
Scoggin LLC

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This Brochure provides information about the qualifications and business practices of Scoggin LLC (“Scoggin”). If you have any questions about the contents of this Brochure, please contact us at (212) 355-5600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Scoggin is an investment adviser registered with the SEC. Registration with the SEC does not imply any level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

Scoggin is a newly registered investment adviser, and this is Scoggin's initial narrative Brochure prepared in accordance with the new Part 2A of Form ADV. There are no material changes to report in this initial Item 2.

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ITEM 4 – ADVISORY BUSINESS

Scoggin provides discretionary investment management services regarding securities and other financial instruments to U.S. and non-U.S. institutional clients (collectively, “Clients”), including private investment funds advised and/or managed by Scoggin and/or its affiliates (“Funds”) and separately managed accounts (“Separate Account Clients”).

Scoggin directly or indirectly invests on behalf of Clients in securities of companies in which Scoggin believes that one or more potential catalysts may, upon occurrence, materially affect the value of those securities. These catalysts generally involve significant corporate events (such as mergers, acquisitions, divestitures, spin-offs, and reorganizations), financial distress or other special situations. Scoggin is responsible for all of the investment and trading activities of its Clients other than the portion of any investment allocated to securities of distressed companies, bank debt, high yield bonds and other special situation securities that is managed by its affiliate, Old Bellows Partners L.P. (“Old Bellows”). Scoggin acts as a sub-advisor to Old Bellows regarding investments made by certain private funds to which Old Bellows acts as the investment manager (the “Old Bellows Funds”) in investments allocated to equity and event driven investing pursuant to a sub-advisory agreement with Old Bellows. The investment objectives, strategies, fees and risks of each Fund and other material information, are set forth more fully in each Fund’s confidential offering document (“Memorandum”), which is available to investors and qualified prospective investors with whom Scoggin or its agents have a pre-existing substantive relationship.

Scoggin, a New York limited liability company established in 1998, is owned by Craig Effron, Curtis Schenker and trusts set up for the benefit of members of their families. Craig Effron and Curtis Schenker are co-Chief Investment Officers of Scoggin.

Scoggin had \$1,548,000,000 of regulatory assets under management on a discretionary basis at December 31, 2011. Scoggin does not manage assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

In connection with Scoggin’s management of Fund assets, an affiliate of Scoggin generally receives a management fee of 2% per annum of assets under management charged quarterly as compensation for performing its administrative responsibilities with respect to the Funds. Investors redeeming intra-quarter will be charged management fees only for the portion of the quarter that they were invested in a Fund.

Scoggin receives non-refundable performance-based compensation, generally charged at the end of each calendar year or at the time of an intra-year redemption by an investor in the Funds, which is equal to 20% of net capital appreciation. If an investor holds more than one class of interests (including any illiquid interest) in any Fund, the performance-based compensation will be made on the basis of the combined “Cumulative Net Capital Appreciation” of all classes of interests held by an investor. For purposes of calculating the performance-based compensation, net profit includes both realized and

unrealized gains. Losses must be recouped before Scoggin will be entitled to performance-based compensation.

The Funds may invest in certain Private Investments that will be held in separate classes. There are currently no classes of Private Investment interests outstanding. If Private Investments are established in the future, a determination as to whether a management fee or performance allocation will be charged thereon will be made at the time that such Private Investment is made.

Fees for Separate Account Clients, all of which meet the definition of “qualified purchaser” in Section 2(a)(51) of the Investment Company Act of 1940, as amended, are negotiated on a case-by-case basis between Scoggin and the Separate Account Client.

Funds are also responsible for ongoing expenses, including, without limitation, legal, accounting, auditing, tax preparation, and related charges, and filing and other regulatory fees; administrators’ fees and expenses; expenses associated with the offering of interests and shares; operational expenses of the Fund, including but not limited to, photocopying, postage, telephone and facsimile expenses; extraordinary (including indemnification) expenses, if any, involving the Fund. In addition, the Funds are responsible for all transaction costs and investment related expenses (e.g., research) incurred, directly or indirectly, in connection with their trading activities, including, without limitation, execution and clearing charges; custodial charges; dealer markups; consulting fees; and legal charges directly related to investment activities.

Item 12 describes the factors that Scoggin considers in selecting broker-dealers for Client transactions and determining the reasonableness of their compensation.

Redemptions by investors in a Fund are governed by the terms set forth in the Memorandum of each Fund.

Investment management agreements with Separate Account Clients are terminable following a notice period of no more than 30 days, as negotiated between Scoggin and the Separate Account Client.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Scoggin’s performance-based compensation from Fund Clients is generally equal to 20% of net capital appreciation and is paid annually or at the time of an intra-year redemption by an investor in a Fund. Performance-based compensation is in conformity with Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”). Please see Item 5 for more information.

These performance-based fee arrangements may create an incentive for Scoggin to make investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. While both the Scoggin Funds and the Old Bellows Funds have the same fee structures, and therefore there is no incentive to favor any one fund over another as a result of fee structures, the differing ownership of Scoggin and Old Bellows, and thus

differing participation in fees of Scoggin and Old Bellows by the three principal portfolio managers, could appear to create an incentive for an individual portfolio manager to favor one Fund over another.

Fees for Separate Account Clients vary as negotiated between Scoggin or its affiliated manager and the each Separate Account Client, and may be higher or lower than fees paid by the Funds.

Scoggin has procedures designed and implemented to ensure that all Clients are treated equitably in the allocation of investment opportunities and trades. See Items 10, 11 and 12 for a discussion of Scoggin's affiliation with another investment adviser and policies and procedures to mitigate any conflicts of interest arising from such relationship.

ITEM 7 – TYPES OF CLIENTS

Scoggin provides investment management services to U.S. and non-U.S. Funds. Each Fund has a minimum investment requirement for investors as set forth in the Fund's Memorandum, which is waivable in Scoggin's discretion, in the case of U.S. Funds, or the board of directors' discretion in the case of non-U.S. Funds. Investors also are required to meet certain eligibility standards as set forth in each Fund's Memorandum.

Scoggin may also from time to time provide investment management services for a limited number of Separate Account Clients, which are accepted on a case-by-case basis.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Scoggin uses a multi-disciplined investment approach that relies on fundamental analysis to take advantage of market opportunities and mispricings and to realize gains when investments reach Scoggin's price targets. Scoggin's main sources of information include general sources of news and analysis, news releases, industry publications, industry analysts and sales people, industry research, and company specific information (e.g., indentures and financial statements). Scoggin may also attend industry conferences, visit the offices of target companies and perform other types of due diligence.

Scoggin invests directly and indirectly utilizing the following investment strategies:

1. **Event Driven Investing.** The Clients' investment objective is to maximize capital appreciation of assets through event-driven investing, which consists of direct and indirect investments in securities of companies where Scoggin believes that one or more potential catalysts may, upon occurrence, materially affect the value of those securities. These catalysts generally involve significant corporate events (e.g., mergers, acquisitions, divestitures, spin-offs, reorganizations), financial distress and other special situations.

The profit (or loss) derived from such investments generally consists of the price differential between the price of the securities purchased and the value ultimately realized from their disposition, plus any dividends or interest received during the period that the securities are held, less transaction costs

(consisting mainly of brokerage commissions). In implementing this technique, Scoggin analyzes information regarding the situation, the entities involved, the anticipated risks and the projected return in order to determine the optimum size of the Clients' positions, if any. Scoggin may invest in situations potentially involving the following events:

- *Risk Arbitrage.* When a proposal for a merger or other acquisition is publicly announced, the value of the cash and/or securities proposed to be issued by the acquiring entity is typically greater than the market price of the securities of the target company for which they are to be exchanged. If Scoggin believes it probable that the transaction will be consummated, it may purchase shares of the target company or call options involving the underlying security for Client accounts. Scoggin also may buy or sell short securities of companies that have entered into definitive agreements where it believes that the transaction will not be consummated, thereby resulting in a material change in the valuation of the securities of the involved parties.
- *Corporate Restructuring.* Companies from time to time engage in restructuring transactions, such as self-tender offers or debt-for-equity or other exchange offers. If Scoggin believes it is probable that an announced restructuring transaction will be consummated and that the value to be received in the transaction will be greater than the current market price of the securities to be exchanged, it may purchase such securities for Clients.
- *Spin-Offs and Other Divestitures.* A spin-off is a form of corporate divestiture that results in a subsidiary or division of a company becoming an independent entity. As a result of such divestiture, shares of the new entity are distributed pro-rata to the parent corporation's shareholders. Scoggin evaluates the proposed spin-off and, if Scoggin believes that the transaction is likely to increase the value of the securities of the parent, it may purchase securities of the parent for Clients. If the transaction is consummated, it would expect to realize a profit from the increase in the value of the securities purchased. Scoggin also may purchase the shares of the new entity for Clients following the spin-off if it believes that the securities are undervalued.
- *Litigation and Regulatory Events.* Clients may purchase or sell short securities of companies that are involved in litigations and/or regulatory actions. Depending on the outcome of such litigation or regulatory action, the value of the involved company's securities may change materially, thereby presenting an opportunity to profit from such change.

2. Investments in Securities and Other Obligations of Financially Distressed Companies. Clients may invest in securities of companies that have become financially distressed as a result of unexpectedly or chronically poor operating results, an excessive debt burden or a substantial liability. An investment in such distressed company's securities may be made if Scoggin believes that a successful restructuring or reorganization is likely to be completed and that the value of the new securities to be received, plus cash or any other consideration, if any, will exceed the current market price of such securities.

3. "Private" Investments. Scoggin may also determine in the future to pursue certain illiquid and long-term private equity investments that do not have a discernable exit strategy for an extended period of time from their acquisition, but currently have not invested in any such private equity investments. Examples

of such investments are late stage venture capital investments, investments in restricted securities and direct investments in private operating companies.

Scoggin is also permitted to make such other investments as it may determine, in its sole discretion, to be potentially profitable whether or not such investments are within the investment strategies discussed above.

There can be no assurance that a Client will achieve its investment objective or that the strategies pursued and methods utilized by Scoggin will be successful under all or any market conditions.

Material Risks

Investing in securities involves a risk of loss that Clients and investors should be prepared to bear. A brief explanation of the material risks associated with Scoggin's principal investment strategy and methods of analysis follows. Additional risk factors for each Fund are set forth in the Memorandum of each Fund.

- **Risk Arbitrage Investments.** The risk arbitrage business is extremely competitive, and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more securities traders than will be available to Scoggin. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which a security may be purchased by a Client and the price it expects to receive upon consummation of a transaction. The price offered for the securities of a company in a tender offer, merger or other acquisition transaction will generally be at a premium above the market price of the security prior to the offer. The announcement of such a transaction will generally cause the market price of the securities to begin rising. Occasionally, Scoggin will purchase a security in advance of such an announcement if it correctly anticipates the acquisition event. Scoggin generally purchases securities after the announcement of the transaction at a price that is higher than the pre-announcement market price, but which is lower than the price at which Scoggin expects the transaction to be consummated. In either event, if the proposed transaction is not consummated, the value of such securities purchased by the Client may decline significantly. It is also possible that the difference between the price paid by the Client for securities and the amount anticipated to be received upon consummation of the proposed transaction may be very small. If a proposed transaction is in fact not consummated or is delayed, the market price of the securities may decline sharply.
- **Purchases of Securities and Other Obligations of Financially Distressed Companies.** A company in financial distress may announce a restructuring plan, either in the form of a court-supervised bankruptcy or insolvency proceeding, or an out-of-court restructuring of its indebtedness and other liabilities. An investment in such distressed company's securities may be made if Scoggin believes that a successful restructuring or reorganization is likely to be completed and that the value of the new securities to be received, plus cash or any other consideration, if any, exceeds the current market price of such securities. Securities or other assets or investments acquired by a Client may have to be held for extended periods of time. Proposed reorganizations of companies that issue distressed securities may not be consummated, or may be significantly delayed, for several reasons, including: opposition by the management or shareholders of the company or companies involved in the reorganization,

opposition by regulatory agencies whose approval may be required; discovery of undisclosed facts during the process of legal or commercial due diligence or by other means; a dispute over price or other terms among the parties to a negotiated reorganization; litigation; a material adverse change in the business of the company or companies involved in the reorganization or the securities markets generally; passage of legislation by governmental entities restricting certain types of reorganizations and other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements. In addition, the markets for these securities may be illiquid and therefore significantly impair the Client's ability to buy or sell at advantageous prices.

- Speculative Purchases of Securities. Speculative purchases of securities may include securities that Scoggin believes to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons, or where other companies in the same or a related industry have been the subject of acquisition attempts. There can be no assurances that securities that Scoggin believes to be undervalued are in fact undervalued, or that undervalued securities will increase in value. If a Client purchases securities in anticipation of an acquisition attempt or reorganization that does not in fact occur, the Client may experience losses. Further, a substantial period of time may elapse between the Client's purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Client's assets would be committed to the securities purchased and the Client may finance such purchase with borrowed funds on which it will have to pay interest.
- Derivative Instruments. The risks associated with derivative transactions potentially are greater than those associated with the direct purchase or sale of the underlying security because of the additional complexity and potential for leverage. Derivatives may be used as a primary strategy or as a hedging technique for other strategies, and may expose a Client's investments to risk of default by the counterparty, premature termination of the transaction, adverse changes in market conditions, and substantial costs for creating and maintaining the transaction. There is no liquid secondary market for derivative transactions. Certain derivatives instruments purchased by a Client may be privately negotiated and therefore may not be traded on an exchange. Such derivatives may create credit risk (the risk that a counterparty on a derivative transaction will not fulfill its contractual obligations), as well as legal, operational, reputational and other risks beyond those associated with the direct purchase or sale of the underlying security to which their values are related. In addition, such instruments are not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. To the extent that a Client engages in these transactions, the Client must rely on the creditworthiness of its counterparty and counterparty or credit risk may be affected by the lack of a central clearinghouse.
- Leverage Through Borrowings. Scoggin may use borrowed funds in order to make investments. Under current margin regulations, the maximum amount which, as a general rule, can be borrowed using securities as collateral in a single transaction is 50%. To the extent borrowings are used to create leverage, the risk of loss (and the possibility of gain) is increased in direct proportion to the level of a Client's borrowings. The level of interest rates generally, and the rates at which a Client

can borrow in particular, will be an expense of the Client and therefore affect the operating results of the Client.

- Private Equity Investments. A Client also may make certain illiquid private equity investments. The risk of loss associated with these investments potentially is greater than that of investments in other investment vehicles managed by independent investment managers because of their inherent illiquidity.
- Foreign Securities. Foreign securities may be highly volatile and involve greater risks than comparable U.S. investments, because of, among other things, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses also may result from investment in foreign securities than domestic securities. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States.
- Default and Counterparty Risk. Some of the markets in which Scoggin may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Clients to suffer a loss. In addition, in the case of a default, the Clients could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Clients have concentrated their transactions with a single or small group of counterparties. Scoggin may not have an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Clients to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Clients.
- Concentration of Investments. Certain Clients maintain concentrated portfolios and do not limit the amount of capital that may be committed to any one investment. These Clients may hold a few (or even one), relatively large (in relation to their capital) securities positions, with the result that a loss in any one position could have a more adverse impact on the Client than would a loss position in a more diversified portfolio.

The foregoing is a summary of the material risks involved in Scoggin’s investment strategies. Further discussion of risk factors related to the Funds is presented in each Fund’s Memorandum, which is available to current investors in such Fund and prospective investors with whom Scoggin or its agents have a pre-existing substantive relationship.

ITEM 9 – DISCIPLINARY INFORMATION

Scoggin does not have any disciplinary or legal events to report.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Old Bellows, also a registered investment adviser, is an affiliate of Scoggin by virtue of partial common ownership. Old Bellows acts as the investment manager to the Old Bellows Funds for which Scoggin also provides investment management of between 5 and 25% of the portfolio that is generally invested in the event driven strategy. The Old Bellows Funds are managed by Dev Chodry, a former portfolio manager for Scoggin. As a sub-advisor to Scoggin, Mr. Chodry provides the Scoggin Funds with investment management services with respect to distressed securities in which the Scoggin Funds invest.

While both the Scoggin Funds and the Old Bellows Funds have the same fee structures, and therefore there is no incentive to favor any one fund over another as a result of fee structures, the differing ownership of Scoggin and Old Bellows, and thus differing participation in fees of Scoggin and Old Bellows by the three principal portfolio managers, could appear to create an incentive for an individual portfolio manager to favor one Fund over another.

To avoid even the appearance of such impropriety, Scoggin and Old Bellows have adopted procedures for allocation of investment opportunities and trades. It is the policy of Scoggin that investment decisions for Clients of both Scoggin and Old Bellows are to be made consistent with the investment objectives, guidelines and restrictions of such Clients and that investment opportunities and trades are to be allocated fairly and equitably among accounts participating in each transaction, taking into consideration their investment objectives and restrictions, and after consideration of such factors as their current holdings, available cash for investment and the size of their positions.

For its “flagship” funds, Scoggin generally attempts to manage its client accounts in the same manner so that they have similar holdings and positions, and typically invests for the those funds proportionally based upon relative net assets. However, certain smaller Funds with specialized investment focus are managed separately and outside these allocation procedures. Further, given the differing holdings, available cash for investment, primary investment focus, if any, and the size of current positions each Client will not necessarily participate in each transaction in a security or instrument that might be considered within the range of permissible investments for that client account.

Old Bellows is the primary adviser to the Old Bellows Funds and also the sub adviser for the portion of the portfolio of some of the Scoggin Funds that are invested in distressed securities. In this role Old Bellows allocates some of its distressed and debt trades to Scoggin Clients. Generally, this is done on a pro-rata basis, but Clients with a primary investment focus (e.g., distressed investments), may be given a greater share of a given allocation.

At the beginning of each month Scoggin and Old Bellows establish pro-rata trade allocation formulas based on assets under management, investment strategy and product. For each aggregated or bunched

order, when the trade is entered, the order management system utilized by Old Bellows and Scoggin automatically allocates that trade to each Client consistent with the applicable monthly allocation formula.

Allocations of securities may be modified after preparation of the allocation statement but prior to settlement under the following circumstances:

- *Investment Guidelines.* Trades may be reallocated if it is determined that an allocation would result in a violation of any Client's investment objectives or guidelines.
- *Legal Requirements.* Trades may be reallocated if it is determined that an allocation would result in a violation of any law or regulation applicable to the type of client or transaction.
- *Portfolio Manager Discretion.* Trades may be reallocated in other circumstances at the direction of, or with approval from, the portfolio managers.
- *Hedging Transactions.* Because different Clients may participate in different transactions, hedges against industry, or country-specific portfolio exposure will be made selectively and will not follow pre-set allocations procedures.
- *Rebalancing Trades.* Upon subscriptions to or redemptions from the Funds, the portfolio managers may or may not choose to rebalance the portfolio, depending on market conditions at the time. Instead, the portfolio managers may choose to adjust positions over time with rebalancing trades that result in deviations from pre-set allocations.

All exceptions to the pro-rata allocation procedures are subject to review by the Chief Compliance Officer.

For Separate Account Clients, the investment strategy to be followed for the account is set forth in the investment management agreement. If the Separate Account Client directs that its assets are to be managed in the style of a Fund, the trades for the Separate Account Client will be executed consistent with these allocation provisions, as applied to the Fund.

It is generally the policy of Scoggin and Old Bellows that orders of multiple clients for the same security in the same direction on the same trading day will be aggregated for execution, and that all clients participating such orders will receive the average price for the trading day.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Scoggin has adopted a Code of Ethics (the "Code") that sets forth the ethical and fiduciary principles and related compliance requirements under which Scoggin operates and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

With respect to personal trading, principals, employees and related accounts (collectively, “Employees”) are permitted to maintain personal securities accounts provided that such accounts are disclosed to Scoggin and that any personal trading is consistent with applicable law and with the Code. Subject to compliance with the Code, Employees may buy, sell or hold, for their own personal accounts, securities that Scoggin also may buy, sell or hold for Funds and Separate Account Clients.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to Clients;
- prohibit trading on the basis of material nonpublic information;
- place limitations on personal trading by Employees to avoid direct conflict with Client trading and impose preclearance (in certain cases) and reporting obligations with respect to trading; and
- require initial and annual reports of securities holdings and quarterly transaction reports by Employees.

Scoggin’s Code of Ethics is available to Clients or prospective clients upon request from Daniel S. Taub, Scoggin’s Chief Compliance Officer, at (212) 355-5600.

Scoggin, consistent with Clients’ investment objectives and in accordance with applicable law, may cause accounts it manages to purchase or sell securities in which the manager or employees of Scoggin, directly or indirectly, have a position or interest.

ITEM 12 – BROKERAGE PRACTICES

In the exercise of its discretionary authority, Scoggin has the authority to determine, without obtaining specific Client consent, the brokers/dealers (“Brokers”) to be used for each transaction for a Client and to negotiate the rates and commissions the Client will pay. In selecting Brokers to execute transactions, Scoggin need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Scoggin’s practice to negotiate “execution only” commission rates; thus, a Client may be deemed to be paying for other products and services provided by the Brokers which are included in the commission rate.

Scoggin attempts to enter into brokerage arrangements that are competitive, based on its knowledge of the industry. In making its selection of Brokers, Scoggin takes into account the Brokers’ reliability, reputation, financial responsibility, stability, ability to execute trades, nature and frequency of sales coverage, commission rate, if any, and the responsiveness of the Brokers to it. In addition, Scoggin considers the value of brokerage and research products and services, either generated and provided by the Brokers, or provided by others and paid for by the Brokers (either by direct or reimbursement payment in whatever form, cash payments, commissions, or any other means) (collectively, “Products and Services”).

Scoggin has the authority under Fund offering documents to, and may, allocate portfolio transactions to Brokers based on their willingness to recommend an investment in a Fund to their customers. In recognition of the value of Products and Services provided by a Broker, Scoggin may effect securities

transactions which cause Clients to pay the Broker a commission in excess of the amount of commission another broker would have charged.

In exchange for the direction of commission dollars to certain Brokers, credits are generated which Scoggin may use to pay for the various Products and Services provided by, or paid for by, such Brokers. To the extent that “soft dollar” credits are generated or such Products and Services are obtained, Scoggin receives a significant benefit by reason of the direction of commissions to such Brokers.

Products and Services are used by Scoggin in servicing some or all of its Clients and the clients of its affiliates. In addition, some Products and Services may not necessarily be used exclusively by a particular Client even though the Client's commission dollars were used to obtain the Products and Services. A Client, therefore, may not always be the direct or indirect beneficiary of the Products or Services provided or even be in a position fully to utilize all the credits are generated by its brokerage transactions. Unused “soft dollar” credits may be substantial.

ITEM 13 – REVIEW OF ACCOUNTS

Scoggin undertakes the following activities in an effort to ensure that investments for Clients are made in accordance with their respective investment objectives and restrictions:

- Operational personnel monitor and reconcile the cash and trades daily for each account and advise portfolio managers of any apparent anomalies.
- For any Separate Account Clients, each Separate Account Client’s portfolio is monitored by the portfolio manager or a member of the portfolio management team through the use of an electronic trading system for compliance with investment objectives and restrictions.
- For Funds managed by Scoggin, the portfolio manager or a member of the portfolio management team continuously monitors trading for consistency with the Fund’s investment objectives and restrictions set forth in its Memorandum.

Investors in the Funds generally are provided with written unaudited monthly statements of their account from the administrator of the Fund and annually receive audited financial statements.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Scoggin may pay brokers, finders or other third parties fees or similar compensation in connection with the referral of investors to the Funds. Investors in the Funds do not pay higher advisory fees based on these relationships.

Other than the soft-dollar benefits described in Item 12 above, Scoggin does not receive any economic benefit for providing advice to its Clients from anyone other than its Clients.

ITEM 15 – CUSTODY

Scoggin does not have physical custody of any Client assets. Because Scoggin or related persons of Scoggin act as the managing member or general partner of certain Clients, Scoggin is deemed to have custody of the assets of those Clients. Scoggin maintains the assets of all Clients with qualified custodians, within the meaning of Rule 206(4)-2 under the Advisers Act. For its “flagship” funds, Scoggin satisfies reporting requirements under that rule by furnishing audited financial statements annually to all investors in such Clients within time periods required under the custody rule.

With respect to certain private investment funds, investors will receive statements directly from the qualified custodian of such private investment fund.

ITEM 16 – INVESTMENT DISCRETION

Scoggin has the authority to determine, without obtaining specific Client consent, (1) securities or other instruments to be bought or sold, (2) the amount of the securities to be bought or sold, (3) the broker or dealer to be used, and (4) commission rates paid. Limitations on Scoggin’s authority are imposed by the investment strategies and objectives of its Clients. See Item 4.

ITEM 17 – VOTING CLIENT SECURITIES

Given the nature of its investment management services, Scoggin exercises discretion to vote proxies for Clients’ securities only in limited circumstances. As a result, Scoggin, for itself and on behalf of Old Bellows, engages Institutional Shareholders Services (“ISS”) to vote any proxies and has so notified each Client. The Chief Financial Officer manages Scoggin’s relationship with ISS. The Chief Financial Officer ensures that ISS votes all proxies, consistent with Scoggin’s agreement with ISS, in the best interest of Scoggin’s Clients and Scoggin’s general guidance and retains all required documentation associated with proxy voting. Scoggin does not disclose how it expects to vote on upcoming proxies. Additionally, Scoggin does not disclose the way it voted proxies to unaffiliated third parties who do not have a legitimate need to know such information.

Scoggin must act as a fiduciary when voting proxies on behalf of its Clients. In that regard, Scoggin will seek to avoid possible conflicts of interest in connection with proxy voting. Conflicts of interest connection with each proxy vote arise only in limited cases when a proxy vote is withdrawn from the ISS proxy voting system. In such event, the Chief Financial Officer and the Chief Compliance Officer will consider whether Scoggin is subject to any material conflict and will take action to mitigate such conflict. ISS will retain and provide copies to Scoggin of information in connection with each proxy vote.

ISS and the Chief Financial Officer will maintain the following records with respect to proxies: (i) proxy statements received regarding Client securities; (ii) records of votes cast on behalf of a Client, including each security as to which votes were cast, the number of shares voted and how they were voted on each issue; (iii) written records of requests by Clients for proxy voting information; (iv) written responses to

any written or oral requests; and (v) any documents prepared or used by Scoggin that were material to how a proxy was voted or that memorialized the basis for the voting decision.

Scoggin does not accept requests from Clients to vote proxies in a particular manner.

Scoggin's proxy voting policy and procedures are available upon request. A Client may obtain Scoggin's proxy voting policy or a record of Scoggin's proxy voting for such Client by contacting Daniel S. Taub, Scoggin's Chief Compliance Officer, at (212) 355-5600.

ITEM 18 – FINANCIAL INFORMATION

Scoggin has no financial condition that impairs its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy proceeding.