

**FORM ADV
PART 2A BROCHURE**

MARCH 31, 2012

This brochure provides information about the qualifications and business practices of Paulson Management LLC. If you have any questions about the contents of this brochure, please contact us at 212-956-2221. 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.

Paulson has been registered as an investment adviser with the SEC since 2006. Our registration does not imply a certain level of skill or training.

Additional information about Paulson Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

Item 2 - Material Changes

We last revised our brochure on Part II of the Form ADV on March 31, 2011. We do not believe that this document differs materially from the Brochure we produced a year ago in this format. In subsequent versions of our Brochure, this section will contain a summary of material changes incorporated since our last filing.

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ITEM 4 – Advisory Business

Paulson Management LLC (Paulson, the Company, the Firm, we, or us) was established by its founder and President, John Paulson in 1994. John Paulson, the Firm's owner, has served as Portfolio Manager since its founding in 1994. The Firm has since continued to develop its investment capabilities and infrastructure and as of January 1, 2012 has approximately \$9.5 billion dollars in regulatory assets under management, all of which is managed on a discretionary basis. Our employees and partners are based in offices located in New York, London and Hong Kong. Paulson has been registered with the Securities and Exchange Commission since 2006; our affiliate, Paulson & Co. Inc. has been registered with the Securities and Exchange Commission since 2004, Paulson Europe LLP, has been registered with the United Kingdom Financial Services Authority since 2006, and Paulson Asia Limited has been registered with the Hong Kong Securities and Futures Commission since 2011.

All of our strategies are based upon the same underlying investment philosophy of capital preservation, low volatility (except the Gold Funds), and low correlation to the broad markets. Paulson employees are currently the largest category of investors in our funds on a firmwide basis.

Paulson conducts investment advisory activities specializing in global merger and event arbitrage as well as financial restructuring, real estate and credit opportunities involving a broad range of financial instruments, including equity and debt securities, currencies, commodities, fixed income products, mortgage backed securities, and other derivative securities. The Company's products are provided through collective investment vehicles, including both domestic partnerships and offshore private investment companies, and separately managed accounts (collectively, the Funds, or the Client Funds) that deploy all or a subset of the Paulson's investment strategies. Paulson's advisory process is based on more than twenty-five years of investment research and implementation conducted by the firm's President, John Paulson.

Interests in the various Client Funds, including the domestic partnerships and offshore private investment companies sponsored by the Company are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and the funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests and shares in the funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. Interests in the funds are offered in private transactions only to qualified investors and only by means of a private placement memorandum.

The Paulson Funds

The Company's principal investment objective for the Client Funds is to achieve positive excess returns through trading the securities and/or derivatives thereon of companies that are the subject of proposed changes in corporate structure or control such as tender offers, mergers, spin-offs, proxy contests, liquidations, recapitalizations, restructurings and bankruptcy reorganizations. The Company's objective is to purchase these securities and/or derivatives at a discount to what it believes will be their value on the consummation of the proposed event. A complementary

objective is to minimize exposure to the general securities markets by concentrating the portfolio on event-specific investments which act independently of the markets. In addition, certain of the Client Funds seek to achieve their objective through trading the securities and/or derivatives of companies that are the subject of special situations such as spin-offs, litigation, relative value, restructurings, proxy contests, and post-bankruptcy equities, as well as distressed securities and credit related securities and derivatives, gold and gold related securities and/or derivatives, and direct real estate and real estate related securities. In general, there is no guarantee that these objectives will be met.

In furtherance of its investment program, the Investment Manager focuses on trading in common stock, but may also trade in other equities, debt instruments, options relating to any of the foregoing, forward contract, futures contracts, warrants, convertible and other derivative securities, and other securities and investment interests. It should be noted that the merger arbitrage, credit, recovery and gold sub-strategies of the event-driven (Paulson Advantage) portfolios will not, in all cases, be managed pari-passu with the respective portfolios. Similarly, the distressed debt sub-strategy may not be managed pari passu with the credit portfolios. In some instances, the percentages of certain securities transactions invested in each strategy will differ, and some transactions may be placed only in the strategy specific portfolios and not in other eligible portfolios at the portfolio manager's discretion.

Paulson may add to or change its trading strategies over time. The Company may consider implementing additional strategies at the Company's discretion.

The Paulson Funds (managed by Paulson and/or its affiliates) and strategies are as follows:

Merger Arbitrage

Paulson Partners L.P.

Paulson International Ltd.

Merger Arbitrage (2x Exposure)

Paulson Enhanced Ltd.

Paulson Partners Enhanced L.P.

Event Arbitrage

Paulson Advantage Master Ltd.

Paulson Advantage Select Ltd.

Event Arbitrage (1.5x Exposure)

Paulson Advantage Plus Master Ltd.

Credit Fund

Paulson Credit Opportunities Master Ltd.

Recovery Fund

Paulson Recovery Master Fund Ltd.

Gold Fund

Paulson Gold Master Fund Ltd.

Separate Accounts

Additionally, Paulson manages separate accounts employing strategies similar to those of the Paulson Funds for institutional investors. Terms applicable to these client accounts (including any investment restrictions) are subject to negotiation and vary from those applicable to the Paulson Funds.

Item 5 – Fees and Compensation

Performance and Management Fees

Our current fee structures for fund clients are summarized below and are designed to incent longer-term investments to improve the stability of the funds' asset bases.

Paulson withdraws from each fund monthly or quarterly management fees at the beginning of each accounting period based on that portion of its net asset value attributable to management fee bearing investors. An allocable portion of the management fee is automatically deducted from each relevant investor's account at the beginning of the relevant accounting period.

Investors are generally subject to a performance fee calculated on the investment performance of each fund, as described in the relevant private offering memoranda. Performance fees, if applicable to an investor's investment, are charged and automatically deducted from an investor's account at the end of each fiscal year and on any interim withdrawal of capital by, or other distribution of funds to, an investor subject to a high water mark loss carry-forward provision. Performance fees charged are intended to comply with the requirements of Section 205 of the Investment Advisers Act of 1940 (the Advisers Act) and its applicable rules.

Investors in any fund that we may advise in the future or in additional classes of interests of existing funds may bear different fees than those described herein.

	<u>Management Fee</u>	<u>Performance Fee</u>
Merger Arbitrage		
Paulson Partners L.P.	1.0%	20%
Paulson International Ltd.	1.0%	20%
Merger Arbitrage (2x Exposure)		
Paulson Enhanced Ltd.	2.0%	20%
Paulson Partners Enhanced L.P.	2.0%	20%
Event Arbitrage		
Paulson Advantage Master Ltd.	1.5%	20%
Paulson Advantage Select Ltd.	1.5%	20%
Event Arbitrage (1.5x Exposure)		
Paulson Advantage Plus Master Ltd.	1.5%	20%
Credit Fund		
Paulson Credit Opportunities Master Ltd.	1.5%	20%
Recovery Fund		
Paulson Recovery Master Fund Ltd.	1.5%	20%
Gold Fund		
Paulson Gold Master Fund Ltd.	1.5%	20%

Expenses

Investors in the funds will bear not only Paulson's fees, but also other fees and expenses of the funds. Such expenses include, but are not limited to (i) brokerage commissions and charges, (ii) fees and charges of custodians and clearing agencies, (iii) interest and commitment fees on loans and debit balances, (iv) income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (v) fees of the Investment Manager, legal advisers (including any legal fees in connection with any litigation and regulatory matters), administrators, net asset value calculation agents, accountants and independent auditors, (vi) Directors' fees and expenses, (vii) the costs of maintaining the respective fund's registered offices, (viii) the costs of printing and distributing any Memorandum and subscription materials and any reports and notices to shareholders or prospective investors, (ix) research, database and due diligence costs and expenses, technology and other software costs and expenses, (x) blue sky fees, (xi) insurance costs, and (xii) consulting fees and expenses and fees of other service providers. Each fund will also bear its organizational fees and expenses, which may be amortized by the Company for financial reporting purposes over a period of up to five (5) years, unless such treatment results in adverse regulatory consequences in which case the fund shall be entitled to expense such items on a current basis for financial statement purposes.

Clients will incur brokerage and transaction costs. See Item 12 of Brokerage Practices.

Neither Paulson nor its officers or employees accept compensation for the sale of securities or other investment products to its clients.

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

Paulson currently and may in the future charge performance-based fees to all of its funds and other accounts. A performance fee arrangement may create an incentive for Paulson to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, Paulson may receive such compensation with regard to unrealized as well as realized gains in a client's account.

Item 7 – Types of Clients

Paulson provides advisory services to hedge funds, and institutional investors.

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

Paulson performs fundamental and legal (when necessary and appropriate) analysis on investments in the Client Funds, including reviews of company financials, and review of legal documentation related to proposed deals. Furthermore, the portfolio manager and Paulson's research analysts participate in company and analyst conference calls, and monitor the circumstances of each deal. In addition, external data (*i.e.*, Reuters, Bloomberg and other externally provided services) is used by Paulson in analyzing various aspects of each deal.

Paulson's principal investment objective for the Client Funds is to achieve positive excess returns through trading the securities and/or derivatives thereon of companies that are the subject of proposed changes in corporate structure or control such as tender offers, mergers, spin-offs, proxy contests, liquidations, recapitalizations, restructurings and bankruptcy reorganizations. Paulson's objective is to purchase these securities and/or derivatives at a discount to what it believes will be their value on the consummation of the proposed event. A complementary objective is to minimize exposure to the general securities markets by concentrating the portfolio on event-specific investments which act independently of the markets. In addition, certain of the Funds seek to achieve their objective through trading the securities and/or derivatives of companies that are the subject of special situations such as spin-offs, litigation, relative value, restructurings, proxy contests, and post-bankruptcy equities, as well as distressed securities and credit related securities and derivatives, gold and gold related securities and/or derivatives, and direct real estate and real estate related securities. In general, there is no guarantee that these objectives will be met.

In furtherance of its investment program, Paulson focuses on trading in common stock, but also trades in other equities, debt instruments, options relating to any of the foregoing, forward contracts, futures contracts, warrants, convertible and other derivative securities, and other securities and investment interests including credit derivative swaps, commodities such as gold and/or forwards, options or futures contracts thereon, and direct real estate investments for certain of the Funds, as well as real estate related investments. It should be noted that the merger arbitrage, credit, recovery and gold sub-strategies of the event-driven (Paulson Advantage) portfolios will not, in all cases, be managed *pari-passu* with the respective portfolios. Similarly, the distressed debt sub-strategy may not be managed *pari passu* with the credit portfolios. In some instances, the percentages of certain securities transactions invested in each strategy will differ, and some transactions may be placed only in the strategy specific portfolios and not in other eligible portfolios at the portfolio manager's sole discretion.

On behalf of the Client Funds, Paulson may engage in swap and other derivatives transactions. In general, a derivative contract (including options) typically involves leverage, *i.e.*, it provides exposure to potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract.

Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in the derivative contract. These contracts also involve exposure to credit risk,

since contract performance depends in part on the financial condition of the counterparty. These transactions are also expected to involve significant transaction costs. Investing in the Paulson Funds involves a risk of loss that investors must be prepared to bear. The risks inherent to the strategies employed by Paulson, including those listed above, are described in further detail in the respective Client Fund's offering documents.

Item 9 – Disciplinary Information

We do not believe that there have been any legal or disciplinary events that are material to our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

Paulson has material business relations with the following entities:

- Paulson & Co. Inc. (SEC registered investment adviser, file number 801-62794); Paulson Management II LLC; Paulson Management III LLC; Paulson Management IV LLC; Paulson Management VI LLC; Paulson Property Management LLC; These companies have overlapping, but not identical, ownership with Paulson. They perform services relating to the investment management business and are compensated under the terms of agreements directly or indirectly with Paulson and the respective Funds. These affiliated entities also receive certain research and other benefits described in Item 12.
- Plus Securities LLC (CRD Number 138299) is an affiliated limited purpose broker dealer formed for the purpose of facilitating the introduction of prospective investors to Paulson's Funds.

These entities have been created for reasons not directly related to our clients and generally perform functions that would be performed by Paulson itself if they did not exist. We do not believe that our relationships with these entities cause a conflict of interest with our clients.

As discussed in response to Item 7, we are the investment manager to certain hedge funds and institutional clients. We do not believe that the contemporaneous management of the Paulson Funds and our institutional clients causes a conflict because they share similar investment strategies, and allocations are made based on principles described in response to Item 4.

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

As investment manager for various clients, Paulson may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any other client. Further, Paulson may recommend or effect transactions on behalf of its clients in securities which it or any of its affiliated persons may buy or sell for its or their own accounts.

From time to time, we or our affiliated persons may come into possession of material nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security or other instrument. This may occur, for example, where an affiliated person is a director or officer of a company, the stock of which may be held by a client. In the event that we or an affiliated person are in possession of material nonpublic information, we will be unable to use such information for the benefit of any client. Thus, Paulson's possession of such information may cause a client to be frozen in a security position or unable to engage in a transaction in that position until such time that the information is made public.

Paulson's Code of Ethics (Code) was adopted in an effort to, among others, avoid possible conflicts of interest, avoid the inappropriate use of material, nonpublic information and ensure the propriety of its employees' and partners' trading activity. Our Code is distributed to each employee at the time of hire. We also supplement the Code with training upon hire and periodically thereafter.

Paulson has adopted a policy with respect to buying and selling securities by Paulson's employees. The policy includes any securities account in which the employee (or their spouse or children living in the same household): (a) exercises investment discretion; (b) is listed on the account; or (c) is a current beneficiary. Personal securities trades must be pre-cleared with the Compliance Department with certain limited exceptions. In general, trades for the personal account of any employee of Paulson will not be approved within three days after any client of Paulson has purchased or sold that security.

Company personnel (and members of their immediate households) may not acquire securities for their own account in an initial public offering. Paulson's employees must also obtain prior approval for an investment in private placements. Further, an investment professional must identify any potential conflicts of interest to the Compliance Department when recommending a subsequent investment in the same company's public or private securities. In addition, any security acquired by an employee, with certain limited exceptions such as open-end mutual funds and other similar securities, must be held in the employee's portfolio for a minimum of ninety days from the date of purchase.

All Paulson employees must direct their brokers to send duplicate copies of trade confirmations and periodic account statements to the Compliance Department. These records are used to monitor compliance with the foregoing policies.

These policies apply to any personal transaction involving equity or debt securities (or derivative products related to these securities). The policy does not apply to transactions involving, among other limited exceptions, open-end mutual funds or other instruments which afford the investor no discretion over individual securities transactions. Paulson's employees may invest directly in certain of the limited partnerships or other private funds managed by Paulson without management or performance fees.

Affiliated persons may not serve on the boards of for-profit enterprises without Paulson's prior approval.

Paulson does not recommend or solicit investment by clients in Paulson managed or sponsored entities that would result in creation of a conflict of interest between Paulson and the client. In compliance with the Advisers Act, Paulson would not buy securities from or sell securities to a Paulson client without making appropriate disclosures to the client and obtaining the client's consent. For purposes of this paragraph, references to Paulson include any Paulson related person.

Clients and prospective clients may obtain a copy of the Code by addressing a request for such Code to Paulson's Chief Compliance Officer, 1251 Avenue of the Americas, New York, New York 10020.

Item 12 – Brokerage Practices

The securities transactions of the Paulson Funds and other institutional clients are expected to generate a substantial amount of brokerage commissions and other transaction based compensation, all of which will be paid by the clients. Paulson will have complete discretion in deciding what brokers and dealers the clients will use and in negotiating the rates of compensation the clients will pay. In addition to paying commissions to brokers acting as agents, the clients may buy or sell securities directly from or to dealers acting as principals at prices that include dealer markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers. In selecting brokers to effect portfolio transactions for our clients, we will consider such factors as price and transaction costs, the ability of the brokers to effect the transactions (taking into account their size and difficulty), the brokers' facilities, reliability and financial responsibility, confidentiality of trading activity, any products or services provided by such brokers, the provision or payment of the costs of brokerage or research products or services, access to particular markets and access to credit or favorable terms. We need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost. Accordingly, in any transaction or series of transactions, our clients may pay commissions to a broker in an amount greater than the amount another broker might charge. Under Section 28(e) of the Securities Exchange Act of 1934, an investment adviser is generally deemed to have acted lawfully and in a manner consistent with its fiduciary duties under federal and state law, if the adviser determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker. For purposes of Section 28(e), research products or services provided by a broker may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services (e.g., quotation equipment and computer costs and expenses) providing lawful and appropriate assistance to the investment adviser in the performance of its investment decision making responsibilities, without regard to whether the research products or services benefit the account bearing the commission charge.

We will enter into arrangements with brokers serving our clients providing for the use of commissions or "soft dollars" to pay the costs of certain research products or services which fall within the safe harbor created by Section 28(e), as well as certain research related and other expenses which we believe similarly benefit our clients in a manner consistent with the principles of Section 28(e). Expenses which we may arrange to be paid by brokers from commissions or "soft dollars" and which may not constitute research or brokerage products or services within the strict meaning of the Section 28(e) safe harbor include information technology expenses (computer and telecommunication hardware and software acquisition and installation, news and market information services), and trading related expenses. "Soft dollar" expenses paid by brokers may include items which would be properly chargeable to the clients directly (e.g., fees of accountants, lawyers and consultants incurred in connection with client investments or operations and other expenses which the clients have agreed to bear under applicable agreements) as well as those for items that do not fall within the safe harbor of Section 28(e). Payment of costs through soft dollars may benefit Paulson by relieving it of costs that it would otherwise have to bear. Receipt of such a benefit could incent us to select a broker on the basis of the benefit rather than a

client's interest in receiving best execution. If an expense relates to a function which would generally qualify for soft dollar payment under our policy stated above as well as a function which does not, we will make a good faith allocation of the cost between qualifying and non qualifying functions to determine the portion that may be paid with soft dollars. The allocation process will attempt to take into account the principal functions or benefits of the item involved, but will not attempt to measure de minimis or occasional non qualified usage or non qualified usage of a de minimis value. It is therefore possible that payments associated with such non qualified usage or payments made in error could benefit us, but it is not expected that such payments would be material in amount. In any instance in which we enter into a soft dollar arrangement, a client will generally pay commissions to the relevant broker which are greater than the amount another broker might charge, but will only do so if we determine in good faith that such amount of commissions is reasonable in relation to the value of all of the property, products and services provided by such broker. Because the Paulson Funds share many investments in common, the Paulson Funds will also share many of the soft dollar benefits derived from their collective trading. The benefits derived by any client, however, may not be proportional to the costs incurred. Subject to seeking best execution, we may also consider other relationships as factors in the selection of securities dealers or brokers. For example, brokers to our clients have in the past, and may in the future, refer investors to Paulson-managed funds or engage in other transactions with us. Provision of services, including client referrals, could provide us with an incentive to select the respective broker-dealer for client transactions without regard to best execution. We will, however, provide compensation that we consider to be arm's length in any case in which such services have material value and will endeavor not to allocate brokerage transactions to a provider of such services as compensation for client referrals or other services or otherwise in violation of our duties to our clients. We strive to allocate investment opportunities among our clients in a fair and equitable manner to provide, over time, meaningful investments for all clients. In the absence of legal or other limitations, investment trades for our clients are typically aggregated and allocated among the clients in a manner intended to cause the holdings of the related security or group by each to be proportional to their net asset values to the extent consistent with the targeted mandates and parameters of each client, including those related to market exposures, leverage and other risk factors. To the extent practicable, each of our clients will bear any burdens or costs associated with special limitations (e.g., investment or trading restrictions) associated with that client. On occasion, where appropriate, and generally early in each month in order to rebalance the Client Funds as a result of capital flows, Paulson may effect rebalancing transactions through unaffiliated broker-dealers between Client Funds in which one Client Fund will purchase securities held by another Client Fund. Paulson enters into such transactions only when they are in compliance with the Investment Advisers Act and other applicable law, when Paulson deems the transaction to be in the best interests of both Client Funds and, when available, at an independently established price, and when Paulson believes such transactions to constitute "best execution" for both parties. Neither Paulson nor any related party receives any compensation in connection with such rebalancing transactions.

Item 13 – Review of Accounts

Paulson does not conduct formal periodic reviews of client accounts; however, there is direct regular management of all client accounts by our Portfolio Manager. The financial statements of the funds are audited annually by independent public accountants.

We typically provide periodic written reports to clients and investors in the Paulson Funds which set forth various financial data and information. Investors in the Paulson Funds receive monthly statements directly from the Funds' independent Administrator, as well as each fund's audited financial report (performed by the Funds' independent Auditors) and, if applicable, the information necessary for the investor to complete its annual federal income tax return.

Item 14 – Client Referrals and Other Compensation

The Company has entered into, and in the future may enter into, contractual agreements with individuals and organizations (hereafter referred to as “agents”) who solicit clients for the Company or for the Client Funds sponsored by the Company. While the specific terms of each arrangement may differ, generally, an agent’s compensation is based upon the value of assets of the referred client(s) managed by the Company. The agent’s compensation does not increase the referred client’s fees beyond that which the Company would otherwise charge the referred client for its investment management services. The cost of these referral fees is paid entirely by the Company and is not borne by the referred client. We may also receive client referrals from brokers providing services to our clients. See Item 12 above.

Item 15 – Custody

Paulson is deemed to have custody of client funds and securities. Each of the Paulson funds are subject to audit by independent accountants. Funds and securities of the Paulson Funds, other than certain privately offered, non-certificated investments, are held by qualified custodians within the meaning of the applicable rules under the Advisers Act. Investors in the Paulson funds receive monthly account statements directly from the funds' independent Administrator. Investors in the Paulson funds should carefully review those statements.

Item 16 – Investment Discretion

Paulson has been granted discretionary authority to manage the securities accounts of its clients pursuant to investment management agreements entered into with such clients. Paulson endeavors to buy and sell securities and other instruments for its clients on a discretionary basis in a manner consistent with each client's stated investment objectives and restrictions. The Paulson Funds typically place no restrictions on Paulson's authority. Separate accounts may negotiate restrictions relevant to their particular circumstances.

Item 17 – Voting Client Securities

Paulson's investment management agreements with its fund clients grant us the authority to cast all proxy votes. Paulson has adopted a proxy voting policy, as required by the Advisers Act. The policy provides that we will act in the best interests of our client funds in determining whether and how to vote on any proxy voting matter.

The proxy voting policy includes guidelines for the General Counsel and Chief Compliance Officer to follow if a material conflict of interest arises between Paulson and/or its employees and its clients to ensure any material conflict is resolved in the best interest of its clients.

Clients may obtain a copy of the policy and information on how Paulson voted client securities by addressing a request for such policy or information to Paulson's Chief Compliance Officer, 1251 Avenue of the Americas, New York, New York 10020.

Item 18 – Financial Information

Paulson does not charge or solicit pre-payment of \$1200 in fees per client six or more months in advance.

Paulson does not believe that there are any financial conditions reasonably likely to impair our ability to meet our contractual commitments to our clients.

Item 19 – Requirements for State-Registered Advisers

Not applicable.