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Part 2A of Form ADV: Firm Brochure
January 8, 2014

This brochure provides information about the qualifications and business practices of Bracebridge Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 617-497-3520. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Bracebridge Capital, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

We last filed our brochure with the SEC on April 1, 2013. We have noted below the Items of this brochure that we believe contain material changes since our last filing:

- Item 11 has been updated to reflect the firm's ability to engage in cross trades to the extent permitted in the Funds' organizational documents.

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ITEM 4. ADVISORY BUSINESS

Bracebridge Capital, LLC (“Bracebridge” or the “Investment Manager”) is an investment adviser organized as a Delaware limited liability company. Nancy Zimmerman and Gabriel Sunshine founded the business in 1994 (under a former adviser entity that was replaced by Bracebridge in 1996) as a manager of absolute return investment funds. Nancy Zimmerman and Gabriel Sunshine own SVZ, L.P., the sole principal owner of Bracebridge, and also have ultimate authority to manage all affairs of Bracebridge.

Bracebridge provides investment advisory services to 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”). As the investment adviser of the Funds, Bracebridge’s services consist of identifying opportunities for acquisition and disposition of investments of the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the general partner or the board of directors of the applicable Fund, and not individually to the limited partners or shareholders of the Funds.

Bracebridge manages each Fund consistent with the stated investment strategy of such Fund as described in such Fund’s offering documents. Services are provided to the Funds in accordance with the investment management agreements with the Funds and/or governing documents of the applicable Fund. Bracebridge does not provide specifically tailored investment advice to investors and investors may not impose restrictions on investing in certain securities or types of securities. Investment restrictions for the Funds, if any, are generally established in the offering documents of the applicable Fund.

As of November 30, 2013, Bracebridge had approximately \$16.86 billion in regulatory assets under management, all of which are managed on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

Compensation and Fee Schedules

As the investment manager and/or general partner to the Funds, Bracebridge typically charges a management fee and a performance fee or allocation, as described in the relevant governing documents and/or investment management agreements of the Funds. The fees and other compensation payable to Bracebridge by a Fund may vary from fund to fund, as well as among investors in the same Fund, and in certain circumstances, the fees payable to Bracebridge may be negotiated and set forth in subscription documentation in respect of a particular Fund investor and/or waived in whole or in part. Bracebridge generally intends to waive the Management Fee for investments by Bracebridge, employees of Bracebridge, the principals, or their related persons, including estate planning vehicles of such persons and certain other persons or entities associated with such persons. All investors should review the governing documents of the relevant Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to that particular Fund. All clients of Bracebridge are “qualified purchasers” as defined in Section 2(a)(51) of the 1940 Act and therefore specific fee information is not disclosed in this brochure.

Deduction of Fees; Timing of Payments; Termination

Bracebridge is authorized under the governing documents and investment management agreements of the Funds to charge and deduct management fees ("Management Fees") and performance fees and allocations ("Incentive Fees") from the assets of the Funds for its services. Generally, the Funds must pay Management Fees in advance. If the investment management agreement is terminated (or an investor withdraws all or a portion of its investment) before the end of the billing period, Bracebridge refunds a pro rata portion of the pre-paid Management Fee to the Funds' (or the investor's) accounts. The Incentive Fees will be deducted and paid as of the close of each fiscal quarter or fiscal year (and as of each other date on which Bracebridge determines it is appropriate or necessary to make a determination of the Incentive Fee with respect to an investor, i.e., a date on which an investor withdraws all or a portion of its investment).

Other Expenses

In addition to the fees disclosed above, an investor also bears its allocable share of a Fund's brokerage commissions, transaction costs and certain other costs and expenses, which may include, without limitation, legal, accounting, administrative and extraordinary expenses, in each case as more fully set forth in the investment management agreements and offering memoranda of each Fund.

Please refer to Item 12 below for additional information regarding Bracebridge's brokerage practices.

Bracebridge and its supervised persons do not accept compensation or commissions for the sale of securities or other investment products.

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

As disclosed above under Item 5 "Fees and Compensation," Bracebridge generally receives an Incentive Fee which is based on performance of the Funds. A portion of the assets of a single-investor Fund is allocated to a specific, narrow strategy with the investor's consent. With respect to such specially allocated assets (the "Fixed Fee Portion"), Bracebridge receives only a fixed management fee for its services. Bracebridge's management of the Fixed Fee Portion concurrently with accounts for which Bracebridge receives a performance-based Incentive Fee may create a conflict of interest in that certain investment opportunities may be allocated in a manner that favors accounts for which Bracebridge receives a performance-based Incentive Fee. Bracebridge believes that as the investment program in respect of the Fixed Fee Portion is separate and distinct from the investment program of each of the other Funds, and based on Bracebridge's policies regarding the allocation of investment opportunities as described below under Item 11 "Conflicts of Interest," it is unlikely that any material conflict of interest would arise in respect of the fixed fee arrangement.

ITEM 7. TYPES OF CLIENTS

Bracebridge currently provides investment advisory services solely to the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the general partner or the board of directors of the applicable Fund and not individually to the investors in the Funds. Bracebridge 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, foundations, endowments, sovereign wealth funds, corporations, limited partnerships, limited liability companies and similar entities.

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, foundations, endowments, sovereign wealth funds, corporations,

limited partnerships, limited liability companies and similar entities. Bracebridge also allows certain qualified employees to invest in the Funds.

Some (but not all) of the Funds impose a minimum initial investment requirement of up to \$5,000,000, which may be waived at the discretion of the respective Board of Directors or general partner (subject to the requirements of applicable law). Three of the Funds impose a higher initial investment ranging from \$50,000,000 to \$100,000,000, which may also be waived by the Board of Directors of the respective Fund (subject to the requirements of applicable law).

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

Methods of Analysis and Investment Strategies

The investment objective of most of the Funds managed by Bracebridge is to achieve absolute returns primarily by seeking to exploit pricing inefficiencies in securities markets throughout the world. There is no assurance that this investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis. Investing in securities involves a risk of loss that investors should be prepared to bear.

A variety of strategies may be employed in pursuit of this objective. The Funds invest and trade primarily in fixed income securities worldwide and in the derivatives on those securities. The Funds may also invest in such securities and derivatives directly or through other pooled investment vehicles, including special purpose vehicles and other Funds managed by Bracebridge. Unless otherwise noted, all references herein to the portfolios, investments, investment transactions, investment program, brokerage practices and similar matters, including associated risks, of the Funds should be understood to include both direct and indirect investments and/or other actions, including investments and/or actions held or taken directly by the Fund, by a master fund into which certain of the Funds invest (each, a “Master Fund” and collectively, the “Master Funds”) or by any other pooled vehicle in which a Fund directly or indirectly invests. Options, futures, forward contracts, swaps and other derivatives are expected to constitute a substantial part of the Funds’ portfolio. Investments may be made in currencies, commodities (both agricultural and non-agricultural) and their derivatives when Bracebridge believes that such investments are inefficiently priced in relation to other investments and that it can profitably exploit such inefficiencies. Investments may also be made to hedge existing positions in the Funds’ portfolio. In general, Bracebridge will attempt to hedge the Funds’ portfolio against overall exposure to interest rate, equity and exchange rate movements. However, the decision as to when and to what extent the Funds will engage in hedging transactions will depend upon a number of factors. Accordingly, there can be no assurance that the Funds will engage in hedging transactions at any given time or from time to time, or that such transactions, if available, will be effective.

Many inefficiencies in the derivatives markets can be attributed to the investment approaches of, or constraints on, different market participants. Many market participants use derivatives as a leveraged means to make a purely directional investment involving the underlying instrument. Other market participants have institutional or regulatory constraints that force them to use what Bracebridge views as economically suboptimal hedges to protect portfolios of bonds, mortgages and other interest rate sensitive positions. This environment provides an opportunity to capitalize on market anomalies. Bracebridge’s strategy is based on exploiting such anomalies within or across global securities markets and their derivative products. Inefficiencies in emerging bond markets may also provide opportunities which Bracebridge may seek to exploit, and may represent a substantial portion of the Funds’ investments.

In addition, certain other smaller Funds managed by Bracebridge pursue specialized investment strategies, including a Fund that invests and trades primarily in equity securities and derivatives of those

securities and a Fund that invests and trades primarily in distressed assets. Further information about each of these Funds and their strategies is provided in the offering documents of the applicable Fund.

Investment Risks

Investment and Trading Risks in General. All investments made by the Funds risk the loss of capital. The Investment Manager may utilize such investment techniques as margin transactions, short sales, option transactions and forward and futures contracts, which practices can, in certain circumstances, maximize the adverse impact to which the Funds may be subject. No guarantee or representation is made that the Funds' programs will be successful, and investment results may vary substantially over time. The Funds have been given very broad investment parameters and maintain flexible investment programs. Therefore, the Funds may make investments in the future that may be subject to risks in addition to those described herein. Additional risks associated with an investment in a Fund may be disclosed in the offering documents of that Fund.

Hedging Transactions. The Funds engage in transactions intended to hedge certain of their portfolio positions against overall exposure to certain risks including, but not limited to, exposure to interest rate, equity and exchange rate movements. The decision as to when and to what extent a Fund will engage in hedging transactions will depend upon a number of factors, including, but not limited to, prevailing market conditions, the composition of such Fund's portfolio and the availability of suitable transactions. Accordingly, there can be no assurance that a Fund will engage in hedging transactions at any given time or from time to time. Additionally, there is significant judgment in determining which risks to hedge, how to effectively hedge such risks and how much to hedge such risks. Failure to effectively hedge significant risks in a Fund's portfolio could have a significant adverse impact on the Fund.

Leveraged Trading. The Funds employ a leveraged trading strategy. Accordingly, a Fund may trade securities on margin, sell securities short and/or borrow, pledge, mortgage, lend or hypothecate securities, cash or other assets. Such practices increase the volatility of the securities positions of a Fund and, accordingly, may increase the volatility of the Fund's returns. Trading securities on margin may result in interest charges to a Fund and, depending on the amount of trading activity, such charges could be substantial. Similarly, the low margin deposits normally required in options, futures and forward trading permit a high degree of leverage; accordingly, a relatively small price movement in an option, futures or forward contract may result in immediate and substantial losses to the investor. Other types of derivatives may also entail a high degree of leverage. Irrespective of the risk control objectives of the Investment Manager, such a degree of leverage necessarily entails a high degree of risk. A Fund's use of leverage may magnify many of the risks discussed herein.

Any use of short-term margin borrowings would result in certain additional risks to the Funds. For example, when the securities pledged to brokers to secure a Fund's margin accounts decline in value, a Fund will be subject to a margin call, pursuant to which a Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Fund's assets, it might not be able to generate sufficient funds quickly enough to satisfy its margin requirements.

Arbitrage Trading. As part of the Funds' investment strategy, they engage in a significant amount of arbitrage trading. In such trading, a Fund generally attempts to take advantage of price differences of identical or similar securities or financial instruments on different markets or in different forms. Arbitrage transactions involve the risk that transactions will fail to be executed as intended or agreed upon, the risk that the other party to a transaction will fail to pay or otherwise perform as agreed, and credit risk (i.e., that the other party does not post collateral, etc., as required). Arbitrage investing

also involves the risk of a Fund's long security values potentially decreasing while its corresponding short positions increase over the same period of time. Often arbitrage opportunities disappear rapidly once the opportunity becomes well-known and many investors act on it. Arbitrage trading can also involve large transaction costs because of the need to simultaneously buy and sell many different securities. There are no assurances that the arbitrage transaction will perform in the manner expected by the Investment Manager and the exposure of a Fund to a movement in the market or other factors could be significantly increased.

Derivative Risk. The Funds invest in derivatives, which are financial contracts whose value depends on, or is derived from, the value of an underlying financial instrument, asset, reference rate or index. A Fund uses derivatives as part of a strategy designed to reduce exposure to other risks, such as interest rate, credit or currency risk. A Fund may also invest in derivatives when the Investment Manager believes investments or other derivatives are inefficiently priced in relation to other investments and a Fund can take advantage of such inefficiencies. A Fund may also use derivatives for leverage, which increases opportunities for gain but also involves greater risk of loss due to leveraging risk. The Funds' use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as limited liquidity, investment and trading risks, high volatility, counterparty and leverage risk.

The Funds are generally required to post collateral with their derivatives counterparties based upon a number of factors, which may include the notional amounts and the value of the derivatives. The inputs used by the Investment Manager, and the markets in general, for the valuation of derivatives are often unobservable and/or subjective, and therefore derivatives have increased valuation risk and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. These uncertainties in the valuation of derivatives may result in different valuations derived by the Investment Manager as compared to the derivative counterparty which may result in disagreements over the collateral amounts which a Fund or counterparty should post to each other. Failure by the counterparty to post collateral to a Fund for any reason (including the counterparty's insolvency) may result in a Fund being under collateralized with respect to one or many derivative transactions. Failure by a Fund to post collateral to the counterparty for any reason may result in the counterparty terminating the relevant derivative transactions or some or all derivatives with that counterparty at prices disadvantageous to the Fund.

In addition, the Funds' use of derivatives may increase or accelerate the amount of taxes payable by shareholders. An investment in a derivative instrument could result in a Fund losing more than the principal or notional principal amount invested in such instrument. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that a Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded in by the Investment Manager due to unusually high trading volume, political intervention or other factors. The imposition of controls by

governmental authorities might also limit such forward (and futures) trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

Options. The Funds may invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities becomes restricted.

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.

Swap Agreements. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows measured by different interest rates, exchange rates, or prices, with payments calculated by reference to a principal amount or quantity, and may involve interest rates, currencies, securities, commodities, and other items. Transactions in these markets present certain risks similar to those in the futures, forward, and options markets: (i) the swap markets generally are not regulated by any governmental authorities; (ii) there generally are no limitations on daily price moves in swap transactions; (iii) speculative position limits are not applicable to swap transactions, although the counterparties may limit the size or duration of positions available as a consequence of credit considerations; (iv) participants in the swap markets are not required to make continuous markets in swaps contracts; and (v) the swap markets are "principals" markets in which performance with respect to a swap contract is the responsibility only of the counterparty and not of any exchange or clearing corporation. As a result, a Fund will be subject to the risk of the inability of or refusal to perform with respect to such contracts on the part of the counterparties trading with it, as well as risks relating to the creditworthiness of the swap counterparty, market risk, credit risk, liquidity risk and operations risk. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the exposure of a Fund to long-term or short-term interest rates, non-U.S. currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices, baskets of equity securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. A Fund is not precluded from any particular form of swap agreement if such investment is consistent with the investment objective and policies of the Fund. The success of a Fund's use of swap agreements will depend on the Investment Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Moreover, a Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. Like other types of derivative instruments, swaps may entail a substantial degree of leverage and involve substantial risk (see "Derivative Risk" above).

Swaptions. An option on a swap agreement, also called a "swaption," is an over-the-counter option that gives the buyer the right, but not the obligation, to enter into a swap on a specified future date in exchange for paying a market-based premium. A receiver swaption gives the owner the right to receive

the total return of a specified asset, reference rate, or index (such as a call option on a bond). A payer swaption gives the owner the right to pay the total return of a specified asset, reference rate, or index (such as a put option on a bond). Swaptions also include options that allow one of the counterparties to terminate or extend an existing swap. Depending on the terms of the particular option agreement, a Fund will generally incur a greater degree of risk when it writes a swaption than it will incur when it purchases a swaption. Swaptions are generally subject to the risks of both options and swaps (see “Options” and “Swap Agreements” above)

Collateral Performance in Structured Products. The Funds may engage in transactions, such as collateralized debt obligations, where the value of the securities is tied or indexed to the value of, and/or cashflows generated by, an underlying pool of assets, receivables, or derivatives. There can be no guarantee that the performance of the underlying assets will meet the performance expectation of the issuer of the security or a Fund and this may lead to a diminution in value of the security. Also, due to the synthetic nature of some of the cashflows from these securities, there may be increased volatility in the performance of the assets owned by a Fund and a potential disconnect between the value of the underlying collateral or reference obligations and the value that is realizable from time to time on the security. The performance of the collateral, especially when the bonds are backed by future receivables, may be strongly tied to the performance of its servicer, so the value of an asset-backed security is subject to risks associated with the negligence or defalcation of its servicer and a deterioration in the quality of the servicer may lead to a degradation in the value of the collateral even in cases where the collateral should be in a bankruptcy remote trust. In some circumstances, the mishandling of related documentation also may affect the rights of security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilize the assets may result in a decline in the value of the underlying assets as well as costs and delays.

Currency. A portion of the Funds’ assets may be invested in debt and equity securities denominated in various non-U.S. currencies and in other financial instruments, the price of which is determined with reference to such currencies. A Fund will, however, value its investments and other assets in U.S. dollars. To the extent unhedged, the value of a Fund’s net assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the Fund’s investments in various local markets and currencies. Forward currency contracts and options and other strategies may be utilized by a Fund to hedge against currency fluctuations. However, the decision as to when and to what extent a Fund will engage in hedging transactions will depend upon a number of factors, including prevailing market conditions, the composition of such Fund’s portfolio and the availability of suitable transactions. Accordingly, there can be no assurance that a Fund will engage in hedging transactions at any given time or from time to time, or that such transactions, if available, will be effective.

Eurozone. A portion of the Fund’s assets may be invested in euro-denominated securities. The euro has recently experienced, and continues to experience, significant pressure as a result of concerns over the ability of certain euro-zone countries to repay their sovereign debt. It is possible that one or more eurozone countries may default on their sovereign debt obligations and/or may exit the eurozone (*i.e.*, may cease to use the euro as their national currency). The mechanism by which a country might exit the eurozone, and the consequences of any such exit, are uncertain and could have a significant adverse effect on the Fund. Further, defaults by eurozone countries, or continued uncertainty over the euro, could have additional direct and indirect adverse effects on the Fund.

Short Sales. The Funds may engage in “short sales,” which are sales of securities a Fund borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and a Fund will be able to make a profit by purchasing the securities later at the lower prices. The Investment Manager may engage in short sales as part of hedging transactions or when it believes securities are overvalued. A Fund will incur a loss on a short sale if the price of the security increases

prior to the time the Investment Manager purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a “long” position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss. In addition, the ability to continue borrowing the security is not guaranteed. If the short seller loses the ability to continue borrowing the security, a “buy-in” may occur, forcing the short seller to purchase the security at an inopportune moment.

Interest Rate Risk. The value of the Funds’ investments in fixed income securities (including bonds, notes and asset-backed securities) will typically change as interest rates fluctuate. To the extent a Fund invests in mortgage-related or other asset-backed securities, such securities may be prepaid. Because prepayments generally increase when interest rates fall, a Fund is subject to the risk that cash flows from securities will have to be reinvested at lower rates. Likewise, since prepayments decrease when interest rates rise, these securities have maturities that tend to be longer when that is least desirable. A Fund may also invest to a material extent in debt securities paying no interest, such as zero coupon, principal-only and interest-only securities and, to the extent it makes such investments, a Fund will be exposed to additional interest rate risk.

Fixed Income and Asset-Backed Securities. Because of the different long and short positions in fixed income securities and related derivatives that a Fund may take from time to time, the value of a Fund’s portfolio may not necessarily be highly correlated with changes in interest rates. For example, depending on the fixed income and derivative positions in a Fund’s portfolio at any given time, a decline in prevailing interest rates may result in an increase, a decline or no change in the value of such Fund’s portfolio.

Some revolving asset-backed securities may also include specific early amortization or payout events, such as insufficient payments by the underlying borrowers, insufficient excess spread, a rise in the default rate of the underlying loans above a specific level or a decrease in available credit enhancements below a specific level.

Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). The amount of market risk associated with asset-backed securities depends on many factors, including the deal structure (i.e., determination as to the amount of underlying assets or other support needed to produce the cash flows necessary to service interest and make principal payments), the quality of the underlying assets, the level of credit support, if any, provided for the securities, and the credit quality of the credit-support provider, if any. Asset-backed securities involve risk of loss of principal if obligors of the underlying obligations default in payment of the obligations and the defaulted obligations exceed the credit support. Such risks may be magnified due to the pervasive and overlapping nature of borrowers in the asset-backed market. A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Additional risks to collateral that may arise in connection with investments in asset-backed securities are risks associated with fraud committed by borrowers, lenders, agents or any other parties involved in asset-backed transactions, as well as losses caused by defaults on payment and other obligations, including the failure by underlying borrowers to maintain the collateral as specified in the prospectus for the security. Finally, a Fund may have exposure to any unexpected increase in loss severities, a measure of the face value of the loss on a loan after a foreclosure is completed.

Liquidity of Futures Contracts. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. These limits could prevent a Fund from promptly liquidating unfavorable positions and subject a Fund to substantial losses.

Highly Volatile Markets. The prices of commodities contracts and all derivative instruments, including futures and options prices, can be highly volatile, which in turn can increase the volatility of an investment in a Fund. Price movements of forward, futures and other derivative contracts in which a Fund’s assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. A Fund also is subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

Event-Linked Bonds. A portion of the Funds’ assets may be invested in “event-linked bonds.” Event-linked bonds, which are sometimes referred to as “catastrophe bonds,” are fixed income securities for which the return of principal and payment of interest is contingent on the non-occurrence of a specific “trigger” event, for example, a hurricane or earthquake. They may be issued by government agencies, insurance companies, reinsurers, special purpose corporations or other U.S. or non-U.S. entities. If a trigger event occurs in the geographic region and time period specified in a bond, a Fund may lose a portion or all of its principal invested in the bond. If no trigger event occurs, a Fund will recover its principal plus interest. For some event-linked bonds, the trigger event or losses may be based on company wide losses, index-portfolio losses, industry indices or readings of scientific instruments rather than specified actual losses. Event-linked bonds often provide for an extension of maturity that is mandatory, or optional at the discretion of the issuer, in order to process and audit loss claims in those cases where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. In addition to the specified trigger events, event-linked bonds may also expose a Fund to certain unanticipated risks including but not limited to issuer (credit) default, adverse regulatory or jurisdictional interpretations, and adverse tax consequences.

New Types of Securities and Other Investments. The Funds’ assets may be invested in relatively new types of financial instruments and other investments, such as event-linked bonds, reinsurance-related products, life settlement investments, royalty streams, or other kinds of securities or instruments. As such, there is a limited significant trading history of these investments, and there can be no assurance that a liquid market in these instruments will develop. Lack of a liquid market may impose the risk of higher transaction costs and the possibility that a Fund may be forced to liquidate positions when it would not be advantageous to do so or not be able to liquidate such positions, which could result in distribution of securities in kind to meet redemption requests. In addition, there are higher risks associated with new types of securities arising from potential regulatory, legal or tax developments or from lack of clarity or agreement as to the construction of written documentation, in each case, the determination of which may not yet be settled by courts or legal regulatory proceedings or processes and any such determination may be adverse. Such securities may be unrated or may have more volatile ratings than securities that have been in existence for longer periods.

Non-U.S. Investments; Emerging Markets. The Funds may invest in securities of non-United States issuers and of countries other than the United States. Investing in the securities and other financial instruments of issuers (and, from time to time, governments) of countries other than the United States involves certain considerations not usually associated with investing in securities of United States issuers or the United States Government, including political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities or repatriation of cash. In addition, accounting and financial reporting standards that prevail in countries other than the United States generally are not equivalent to United States standards and, consequently, less information is available to investors in issuers located in these countries than is available to investors in issuers located within the United States. There is also less regulation, generally, of the securities markets outside the United States than there is in the United States.

The risks described above are typically greater in less developed nations, sometimes referred to as “emerging markets.” For instance, political and economic structures in these countries may be more volatile. High rates of inflation or deflation may adversely affect the economies and securities markets of such countries. In addition, the small size, limited trading volume and relative inexperience of the securities markets in these countries may make investments in such countries less liquid and more volatile than investments in more developed countries. Investments in emerging markets, especially in the current investment climate, are regarded as highly speculative. Because of these and other factors, the values of these investments may become worthless.

Sovereign Debt. As described in “*Non-U.S. Investments; Emerging Markets*” above, the Funds may invest in securities issued or guaranteed by non-U.S. governments or their authorities, agencies or instrumentalities. Different kinds of non-U.S. government securities have different kinds of government support. Some non-U.S. government securities are supported by the full faith and credit of a non-U.S. national government and some are not. As described above, securities issued or guaranteed by certain non-U.S. countries may involve varying degrees of credit risk as a result of financial or political instability in such countries, including the possibility of defaults on non-U.S. government securities, and the possible inability of a Fund to enforce its rights against the non-U.S. government issuers.

As with issuers of other fixed income securities, sovereign issuers may be unwilling or unable to make timely principal or interest payments. At certain times, certain countries (particularly emerging market countries) have declared moratoria on the payment of principal and interest on external debt. Governmental entities may also depend on expected disbursements from non-U.S. governments, multilateral agencies and others to reduce principal and interest arrearages on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity’s implementation of economic reforms and/or economic performance and the timely service of such debtor’s obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties’ commitments to lend funds to the governmental entity, which may further impair such debtor’s ability or willingness to service its debts in a timely manner. Consequently, governmental entities may default on their sovereign debt. Holders of sovereign debt may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which sovereign debt on which governmental entities have defaulted may be collected in whole or in part. Continued uncertainty over the ability or willingness of various sovereigns, including the United States and countries in the euro area, to service their debt obligations has caused and may continue to cause substantial disruptions to global equity and credit markets.

Municipal Debt. The Funds may invest in municipal debt. Like other fixed income securities, municipal debt is subject to credit and market risk. Generally, prices of higher quality issues tend to fluctuate less with changes in perceived credit quality than prices of lower quality issues and prices of longer maturity issues tend to fluctuate more than prices of shorter maturity issues. The secondary market for municipal debt typically has been less liquid than that for taxable debt/fixed income securities, and this may affect a Fund's ability to sell municipal debt at then current market prices, especially in periods when other investors are attempting to sell the same securities. Prices and yields on municipal debt are dependent on a variety of factors, including general money-market conditions, the financial condition of the issuer, general conditions of the municipal debt market, the size of a particular offering, the maturity of the obligation and the rating of the issue. A number of these factors, including the ratings of particular issues, are subject to change from time to time. Information about the financial condition of an issuer of municipal debt may not be as extensive as that made available by corporations whose securities are publicly traded.

Obligations of issuers of municipal debt are subject to the provisions of bankruptcy, insolvency and other laws, such as the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, affecting the rights and remedies of creditors. Congress or state legislatures may seek to extend the time for payment of principal or interest, or both, or to impose other constraints upon enforcement of such obligations. There is also the possibility that as a result of litigation or other conditions, the power or ability of issuers to meet their obligations for the payment of interest and principal on their municipal debt may be materially affected or their obligations may be found to be invalid or unenforceable. Such litigation or conditions may from time to time have the effect of introducing uncertainties in the market for municipal debt or certain segments thereof, or of materially affecting the credit risk with respect to particular bonds. Adverse economic, business, legal or political developments might affect all or a substantial portion of a Fund's investments in municipal debt in the same manner. A Fund will be particularly subject to these risks to the extent that it focuses its municipal debt investments in a particular state or region. Finally, federal tax legislation has limited the types and volume of bonds the interest on which qualifies for a federal income tax exemption. As a result, this legislation and legislation that may be enacted in the future may affect the availability of municipal debt for investment by the Fund.

Concentration of Investments. There are no external limits on the Investment Manager's investment discretion with respect to the diversification of a Fund or Master Fund. At any given time, it is therefore possible that a Fund may make investments that are concentrated in a particular type of security, industry, geographic location or market capitalization. This limited diversity could expose a Fund to significantly greater volatility than in a more diversified portfolio.

Illiquid Securities. The Funds may invest their assets in securities that are not readily marketable or that are only thinly traded. In addition, a Fund may invest in private placements of securities that are not registered under the Securities Act, may have little or no trading market or may contain restrictions or outright prohibitions on transfer. A Fund may not be able to readily dispose of such investments, and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. These limitations on liquidity of a Fund's investments could prevent a successful sale thereof, result in delay of any sale, reduce the amount of proceeds that might otherwise be realized or result in distribution of securities in kind to meet redemption requests or upon liquidation of a Fund.

When there are changing market conditions, investments that were historically liquid can become illiquid. For example, the credit markets experienced a significant lack of liquidity at the end of 2008 and the beginning of 2009, and investments that were historically quite liquid became much less liquid, or illiquid. There can be no assurance that the market will be liquid. It is also possible that illiquidity in the market could cause prices that may have declined to decline further, which may have the result of forcing a Fund to sell assets to satisfy requirements under its 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 perhaps not at a value that the Investment Manager believes reflects the true value of such investments.

Risks of Investing in Distressed Assets. The Investment Manager expects at times to invest a portion (which may be substantial or materially all) of certain Funds' assets in distressed assets. Such securities are typically more volatile and less liquid than securities not experiencing such difficulties. Although such Funds will invest in assets that in the view of the Investment Manager have the potential over the long term to produce a positive return on investment, there is a possibility that a Fund may incur substantial or total losses on its investments. In addition, it may be difficult to obtain quality information or documentation relating to distressed assets. The identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

A Fund may invest in the assets of issuers involved in bankruptcy proceedings, reorganizations and financial restructurings and may have a more active participation in the affairs of an issuer than is generally assumed by an investor. This may subject the Fund to litigation risks or prevent the Fund from disposing of securities. In a bankruptcy or other proceeding, the Fund as a creditor may be unable to enforce its rights in any collateral or may have its security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors. Accordingly, the possibility exists that the distressed securities purchased by the Fund may be subject to substantial changes in rights and covenants, often resulting in less protection for the Fund. Because (unlike the Fund) other investors may purchase the securities of these companies for the purpose of exercising control or management, the Fund may be at a disadvantage to the extent that the Fund's interests differ from the interests of these other investors.

Trading in distressed securities may often be effected in over-the-counter ("OTC") markets. These markets are not regulated by any exchange, and accordingly do not have any established market-making, margin or other requirements that generally help insure a viable trading market exists for a particular security. The bid-offer spreads in OTC markets are established by dealers, thus spreads in the same security may vary from dealer to dealer.

Securities Lending. Consistent with its investment objective and policies, certain Funds may lend their portfolio securities in order to realize additional income. Any such loan will be continuously secured by collateral at least equal in value to the value of the securities loaned. The risk of loss on such transactions is mitigated because, if a borrower were to default, the collateral should satisfy the obligation. However, as with other extensions of secured credit, loans of portfolio securities involve some risk of loss of rights in the collateral should the borrower fail financially.

Other Possible Risks. There is no assurance that the above list is complete or that there are not other risks that may exist now or may arise in the future.

ITEM 9. DISCIPLINARY INFORMATION

Item 9 is not applicable to Bracebridge, as Bracebridge does not have any reportable material legal or disciplinary events.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Related Broker-Dealers

Neither Bracebridge nor any of its management persons is registered or has an application pending to register as a broker-dealer or a registered representative.

Related Futures Commission Merchant/Commodity Pool Operator/Commodity Trading Advisor

Bracebridge is a commodity pool operator and a commodity trading adviser registered with the Commodities Futures Trading Commission. The following management persons are associated persons of Bracebridge: Nancy Zimmerman, Gabriel Sunshine and John Spinney.

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

Code of Ethics

Bracebridge has adopted a Code of Ethics (the “Code of Ethics”) that states that employees and certain other persons covered by the Code of Ethics (as used in this Item 11, “employees”) may not engage in any investment transaction under circumstances in which the employee benefits from or interferes with or otherwise disadvantages the purchase or sale of investments on behalf of a Fund. In addition, employees may not use information concerning the investments or investment intentions of Bracebridge on behalf of Funds, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of any 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 employees from engaging in certain short-term trading and purchases of securities in an underwritten public offering. The restrictions of the Code do not preclude purchases of interests in the Funds. Employees may be investors in the Funds, and some or all of the key personnel of Bracebridge may have significant interests in the Funds as investors.

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 Bracebridge 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 Bracebridge upon employment. Employees must provide certain quarterly and annual securities holdings reports, as well as contemporaneous duplicate copies of all transaction confirmation statements and account statements.

The Director of Compliance Operations (the “Director of Compliance”) has responsibility for the day-to-day administration of the Code of Ethics. The Director of Compliance or the Chief Compliance Officer (the “CCO”) is responsible for periodically reviewing the reports provided by employees under the Code of Ethics. Employees are required to immediately report any violation of Bracebridge’s personal trading policies to the Director of Compliance, the Deputy General Counsel or the CCO.

This summary of the Code of Ethics is qualified in its entirety by the Code of Ethics of Bracebridge, which is available to clients and prospective clients upon request.

Conflicts of Interest

The material reportable conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. 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. Bracebridge has adopted policies and procedures to address and mitigate conflicts of interest, including those described below.

Bracebridge and/or its principals may give advice and recommend securities to, or buy securities for, clients (including other Funds) and others, which advice or securities may differ from advice given to, or securities recommended or bought for, a Fund, whether their investment objectives may be the same or similar, or not. In addition, Bracebridge and/or its affiliates may engage in transactions or make investments for their own accounts which may differ from or be identical to the transactions engaged in or investments made by Bracebridge for a Fund. Such transactions or investments may be made through one or more pooled vehicles established for the benefit of certain current or former Bracebridge principals or employees. Certain of the Funds, which do not have the same investment strategy as each other or the other Funds, may nonetheless make investments that may be side by side with a Fund for their own accounts. They may also make investments which may differ from the transactions engaged in by Bracebridge for the other Funds and/or there may be circumstances in which they make investments that may be potentially suitable for a Fund but in which a Fund for any number of reasons does not invest.

When clients of Bracebridge participate in the same manner in the same investment opportunity, such opportunity will be allocated at Bracebridge's sole discretion, taking into account such factors as the relative amounts of capital available (considering both cash and available borrowings) for new investments, existing kinds and levels of investments in such Funds, the investment programs and portfolio positions of such Funds and other accounts for which participation is appropriate, and applicable tax and regulatory considerations. Bracebridge strives to allocate investment opportunities among clients in a fair and equitable manner over time. It is expected that clients of Bracebridge and its affiliates, including a Master Fund, will invest in many of the same assets. When the purchase and sale of securities is considered to be in the best interests of multiple Funds, the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such events, allocation of prices, as well as expenses incurred in the transaction, shall be made in a manner Bracebridge considers to be equally as favorable to a Fund as to any other Fund. Despite similar investment strategies among certain Funds, the Funds might have different performance results as a result of the manner in which investments are allocated. The officers, members and employees of Bracebridge may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or otherwise determined from time to time by Bracebridge. These restrictions and reporting requirements generally do not apply to certain asset classes and investments not commonly invested in by the Funds. See Item 12 "Aggregation of Orders" below for more information regarding Bracebridge's policy on aggregating orders.

Cross trades occur when Bracebridge or an investment advisory affiliate transfers securities from one client account to another in exchange for cash without the use of an unaffiliated broker-dealer to facilitate the transaction. Bracebridge may engage in cross trades with respect to the Funds to the extent permitted in the Funds' organizational documents.

Certain of the Funds are part of a master-feeder structure and, accordingly, Bracebridge advises certain feeder funds to invest in certain Master Funds from time to time. The use of a master-feeder structure may create a conflict of interest in that different tax considerations for one Fund and the other feeder funds may cause a Master Fund to structure or dispose of an investment in a manner that may have

disparate tax effects across the feeder funds, which may be more advantageous to one or more, but not all, feeder funds.

Bracebridge has certain responsibilities in connection with valuation of securities. A conflict may arise with respect to valuing certain securities given that the Incentive Fee earned by Bracebridge is determined based on the value of such securities.

The Funds' organizational documents do not prohibit Bracebridge or its employees, members and/or principals or any other partner from buying or selling securities or commodity interests for their own account. The records of any such trades by Bracebridge, its employees, members and/or principals will not be open to inspection by the Funds' investors. Bracebridge maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest (see "Code of Ethics" above).

ITEM 12. BROKERAGE PRACTICES

Broker/Dealer Selection Process

Bracebridge's objective is to act in the best interests of the Funds in its selection of brokers/dealers to effect transactions for the Funds. In making such selections, Bracebridge seeks to obtain the best execution for each such transaction. In any specific transaction, Bracebridge assesses best overall execution for the Funds in light of all relevant prevailing circumstances. Bracebridge considers the following factors (to which, in any given transaction, more or less weight may be given) in selecting broker/dealers: the creditworthiness and financial stability of the particular broker/dealer, the expertise and skill with respect to the specific securities traded for the relevant Fund's account, the ability to execute and clear trades in an orderly and satisfactory manner, the adequacy of trading infrastructure, technology and capital, and the trading terms, among other factors. Best price (including commissions), or lowest possible transaction cost, is a significant consideration, however, "best execution" does not require Bracebridge to obtain the lowest possible price for any particular transaction, for any group of transactions, for any particular Fund or all Funds in the aggregate.

The Trade Oversight Committee meets no less frequently than quarterly to review the quality and cost of execution being provided by Bracebridge's broker/dealers.

Research and Other Soft Dollar Benefits

Section 28(e) of the Exchange Act is a "safe harbor" that permits an investment adviser to use commissions or "soft dollars" to obtain certain research and brokerage services in connection with the investment decision-making process. Bracebridge does not permit any soft dollar arrangements at this time, but retains the right to do so in the future.

Directed Brokerage

Bracebridge does not have client directed brokerage arrangements.

Aggregation of Orders

Where an investment is appropriate for multiple Funds, Bracebridge may group all such Funds together and submit one aggregated order for all of the participating Funds. Bracebridge will generally be required to designate the amount of investments to be purchased or sold for each Fund participating in any aggregated order either prior to the execution of the order or promptly thereafter. Such allocation will be based upon the parameters described in Item 11 “Conflicts of Interest” above and upon factors that include, without limitation, the available capital of each Fund and whether allocation to a Fund will result in the Fund holding odd lots or a de minimus amount of an investment. If an aggregated order is not completely filled, it will typically be allocated on a pro rata basis to all Funds participating in the order promptly following execution.

Where an aggregated order is executed at more than one price over the course of a day, the executed transactions will be allocated so that each Fund receives the average unit price over the course of the day and bears its pro rata share of the aggregate transaction costs, to the extent reasonably practicable. To the extent that any of those orders remains unfilled following such allocation, the unfilled amount will be combined with subsequent orders in that investment, if any, for allocation of subsequent transactions.

To the extent that a trade allocation is not made pre-trade, Bracebridge’s policy is that such allocation must be made promptly after trade execution and in all cases by the end of the trading day. If circumstances exist that make it impossible or impractical to allocate a trade before the end of the relevant trading day, the relevant trader should so inform the Director of Compliance. See Item 11 “Conflicts of Interest” above for more information regarding conflicts of interest related to aggregating orders.

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

Bracebridge provides continuous advisory services for the Funds. The portfolio investments of each Fund are primarily reviewed by a team of investment professionals, which currently includes the principals of Bracebridge.

Reporting

Bracebridge provides written reports to investors in the Funds in accordance with the applicable Fund’s organizational and offering documents and as may be agreed with particular investors. Bracebridge has engaged an independent public accounting firm to audit the financial statements of the Funds within 120 days of the end of each fiscal year (or such shorter period as may be set forth in a Fund’s governing documents) or as soon as reasonably practicable thereafter.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Bracebridge does not compensate any person for client referrals. Bracebridge is a party to certain placement agent agreements in connection with the offer and sale of interests in the Funds to certain potential investors in Australia and New Zealand, and may enter into additional placement agent agreements in the future. Any placement agent fees are generally paid by Bracebridge.

ITEM 15. CUSTODY

Item 15 is not applicable to Bracebridge, as the Funds' "qualified custodian" is not required to send account statements directly to Bracebridge's clients under the custody rule.

ITEM 16. INVESTMENT DISCRETION

Bracebridge provides investment advice directly to its Funds pursuant to a written investment management agreement with the Funds, subject to the discretion and control of the general partner or the board of directors of the applicable Fund, and not directly to the investors in the Funds. Powers of attorney and any restrictions on Bracebridge's authority are set forth in the organizational documents and subscription documents of the Funds.

ITEM 17. VOTING CLIENT SECURITIES

Bracebridge makes all decisions relating to the voting of proxies and exercise of consent rights (collectively, "Votes" or similar construction, as appropriate) on behalf of the Funds. Bracebridge will Vote in accordance with Bracebridge's Proxy Policy.

This summary of Bracebridge's voting policies and procedures is qualified in its entirety by the Proxy Policy of Bracebridge which is available to clients upon request. Any requests for information about how Bracebridge has voted with respect to securities held by the respective Fund should be directed to the Director of Compliance or, if the Director of Compliance is not available, to the CCO.

ITEM 18. FINANCIAL INFORMATION

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

In response to Item 18.B, there is no financial condition that Bracebridge believes is reasonably likely to impair its ability to meet its contractual commitments to the Funds.

Item 18.C is not applicable to Bracebridge, 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 Bracebridge as it is not registered with any state securities authority.