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FORM ADV PART 2A: Firm Brochure

EnTrustPermal Management LLC

June 2016

This Brochure provides information about the qualifications and business practices of EnTrustPermal Management LLC ("EPM").

If you have any questions about the contents of this brochure, please contact Bruce Kahne, General Counsel/Chief Compliance Officer at 212.224.5548 or bkahne@entrustpermal.com. 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.

EPM is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

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

Item 2. Material Changes

This brochure ("Brochure") of EnTrustPermal Management LLC ("EPM"), dated May 31, 2016, has been updated to reflect the combination of the Permal Group with EnTrust Capital, a New York based hedge fund investor.

On May 2, 2016, the EnTrust business combined with that of the Permal Group ("Permal"), a Legg Mason subsidiary and global alternative asset manager. Permal was established in 1973 and acquired by Legg Mason in 2005. Gregg S. Hymowitz, the Managing Partner of EnTrust, and entities controlled by him, acquired a 35% ownership stake in the combined group of companies (collectively, "EnTrustPermal"). Legg Mason retained an ownership stake of 65%.

Mr. Hymowitz is the Chairman and Chief Executive Officer of EnTrustPermal. The Management Committee and Global Investment Committee of EnTrustPermal will be chaired by Mr. Hymowitz and is comprised of senior professionals (including compliance professionals for the Management Committee) from both legacy firms.

The SEC-registered investment advisory affiliates of EPM are listed in Item 10.

In due course, one or more of the existing SEC-registered advisers of the two former firms may be combined or new advisers may be formed. In such event, appropriate filings will be made with the SEC.

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Important Note About This Brochure

This Brochure is not:

- An offer or agreement to provide advisory services to any person;
- An offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by EPM;
- A complete discussion of the features, risks or conflicts associated with any account advised by EPM; or
- To be relied on in determining whether to invest in a commingled fund managed by EnTrustPermal, or establish an advisory relationship with EPM.

As required by the Investment Advisers Act of 1940, as amended (the "Advisers Act"), EPM provides this Brochure to current and prospective advisory clients. EPM may also provide the Brochure to current or prospective investors (each, an "Investor") in any investment vehicle that is directly or indirectly managed or advised by EPM (collectively the "EnTrustPermal Funds"), together with other relevant offering materials, prior to, or in connection with, such persons' establishment or consideration of a client relationship or an investment in a Fund.

Persons who receive this Brochure (whether or not from EPM) should be aware that it is designed solely to provide information about EPM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, it is critical that current or prospective investors who receive this Brochure refer to the information provided in the materials that govern an account or investor relationship such as an advisory contract, private placement memorandum, limited partnership agreement or operating agreement ("Offering Materials") for a complete understanding. More complete information about each EnTrustPermal Fund, as well as EPM's investment management services in general, is included in relevant Offering Materials, certain of which may be provided to current and eligible prospective clients or to Investors only by EPM or another designated party. To the extent that there is any conflict between information contained herein and similar or related information in any Offering Materials, the information in the relevant Offering Materials shall govern and control.

In no event should this Brochure be considered to be an offer of interests in an EnTrustPermal Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.

Item 4. Advisory Business

Description of Advisory Services

EPM provides investment management services to high net worth individuals, corporations, sovereign wealth funds, public pension plans and pooled investment vehicles. These investment management services are generally provided to clients through separately managed accounts ("SMA") and EnTrustPermal Funds.

EPM generally allocates client assets among third party managers ("Portfolio Managers") that employ various strategies and that can invest or trade in a wide variety of securities and other instruments, including, but not limited to, equities and fixed income securities, currencies, commodities, futures contracts, options and other derivative instruments. These allocations may be made to commingled products offered by the Portfolio Manager or in bespoke investment vehicles structured for EPM clients and managed by the Portfolio Manager ("Special Purpose Funds"). These Special Purpose Funds are typically only available to investment management clients of EnTrustPermal.

EnTrustPermal Funds: EnTrustPermal Funds are EnTrustPermal-sponsored products generally organized as offshore corporations (domiciled outside the US) or US limited partnerships.

- Offshore Private Funds: EPM's affiliate, EnTrustPermal Ltd. ("EPL"), a UK-based, Financial Conduct Authority ("FCA") regulated investment manager, generally acts as the investment manager for these funds; EPM serves as sub-adviser.
- US Private Funds: EPM serves as investment manager to these funds; an EPM affiliate is the General Partner.
- 1940-Act Registered Funds – sponsored by Legg Mason, one of EPM's ultimate parent companies. EPM acts as investment adviser or sub-adviser to a Legg Mason SEC-registered adviser.

SMA Clients:

- EPM offers institutional clients the flexibility of investing through individually customized managed accounts or single investor fund structures which invest directly in underlying investment vehicles (collectively, "Underlying Funds"), Special Purpose Funds and/or EnTrustPermal Funds.
- EnTrustPermal's Global Investment Committee ("GIC") works with each third party client ("Third Party Client") to establish the investment guidelines and terms of the account and the Third Party Client appoints EPL or EPM to manage the mandate on a discretionary or non-discretionary basis, or provide strictly advisory services. In instances where the Third Party Client contracts with EPL, EPL may appoint, and has appointed, EPM as sub-adviser, provided that appropriate client consent has been obtained.

Investment Approach

EPM's investment approach can be summarized in three steps:

1. Manager Search and Due Diligence – conduct qualitative and quantitative assessments;
2. Portfolio Construction and Asset Allocation – seek to assemble optimal mix of Portfolio Managers and strategies, using top-down and bottom-up analysis; and
3. Risk Management and Performance Monitoring – monitor portfolio, Portfolio Manager and business risk.

The GIC oversees the investment process with the goal of fostering collaboration, communication and information flows across the entire investment team. The GIC makes the investment decisions for the EnTrustPermal Funds and SMAs. In addition, it approves new managers, allocations and co-investments, as well as any manager terminations. The GIC has regular formal meetings and members of the GIC communicate informally on a daily basis. In addition to the GIC, EPM has an Investment Risk Committee ("IRC") and a Risk, Compliance and Operations Committee ("RCOC"), with the IRC having the power to veto any new investment or additional allocation decision made by the GIC.

Internal Controls

EPM has also established a Compliance and Conflicts Committee to enhance the independence of oversight and controls relating to EPM's compliance policies and procedures and to identify, address and resolve existing and potential conflicts of interest that may arise across EPM's business practices.

The Committee consists of senior members of the Legal and Compliance Team and John H. Walsh (former Associate Director-Chief Counsel for the SEC's Office of Compliance Inspections and Examinations, and a current Partner at the law firm of Sutherland Asbill & Brennan) as Independent Legal/Compliance Advisor to the Committee. Issues may be identified for consideration by the Committee through senior management's daily interaction with employees, as well as the regular meetings of the RCOC, the IRC and the GIC (discussed below). Certain issues identified by the Committee may be escalated to the RCOC for further consideration.

Formal meetings are generally conducted on a monthly basis, even in the absence of the identification of any particular issues for consideration, although the Committee may meet more frequently as issues arise. Minutes of meetings are prepared and maintained. In addition, the Independent Legal/Compliance Advisor conducts quarterly training sessions for EPM's personnel regarding compliance issues and considerations.

Finally, the Committee discusses on an ongoing basis the firm's business practices and relationships and discusses how to best mitigate and monitor the inventory of identified and anticipated risks.

Cybersecurity

In response to the increasing number of cyber-attacks across different industries, as well as an increased regulatory focus on financial firms' preparedness to protect information and systems and to respond to such attacks, EPM conducts an ongoing assessment of its technology systems and controls.

Of particular focus in conducting this assessment are supervisory controls over, and protection of, systems and confidential information, operational capabilities of systems and where these systems could be improved to provide better protection, preparedness to respond to cyber-attacks, the drafting of written policies and procedures and vendor management.

While no cybersecurity program can anticipate and prevent all types of cyber-attacks, EPM has invested significant time and resources in strengthening and upgrading its internal controls and systems, including an entire infrastructure upgrade of its server environment, having an external vulnerability assessment conducted and strengthening the monitoring of potential threat activity and other controls. EPM will continue to monitor its cybersecurity program and spend the necessary time and resources to implement upgrades as necessary.

Wrap Fee Programs

EnTrustPermal does not participate in wrap fee programs.

Assets Under Management ("AUM")

As of March 31, 2016, EPM managed approximately \$11.7 billion on a discretionary basis and \$108 million on a non-discretionary basis.

Item 5. Fees and Compensation

Management Fees

Management fees charged to the EnTrustPermal Funds and Third Party Clients are typically based on a percentage of net AUM at the close of the market on the date the fee accrues or as otherwise stipulated in the Fund's Offering Materials or Third Party Client's agreement. Such fees are accrued and charged monthly or quarterly in arrears. Accounts initiated or terminated during the relevant monthly or quarterly periods will be charged a pro-rated fee. Please refer to the relevant Offering Materials for a complete understanding of how EnTrustPermal is compensated for its investment advisory services. EnTrustPermal's Brochure is not offered to investors or prospective investors that are not qualified purchasers. As such, the information contained herein is a summary only and does not specify the range of fees that may be charged to the EnTrustPermal Funds or Third Party Clients.

Where EPL delegates discretionary management to EPM, EPL is responsible for remunerating EPM from the fees that EPL receives from the EnTrustPermal Funds or Third Party Client.

EnTrustPermal Funds

Each EnTrustPermal Fund's fee schedule is set out in the Offering Materials for the relevant fund.

EPL or EPM, in certain circumstances, reduces or rebates management fees to certain Investors by separate agreement.

Third Party Clients

Third Party Client fee schedules are individually negotiated and may vary based upon a wide variety of factors including the type of client mandate, services provided, investment amount, and other factors as may be negotiated and agreed with the particular Third Party Client.

Management fees are typically invoiced directly to the Third Party Client or their custodian.

Performance Fees

Please see [Item 6 – Performance-Based Fees](#) for further information.

Additional Expenses

The fees described above cover only EnTrustPermal's investment management services. Investors in the EnTrustPermal Funds and Third Party Clients bear, directly and indirectly, certain additional expenses, which are described in the relevant Offering Materials or SMA Agreement.

Some of the types of fees that may apply are set out below:

EnTrustPermal Funds

1. Management and performance fees paid to Portfolio Managers – management fees are generally charged on the amounts invested in the Special Purpose Funds or Underlying Funds. Performance Fees are based on the increase in value, including both realized and unrealized gains, of the amounts invested in these funds, and may, or may not, be subject to a high water mark hurdle or equalization.
2. Ongoing operational expenses of the EnTrustPermal Funds – these expenses may include: administration, custody, legal, audit, filing fees, director fees, insurance premiums, shareholder service fees and other similar expenses involved in the ongoing operation of the fund, as set out in the relevant Offering Materials.
3. Dealing fees for subscribing/redeeming the EnTrustPermal Fund – depending upon the share class subscribed and amount purchased, dealing fees, such as front end or back end sales charges, may apply to the Investor. These amounts are not typically earned by EnTrustPermal but are charged and retained by financial intermediaries who offer the EnTrustPermal Funds for sale to their clients.
4. Dealing fees associated with EnTrustPermal redeeming investments from an Underlying Fund – while typically not the case, there could be instances where charges apply for early redemptions from an Underlying Fund.
5. Distribution fees – for Investors subscribing into a share class with a back end sales charge, an ongoing distribution fee of 1% will be charged. This fee is also generally paid to the financial intermediary that made the EnTrustPermal Funds available for sale.
6. Credit facilities – certain EnTrustPermal Funds have credit facilities in place that can be used for cash bridging or other purposes. Interest charges and commitment fees are allocated and charged to the relevant EnTrustPermal Fund.
7. Other ongoing expenses of the Special Purpose Funds and Underlying Funds – Such expenses are similar to the ongoing expenses incurred by the EnTrustPermal Funds described above. Additionally, costs of financing and trading would also be borne indirectly by the Investors in the Special Purpose Funds and Underlying Funds.

Third Party Clients

1. Administration, custody, legal, audit and filing fees and such other operating expenses as may be disclosed in the relevant Offering Materials;
2. Investment company fees (layering Rule 12d-3);
3. Management and performance fees paid to the Portfolio Manager of the Special Purpose Funds or Underlying Funds; and
4. Other ongoing expenses of the Special Purpose Funds and Underlying Funds.

In addition, as discussed further in [Item 12 – Brokerage Practices](#), EPM on occasion trades in securities traded in secondary markets including exchange traded funds (“ETFs”), open and closed-end funds and other securities. In these cases, SMAs will directly and Investors in the EnTrustPermal Funds or Special Purpose Funds will indirectly bear the costs and expenses (such as commissions or spreads) associated with trading.

EPM employees do not receive commission-based compensation from the sale of securities or investments purchased, sold or recommended to EPM clients. In addition, EnTrustPermal Securities LLC, an affiliate of EPM, is a Delaware limited liability company registered with the SEC as a broker-dealer (the “Broker-Dealer”) and a member firm of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). The Broker-Dealer does not hold securities or customer accounts, nor does it clear or execute any trades on behalf of the EnTrustPermal Funds or otherwise. The sole business purpose of the Broker-Dealer is to introduce prospective investors to the EnTrustPermal Funds managed by EPM and its affiliates.

The decision to form the Broker-Dealer, which commenced operations in July 2009, reflected a view on the part of senior management consistent with the “black letter” of the law as it relates to firm employees whose primary function is to raise capital for the EnTrustPermal Funds. Specifically, the law requires that such employees who receive transaction-based compensation attributable to investors they refer to the EnTrustPermal Funds must be registered and licensed with a broker-dealer because the recommendation of a fund investment is a recommendation of a security. It is the shared view of senior management and outside counsel that this approach is consistent with the firm’s culture of continuing to operate the business as conservatively as possible.

Registered representatives of the Broker-Dealer may be compensated under a variety of compensation arrangements, including base compensation and/or a bonus or may receive a percentage of the fee attributable to investors they refer to a particular EnTrustPermal Fund. Such dedicated business development professionals may be part-time or full-time employees of the Broker-Dealer and may provide information about a particular marketplace (e.g., Taft Hartley, State or local governments) with which they are familiar and may have other relationships with a prospective investor.

The Broker-Dealer provides these services to EPM pursuant to an agreement that provides that the Broker-Dealer receives a certain percentage of the Management Fees attributable to investors it refers to the EnTrustPermal Funds and may receive a portion of the Performance Allocation (if any) as determined on an investor-by-investor basis. All fees payable to the Broker-Dealer and its registered representatives by virtue of this arrangement are the responsibility of EPM (and/or its investment advisory affiliates) and are not passed through to the EnTrustPermal Funds or to investors. Such registered representatives are in-house firm employees and are subject to supervision and oversight in accordance with the written supervisory procedures of the Broker-Dealer.

It is critical that investors and prospective investors refer to the relevant Offering Materials for a complete understanding of how EPM is compensated for its investment advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Item 6. Performance-Based Fees and Side-By-Side Management

In addition to the management fees described above in [Item 5 – Fees and Compensation](#), certain, but not all, EnTrustPermal Funds and Third Party Clients pay a fee based on the performance of their investment. Performance-based fees are typically computed with respect to realized and unrealized profits and based on the increase over the previous highest net asset value (“NAV”) per share/Account.

Performance-based fees will generally be assessed in arrears at the end of each calendar quarter or such longer period as negotiated with the client.

EnTrustPermal Funds

Investors in certain EnTrustPermal Funds bear performance-based fees which can be charged either:

- Directly to the capital account of an investor invested in a fund structured as a limited partnership;
- By reference to the class or series of shares in which the investor is invested; or
- At the overall fund level.

These fee arrangements are described in more detail in the relevant Offering Materials which should be reviewed in their entirety.

Investors in EnTrustPermal Funds where the performance fee is charged at the overall fund level or class should note that as equalization or series accounting is not used, the performance-based fee will be based on the overall performance of the fund or share class, as applicable, as opposed to the specific performance of the shares held by a particular Investor. Depending upon the circumstances, certain Investors may be advantaged while others may be disadvantaged due to the calculation methodology being used.

Third Party Clients

Performance fees for certain Third Party Clients are based upon a wide variety of factors including the type of client mandate, services provided, investment amount, and other factors as may be negotiated and agreed with the particular Third Party Client.

Investment Selection: Performance fee arrangements may create an incentive for an investment manager to make investments that are riskier or more speculative than would be the case absent a performance fee.

Item 7. Types of Clients

Clients and Investors in the EnTrustPermal Funds include:

- High net worth individuals;
- Corporate pension and profit-sharing plans;
- Taft-Hartley plans;
- Unions;
- Corporations;
- Family offices;
- Charitable institutions;
- Foundations;
- Endowments;
- Municipalities;
- Private investment funds;
- Sovereign wealth funds;
- Foreign funds such as UCITs and SICAVs; and
- Other US and international institutions.

As a general rule, a minimum account size of \$50,000,000 is required for a Third Party Client. In certain limited circumstances, a smaller account size may be agreed.

US investors in the EnTrustPermal Funds must be accredited investors, qualified purchasers and meet the professional investor status in the jurisdiction in which the fund is domiciled. Investments by US persons in the EnTrustPermal Funds domiciled offshore are typically limited to US tax-exempt investors.

All clients and investors are subject to applicable suitability requirements.

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

Methods of Analysis

EPM's investment decisions are made using both a top-down macroeconomic and market view and bottom-up analysis. EPM identifies, researches, assesses, selects and monitors the Portfolio Managers with which the EnTrustPermal Funds or Third Party Clients invest. EPM uses a combination of qualitative and quantitative factors to evaluate Portfolio Manager qualifications, among which are:

- Office visits;
- Reputation of the principals of the Portfolio Managers (reference checks);
- Offering documentation and financial statements reviews;
- Investment philosophies;
- Risk management techniques;
- Monthly investment performance return patterns including standard deviations, length and size of draw downs, downside deviation, and performance during periods of stress;
- Operation factors; and
- Systematic risk factors.

Operational Due Diligence

EPM takes a proactive approach to risk management and the extensive risk management procedures it has implemented are critical to, although independent of, the investment process.

Managers are sourced from referrals from EPM's network of investment professionals, existing managers and hedge fund databases (i.e., Preqin and HFR). Once a prospective investment manager is identified, members of EPM's team meet and interview the prospective investment manager(s). Through the interview process, EPM garners an in-depth understanding of the manager's investment thesis and processes. From this list, EPM generally performs in-depth operational due diligence and deeper investment research, including meeting additional members of the potential manager's investment research team. Should EPM choose to add a manager to the EnTrustPermal Funds or invest in a co-investment from this selective list, EPM will conduct final investment and operational due diligence before funding. From time to time, EPM will wait to add approved managers based on current market conditions and investment opportunity sets.

After an initial interview, the prospective manager will then be required to complete an extensive proprietary due diligence questionnaire, which incorporates questions related to investment strategy, as well as systems, valuation procedures, cash controls and service providers.

All information obtained from both the interview and the questionnaire is reviewed and follow-up interviews are scheduled or questions are posed. Typically, EPM's team will visit a manager a minimum of three times before investment (one initial meeting, one investment team/in-depth strategy review and an operational due diligence review).

EPM's operational due diligence team will meet with accounting and operations personnel to determine the scope and adequacy of the back-office infrastructure, internal controls, valuation and pricing procedures, financial reporting, disaster recovery plans and service providers.

Prior to making an investment with any new manager, members of EPM's team contact individuals within its network for background checks/referrals and EPM's operational due diligence team contacts the administrator, prime broker(s), custodian and auditor of the underlying portfolio to confirm the relationship.

Final decisions regarding initial Fund investments or co-investments with managers and any additional capital allocations are made by the GIC based on meetings with the managers and input from various members of EPM's team. However, the IRC has the power to veto any new investment or additional allocation decision made by the GIC.

The IRC is responsible for identifying and addressing inherent and exogenous risk factors in the portfolio, as well as

mitigation methodologies. The IRC generally meets formally on a monthly basis and more frequently on an informal basis. Minutes will be maintained of the formal IRC meetings. The IRC includes the Global Chief Risk Officer (Committee Chair) as well as senior members of the firm, including members of the Investment Team, Operational Due Diligence and Legal/Compliance.

The portfolio is reviewed regularly and rebalanced by the GIC on a monthly basis as necessary.

Investment Strategies

EPM tends to focus on strategies that have depth and liquidity including, but not limited to the following:

- Equity Long / Short;
- Discretionary Global Macro;
- Systematic Global Macro;
- Fixed Income Trading;
- Event Driven;
- Relative Value Arbitrage;
- Fixed Income Arbitrage;
- Long Only Commodities; and
- Emerging Markets.

Set forth below is an overview of the primary risks associated with fund of funds investing, each of which is more fully discussed in [Exhibit A](#). However, it is not possible to identify all of the risks associated with investing. The particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. For additional discussion about risks relating to a particular investment, it is critical that clients consult their Offering Materials for a complete understanding of the significant risks associated with their investments. The information contained herein is a summary only and is qualified in its entirety by the relevant Offering Materials.

Client Risks

The following is a non-exhaustive list of the more common risks that Investors or Third Party Clients should consider in connection with an investment program of the kind described herein:

- Lack of regulation of Underlying Funds and Special Purpose Funds and their Portfolio Managers;
- Lack of transparency of information regarding Underlying Funds;
- Liquidity;
- Multiple levels of fees and expenses;
- Multi manager investing; and
- Valuation.

Additionally, while client assets will be invested in Underlying Funds and Special Purpose Funds which are structured to limit risk of loss, the following are some of the more common risks that may arise in connection with the activities of the Portfolio Managers:

- Commodity Markets and Natural Resources;
- Derivatives;
- Emerging Markets;
- Fixed Income;
- Hedging transactions;
- Key man performance;
- Leverage;
- Sector Emphasis; and
- Short Sales.

While EPM seeks to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee or representation that EPM's or any Portfolio Manager's investment program will be successful. Investors and Third Party Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Item 9. Disciplinary Information

EPM is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of EPM or the integrity of EPM's management.

As of the date of this Brochure and to the best of EPM's knowledge, EPM does not have any legal or disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

EnTrustPermal is a global organization with affiliates regulated by the SEC, the Commodities Futures Trading Commission ("CFTC"), the National Futures Association ("NFA"), the FCA, the Financial Industry Regulatory Authority ("FINRA"), the Dubai Financial Services Authority ("DFSA"), the Monetary Authority of Singapore, the Hong Kong Securities & Futures Commission, the Korean Financial Supervisory Commission, the French Autorité des Marchés Financiers, Autorité des Marchés Financiers (Quebec), Ontario Futures Commission, the Securities Commission of the Bahamas and the Central Bank of the Bahamas.

EPM is wholly owned by EnTrustPermal LLC. EnTrustPermal LLC is owned 35% by entities controlled by Gregg S. Hymowitz and 65% by EnTrustPermal Group Holdings LLC (collectively, "EnTrustPermal"), a wholly owned subsidiary of Legg Mason, a New York Stock Exchange listed corporation. Legg Mason's affiliates include investment advisers, broker dealers, commodity pool operators, futures commission merchants, banks and sponsors or syndicators of limited partnerships.

EPM serves as a sub-adviser to three US registered investment companies, EnTrustPermal Alternative Core Fund (formerly known as Permal Alternative Core Fund and Permal Tactical Allocation Fund) ("PACF"), EnTrustPermal Hedge Strategies Fund ("PHSF") and EnTrustPermal Hedge Strategies Fund II ("PHSFII"). PHSF and PHSFII are closed end feeder funds that invest in a US registered investment company master fund sponsored by Legg Mason. In addition, EPM serves as the manager to Permal Alternative Select Fund ("PASF") and Permal Alternative Select VIT Portfolio ("PASVIT"), along with PACF, each a series of a US registered investment company sponsored by Legg Mason. Legg Mason Investor Services, LLC ("LMIS") serves as distributor for PACF, PHSF, PHSFII and PASF. PACF invests in Legg Mason affiliated mutual funds. EPM's clients are typically not solicited to invest in these funds.

EPM is the sole managing member of EnTrustPermal GP LLC, the entity that serves as the general partner to Permal Investment Partners, LP ("PIP"). EPM clients may be solicited to invest in PIP.

EnTrust Partners LLC ("Partners") is a Delaware limited liability company and an investment adviser also registered with the SEC. Partners is under common control with EPM. Partners may provide discretionary investment advisory services as general partner to domestic private investment funds of hedge funds and may provide discretionary or non-discretionary advisory services in offering customized strategic alternative solutions through a multi-strategy platform or otherwise. These funds of hedge funds, all Delaware limited partnerships offered to taxable institutions and eligible high net worth individuals, invest in a diversified mix of hedge funds and are managed according to the objectives and policies described in their respective offering documents. Partners may manage other funds in the future with investment strategies that may or may not be similar to that of the EnTrustPermal Funds, including but not limited to funds registered under the Investment Company Act of 1940, as amended. Domestic funds managed by Partners are generally the domestic counterpart funds to the offshore funds managed by EnTrust Partners Offshore LP (discussed below) that pursue the same investment strategy. Partners is also registered as a commodity pool operator and commodity trading advisor with the CFTC. While none of the domestic funds engage in the direct trading of commodities or futures, the underlying portfolios may use such instruments for hedging or speculative purposes.

EnTrust Partners Offshore LP ("Offshore") is a Delaware limited partnership and an investment adviser also registered with the SEC. Offshore is under common control with EPM. Offshore may provide discretionary investment advisory services as investment manager to offshore private investment funds and may provide discretionary or non-discretionary advisory services in offering customized strategic alternative solutions through a multi-strategy fund of hedge funds platform or otherwise. Such offshore funds are generally the offshore counterpart funds to the domestic funds managed by Partners that pursue the same investment strategy. Offshore is also registered as a commodity pool operator and commodity trading advisor with the CFTC. While none of the offshore funds engage in the direct trading of commodities or futures, the underlying portfolios may use such instruments for hedging or speculative purposes.

EnTrust Focus Partners LP ("Focus") is a Delaware limited partnership and an SEC-registered investment adviser that is also registered with the Ontario Securities Commission as a Portfolio Manager and Investment Fund Manager. Focus serves as the investment adviser to a Canadian domiciled private investment fund. Focus is under common control with EPM.

EnTrustPermal Securities LLC ("Securities") is registered with the SEC as a broker-dealer and is a member firm of FINRA and SIPC. The business purpose of the Broker-Dealer is set forth under Item 5 above. Jill Zelenko, Global Chief Risk Officer of EnTrustPermal, is registered as the Financial Operations Principal of the Broker-Dealer. Bruce Kahne, the General Counsel/CCO of EPM, is also the General Counsel/CCO of the Broker-Dealer. The Broker-Dealer is under common control with EPM.

EnTrustPermal Ltd. (formerly known as Permal Investment Management Services Limited) ("EPL") is regulated by the UK FCA, US NFA, Australian Wholesale Client Exemption, and is authorized by the Central Bank of Ireland to serve as investment manager to Irish domiciled funds. EPL acts as investment advisor to offshore products where EPM is the sub-advisor. EPL may provide discretionary investment advisory services as investment manager to offshore private investment funds and may provide discretionary or non-discretionary advisory services in offering customized strategic alternative solutions through a multi-strategy fund of hedge funds platform or otherwise. EPL is also registered as a commodity pool operator with the CFTC and is a member firm of the NFA. While none of the offshore funds engage in the direct trading of commodities or futures, the underlying portfolios may use such instruments for hedging or speculative purposes. EPL has delegated day-to-day discretionary management for certain of its clients, including the EnTrustPermal Funds, to EPM. EPM receives a percentage of EPL's gross revenue with respect to these clients as a fee for its services.

EnTrustPermal Ltd. (Dubai Branch) is regulated by the DFSA. EnTrustPermal Ltd. (Dubai Branch) provides regional business development support and is under common control with EPM.

Permal Group SAS ("PGSAS") is regulated by the French Autorité des Marchés Financiers (AMF), including full AIFM authorization. PGSAS may provide discretionary investment advisory services as investment manager to offshore private investment funds and may provide discretionary or non-discretionary advisory services in offering customized strategic alternative solutions through a multi-strategy fund of hedge funds platform or otherwise.

EnTrustPermal Singapore is operating as a division of Legg Mason Asset Management Singapore Pte. Ltd. EnTrustPermal Singapore provides regional business development support and is under common control with EPM.

Permal (Hong Kong) Ltd is regulated by the Hong Kong SFC. Permal (Hong Kong) Ltd provides regional business development support and is under common control with EPM.

A member of the former legacy Permal Investment Committee is: (i) a partner in Souede and Hodge Associates, a company which serves as general partner and investment manager to Ann Arbor Fund LP, an investment partnership predominantly for legacy Permal employees, friends, and family members domiciled in the US which has an allocation to Underlying Funds; and (ii) a member of Arrowsmith LLC, a company which serves as investment manager to Arrowsmith Fund Ltd., a BVI mutual fund predominantly for legacy Permal employees, friends, and family members which has an allocation to Underlying Funds (collectively with Ann Arbor Fund LP, the "Outside Funds"). The Outside Funds frequently invest with the same or similar Portfolio Managers as EnTrustPermal Funds and Third Party Clients and EnTrustPermal may share investment research for the benefit of the Outside Funds. Arrowsmith LLC currently leases office space in New York from an affiliate. This office space is not located on any of the floors currently occupied by EnTrustPermal employees.

As of August 31, 2016, the member noted above will no longer be employed by EnTrustPermal so: (i) Souede and Hodge Associates will no longer be affiliated with EnTrustPermal; and (ii) for Arrowsmith LLC, the only remaining affiliation with EnTrustPermal will be that two existing EnTrustPermal employees each remain an approximate 1% owner of Arrowsmith.

In addition to responsibilities with respect to the management and investment activities of any particular Fund or account, senior management will have similar responsibilities with respect to various other existing and future pooled investment vehicles and will devote such time to the business of the Funds as is deemed necessary. However, additional clients or other business responsibilities at the firm may have the effect of reducing the time devoted to the investment activities of any particular Fund.

Refer to [Item 11 – Code of Ethics](#) for a further discussion on potential conflicts of interest.

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

EPM recognizes that, as a fiduciary, it must serve the interests of its clients. EPM further recognizes that it must adhere to the highest standard of care and diligence in conducting its business activities and must be particularly sensitive to situations in which the interests of its advisory clients may be directly or indirectly in conflict with those of EPM. Compliance obligations are a priority of EPM and, as such, EPM has adopted written policies and procedures in accordance with those standards.

In addition, EPM has adopted a Code of Ethics intended to limit or mitigate potential conflicts of interest arising from ownership of securities by EPM's employees that may also be purchased or sold for advisory clients (either directly or through an underlying portfolio). The Code of Ethics may generally be summarized as a "no trading" policy, although it also contains guidelines and reflects expectations regarding business entertainment, gifts and the standard of conduct required of employees.

The Code of Ethics is based on the notion that EPM's employees must act in the best interests of advisory clients and should avoid engaging in business activities, including making personal investments, that create or appear to create a conflict of interest, and is intended to prevent and detect such conflicts or potential conflicts of interest. The Code of Ethics generally prohibits employees of EPM from purchasing or selling securities on a discretionary basis for their own accounts, including all securities accounts in their own name and under their control or management. This does not include accounts that hold exclusively mutual funds, exchange traded funds or government securities or other accounts over which the employee has no direct or indirect investment discretion. On a quarterly basis, employees submit to the CCO or his designee "no trading" statements to confirm that they are in compliance with the policy. In addition, employees are required to complete periodic reports listing their brokerage accounts and provide brokerage statements if such accounts hold any "reportable" securities. The CCO or his designee reviews such reports and statements on a periodic basis. The CCO may also grant exemptions to the Code of Ethics and take appropriate corrective action with respect to any violations of the Code of Ethics.

Notwithstanding the foregoing, EPM believes that it is important that employees invest in securities that EPM purchases for clients and, therefore, align their interests with and share in the same investment risks and benefits as clients. Accordingly, EPM permits eligible employees to invest in any of its Funds.

Copies of the Code of Ethics are available upon request by contacting Bruce Kahne, General Counsel/CCO – U.S. (tel. 212.224.5548).

In addition, EPM and its employees may invest personally in certain outside business ventures alongside clients with whom EPM or its employees have long-standing personal and business relationships ("Joint Investments"). This could create potential conflicts of interest including, among others, the risk that EPM may favor such investors relative to other investors. The CCO or his designee reviews in advance any potential Joint Investments to identify any potential conflicts of interest.

For any such Joint Investments, EPM and its employees: (i) may not earn a fee or be otherwise compensated with respect to such investment; (ii) must invest in the Joint Investment on the same terms as other investors; and (iii) may not have an active, day-to-day management role with respect to such investments. In addition, the CCO periodically monitors the accounts of such clients to ensure that they do not receive favorable treatment relative to other investors regarding the payment of fees and withdrawals.

In an effort to avoid any potential conflicts of interest, employees of EPM are prohibited from using their position at EPM to give to or receive from any person or company that does business with EPM or that the employee hopes to do business with on behalf of EPM, including prospective investors, their consultants or representatives, a gift, favor, special accommodation or similar item of value, so frequently or of such high value as to raise a question of impropriety. Gifts and business entertainment must be consistent with customary business practices and

employees are instructed that care should be taken that the entertainment or gift does not appear to be intended to unduly influence the recipient in the exercise of his or her judgment and discretion.

EPM's policy regarding political contributions is intended to satisfy the requirements of Rule 206(4)-5 under the Advisers Act and other applicable laws and regulations with respect to political contributions made by EPM and its employees. The policy requires, among other things, preclearance by employees and approval by the CCO of all political contributions. In addition, unless preapproved by the CCO or his designee, employees may not, among other things, solicit contributions on behalf of candidates, political parties or political action committees (PACs) or serve on political committees for candidates. The goal of the policy is to avoid actual or apparent impropriety between EPM and/or its employees and government officials.

EPM also has a policy prohibiting the use of social media for business purposes. To confirm adherence to this policy, employees execute quarterly attestations disclosing the social media sites they maintain and EPM periodically reviews such publicly available sites to identify any potential violations of this policy.

In addition to the policies described above, EPM has adopted and implemented written policies and procedures designed to prevent the misuse of material nonpublic information by EPM or persons associated with EPM (pursuant to Section 204A of the Advisers Act), as well as the intentional spreading of misinformation or rumors intended to influence the market price of a security. EPM's Insider Trading Policy explains the concepts of an "insider" and "material, nonpublic information," contains procedures for employees to evaluate the types of information received and requires employees immediately, and prior to affecting any trade or communicating such information, to notify the CCO.

EPM's policies and procedures regarding the making of political contributions, social media, and insider trading, among others, are reinforced in training sessions and by the execution of quarterly employee certifications confirming compliance with such policies and procedures.

Violations of the Code of Ethics or other policies and procedures may be addressed by various corrective measures. The nature of the corrective action will depend on the severity of the violation committed, in the judgment of the CCO, senior management, the Compliance and Conflicts Committee and, as appropriate, outside counsel. Factors to be considered in determining the appropriate corrective action may include, but not be limited to, whether investors were harmed, whether the violation was intentional, whether the incident was isolated or part of a pattern, and recidivism on the part of the employee.

Potential Conflicts of Interests

EPM offers different products and services and there are various potential conflicts of interest which may arise, including, but not limited to those listed beginning on the following page. EPM has adopted, and will continue to maintain, policies and procedures to address these potential conflicts of interest.

Potential Conflict of Interest	Mitigating Policies
EPM serves as investment manager for numerous clients, some of which may have investment objectives similar to another client and/or be investment fund sponsored by EnTrustPermal. EPM may deem it appropriate to recommend that one client redeem an Underlying Fund while at the same time recommend that another client subscribe to the same Underlying Fund.	EPM maintains detailed policies and procedures relating to allocation among clients. EPM will seek to allocate transactions and opportunities among its various accounts in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations, and capital for investment, among other factors. Refer to Item 12 – Brokerage Practices . All investment decisions are approved by the GIC. Refer to Item 13 – Review of Accounts for further details.
Members of EPM's Investment Team may sit on the board of directors or advisory board of an Underlying Fund, often at the request of the Portfolio Manager, in order to obtain a better understanding of both the operations of the Underlying Fund and Portfolio Manager.	Legal and Compliance must approve any outside board activities. Other outside business activities that are likely to represent a material conflict of interest with EnTrustPermal's business are also approved by EPM's governing board. Once approved, these employees are not permitted to be the sole person involved in making investment decisions relating to these funds or in the voting of any proxies issued by these funds.
Where appropriate and in the best interest of both clients, EPM may cause one client to purchase investments from or sell investments to another client ("Cross Transactions").	Cross Transactions are reviewed by EPM's Head of Trading and the Compliance Department. These transactions are effected at the NAV determined by the third party administrator for the issuer as of the date of the transaction. EPM earns no compensation as a result of such trades. In addition, the Board of Directors of the EnTrustPermal Funds review semi-annually any Cross Transactions effected for an EnTrustPermal Fund. Refer to Item 12 – Brokerage Practices for further details.
On occasion, EPM and/or its related persons may have an ownership or controlling interest in one of the EnTrustPermal Funds participating in the Cross Transaction and as a result, is deemed to act as principal in the trade. This would typically occur when one of EPM's affiliated entities seeds a new EnTrustPermal Fund.	In the event EPM acts a principal, EPM will obtain permission to effect the Cross Transaction from the Third Party Client or an independent board member of the EnTrustPermal Fund. Refer to Item 12 – Brokerage Practices for further details.
EPM may recommend or buy interests on behalf of its clients in Underlying Funds in which EPM, or related parties have an ownership interest.	All such interests will be purchased at NAV as determined in accordance with the Underlying Fund's governing documents. These interests are not typically purchased from EPM, its employees or other related persons, but are issued directly by the Underlying Fund.
EPM may incur expenses that are allocable to more than one client or to both EPM and one or more clients.	EnTrustPermal allocates expenses on a basis that it considers equitable and in accordance with its

Potential Conflict of Interest	Mitigating Policies
	expense allocation policies and clients' governing documents.
<p>EPM may have to allocate a limited number of shares in Underlying Funds or a limited amount of investment opportunities among its clients. Furthermore, certain clients may have differing management and fee structures, including performance fees.</p> <p>Refer to Item 6 – Performance-Based Fees and Side-By-Side Management for further discussion.</p>	EPM maintains policies and procedures governing investment allocation among its clients. EPM seeks to allocate Underlying Funds and investment opportunities among its clients in a manner it believes to be as equitable as possible, while considering each client's objectives, programs, limitations and capital available for investment.
EPM may recommend and invest clients in Underlying Funds to which EPM or a related party provides investment advisory or management services and from which EPM or a related party receives fees.	Unless otherwise disclosed to the client, client fees are generally structured to avoid duplication of management and/or advisory fees at multiple levels.
EPM or its affiliates may receive on behalf of clients rebates or similar payments from Portfolio Managers in respect of client investments in their funds.	EPM and/or its affiliates provide these rebates or payments in respect of the client's assets back to the client. These rebates are allocated to clients in a manner EPM believes to be fair and equitable and are typically allocated pro-rata based on the size of each client's investment in a fund.
EPM, or an affiliate, may invest an EnTrustPermal Fund in a Portfolio Manager's management company. As a result, other EnTrustPermal Funds or Third Party Clients investing in Underlying Funds managed by this Portfolio Manager may receive discounted fees.	All investment decisions are approved by the GIC.
An EPM employee may also serve on the Board of Directors of a sponsored fund.	EPM's Code of Ethics addresses acceptable standards of business conduct and covers among other things, conflicts of interest, compliance with laws and regulations, fiduciary obligations and outside business activities. In addition, EPM maintains a policy covering its responsibilities to its clients. The policy requires that EnTrustPermal protect the interests of each of its clients, place the clients' interests first and take steps to seek to verify that all actions taken on behalf of clients are in the clients' best interest.
EPM may invest client assets in an underlying portfolio fund managed by an individual or entity controlled by a member of the Board of Directors of Legg Mason, EPM's ultimate majority shareholder.	Investments of this type would need to be approved by EnTrustPermal's General Counsel and/or EPM's Chief Compliance Officer and are subject to certain conditions imposed by Legg Mason.
EPM may invest client assets into an underlying portfolio fund to which EPM or an affiliate may be providing a service other than investment management or investment advisory, such as risk monitoring or operational due diligence, for a fee.	The provisions of these types of services to underlying portfolio funds in which EPM may invest would need to be approved by EnTrustPermal's General Counsel and/or EPM's Chief Compliance Officer.

Potential Conflict of Interest	Mitigating Policies
<p>Certain of EPM's affiliates, officers, and employees have investments in one or more of the EnTrustPermal Funds, and as such, have a financial interest in the EnTrustPermal Funds.</p>	<p>The Legal and Compliance Department may periodically request from a member of the GIC information about any transactions or investments where it believed a potential material conflict may exist. In addition, the Legal and Compliance Department will periodically review transactions and other arrangements with clients for potential material conflicts of interest.</p>
<p>As EPM or an affiliate receives performance-based compensation in respect to some EnTrustPermal Funds or Third Party Clients and not from others, there may be an incentive to favor one client over another which constitutes a potential conflict of interest. In addition, both at the underlying manager level and the fund level, performance based fees are dependent, in part, on the unrealized value of certain investments. This could provide an incentive for EPM or an affiliate to use higher valuations.</p>	<p>In order to manage such potential conflicts, the client portfolios are under continuous review by the GIC (refer to Item 13 – Review of Accounts). In addition, EPM maintains a trade allocation policy (refer to Item 12 – Brokerage Practices) that addresses these potential conflicts of interest. EPM, to the extent within its control, will not favor itself in any way to a client's detriment and will act in a manner that it believes over the long-term is fair and equitable to its clients.</p>
<p>EPM, its Managing Partner and employees (or employees of EPM's affiliates) may invest in one or more classes, tranches or series of the EnTrustPermal Funds (collectively, "Tranches"). In order to better align his interests with those of investors, Mr. Hymowitz has made substantial investments/commitments to certain of the EnTrustPermal Funds and may be the largest investor in a Tranche. While such investment may not represent a material portion of the total assets of the EnTrustPermal Fund, being the largest investor in the Tranche may create certain conflicts in the allocation of investment opportunities and other matters. EPM intends to manage any such conflict in a manner which is fair to and does not disadvantage other investors. EPM, its Managing Partner and such employees also provide similar services to, or fulfill similar roles in respect of, other investment vehicles managed by EPM and its investment advisory affiliates (collectively, "EnTrustPermal"). Accordingly, although it is anticipated that the Tranches and other investment vehicles will participate in investments that are appropriate for the particular EnTrustPermal Fund and such other investment vehicles on a pari passu basis, other investment vehicles may produce investment results that are substantially different from those of a particular EnTrustPermal Fund. To the extent that other investment vehicles managed by EnTrustPermal trade in similar markets and investments at or about the same time, these other investment vehicles may compete with the Tranches with respect to those investments.</p>	<p>Investment opportunities will be allocated in accordance with the EnTrustPermal Fund's and such investment vehicles' respective investment objectives and strategies and EPM's investment allocation policy. In accordance with such policy, there may be circumstances in which one or more accounts or vehicles do not participate in particular investment opportunities on a pro rata basis with the EnTrustPermal Fund, or at all.</p>

Item 12. Brokerage Practices

EPM does not typically use brokers to effect transactions for the EnTrustPermal Funds or Third Party Clients as these clients generally invest in open-ended investment funds with continuous offerings which are not traded on the open market. However, EPM may occasionally trade in:

- Underlying Funds that are closed to new investors but available for purchase on the secondary market;
- Closed-ended funds listed on a securities exchange,
- ETFs; and
- US or foreign listed and private securities.

Additionally, on occasion, the EnTrustPermal Funds or Third Party Clients may receive securities in lieu of or as part of a distribution or liquidation of an Underlying Fund or Special Purpose Fund.

While EPM generally executes transactions in these securities through the same broker-dealer where the EnTrustPermal Fund's or Third Party Client's account was established, there are no restrictions on which broker-dealers may be used or the commission rates or similar charges paid.

If EPM does choose the broker-dealer, consistent with its duty to seek best execution, EPM would select brokers and dealers based upon their reputation, quality of service, ability to liquidate the particular security and ability to obtain interests in closed funds desired by EPM. When selecting a broker or dealer, EPM will take into account factors such as execution capabilities, commission rates, responsiveness and financial responsibility. In applying these factors, EPM recognizes that different brokers may have different execution capabilities with respect to different types of securities and transactions, and that no one broker will likely be judged the best at every relevant factor as a general matter or with respect to any particular transaction.

Soft Dollars

EnTrustPermal's current policy is not to use commissions generated by trading for client accounts to pay for third party research services.

Brokerage for Client Referrals

EPM does not use brokerage relationships for client referrals. However, EPM does have distribution relationships and placement agreements with broker-dealers as further discussed in [Item 14 – Client Referrals and Other Compensation](#).

Trade Allocation and Aggregation Practices

It is EPM's policy that no Fund or other account for which EPM has investment discretion (collectively, "EnTrustPermal Clients") shall receive preferential treatment over any other EnTrustPermal Client. In allocating securities among EnTrustPermal Clients with a substantially similar investment strategy, it is EPM's policy that all such EnTrustPermal Clients should be treated fairly and equitably over time and that, to the extent possible, all EnTrustPermal Clients with a substantially similar investment strategy should receive equivalent treatment.

Investment opportunities generally will be allocated among those EnTrustPermal Clients for which participation in the respective opportunity is considered appropriate by EPM taking into account, among other considerations:

- (a) the nature of the proposed investment and the size of the aggregate position available to EnTrustPermal Clients;



- (b) each EnTrustPermal Client's investment objective and strategies;
- (c) whether the risk-return profile of the proposed investment is consistent with the EnTrustPermal Client's objectives, whether such objectives are considered (i) solely in light of the specific investment under consideration or (ii) in the context of such EnTrustPermal Client's overall holdings;
- (d) existing exposure to the proposed investment, if any, and the potential for the proposed investment to create an imbalance in the EnTrustPermal Client's portfolio;
- (e) liquidity requirements of the EnTrustPermal Client;
- (f) the EnTrustPermal Client's available cash to invest;
- (g) tax considerations;
- (h) legal and/or regulatory restrictions that would or could limit an EnTrustPermal Client's ability to participate in a proposed investment;
- (i) the risk parameters for the EnTrustPermal Client's portfolio;
- (j) overall portfolio construction for the EnTrustPermal Client; and
- (k) other criteria EPM deems relevant (the nature and extent of the differences will vary from client to client).

As a result of the application of these factors, allocations and performance across EnTrustPermal Clients that are similarly situated will differ for particular investments or over time.

Where an underlying manager or other investment opportunity has limited capacity and the investment is suitable for more than one EnTrustPermal Client: (i) EPM is not obligated to cause an EnTrustPermal Client that invested first to withdraw to free up capacity for another EnTrustPermal Client; (ii) where two or more EnTrustPermal Clients are considering the investment at the same time, the investment generally will be made pro rata based on the capital available among the participating EnTrustPermal Clients for the proposed investment and on assets under management, but in consideration of the factors listed above.

Cross Transactions/Principal Trades

Occasionally, where appropriate and in the best interest of both clients, EPM effects cross transactions between client accounts. These transactions are generally effected at the NAV determined by the issuer's third party administrator as of the date of the transaction. EPM earns no compensation on such trades.

From time to time, an EnTrustPermal affiliate may either through a seed investment or investment over the life of the fund own a controlling interest in a fund. Any such cross transaction involving a fund would require the approval from an independent director of that fund and the other party to the transaction.

Refer to [Item 11 – Code of Ethics](#) for further details.

Item 13. Review of Accounts

A member of the GIC or a member of the EnTrustPermal Investment Team, under the supervision of a member of the GIC, reviews, at least monthly, the portfolios of the EnTrustPermal Funds and Third Party Clients. Factors such as asset allocation, cash management, industry and market outlook, global net exposure and concentration of investments are considered during such review. In addition, the GIC reviews, at least monthly, the allocations to each strategy within each portfolio. EnTrustPermal's IRC reviews both the portfolios as a whole and tactical allocation changes periodically using a risk based approach to verify that the strategy allocation is in line with the guidelines determined by the GIC's top-down strategic vision.

EPM's process to monitor Portfolio Managers post-investment is built on frequent and substantive contact:

- Ongoing Basis - Analysts and GIC members gather information from Portfolio Managers, traders, economists and independent research analysts.
- Monthly Basis - The investment team collects performance information for each Portfolio Manager and computes quantitative analytics, looking for deviations from the norm, both up and down. In addition, the investment team reviews Portfolio Manager newsletters and communications and consolidated exposure and concentration risk in Underlying Funds.
- Quarterly Basis - The investment team updates its internal databases to reflect organizational changes, changes to assets under management and any variation in portfolio strategy.
- Annual Basis (or more often if warranted) - EPM conducts meetings with the Portfolio Managers and reviews audit reports and financial statements.

In addition, EPM has a dedicated Operational Due Diligence Team that reviews each Portfolio Manager prior to an investment and at least once every twelve to eighteen months thereafter. These reviews generally focus on the following:

- Organizational Structure – corporate legal entities and ownership, AUM by product and strategy, staffing and compensation, litigation and outside business activities.
- Investment Portfolio – segregation of duties and internal controls over valuation, trading and operational risk management.
- Cash Management – identifying where cash is located and how it is controlled and reconciled.
- Vendor Management – quality and effectiveness of all service providers including oversight, weaknesses and strengths, and past changes.
- Accounting – internal controls relating to NAV calculation, investor reporting and side pocket accounting, and regulatory and public audits.
- Compliance – key policies, such as personal trading, restricted securities, insider trading, and outside business activities.
- Technology – effectiveness of the disaster recovery program, implementation of cybersecurity policies and controls, and technical infrastructure.

Although the foregoing describes EPM's typical process to monitor Portfolio Managers post-investment and the typical due diligence review process, not every monitoring item occurs in every instance and not every factor is considered in every instance.

Additional reviews may be triggered by one of the following potential red flags:

- Outlying performance: good or bad;
- Style drift: dramatic changes of style;
- Document surprise: inconsistent disclosure in offering documents and financial statements;
- Management turnover: departures of key personnel;
- Assets managed: dramatic increase or decrease in asset size; and
- Change of terms: sudden material changes in terms.



EnTrustPermal Fund Reporting

The following reports are typically made available to investors in the EnTrustPermal Funds:

- Net Asset Value reports – EnTrustPermal Funds' NAVs are calculated monthly in conjunction with the EnTrustPermal Funds' offering dates. Final NAVs are circulated by EnTrustPermal after completion by the relevant administrator.
- Monthly Fund Updates – These updates generally contain portfolio statistics, assets by strategy allocation, the largest five managers' names and respective allocations, performance by strategy, up/down charts and investment commentary. The update reports are available shortly after month end.

EnTrustPermal also makes available to EnTrustPermal Fund distributors and investors certain information on an interactive, password protected portion of its website (www.entrustpermal.com). This information generally includes: EnTrustPermal Funds' monthly NAVs (described above), monthly fund updates (described above), corporate updates, news and the like.

Third Party Clients

Certain Third Party Clients receive ongoing reporting as agreed upon between EPM and the Third Party Client at the onset of their relationship. Reporting may include the following:

- Marketing commentary;
- Portfolio overview and holdings summary;
- Portfolio performance and performance of Underlying Funds;
- Risk analysis;
- Liquidity analysis; and
- Portfolio constraints compliance.

Item 14. Client Referrals and Other Compensation

EPM and its employees do not receive any economic benefits, such as sales awards or other incentives, from third parties in relation to services provided to client accounts.

As noted in response to Item 8 above, the sole business purpose of the Broker-Dealer is to introduce prospective investors to the investment funds/accounts managed by EPM and its affiliates. Employees of the Broker-Dealer may be compensated under a variety of compensation arrangements, which may involve base compensation and/or a bonus or a percentage of the fee attributable to investors they refer to a particular Fund. Any such compensation is paid by the Broker-Dealer and not the EnTrustPermal Funds. The business development activities of the Broker-Dealer are overseen by Jill Daschle, the Broker-Dealer's Chief Executive Officer. It is important that any prospective investor in the EnTrustPermal Funds consider the nature of the referral or recommendation to EPM and its affiliates in determining whether to make an investment.

In addition, EnTrustPermal has agreements in place with certain banks/financial intermediaries for the distribution of EnTrustPermal Funds domiciled outside the US to clients (predominantly non-US) of such banks/financial intermediaries. This forms part of EnTrustPermal's global fund distribution network of hundreds of distributors worldwide. Any compensation paid by EnTrustPermal to these financial intermediaries is generally paid by EPL out of the investment management fee it receives from the EnTrustPermal Funds.

Similar to the arrangements described above, EPM may also be party to placement arrangements with US brokerage and other firms for the placement of Investors in EnTrustPermal Funds domiciled in the US.

EPM has engaged third-party solicitors to market its services and such solicitors may receive a fee based on the average NAV of a referred client's account. Any such arrangement is disclosed to the relevant Third Party Client. EPM pays the solicitors' fees directly and the Third Party Client is not subject to any increased or additional fees nor will the use of a solicitor, if any, be a factor in fee negotiations.



Item 15. Custody

The custody rule under the Advisers Act ("Custody Rule") defines custody as holding or having the authority to obtain possession of client securities or assets.

EPM does not hold directly assets of the EnTrustPermal Funds or Third Party Clients. Cash and securities are held by a qualified custodian appointed by each EnTrustPermal Fund or Third Party Client pursuant to a separate custody agreement.

EnTrustPermal Funds

EPM and/or its affiliates are typically deemed to have custody of the EnTrustPermal Funds and Special Purpose Funds, as one or more of the following may apply:

- A EPM affiliate serves as General Partner to those funds organized as US limited partnerships;
- Employees of EPM or an affiliate serve on the Board of Directors of these funds; or
- Employees of EPM affiliates are authorized to move cash to pay expenses or open accounts on behalf of the funds.

In accordance with the Custody Rule and relevant SEC staff guidance, the Special Purpose Funds and the EnTrustPermal Funds are audited annually by an independent public accounting firm and audited financial statements are provided to the funds' investors within 180 days of each fund's fiscal year end.

Third Party Clients

EPM and/or its affiliates may be deemed to have custody of some or all the assets of Third Party Clients that are organized as pooled investment vehicles, as one or more of the following may apply:

- EPM or an affiliate serves as General Partner for client portfolios organized as US limited partnerships;
- EPM or an affiliate serves as managing member for client portfolios organized as a LLC;
- Employees of EPM or an affiliate serve on the Board of Directors for client portfolios organized as corporate entities;
- Third Party Clients are invested in the Special Purpose Funds; or
- Employees of EPM affiliates are authorized to move cash to pay expenses or open accounts on behalf of the Third Party Clients.

In accordance with the Custody Rule requirements, the Third Party Clients that are organized as pooled investment vehicles are audited annually by an independent public accounting firm and audited financial statements are provided to the Third Party Client within 180 days of each fund's fiscal year end.

With respect to investments in the Special Purpose Funds, EPM complies with the Custody Rule and relevant SEC staff guidance by either incorporating the Special Purpose Funds in the audits of the Third Party Clients or by ensuring these clients receive the Special Purpose Funds' audited financial statements within 120 days of the Third Party Client's fiscal year-end.

In the event a Third Party Client not subject to audit invests in a Special Purpose Fund, EPM complies with the Custody Rule and relevant SEC staff guidance by ensuring these clients receive the audited financial statements of the Special Purpose Fund within 120 days of the Special Purpose Fund's fiscal year end.

Item 16. Investment Discretion

EPM receives discretionary investment authority from Third Party Clients at the outset of the advisory relationship through an investment management or similar agreement between EPM and the client. These agreements authorize EPM to supervise and direct investment and reinvestment of assets in the client's portfolio and generally stipulate any limitations on EPM's discretionary authority. Under certain circumstances, however, EPM may only provide non-discretionary or advisory services to a Third Party Client. EPM has discretionary investment authority over the EnTrustPermal Funds.

In exercising discretion, EPM will at all times observe the investment policies, limitations and restrictions imposed by the relevant EnTrustPermal Fund or Third Party Client.

EPM's authority to invest on behalf of US registered investment companies may be limited by certain US federal securities and tax laws that require diversification of investments and consideration of sources of income and favor the long term holding of investments.

Item 17. Voting Client Securities

EPM has adopted a policy governing the voting of proxies that is designed to ensure that EPM votes proxy proposals, amendments, consents or resolutions (collectively, "Proxies") relating to Underlying Funds in the best interest of the EnTrustPermal Funds and Third Party Clients and in accordance with EPM's fiduciary duties. Subject to the Offering Materials, EPM has the authority to vote Proxies for all EnTrustPermal Funds for which it exercised investment management discretion. In addition, Third Party Clients may authorize EPM to vote Proxies on their behalf. Further, Portfolio Managers of Special Purpose Funds are delegated Proxy voting authority relating to the funds they manage.

Generally, EPM will follow the below guidelines when voting Proxies on behalf of the EnTrustPermal Funds and Third Party Clients.

Where EPM has the authority to vote Proxies relating to investments with Portfolio Managers, the general policy is to vote these Proxies in a manner that EPM believes, in its discretion, serves the best interest of the client.

On routine Proxy proposals, also known as ordinary resolutions, EPM generally votes in accordance with the Underlying Fund management's recommendations or the board of directors of the Underlying Fund. Routine proposals are generally those that do not change the structure, governing rules or operations of the fund. Traditionally, these issues include, but are not limited to, approval of auditors, a change in the company name and routine Board of Directors elections.

Non-routine proposals are more likely to affect the structure and operations of the corporation and, therefore, may have a greater impact on a client's investment and include, but are not limited to, director nominations in contested elections and changes in redemption terms. As such, EPM reviews each Proxy issue in this category on a case-by-case basis.

In exercising its voting discretion, EPM shall identify and avoid any direct or indirect conflict of interest raised by such voting decision and will resolve such conflicts before voting. Such conflicts of interest may result from any personal or business relationship between EPM, its employees or affiliates, and the Portfolio Manager. In such circumstances, prior to voting, EPM will present the matter to the Compliance and Conflicts Committee for a determination. If the conflict is not material, the Committee may determine the manner in which the proxy is voted. In the case of a material conflict, the Committee may direct EPM to submit the matter to the EnTrustPermal Fund's investors for a determination. If the investors consent or fail to respond within a reasonable time, EPM will vote the proxy as described above. If a majority of investors object to EPM's proposed vote response, the proxy will be voted according to the investors' direction.

Alternatively, EPM may, in lieu of pass-through voting, elect to vote the interests held by the EnTrustPermal Fund in the same manner as other investors (i.e., in the same proportion as the "yes" and "no" votes provided by other investors in the underlying portfolios).

In all cases, EPM will evaluate the facts and circumstances specific to the EnTrustPermal Funds before deciding whether and how to vote.

In voting Proxies issued by US registered investment companies, EPM's policies require that all Proxies be echo voted, i.e., EPM votes shares of the Underlying Fund in the same proportion as the votes of the other beneficial shareholders of the registered investment company. In voting Proxies issued by non-US ETFs where echo voting is not possible, EPM will typically rely on Institutional Shareholder Services Inc. (ISS), a provider of corporate governance solutions, including proxy voting, to provide recommendations when determining how to vote these Proxies. These policies were implemented to mitigate the conflicts of interest present when EnTrustPermal voted Proxies on funds sponsored or managed by a Legg Mason affiliated adviser.

EPM, in its sole discretion, may abstain from voting a Proxy if it concludes, among others, that (i) the effect on shareholders' economic interests or the value of the portfolio holding is indeterminable or insignificant, (ii) if EPM anticipates selling a security in the near future, or (iii) if the cost of voting the Proxy exceeds the expected benefit.



Investors in the EnTrustPermal Funds cannot direct EPM on how to vote a particular Proxy.

Third Party Clients may request a copy of EPM's Proxy Voting Policy and EPM's Proxy voting records in relation to such clients' portfolios from the Legal and Compliance Department and/or may submit his or her own Proxy voting preference on any issue that is subject to a shareholder vote to the Proxy Administrator.

The Proxy Administrator may be reached at 212-418-6500 or proxyadmin@entrustpermal.com.

Item 18. Financial Information

EPM is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of any bankruptcy petition.

Item 19. Requirements for State-Registered Advisers

This section is not applicable to EPM.

Exhibit A – Risks

The following is a non-exhaustive list of the more common risks that clients should consider in connection with an investment program of the kind described herein. This Brochure does not disclose every potential risk associated with an investment strategy or all of the risks applicable to a particular client. Investors and Third Party Clients should refer to Offering Materials for additional information about the specific risks that may apply to their particular investment.

- Lack of Regulation of Underlying Funds, Special Purpose Funds and their Portfolio Managers

The Underlying Funds and Special Purpose Funds in which the client may invest, as well as many of their Portfolio Managers, are not generally subject to regulation and, therefore, will not generally be subject to policies and safeguards similar to those which are administered by the SEC.

- Lack of Transparency of Information Regarding Underlying Funds

Underlying Funds' securities are generally offered on a private placement basis and are subject to limited regulation, disclosure and reporting requirements. Only a relatively small amount of publicly available information about Underlying Funds, their holdings and performance, will be available in managing and assessing the client's investment.

- Liquidity

The Underlying Funds are generally unlisted investments not traded on any exchange and, as such, may restrict liquidity. In addition, capital markets may become illiquid during periods of crisis. Portfolio Managers may also invest in unlisted securities. There can be no guarantee that there will be sufficient liquidity in a client's portfolio to meet the client's liquidity needs.

- Multiple Levels of Fees and expenses

Investment in a multi-manager strategy will generally incur certain fees at two different levels. Fees that may be duplicative include management and potentially performance fees, paid to both EPM and the Portfolio Managers, as well as the operating expenses of the EnTrustPermal Funds or Third Party Client account and the pro rata portion of the operating expenses of the Underlying Funds and/or Special Purpose Funds.

Investors may bear performance fees even though they may not have made net economic gains over the life of their investment. Performance fees may also be earned by one Portfolio Manager while overall the client's portfolio suffered a loss.

Clients will need to make substantial profits in order to achieve their investment objective. Refer to [Item 5 – Fees and Compensation](#) for further discussion.

- Multi-manager Investing

In order to diversify among trading methods and markets, EPM has selected a number of Portfolio Managers who invest independently of one another. Portfolio Managers may compete with each other from time to time for the same positions in the markets. They may also hold opposite positions in the same security. As a result, there can be no assurance that this diversification strategy will be successful, and it may result in net losses for the client's portfolio.

Portfolio Managers' strategies may involve significantly more risk and higher transaction costs than those typically employed by traditional managers.

- Valuation

Assets may be valued using estimated information provided by the Portfolio Managers. Estimated values of Underlying Funds and Special Purpose Funds may differ from values ultimately received from the third party administrators of the Underlying Funds and Special Purpose Funds. For investors subscribing into or redeeming out of a EnTrustPermal Fund, transactions processed based on the estimated values may result in discounts or premiums being paid or received by the subscribing or redeeming investor.

Prior to investing, EPM will review the methodology used by Underlying Funds and their Portfolio Managers in valuing the assets held. However, EPM does not review NAV calculations on an ongoing basis.

Risks specific to Portfolio Managers:

- Commodity Markets and Natural Resources

Portfolio Managers may invest heavily in natural resources or natural resources-related companies either directly or through commodity-related financial instruments. The values of natural resources are affected by numerous factors including events occurring in nature, economics and politics. For instance, events in nature (such as earthquakes or fires in prime natural resources areas), economics (such as overall market movements and changes in interest rates) and political events (such as coups or military confrontations) can affect the overall supply of a natural resource and the value of companies involved in such natural resource.

The value of commodity related financial instruments may be influenced by overall market movements, commodity indices, volatility, changes in interest rates, and factors influencing a particular industry or commodity, such as natural disasters (e.g., floods or droughts) and political events or developments such as regulatory developments.

- Derivatives

Derivative instruments can be highly volatile. The price movements of derivative instruments in which the Portfolio Managers may invest and trade are influenced by a variety of factors including interest rates, governmental policies and other macroeconomic factors.

- Emerging Markets

Portfolio Managers may invest in emerging markets. Investments in such markets are inherently more volatile and, relative to developed markets, the securities exchanges may have far lower trading volumes and less liquidity. Other risks associated with emerging markets include: (i) greater economic, political and social instability; (ii) substantial present and potential governmental influence over the private sector; and (iii) restrictions on foreign investment which may limit investments.

- Fixed Income Investments

Portfolio Managers may invest in fixed income securities. Such investment bears the risk of default by the issuers of such securities, as well as adverse changes in prevailing interest rates.

- Hedging Transactions

Portfolio Managers may utilize financial instruments such as derivatives to seek to hedge against fluctuations in the relative values of a portfolio position as a result of changes in exchange rates, interest rates, equity prices and levels of other interest rates and prices of other securities. Such hedging transactions may not always achieve the intended effect and can also limit potential gains or cause losses. EPM may also engage in hedging transactions in a client's portfolio.

- Key Man Performance

Underlying Funds are generally significantly reliant on certain key investment personnel employed by their Portfolio Managers. Termination or disability of key personnel could adversely affect the Underlying Fund and its performance.

- Leverage

Portfolio Managers may use a substantial degree of leverage. This use of leverage may lead to a significant increase in the volatility of the investment in the Underlying Fund or Special Purpose Fund depending upon prevailing market conditions.

- Sector Emphasis

Portfolio Managers may invest substantially in related industries or sectors. Since companies in these sectors may share common characteristics and conditions within a particular sector, such companies may react similarly to market developments and downturns.

- Short Sales

Portfolio Managers may engage in short selling of securities. This practice may expose the Underlying Fund or Special Purpose Fund to unlimited risk. However, in such circumstances, the client's losses will be limited to the amount invested in the particular Underlying Fund or Special Purpose Fund.