which itself includes exposure to merger arbitrage, credit opportunities and equity special situations).

Multi-Strategy Strategy. The multi-strategy strategy aims to provide superior absolute rates of return with relatively low volatility, low market correlation and capital preservation. Brencourt engages, directly or indirectly, in various strategies, including, without limitation, merger arbitrage, credit opportunities and other strategies Brencourt wishes to effectuate, such as relative value strategies and capital structure arbitrage strategies.

Merger Arbitrage Strategy. The merger arbitrage strategy aims to achieve steady rates of return while maintaining lower volatility than the S&P 500. Merger Arbitrage strategies involve situations where a company is the subject of (i) a merger, acquisition, takeover, tender offer, exchange offer or other change of control, (ii) negotiations which are expected to result in such an event, or (iii) an unsolicited approach which may lead to such an event. Generally, merger arbitrageurs attempt to realize the price differential between securities of the target and the ultimate consideration expected to be received. As the security's price of the target converges with the consideration, the investor realizes profit. The profit or loss from merger arbitrage transactions is typically dependent on the consummation and timing of a corporate restructuring. In addition, merger arbitrageurs expect to realize income from dividends, rebates, the sale of option premiums, and interest payments, minus expenses from net cost of capital, dividends and transaction costs.

Brencourt believes that merger arbitrage should be largely a research driven investment strategy. Because of this, Brencourt (or an affiliate) will generally invest in opportunities that it believes: (1) make strategic business or financial sense; (2) make economic sense, typically measured by a pro-forma analysis of free cash flow, earnings per share, and/or balance sheet strength; and/or (3) do not present insurmountable regulatory barriers.

Brencourt believes that, dependent upon the market value of the securities involved, merger arbitrage opportunities that meet the aforementioned criteria may provide excellent risk-adjusted investment opportunities. Such opportunities offer less resistance from shareholders and regulators, therefore reducing "deal risk," and increasing the likelihood of "deal consummation" in a timely manner.

Credit Opportunities Strategy. Credit opportunities strategies involve investing in long and short positions with respect to obligations and securities of companies that are in (or are expected to experience) financial difficulty, or are deemed likely or have recently been subjects of reorganization or liquidation, whether under bankruptcy or otherwise. Brencourt expects to focus on companies that are: (1) intrinsically undervalued with analyzable and defensible businesses (or overvalued with flawed business models); (2) highly leveraged; and/or (3) exhibiting some type of financial stress or distress that creates a potential investment opportunity. Brencourt generally expects to focus on discrete events, such as reorganizations, bankruptcies, short-term maturities, senior-secured debt, mispriced options, and capital structure arbitrage. Brencourt attempts to manage its clients' portfolios to minimize correlation to the tightening of credit spreads and analyzes probabilistic event outcomes in order to find asymmetric opportunities. Securities held for investment may include long or short positions and investments at any level of an issuer's capital structure, including but not limited to secured and unsecured debt, loans, loan participations, trade claims, convertible bonds, common stock, preferred stock, derivatives, partnership interests, direct lending and any other securities Brencourt deems necessary to effect the investment strategy. Some of these securities may have limited liquidity or become illiquid. Brencourt expects to realize profit in pricing inefficiencies and any interest associated with such securities.

Equity Special Situations Strategy. Equity special situations strategies involve situations where Brencourt believes a company is undervalued or overvalued and where it believes catalysts exist to cause a future event that will have an impact on the company's valuation. Examples include companies pursuing divestitures, changes in management, changes in business strategy, major cost cutting programs, spinoff, sale, liquidation, changes in the company's industry, companies pursuing or likely to pursue exchange offers and/or repurchases of debt, companies that are undercapitalized or overcapitalized, or other corporate restructuring. Brencourt expects to realize income from dividends, interest and rebates, appreciation and capital gains, minus expenses from net cost of capital, dividends, interest and transaction costs.

Brencourt does not speculate expressly on the direction of capital markets. Brencourt believes that returns from equity special situations-driven positions generally will exhibit low correlation with the broad equity market.

Brencourt invests the assets of a partnership of which it is the investment manager (i.e., "feeder funds") in another investment vehicle of which Brencourt is the investment manager (a "master fund") to effectuate the above investment strategies. In doing so, Brencourt may enter into various swap agreements including total return swaps, interest rates, credit default swaps and currency swaps as well as other derivatives, such as put or call options. Brencourt may also buy and/or sell commodities, bank debt, loans, high yield securities, distressed securities, convertible securities, non-U.S. securities, restricted securities, zero-coupon bonds and deferred interest bonds, LLC interests, forward contracts, and/or options on various foreign currencies. Brencourt may also engage in short sales. In certain circumstances, Brencourt may invest all or a portion of a client's assets in cash or cash items, which may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed by Brencourt to be creditworthy.

Brencourt utilizes charting, fundamental, technical and cyclical methods of analysis. The main sources of information Brencourt uses include, but are not limited to, annual reports, prospectuses, filings with the Securities and Exchange Commission, financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, and inspections of corporate activities. Brencourt also uses the services of third party consultants for research purposes.

Prospective clients should give careful consideration to the following risk factors in evaluating the merits and suitability of engaging Brencourt for investment management services. The following risk factors reflect updates in connection with the January 1, 2012 reorganization mentioned under Item 2, and they do not attempt to provide a comprehensive summary of all of the risks associated with the foregoing investment strategies, but rather certain material risks which a client account is subject to and that Brencourt wishes to encourage prospective clients to discuss in detail with their professional advisers.

1. **General Risks; Potential of Loss.** A client investment entails a high degree of risk, including the risk that the entire amount invested may be lost. Each Fund will make investments using strategies and financial techniques with significant risk characteristics. There can be no assurance that Brencourt will achieve its objective on behalf of the client or that the strategies described herein will be successful and, because of the speculative nature of the Funds' investment and trading strategies, investors may suffer a significant loss of invested capital, including loss of the entire investment.

2. **Management and Operational Risks.** Brencourt's portfolio managers may use quantitative analyses and/or models in managing portfolios. Any imperfections or limitations in such analyses and/or models could affect the ability of the portfolio managers to implement strategies. By necessity, these analyses and models make simplifying assumptions that limit their efficacy. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and/or it may not include the most recent information about an issuer or a security. Clients are also subject to the risk of loss and impairment of operations from operational risk as a result of Brencourt's and other service providers' provision of investment management, administrative, accounting, tax, legal and other services to the client.
3. **Underlying Fixed Income Risks.** Fixed income securities are subject to credit risk, which relates to the ability of the issuer to make scheduled contractual payments of principal and interest. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. In addition, the market value of investments in fixed income securities (including bonds, notes and asset-backed securities) will typically change as interest rates fluctuate. Even in the absence of a credit downgrade or default, the price of fixed income securities may decline significantly due to reduction in market demand. Market risk for fixed income securities is amplified by liquidity risk. Market risk for fixed income securities denominated in non-U.S. currencies is also affected by currency risk.
4. **Risks of Derivative Instruments.** The risks assumed as a result of derivative positions and other investments may cause a client to incur significant losses. For example, Brencourt may fail to use derivatives effectively, choosing to hedge or not to hedge positions at disadvantageous times. All derivative instruments, including options, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. Derivatives are subject to counterparty credit risk, documentation risk, liquidity risk, leverage risk, as well as the risk of mispricing or improper valuation. In addition, derivatives are subject to pending regulatory changes that could adversely affect their value.
5. **Counterparty Risks.** A client's investment will be exposed to counterparty risk to the extent Brencourt uses "over-the-counter" derivatives, enters into repurchase agreements, lends its portfolio securities or allows a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, a client could miss investment opportunities or otherwise hold investments it would prefer to sell, resulting in losses for the client's account. Certain markets in which Brencourt may effect transactions are "over-the-counter" or "interdealer" markets, and may also include unregulated private markets. The lack of a common clearing facility creates counterparty risk. There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. A client's investment will be exposed to the credit risk of its counterparties and may also bear the risk of settlement default. Loans of securities also involve risks of delay in receiving additional collateral or in recovering the securities loaned, or possibly loss of rights in the collateral, should the borrower of the securities become insolvent. Additionally, a client's investment may be exposed to documentation risk, including the risk that the parties may disagree as to the proper interpretation of the terms of a contract (*e.g.*, the definition of default). Due to the nature

of Brencourt's investment strategies, a Fund may invest in derivatives and/or execute a significant portion of its securities transactions through a limited number of counterparties and events that affect the creditworthiness of any of those counterparties may have a pronounced effect on the value of a client's investment. In addition, the creditworthiness of a counterparty may be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. Counterparty risk may be further complicated by recently enacted U.S. financial reform legislation which includes provisions for new clearing, margin and reporting requirements for derivatives transactions and new restrictions on the types of derivatives transactions that can be entered into by certain financial companies.

6. **Credit Default Swap Risks.** Brencourt may directly or indirectly use credit default swaps to take an active long or short position with respect to the likelihood of default by a corporate or sovereign issuer of fixed income securities (including asset-backed securities). In a credit default swap, one party pays, in effect, an insurance premium through a stream of payments to another party in exchange for the right to receive a specified return in the event of default (or similar events) by one or more third parties on their obligations. A Fund, as the purchaser in a credit default swap, bears the risk that the investment might expire worthless. It also would be subject to counterparty risk – the risk that the counterparty may fail to satisfy its payment obligations to a Fund in the event of a default (or similar event). In addition, as a purchaser in a credit default swap, a Fund's investment would only generate income in the event of an actual default (or similar event) by the issuer of the underlying obligation. A Fund also may use credit default swaps for investment purposes by selling a credit default swap, in which case the Fund will receive a premium from its counterparty in return for the Fund's taking on the obligation to pay the par (or other agreed-upon) value to the counterparty upon issuer default (or similar events). As the seller in a credit default swap, a Fund effectively adds economic leverage to its portfolio because, in addition to its total net assets, a Fund is subject to investment exposure on the notional amount of the swap. If no event of default (or similar event) occurs, a Fund would keep the premium received from the counterparty and would have no payment obligations.
7. **Equity Risks.** The market value of an equity investment may go up or down, sometimes rapidly or unpredictably. A risk of investing in a Fund is that the equity securities in its portfolio will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. Equity investments may be even more susceptible to such events than other types of investments a Fund may make, given their subordinate position in the issuer's capital structure. As such, equity investments generally have greater price volatility than fixed income and other investments with a scheduled stream of payments, and the market price of equity investments is more susceptible to moving up or down in a rapid or unpredictable manner. Certain issuers of equity securities may be subject to different, often less comprehensive accounting, reporting and disclosure requirements, may be

listed on less liquid and more volatile markets, and may be subject to high brokerage commissions and other fees. In addition, securities which Brencourt believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame Brencourt anticipates. As a result, a Fund may lose all or substantially all of its investment in any particular instance.

8. **Leverage Risks.** Brencourt may utilize leverage in investing a Fund's assets, including through engaging in trading on margin by borrowing funds and pledging securities as collateral. While such use of borrowed funds increases returns if a Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if a Fund fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of a Fund than if a Fund were not so leveraged. Any use by a Fund of short-term margin borrowings will result in certain additional risks to the Fund. Given the importance of leverage to each Fund's investment strategy, the unavailability of debt financing at favorable terms, whether from prime brokers, banks or others, may have a negative impact on a Fund's returns. There is no assurance that a Fund will continue to be able to secure sufficient debt financing for its current investment strategy, or that debt financing, if available, will be available at favorable terms.
9. **Lack of Correlation Risks; Hedging Risks.** There can be no assurance that the short positions a Fund holds will act as an effective hedge against its long positions. Any decrease in negative correlation or increase in positive correlation between the positions Brencourt anticipated would be offsetting (such as short and long positions in securities or currencies held by a Fund) could result in significant losses for the Fund. To the extent Brencourt employs a hedging strategy for a Fund, the success of any such hedging strategy will depend, in part, upon Brencourt's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged.
10. **Risks of Pooled Investment Vehicles and Pass-through Entities.** A Fund may invest or take short positions in pooled investment vehicle and pass-through entities, including affiliated or third-party unregistered investment vehicles, investment companies registered under the 1940 Act, master limited partnerships and real estate investment trusts ("Pooled Investment Vehicles"). Investment decisions of such vehicles are made by their investment advisers independently of each other. As a result, at any particular time one Pooled Investment Vehicle may be purchasing securities of an issuer whose securities are being sold by another Pooled Investment Vehicle and a Fund could indirectly incur certain transaction costs without accomplishing any net investment result. Pooled Investment Vehicles may be subject to fees, including other asset-based or performance-based compensation. To the extent a Fund invests directly in Pooled Investment Vehicles and other "pass-through" entities which are treated as partnerships for federal income taxation purposes, the Fund must rely on such vehicles to deliver to it certain tax information that is necessary to complete the Fund's own tax returns. If this information is not delivered to the Fund in a timely fashion, the Fund will be delayed in providing tax information to its investors. To the extent a Fund's investment in a Pooled Investment Vehicle is via a derivatives instrument, such as a swap agreement, the Fund's counterparty assumes responsibility for any such tax reporting. A Fund is also exposed to the risk that the Pooled Investment Vehicles do not perform as expected.
11. **Short Sales Risks.** In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable

to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes a Fund to the risk of liability for the market value of the security that is sold, which is an unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available to be borrowed by the Fund at reasonable costs. Purchasing securities or currencies to close out a short position can itself cause the price of the securities or currencies to rise further, thereby exacerbating the loss. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and a Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. In addition, a Fund may have difficulty purchasing securities and/or currencies to meet its delivery obligations in the case of less liquid securities and/or currencies sold short by a Fund such as certain emerging market country securities or securities of companies with smaller market capitalizations. A Fund may also take short positions in securities through various derivative products. These derivative products will typically expose the Fund to economic risks similar to those associated with shorting securities directly. The SEC and regulatory authorities in other jurisdictions may adopt (and in certain cases have adopted) bans or reporting requirements relating to short sales of certain securities, and such regulations may make it impossible for a Fund to execute certain investment strategies and may have a material adverse effect on a Fund’s ability to achieve its investment objective and generate returns.

12. **Options Risks.** Brencourt may invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. The market value of options written by a Fund will be affected by many factors, including changes in the value of underlying securities or indices, changes in the dividend rates of underlying securities (or in the case of indices, the securities comprising such indices), changes in interest rates, changes in the actual or perceived volatility of the stock market and underlying securities, and the remaining time to an option’s expiration. The market value of an option also may be adversely affected if the market for the option is reduced or becomes less liquid. If a Fund writes a call option and does not hold the underlying security or instrument, the amount of a Fund’s potential loss is theoretically unlimited. A Fund’s ability to use options as part of its investment program depends on the liquidity of the markets in those instruments. In addition, there can be no assurance that a liquid market will exist when a Fund seeks to close out an option position. Also, the hours of trading for options on an exchange may not conform to the hours during which the securities held by the Fund are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that may not be reflected in the options markets. National securities exchanges generally have established limits on the maximum number of options an investor or group of investors acting in concert may write. These limits could restrict a Fund’s ability to purchase or sell options on a particular security. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows a Fund greater flexibility to tailor an option to its

needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

13. **Swap Contracts Risks.** Under a typical swap contract, one party may agree to pay a fixed rate or a floating rate determined by reference to a specified instrument, rate, or index, multiplied in each case by a specified amount (“notional amount”), while the other party agrees to pay an amount equal to a different floating rate multiplied by the same notional amount. On each payment date, the parties’ obligations are netted, with only the net amount paid by one party to the other. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose a Fund to unlimited risk of loss. Swaps may be used as an alternative to futures contracts.
14. **Futures and Related Options Risks.** A futures contract is an agreement between two parties to buy and sell a specific quantity of a commodity (including a securities index or an interest-bearing security) for a set price at a future date. A Fund may buy and sell call and put options on futures or on securities indexes in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income. The use of futures and options involves certain special risks. A purchase or sale of futures contracts may result in losses in excess of the amount invested in the futures contract. If a futures contract is used for hedging, an imperfect correlation between movements in the price of the futures contract and the price of the security, currency, or other investment being hedged creates risk. Correlation is higher when the investment being hedged underlies the futures contract. In the event of an imperfect correlation between a futures position and the portfolio position (or anticipated position) intended to be hedged, a Fund may realize a loss on the futures contract at the same time the Fund is realizing a loss on the portfolio position intended to be hedged. To compensate for imperfect correlations, a Fund may purchase or sell futures contracts in a greater amount than the hedged investments if the volatility of the price of the hedged investments is historically greater than the volatility of the futures contracts. Conversely, a Fund may purchase or sell fewer futures contracts if the volatility of the price of the hedged investments is historically less than that of the futures contract. The successful use of transactions in futures and related options for hedging also depends on the direction and extent of exchange rate, interest rate and asset price movements within a given time frame. A Fund may purchase futures contracts (or options on them) as an anticipatory hedge against a possible increase in the price of a currency in which securities a Fund anticipates purchasing are denominated. If a Fund does not then invest in those securities, the Fund may realize a loss on the futures contract that is not offset by a reduction in the price of the securities purchased. There is no guarantee that a Fund will be able to enter into an offsetting closing transaction for a purchased or sold futures contract, by selling or purchasing, respectively, an instrument identical to the instrument purchased or sold. In addition, under certain circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day’s settlement price, thereby effectively preventing liquidation of unfavorable positions. If a Fund is unable to liquidate a futures position due to the absence of a liquid secondary market or the imposition of price limits, it could incur substantial losses. Furthermore, a Fund would continue to be subject to market risk with respect to the position. The low initial margin deposits normally required in futures trading permit an extremely high degree of leverage. All participants in the futures market are subject to margin deposit and maintenance requirements. Instead of meeting margin calls, investors may close futures contracts through offsetting transactions, which could distort normal correlations. The margin deposit requirements in the futures market are less onerous than

margin requirements in the securities market, allowing for more speculators who may cause temporary price distortions. Trading hours for non-U.S. stock index futures may not correspond perfectly to the trading hours of the exchange to which a particular non-U.S. stock index future relates. As a result, the lack of continuous arbitrage may cause a disparity between the price of a non-U.S. stock index future and the value of the relevant index. In the United States, futures contracts are traded only on commodity exchanges or boards of trade – known as “contract markets” – approved by the Commodity Futures Trading Commission (“CFTC”), and must be executed through a futures commission merchant or brokerage firm that is a member of the relevant market. One reason that a Fund may enter into swap transactions is to obtain exposure to a particular underlying asset when there is no CFTC-approved futures contract available. However, swap transactions may be less liquid than futures transactions and expose a Fund to credit risk with respect to the swap counterparty. When permitted by applicable law, a Fund may trade futures contracts on non-U.S. exchanges or similar entities, which are not regulated by the CFTC and may not be subject to the same degree of regulation as the U.S. contract markets. Additional or different margin requirements as well as settlement procedures may apply to certain non-U.S. futures.

15. **Forward Contracts Risks.** A Fund may use forward contracts. A forward contract is a contract to buy or sell an underlying security or currency at a pre-determined price on a specific future date. The initial terms of the contract are set so that the contract has no value at the outset. Forward prices are obtained by taking the spot price of a security or currency and adding to it the cost of carry. No money is transferred upon entering into a forward contract and the trade is delayed until the specified date when the underlying security or currency is exchanged for cash. Subsequently, as the price of the underlying security or currency moves, the value of the contract also changes, generally in the same direction. Forward contracts involve a number of the same characteristics and risks as futures contracts but there also are several differences. Forward contracts are not market traded, and are not necessarily marked to market on a daily basis. They settle only at the pre-determined settlement date. This can result in deviations between forward prices and futures prices, especially in circumstances where interest rates and futures prices are positively correlated. Second, in the absence of exchange trading and involvement of clearing houses, there are no standardized terms for forward contracts. Accordingly, the parties are free to establish such settlement times and underlying amounts of a security or currency as desirable, which may vary from the standardized provisions available through any futures contract. Finally, forward contracts, as two-party obligations for which there is no secondary market, involve counterparty credit risk not present with futures.
16. **Currency Risks.** The investments of a Fund that are not denominated in the U.S. dollar are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Officials in foreign countries may from time to time take actions in respect of their currencies that could significantly affect the value of a Fund’s assets denominated in those currencies or the liquidity of such investments. A Fund may, but is not required to, invest in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof for hedging purposes, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective. In addition, it is not always possible to hedge fully or perfectly against currency fluctuations affecting the market value of securities denominated in currencies other than the U.S. dollar, because

the market value of such securities is also likely to fluctuate because of independent factors not related to currency fluctuations. If a forward foreign currency contract is used for hedging, an imperfect correlation between movements in the price of the forward foreign currency contract and the price of the currency or other investment being hedged creates risk. Consistent with industry practice, some or all currency transactions may not be collateralized, which increases counterparty risk.

17. Risks Associated with Lack of Liquidity in Markets. A Fund may invest in assets and derivatives which it may not be able to readily sell or dispose of, including securities whose disposition is restricted by securities laws. The markets for many securities and other investments are thinly traded from time to time. This lack of liquidity and market depth could disadvantage a Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Also, U.S. and non-U.S. securities exchanges and the SEC and other regulatory authorities have authority to limit or suspend trading in a particular security without notice. Such a suspension would render it impossible for a Fund to liquidate positions and, accordingly, could expose the Fund to losses. The effect of liquidity risk is particularly pronounced when low trading volume, lack of a market maker, large size of position or legal restrictions (including daily price fluctuation limits or “circuit breakers,” or an affiliation with the issuer of a security) limit or prevent a Fund’s ability to initiate a transaction, sell assets or unwind derivative positions at desirable prices. A Fund is also exposed to liquidity risk when it has an obligation to purchase particular securities (for example, as a result of writing a put option or closing out a short position). Restricted securities cannot be sold without being registered under the Securities Act, unless they are sold pursuant to an exemption from registration (such as Rules 144 or 144A). Securities that are not readily marketable are subject to other legal or contractual restrictions on resale. These limitations on liquidity of a Fund’s investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized. In addition, a Fund’s holdings in securities for which the relevant market is or becomes less liquid are more susceptible to market value declines. Less liquid securities also may fall more in price than other securities during periods when markets decline generally. Further, the more less-liquid securities a Fund holds, the more likely it is to honor a withdrawal request in kind. Because illiquid securities may be difficult to value, the values realized on their sale may differ from the values at which they are carried by a Fund. In addition, credit markets experienced an extended period of significant lack of liquidity beginning in 2007 and may experience such periods of significant lack of liquidity in the future. There can be no assurance that the market will, in the future, become more liquid and it may well continue to be volatile for the foreseeable future. It is also possible that illiquidity in the market could cause prices to decline further, which may force a Fund, to the extent it is leveraged, or other leveraged investment vehicles to sell assets to satisfy requirements under their borrowing arrangements or to meet margin calls, which could, in turn, create further downward price pressure. If there is a substantial decline in the market value of a Fund’s portfolio of investments, investments may need to be liquidated quickly, and may not be liquidated at what Brencourt perceives to be fair value. Upheavals in the credit markets may cause margin borrowing costs and securities borrowing costs to increase or to make such arrangements unavailable. Such increases in borrowing costs may impact a Fund’s ability to utilize leverage and generate returns.

18. Merger and Other Arbitrage Risks. A principal activity of the Funds’ investment strategies is investment in securities of companies that Brencourt believes may be the subject of an acquisition. In most forms of corporate reorganization, there exists the risk

that the reorganization either will be unsuccessful (for example, for failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value to the client of which will be less than the purchase price of the security in respect of which such distribution was made. In arbitrage transactions, certain events including corporate restructurings, corporate actions or unexpected announcements by management may have an adverse effect. In certain transactions, a client may not be hedged against market fluctuations or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

19. **Loans (Including Bank Loans) Risks.** Risks associated with loans include: (i) the fact that prepayments may occur at any time without premium or penalty and that the exercise of prepayment rights during periods of declining spreads could cause a Fund to reinvest prepayment proceeds in lower-yielding investments; (ii) the issuer's inability to meet principal and interest payments and interest payments on its obligations (*i.e.*, credit risk); and (iii) price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the borrower and general market liquidity (*i.e.*, market risk). If loans become nonperforming, the loans may require substantial workout negotiations or restructuring that may result in, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan. In addition to the risks noted above, due to required third-party consents or other reasons, certain loans may not be purchased or sold as easily or as quickly as publicly traded securities. Moreover, historically, the trading volume in the loan market has not been as liquid as the market for public securities. A Fund may acquire interests in loans either directly (by way of assignment ("Assignment")) or indirectly (by way of participation ("Participation")) or through the acquisition of synthetic securities, structured finance securities or interests in lease agreements that have the general characteristics of loans and are intended to be treated as loans for withholding tax purposes. A Fund may also originate loans either directly or through direct or indirect subsidiaries or special purpose vehicles established by Brencourt. The purchaser, in an Assignment of a loan obligation, typically succeeds to all the rights and obligations of the selling institution (the "Selling Institution") and becomes a lender under the loan or credit agreement with respect to the debt obligation. In contrast, Participations acquired by a Fund in a portion of a debt obligation held by a Selling Institution typically result in a contractual relationship only with such Selling Institution, not with the obligor. A Fund would have the right to receive payments of principal, interest and any fees to which it is entitled under the Participation only from the Selling Institution and only upon receipt by the Selling Institution of such payments from the obligor. In purchasing a Participation, a Fund generally will have no right to enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such debt obligation, nor any rights of setoff against the obligor, and a Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the Participation. As a result, a Fund would assume the credit risk of both the obligor and the Selling Institution. In the event of the insolvency of the Selling Institution, a Fund may be treated as a general creditor of the Selling Institution in respect of the Participation and may not benefit from any setoff between the Selling Institution and the obligor. Investments in loans through direct assignment of a lender's interests may involve additional risks to a Fund. There can be no assurance that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because holders of such loans are provided confidential information relating to the issuer, the unique and customized nature

of the loan agreement and the private syndication of the loan, loans are not purchased or sold as easily as publicly traded securities are purchased or sold. In addition, historically the trading volume in the loan market has been small relative to the market for high yield debt securities. A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness a Fund has direct recourse against the issuer, it may have to rely on the agent to enforce its rights against the issuer.

20. **High Yield Securities Risks.** The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic, regulatory or other conditions (including, for example, a substantial period of rising interest rates or declining earnings) may impair the ability of the obligor to make payment of principal and interest. Many issuers of high yield debt are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. In addition, many issuers of high yield debt may be (i) in poor financial condition, (ii) experiencing poor operating results, (iii) having substantial capital needs or negative net worth, or (iv) facing special competitive or product obsolescence problems, and may include companies involved in bankruptcy or other reorganizations or liquidation proceedings. Overall declines in the below investment-grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. High yield debt is often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. High yield debt has historically experienced greater default rates than has been the case for investment-grade securities. The yields and prices of such high yield securities tend to fluctuate more than those for higher-rated securities. Certain high yield securities may not be publicly traded, and therefore it may be difficult to obtain information as to the true condition of the issuers. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities. Furthermore, high yield debt securities held by a Fund may not be registered under the Securities Act, and, unless so registered, a Fund will not be able to sell such high yield debt securities except pursuant to an exemption from registration under the Securities Act. This may further limit a Fund's ability to sell high yield debt securities or to obtain the desired price for such securities.
21. **Risks of Leveraged Issuers.** Brencourt may invest in issuers whose capital structures have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the issuers to adverse economic factors such as downturns in the economy or deterioration in the condition of the issuer or its industry. Additionally, the securities acquired may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss.
22. **Risks of Distressed Securities.** Brencourt may invest in the securities, claims and obligations of domestic and foreign issuers that are experiencing significant financial or business difficulties (including issuers involved in or emerging from bankruptcy or other forms of reorganization and liquidation proceedings). Such investments may include

debt obligations that are in covenant or payment default. Investments in distressed or defaulted instruments generally are considered speculative and may involve substantial risks not normally associated with investments in healthier companies, including adverse business, financial or economic conditions that can lead to defaulted payments and insolvency proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that Brencourt will correctly evaluate the value of an issuer's assets or the prospects for a successful reorganization or similar action. In addition, the repayment of defaulted obligations is subject to significant uncertainties. Troubled company and other asset-based investments require active monitoring and may, at times, require Brencourt's participation in business strategy or reorganization proceedings.

23. **Risks Associated with Bankruptcy Cases.** Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, a bankruptcy court may approve actions that may be contrary to the interests held by a client. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.
24. **Risks of Convertible Securities.** A Fund may invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities. Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of a Fund's holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.
25. **Risks of Investments in Non-U.S. Securities.** A Fund may invest in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of Brencourt. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which a Fund may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events

generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries there are restrictions on investments or investors such that the only practicable way for a Fund to invest in such markets is by entering into swaps or other derivative transactions with its prime brokers or others. Such transactions involve counterparty risks which are not present in the case of direct investments and which may not be controllable by Brencourt.

26. **Risks of Restricted Securities.** A Fund's portfolio investments may be securities ("restricted securities") that have not been registered for sale to the public under the Securities Act pursuant to an exemption from registration (including section 4(2) of, or Rule 144A under, the Securities Act). Restricted securities are generally only sold to institutional investors in private sales from the issuer or from an affiliate of the issuer. These securities may be less liquid than securities registered for sale to the general public. The liquidity of a restricted security may be affected by a number of factors, including: (i) the credit quality of the issuer; (ii) the frequency of trades and quotes for the security; (iii) the number of dealers willing to purchase or sell the security and the number of other potential purchasers; (iv) dealer undertakings to make a market in the security; and (v) the nature of the security and the nature of marketplace trades. Also, restricted securities may be difficult to value because market quotations may not be readily available. A Fund may have to bear the expense of registering restricted securities for resale and the risk of substantial delay in effecting registration. If adverse market conditions were to develop during such period, a Fund might obtain a less favorable price than that which prevailed when it decided to sell. A Fund may be unable to sell restricted and other illiquid securities at the most opportune times or at prices approximating the value at which they purchased such securities. If it sells its securities in a registered offering, a Fund may be deemed to be an "underwriter" for purposes of Section 11 of the Securities Act. In such event, a Fund may be liable to purchasers of the securities under Section 11 if the registration statement prepared by the issuer, or the prospectus forming a part of it, is materially inaccurate or misleading, although the Fund may have a due diligence defense. In addition, a debtor in a reorganization case may be granted a trading restriction order by a bankruptcy court in order to protect such debtor's net operating losses (a "NOL Order"). Such an order may prohibit or severely restrict the ability of some creditors to sell their claims and interests in the debtor. A Fund's ability to transfer its interests in such a debtor may be impaired, delayed or prohibited as a consequence of a NOL Order. A Fund may also incur added expenses if it attempts to challenge or limit the scope of a NOL Order, and such an attempt may not be successful. Similarly, issuers with net operating losses sometimes adopt shareholder rights plans or similar arrangements in order to preserve the ability to utilize such net operating losses in the future; any such actions could also limit or otherwise adversely impact a Fund's ability to transfer or dispose of its interests in any such issuer.
27. **Legal and Regulatory Risks Relating to Investment Strategy.** Legal, tax and regulatory changes could occur that may adversely affect a client. New (or revised) laws or regulations may be imposed by the CFTC, the SEC, the Federal Reserve or other banking regulators, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect a client.
28. **Risks Relating to Reliance on Certain Information; Risks of Financial Fraud.** Brencourt may elect to invest in securities on the basis of information and data filed by

the issuers of such securities with the SEC or made directly available to Brencourt by the issuers of the securities and other instruments or through sources other than the issuers. Although Brencourt evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, Brencourt is not in a position to confirm the completeness, genuineness or accuracy of such information and data. Instances of fraud and other deceptive practices committed by senior management of certain companies in which a Fund invests may undermine Brencourt's due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of a Fund's investments. In addition, when discovered, financial fraud may contribute to overall market volatility which can negatively impact a Fund's investment program.

29. **Third Party Involvement Risks.** A Fund may co-invest with third parties through partnerships, joint ventures, or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take action contrary to the investment objective of the Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.
30. **Competition Risks.** The securities industry, and the arbitrage business in particular, is extremely competitive. Each Fund competes with firms, including many of the larger investment banking firms, which have substantially greater financial resources than Brencourt, as well as substantially greater research staffs and more securities traders than Brencourt. In any given transaction, arbitrage activity by other firms may tend to narrow the spread between the price at which a security may be purchased by a Fund and the price it expects to receive upon consummation of the transaction.
31. **Market Volatility Risks.** Prices of investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as U.S. or non-U.S. economic and political developments, may significantly affect the results of Brencourt's investment activities and the market value of a client's investments. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by Brencourt.
32. **Zero-Coupon and Deferred Interest Rate Bonds Risks.** Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.
33. **Risks Relating to Concentration of Investments.** A Fund's assets may not be diversified. Any such non-diversification would increase the risk of loss to the Fund if there were a decline in the market value of any security or sector in which the Fund had invested a large percentage of its assets. Investment in a non-diversified fund will generally entail greater risks than investments in a diversified fund.
34. **Risks Relating to Investment in Small Companies.** There is no limitation on the size or operating experience of the companies in which a Fund may invest. Some small companies in which a Fund may invest may lack management depth or the ability to

- generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.
35. **Market Disruption and Geopolitical Risks.** Brencourt's investment strategies will be designed to be relatively non-correlated with respect to the movements in equity markets in general. However, depending upon the investment strategies employed and market conditions, a client is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a client's investments.
36. **Portfolio Turnover Risks.** The Funds have not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time they have been held when, in Brencourt's opinion, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce a Fund's investment gains, or create a loss for investors and may result in taxable costs for investors depending on the tax provisions applicable to such investors.
37. **Cash and Other Investments Risks.** A Fund may invest all or a portion of its assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items must be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by Brencourt. A Fund may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by a Fund at the time of investment.
38. **Custodial Risks.** A Fund's prime brokers will have custody of the Fund's securities, cash, distributions and rights accruing to the Fund's securities accounts. SEC rules require the prime brokers to maintain physical possession and control of fully paid securities held in a Fund's account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the prime brokers generally have the ability to loan, pledge, and rehypothecate the securities in a Fund's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of insolvency of the prime brokers. In such an event, a Fund would typically not have a right to recover its securities held by the prime brokers, but would rather have only an unsecured claim against the prime brokers and participate pro rata with other customers of the prime brokers in the proceeds of the sale of customer securities. Also, even if the prime brokers do have sufficient assets to meet all customer claims, there could be a delay before a Fund receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, a Fund may establish relationships with multiple prime brokers. However, there can be no assurance that a Fund will be able to establish or maintain such relationships. In addition, a Fund may not

be able to identify potential solvency concerns with respect to the Fund's prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner. The prime brokers may hold a Fund's securities through third parties such as clearing corporations, other brokers or banks. In addition, a Fund may hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, a Fund may be subject to credit risk with respect to such third parties as well as with respect to the prime brokers. In addition, certain of a Fund's assets may be held by non-U.S. affiliates of the Fund's prime brokers and entities other than the prime brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the U.S. If a Fund has over-collateralized derivative contracts, it is likely to be an unsecured creditor of any such counterparty in the event of its insolvency. Also, even if a Fund's prime broker or such other third parties do have sufficient assets to meet all claims, there could be a delay before the Fund receives assets to satisfy its claims. A Fund may change its brokerage arrangements at any time without notice to investors, and there are likely to be operational and other delays associated with changes in prime brokerage arrangements.

39. **Risks of Litigation.** A Fund's investment activities may include activities that are hostile in nature and will subject it to the risks of becoming involved in litigation with third-party investors that may have qualitatively different, and frequently conflicting, interests from those of the Fund. This risk may be greater where an investor exercises control or significant influence over an investment. A Fund may have indemnification obligations in connection with any such litigation. In particular, a Fund may be obligated to indemnify its general partner and Brencourt, and any director, officer, partner, member, stockholder, controlling person or employee of its general partner or Brencourt, and any person serving at the request of the Fund as a director, officer, employee, partner, trustee or independent contractor of another partnership, corporation, joint venture, trust or other enterprise.
40. **Securities Lending Risk.** A Fund may make secured loans of portfolio securities amounting to not more than 100% of its total assets. The risks in lending portfolio securities, as with other extensions of credit, consist of possible delay in recovery of the securities or possible loss of rights in the collateral should the borrower fail financially, including possible impairment of a Fund's ability to vote the securities. However, such loans will be made to broker-dealers that Brencourt believes to be of relatively high credit standing pursuant to agreements requiring that the loans be collateralized by cash or liquid securities with a value at least equal to the market value of the loaned securities (marked to market daily). The borrower pays to the lender an amount equal to any dividends or interest received on the securities lent. A Fund may invest any cash collateral received from the borrower for its own account, in one or more money market funds (in which case the Fund will bear its pro rata shares of such money market fund's fees and expenses), or directly in interest-bearing, short-term securities and typically pays a fee to the borrower that normally represents a portion of the Fund's earnings on the collateral. A Fund bears the risk of total loss with respect to the investment of collateral. In the case of loans collateralized by cash, the lender typically pays a fee to the borrower. Although voting rights or rights to consent with respect to the loaned securities pass to the borrower, the lender retains the right to call the loans at any time on reasonable notice. A Fund will call the loans in order that the securities may be voted by the Fund if both (i) Brencourt receives adequate notice of a proposal upon which shareholders are being asked to vote, and (ii) Brencourt believes that the benefits to the Fund of voting on such proposal outweigh the benefits to the Fund of having the security remain out on loan. However, a Fund bears the risk of delay in the return of the security, impairing its

ability to vote on such matters. A Fund may also call such loans in order to sell the securities involved. Brencourt may retain a lending agent on behalf of a Fund that would be compensated based on a percentage of the Fund's return on its securities lending. A Fund also pays various fees in connection with such loans including shipping fees and reasonable custody fees.

41. **Risk of Reliance on Key Personnel.** All decisions with respect to the investment of client capital will be made by Brencourt, which relies on the services of William L. Collins, Steven Eick and John Zito, among others.
42. **Trading Risks.** The success of Brencourt's investment activities will depend on Brencourt's ability to identify and exploit price discrepancies. Identification and exploitation of such opportunities involves uncertainty. In the event that the perceived mispricing underlying the client's positions were to fail to converge toward, or were to diverge further from, relationships expected by Brencourt, the client may incur a loss.
43. **Credit Opportunities Risks.** Brencourt intends to invest in instruments of companies that are in financial difficulty, and may be in, or emerging from, bankruptcy proceedings or other legally-mandated forms of liquidation proceedings. Such proceedings may be governed by U.S. or non-U.S. bankruptcy regimes. The length and complexity of bankruptcy and other insolvency proceedings may make it difficult for the client to realize upon its investments when it desires.
44. **Risks of Other Instruments and Future Developments.** A Fund may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized "synthetic" or derivative investments in the future. In addition, a Fund may take advantage of opportunities with respect to certain other "synthetic" or derivative instruments that are not presently contemplated for use by the Fund or that are currently not available, but that may be developed to the extent such opportunities are both consistent with the Fund's investment objective and legally permissible for the Fund. Special risks may apply to a Fund's investments in the future.

For a more comprehensive list of risks, please refer to the Funds' offering materials.

Item 9 Disciplinary Information

Item 9 is not applicable to Brencourt as there are no reportable material legal or disciplinary events.

Item 10 Other Financial Industry Activities and Affiliations

Related General Partners. Affiliates of Brencourt serve as general partners of certain of the Funds. For a description of material conflicts of interest created by the relationship among Brencourt and the GPs, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

Brencourt has adopted a Code of Ethics (the "Code of Ethics") that states that it is generally improper for Brencourt or employees or certain other persons covered by the Code of Ethics (as

used in this Item 11.A, “employees”) to use for their own benefit (or the benefit of anyone other than a client) information about Brencourt’s trading or investment recommendations for a client or take advantage of investment opportunities that would otherwise be available for a client. The Code of Ethics requires all employees to comply with applicable U.S. federal securities laws at all times. The Code of Ethics prohibits personal trading in certain securities if the employee has actual knowledge that the security is being considered for purchase or sale for Brencourt’s clients, certain short-term trading and short sales in certain securities. The Code of Ethics also includes a 15-day blackout period designed to prevent front-running and various other activities that create conflicts with the interests of clients.

Employees must give prior notice of, and receive approval for, any outside activity in which they wish to engage. This includes outside business interests, private securities transactions, maintenance of private brokerage accounts, running for public office and political contributions.

The Code of Ethics outlines written policies regarding personal trading in any brokerage or trading account in which an employee, or any member of such employee’s immediate family, has any direct or indirect control or beneficial ownership. The personal trading policies adopted by Brencourt generally restrict personal trading of certain securities and require employees to seek pre-approval prior to trading in certain securities. An employee is required to disclose all of his or her personal account holdings to Brencourt upon employment. Employees must provide certain quarterly and annual securities holdings reports and, subject to certain exemptions, employees of Brencourt must provide Brencourt with contemporaneous duplicate copies of all transaction confirmation statements and account statements.

The Code of Ethics requires the Chief Compliance Officer to regularly monitor all trading activity in personal accounts to determine whether all personal trading activity in its employees’ accounts is consistent with the requirements set forth in the Code of Ethics and does not otherwise indicate any improper trading activities. Employees are required to immediately report any violation of Brencourt’s personal trading policies to the Chief Compliance Officer.

This summary of the Code of Ethics is qualified in its entirety by the Code of Ethics of Brencourt, which is available to clients and prospective clients upon request sent to the Chief Compliance Officer.

Conflicts of Interest

The material reportable conflicts of interest encountered by a client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a client. Other conflicts may be disclosed throughout this brochure and in the offering documents of each Fund and these materials should be read in their entirety. Brencourt has adopted policies and procedures to address and mitigate conflicts of interest, including those described below.

Investments by Clients. Purchase and sale orders generally will be combined for clients with each entity paying its pro rata share of the total commission and paying or receiving its pro rata share of the total cost or sales proceeds. From the standpoint of the client, simultaneous identical portfolio transactions for the client and the other related clients may decrease the prices received, and increase the prices required to be paid, by the client for its portfolio sales and purchases. There may be a conflict of interest in the allocation of investment opportunities among clients. Brencourt intends to allocate investment opportunities in a manner which is believed to be appropriate and in the best interests of all the entities involved. While allocations between clients are generally made on a pro rata basis in proportion to the relative equity of each, there can be no

assurances that an investment opportunity which comes to the attention of Brencourt and its affiliates will not be allocated wholly or primarily to other clients, with any particular client being unable to participate in such investment opportunity or participating only on a limited basis. If, in Brencourt's discretion, a client should not participate in a particular investment opportunity for tax, regulatory, ERISA or other similar reasons, such investment opportunity will be allocated only to clients not affected by such tax or regulatory reasons. To the extent an investment is not allocated pro rata, a client could incur a disproportionate amount of income or loss related to such investment relative to other clients. See Item 12 "Aggregation of Orders" below for more information regarding Brencourt's policy on aggregating orders.

A client could be disadvantaged because of activities conducted by Brencourt or its affiliates for other clients as a result of, among other things: legal restrictions on the combined size of positions which may be taken for all accounts managed by Brencourt or its affiliates, thereby limiting the size of a client's position; and the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions. In addition, there may be circumstances under which Brencourt or its affiliates will consider participation by other clients in investment opportunities in which Brencourt does not intend to invest, or intends to invest only on a limited basis, on behalf of a client. Brencourt and its affiliates will evaluate for the clients a variety of factors which may be relevant in determining whether a particular situation or strategy is appropriate and feasible for clients at a particular time, including the nature of the investment opportunity taken in the context of the other investments at the time, the liquidity of the investment relative to the needs of the particular entity, the investment or regulatory limitations on the particular entity and the transaction costs involved. Because these considerations may differ for a client and one or more other clients in the context of any particular investment opportunity, investment activities of the client and other clients may differ considerably from time to time.

Transactions with Affiliates. The organizational documents of the Funds allow them to participate in transactions in which Brencourt, the general partner of a Fund (or any of their employees, members and/or principals or any limited partner) is directly or indirectly interested. In connection with such transactions, a Fund, on the one hand, and Brencourt, the general partner of a Fund, their employees, members and/or principals or limited partners, on the other hand, may have conflicting interests. Brencourt and the general partner of a Fund may also face conflicts of interest in connection with purchase or sale transactions (involving an investment by a Fund) with an affiliate of the Fund (including other Funds), including with respect to the consideration offered by, and the obligation of, Brencourt, the general partner of a Fund, and other affiliates.

Although Funds may pursue investment objectives that are similar to another Fund, and investments will generally be allocated proportionately to each Fund with similar investment objectives, the portfolios of such Funds may differ as a result of purchases and redemptions being made at different times and in different amounts, as well as because of different tax and regulatory considerations.

To the extent permitted by law (including without limitation, ERISA), a Fund may engage in transactions in which it purchases securities or other instruments from, or sells securities or other instruments to, other Brencourt clients ("Cross Trades"). For example, a Fund may enter into such Cross Trades as part of a "rebalancing transaction" with other Funds that have the same investment objectives as the Fund when contributions or withdrawals of capital to or from either the Fund or the other Funds change the ratio of Fund assets to the assets of other Funds. The purpose of any such rebalancing transactions would be to bring each Fund's exposure to a commonly held investment into line with each Fund's percentage of total equity under

management. A Fund could be a purchaser or a seller in such rebalancing transactions. All “rebalancing” transactions: (i) are effected for cash consideration at the current fair value of the particular securities, (ii) do not involve restricted securities or securities for which market quotations are not readily available, and (iii) if executed through a broker, generally do not involve any brokerage commission fee (except for customary transfer fees and brokerage fees for transactions involving U.S. options or certain non-U.S. equities or where some or all of a position is in a swap) or other remuneration. Brencourt and its affiliates will not charge brokerage commissions or otherwise be compensated for effecting any such Cross Trades.

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with Brencourt’s management of the Funds, Brencourt and its affiliates may engage in principal transactions. Brencourt has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements or other organizational documents and related documents relating to the Funds generally contain additional restrictions on the ability of the Funds or Brencourt to engage in principal transactions.

Personal Trading. The Fund organizational documents do not prohibit Brencourt, its affiliates or their respective managing members or general partners, any entity under common control with the foregoing, and any of their respective members, partners, shareholders, officers, employees and agents (“Affiliates”) or any other partner from buying or selling securities or commodity interests for their own account. The records of any such trades by Affiliates will not be open to inspection by the Funds’ investors. Brencourt maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest. (See “Code of Ethics” above.) With respect to such personal accounts, Affiliates may not take investment positions in the securities of companies invested in by a Brencourt client.

Item 12 Brokerage Practices

Brencourt has complete discretion to select the broker for all accounts. In negotiating commission rates and selecting broker/dealers, Brencourt seeks the best available combination of execution and overall price (which includes the cost of the transaction), the ability of the brokers to effect prompt and efficient transactions at competitive rates, the brokers’ facilities, reliability, financial stability, reputation of brokerage firms, financial responsibility, and brokerage or research services (“soft dollar items”) provided by a broker, provided such soft dollar items are within the safe harbor established by Section 28(e) of the Securities Exchange Act of 1934, as amended. The provision or payment of soft dollar items are referred to as payment made by “soft dollars” (i.e., client commissions). If Brencourt determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research or investment-management-related services and equipment provided by such broker, the client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Brencourt may use soft dollars as detailed below.

Section 28(e) of the United States Securities Exchange Act of 1934, as amended, establishes a safe harbor (the “Section 28(e) safe harbor” or “safe harbor”) allowing investment managers to use client funds, by way of commission dollars, to purchase certain “brokerage and research services.” Pursuant to such safe harbor, the brokerage and research services must provide *lawful and appropriate assistance* to the investment manager in the performance of its investment decision-making responsibilities. Further, the amount of commissions paid by a client must be reasonable in light of the value of the brokerage or research services offered, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Accordingly, if Brencourt determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research or investment-management-related products and services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Brencourt’s clients may change the prime brokerage and custodian arrangements described above including, but not limited to, the appointment of additional prime broker(s) and custodian(s).

Section 28(e) safe harbor research services provided by brokers generally include advice, analyses and reports, and may specifically include traditional research reports analyzing the performance of a particular company or stock, certain financial newsletters and trade journals, quantitative analytical software and software that provides analyses of securities portfolios, seminars, conferences and other services that reflect substantive content (i.e., the expression of reasoning or knowledge relating to the subject matter of Section 28(e)) and provide *lawful and appropriate assistance* to Brencourt in the performance of its investment decision-making responsibilities on behalf of a client. According to an interpretive release issued by the SEC (the “Release”), products with inherently tangible or physical attributes, such as computer hardware (including computer terminals), telephone lines and office furniture are ineligible as “research services” under the Section 28(e) safe harbor, as such products do not reflect the expression of reasoning or knowledge. Other products and services that are not eligible under the Section 28(e) safe harbor are rent, legal expenses, office equipment and mass marketed publications.

Products and services that are ineligible as research services, such as connectivity services between Brencourt and the broker and other relevant parties, trading software operated by a broker to route orders to market centers and algorithmic trading software, may, however, be eligible as “brokerage services” under the Section 28(e) safe harbor to the extent such products are sufficiently related to the execution, clearing and settlement of securities transactions and other incidental functions. However, “overhead expenses” such as telephone or computer terminals and other products that are not sufficiently related to order execution or fall outside the temporal standard for “brokerage” under the Section 28(e) safe harbor are not eligible.

The SEC’s position on the eligibility of custody also falls within the temporal standard for “brokerage services.” The SEC states that short-term custody that relates to effecting, clearing and trading particular transactions falls within the safe harbor. However, long-term custody that takes place post-settlement and relates to long-term maintenance of securities positions, is not incidental to effecting the securities transaction and therefore does not fall within the safe harbor. Furthermore, long-term custody is generally a service provided directly to an adviser’s client for the benefit of the client and not provided to an adviser for the benefit of the client.

The Section 28(e) safe harbor is available only when Brencourt conducts business with a broker that is involved with “effecting” the trades and “provides” the research. “Effecting” trades

generally involves executing, clearing or settling the trade. A broker “provides” the product or service if the broker that is effecting transactions for the advised accounts is either legally obligated to pay for the research or, is not legally obligated to pay, but pays the research preparer directly and takes steps to ensure that the services being paid with client commissions are eligible under the safe harbor.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of Brencourt and any of its affiliates’ accounts, including accounts other than those whose soft dollars paid for the soft dollar items. Brencourt may use client commissions to acquire soft dollar items that Brencourt would otherwise be obligated to provide to, or acquire at its own expense for, a client. Additionally, with respect to any given trade, Brencourt may pay a higher commission rate to compensate a broker for soft dollar items related to such trade. Brencourt may pay a brokerage commission in excess of that which another broker/dealer might charge for effecting the same transaction in recognition of the value of brokerage, research and other services and soft dollar relationships provided by such broker/dealer. Brencourt has an incentive to select or recommend a broker-dealer based on its interest in receiving the soft dollar items, rather than on the clients’ interest in receiving most favorable execution. Nonetheless, Brencourt believes that such soft dollar items may provide a client with benefits by supplementing the research and services otherwise available to a client.

Brencourt may use soft dollars to acquire soft dollar items that it or its affiliates would otherwise be obligated to provide to, or acquire at their own expense for, a client.

As discussed above, Brencourt may use soft dollars solely for items that are within the Section 28(e) “safe harbor” based on a good faith judgment by Brencourt that the amount of commissions charged by a broker is reasonable in relation to the value of the soft dollar items provided.

Brencourt may place transactions with a broker or dealer that (i) provides Brencourt (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to a client or other products advised by Brencourt (or an affiliate), if otherwise consistent with seeking best execution; provided Brencourt is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors. To the extent that Brencourt participates in such capital introduction events or receives such client referrals from a broker-dealer, Brencourt may have an incentive to select or recommend that broker-dealer based on Brencourt’s interest in receiving client referrals, rather than Brencourt’s clients’ interest in receiving most favorable execution.

Brencourt may enter into directed brokerage arrangements in its discretion. From time to time a client may direct Brencourt to use a particular broker and thus Brencourt may be unable to achieve most favorable execution of client transactions. Furthermore, in the event a client directs Brencourt to use a particular broker, the client may pay higher brokerage commissions because Brencourt may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Subject to the discretion of Brencourt, Brencourt generally “bunches” buy or sell orders for two or more clients into a single large order, and place the bunched order with a single broker or dealer for execution. In many instances, such “bunching” of orders can result in lower commissions, a more favorable net price or more efficient execution than if each client’s order were placed separately. There may, however, be instances in which order bunching results in a less favorable transaction than a particular client would have obtained by trading separately.

Similarly, when orders are not bunched, there may be circumstances when purchases or sales of portfolio securities for one or more clients will have an adverse effect on other clients. Brencourt is not obligated to place all transactions on a “bunched” basis, and in determining whether or not to “bunch” orders Brencourt relies on the judgment of certain of its trading personnel as to what course of action is likely to be fair and in the best interests of the relevant accounts on an overall basis. That is, Brencourt seeks to avoid putting any client account at an advantage or disadvantage compared to Brencourt’s other client accounts that are buying or selling the same security. Each client participating in a “bunched” order will participate at the same price as all other participants, and all transaction costs on the order will be allocated *pro rata* to all participating Funds. See Item 11 “Conflicts of Interest” above for more information regarding conflicts of interest related to aggregating or “bunching” orders.

Brencourt or an affiliate may cause eligible Funds and/or Managed Accounts managed by Brencourt or an affiliate to purchase securities or other instruments from, or sell securities or other instruments to, investment funds and/or accounts managed by Brencourt or an affiliate (“Cross-Trades”), provided that Brencourt does so only to the extent permitted by, and in accordance with, applicable law, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended. Brencourt and/or its affiliates will not charge brokerage commissions or otherwise be compensated for effecting any such Cross-Trades. All Cross-Trades will reflect the market value of the security or other instrument being purchased or sold, and Brencourt and/or its affiliates will always seek best execution.

Prior to making any Cross-Trades, Brencourt will make a good faith determination that the transaction is in the best interests of all parties to the transaction which are advised by Brencourt or its affiliates.

Item 13 Review of Accounts

Reviews of Fund accounts will be performed regularly by William L. Collins, Chief Executive Officer and Chief Investment Officer. Each investment strategy will also be reviewed regularly by its respective portfolio manager and/or the head trader for that particular strategy in order to reconcile trading positions and NAV calculations. In addition, the Controller will perform a comprehensive review of Fund accounts on a monthly basis.

Reporting. Brencourt provides reports in accordance with the applicable Fund’s organizational and offering documents and as may be agreed with particular investors. Brencourt has engaged an independent public accounting firm to prepare audited financial statements of the Funds within 120 days of the end of each fiscal year or as soon as reasonably practicable thereafter.

In addition, Brencourt will use reasonable efforts to provide investors in the Funds advised by Brencourt with weekly and monthly performance estimates and month-end final performance returns. Fund risk reports are provided to investors in the Funds advised by Brencourt, on a monthly basis upon request.

Item 14 Client Referrals and Other Compensation

From time to time, Brencourt may receive certain soft dollar items as discussed in Item 12 above.

From time to time, Brencourt may pay fees to persons for client and/or investor referrals. Such fees may be payable to employees of Brencourt and/or its affiliates as well as to third parties. With respect to its separately managed account clients, such fees will be paid pursuant to Rule 206(4)-3 of the Advisers Act. These fees are paid by Brencourt and/or an affiliate, but not by the client. These fees typically involve a payment to third parties of a portion of the fees and allocations otherwise payable or allocable to Brencourt and/or its affiliates. Brencourt relies on the SEC interpretative letter to Mayer Brown LLP dated July 28, 2008, which states that Rule 206(4)-3 does not apply to referrals of investors into the private funds. Therefore, Brencourt will not comply with the rule with respect to such referrals. However, Brencourt will ensure Brencourt or the soliciting agent provides each such investor with appropriate and adequate disclosure regarding material facts relating to conflicts of interest presented by such referral arrangements, including compensation related to such arrangements.

Item 15 Custody

Brencourt is deemed to have custody of client assets because the firm has the authority to debit investment management fees from client accounts under its investment advisory contract. In addition, Brencourt provides investment advice to the Funds. As each GP is affiliated with Brencourt and serves as a Fund's general partner, Brencourt is deemed to have custody of the Funds' assets.

Neither Brencourt, nor its affiliates, maintains physical possession of client securities; all client funds are physically held in custody at independent qualified custodians. The independent qualified custodians send monthly account statements directly to separately managed account clients. Such clients should carefully review those statements when received. Investors in the Funds receive investor-level account statements from the Fund administrator, which reflect the opening balance, any contributions or withdrawals, and the ending balance, as well as annual financial statements audited by a Public Company Accounting Oversight Board ("PCAOB") registered and inspected independent public accountant, within 120 days of the Fund's fiscal year end.

Item 16 Investment Discretion

Brencourt exercises *discretionary authority* in the management of its client accounts. Specifically, Brencourt determines, without consultation with the client, the security to be bought or sold, including the quantity, execution price, including any fees or commissions, the time when such trade will be executed, as well as the broker or other counterparty to be used in the execution of the transaction. This authority is established through the investment management agreement entered into by Brencourt and the client, or limited partnership agreement which governs the relationship between Brencourt (or its affiliates) and the client, as applicable. Powers of attorney and any restrictions on Brencourt's (or its affiliates) authority are set forth in the organizational documents and subscription documents of the Funds.

Item 17 Voting Client Securities

Pursuant to Rule 206 (4)-6 of the Advisers Act, registered investment advisers who have voting authority with respect to clients' securities are required to adopt and implement policies and procedures for voting proxies, disclose those policies and procedures to their clients and disclose how clients may obtain information about how the adviser has voted proxies. Brencourt will exercise voting authority over its clients' proxies and has adopted proxy voting policies and

procedures in compliance with Rule 206 (4)-6 requirements. Clients are not able to direct Brencourt's vote in a particular proxy solicitation. Brencourt's policies and procedures describe its proxy voting guidelines, the administration of the proxy voting process, how conflicts of interest will be addressed, and recordkeeping requirements.

Brencourt has engaged an independent third-party proxy voting service provider to be its proxy voting agent. In the event of a conflict of interest, the Chief Compliance Officer and a portfolio manager jointly may determine that a portfolio manager who has a conflict of interest is to be recused from the deliberations as to how to vote a proxy on a case-by-case basis.

Nevertheless, Brencourt's policy states that if a portfolio manager is also serving as a director of a company that Brencourt is voting a proxy, that person is recused from the Brencourt's proxy voting decision making.

A portfolio manager or his designee will be responsible for monitoring corporate actions and ensuring that each proxy is voted on and submitted to the Chief Compliance Officer in a timely manner. He or she will also be responsible for completing the proxy voting record to document the thought process behind the vote, how any conflicts of interest were resolved and the action taken.

If any investment professional is pressured or lobbied either from within or outside of Brencourt with respect to any particular proxy voting decision, he or she should contact Brencourt's Chief Compliance Officer. The Chief Compliance Officer will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the relevant clients.

If the Chief Compliance Officer deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Chief Compliance Officer shall have the power to retain independent fiduciaries, consultants, or professionals to assist with proxy voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals. Additional considerations in the case of possible or perceived conflicts might arise, along with the need for related additional procedures, in the case of clients subject to ERISA.

The Chief Compliance Officer will review, sign and submit all proxy votes. Records of proxy votes are available for review at Brencourt's office.

A client may learn how Brencourt voted their securities or obtain a copy of Brencourt's full proxy voting policies and procedures by sending a written request for such materials to the address noted on page 1 of Form ADV Part 2A.

Item 18 Financial Information

Item 18.A is not applicable to Brencourt as it does not require or solicit prepayment of fees six months or more in advance.

In response to Item 18.B, Brencourt is not currently aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

Item 18.C is not applicable to Brencourt, as it has not been subject to a bankruptcy petition during the past ten years.

Item 19 Requirements for State-Registered Advisers

Item 19 is not applicable to Brencourt as it is not registered with any State securities authority.