

EACM Advisors LLC

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Form ADV Part 2A
Fund of Hedge Funds
(as of April 1, 2013)

This brochure provides information about the qualifications and business practices of EACM Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 203-854-7000 or info@eacm.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.

EACM Advisors LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

Item 2. Summary of Material Changes

EACM Advisors LLC's last annual update of its Brochure was on March 30, 2012. There have been no material changes to the Brochure since the last annual update.

Item 3. Table of Contents

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Item 4. Advisory Business

EACM Advisors LLC (“EACM” or the “Firm” or “We” or “Us”) is a limited liability company organized under the laws of the State of Delaware. The Firm is currently an indirect, wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”). The firm’s history begins in 1976, when predecessor Evaluation Associates (“Associates”) was founded as an institutional consulting firm. In 1984, a fund-of-funds unit was started within Associates, focusing on long-only traditional multi-manager products. In 1987, Associates began managing its first discretionary fund of hedge funds portfolio. In 1991, Associates’s experience advising clients on hedge funds led it to form a dedicated unit to manage hedge fund-of-funds portfolios. Associates’s fund-of-funds operations were consolidated within a separate unit (Evaluation Associates Capital Markets, Inc., or ‘EACM’), operating independently of the affiliated institutional consulting business with respect to resources and client base. In August 2004, Mellon Financial Corporation acquired the assets of EACM, which subsequently was renamed EACM Advisors LLC and became an independent ‘boutique’ firm within the institutional arm of Mellon’s Asset Management Group. On July 1, 2007 the Bank of New York Corporation and the Mellon Financial Corporation merged to form The Bank of New York Mellon Corporation.

Mellon Holdings LLC owns 100% of the Firm.

We manage \$4,960,786,773 as of February 28, 2013 on a discretionary basis and \$35,231,130 as of February 28, 2013 on a non-discretionary basis. In addition to the assets managed on behalf of the Firm, discretionary portfolios in the amount of \$786,462,086 as of February 28, 2013 are managed by certain of our officers in their capacity as dual employees of Dreyfus Corporation, an affiliated company. EACM fund-of-hedge-funds program (“FOHF Program”) had regulatory assets under management of \$3,499,178,168 as of February 29, 2012. All of the numbers above are unaudited and are based on estimates.

We offer discretionary and non-discretionary investment advisory services through a long-only traditional multi-manager program and a FOHF Program. We do not manage individual securities and investment positions. Rather, we allocate (or recommend allocation of) assets to a variety of underlying securities managers, commodity trading advisors and commodity pool operators (“Portfolio Managers”). *Please refer to Item 8 for a description of the FOHF Program.*

We provide our services to individual institutional and high net worth investors in the form of separate accounts, pooled investment vehicles (private funds) that are exempt from registration in the United States, and to other investment advisers through sub-advisory agreements. EACM serves clients and investors from around the world and a significant portion of EACM clients and investors are from outside of the US. EACM offers investment advisory services tailored to meet clients’ individual investment goals. We work with clients to create investment guidelines mutually acceptable to the client and the Firm. When creating investment guidelines, clients may impose investment restrictions in certain individual securities or types of securities.

We also offer investment advisory services in the form of pooled investment vehicles or “funds” (“EACM Funds”). Each EACM Fund has an investment objective and a set of investment

policies and/or guidelines that we must follow. For this reason, we cannot tailor the investment advisory services we provide to the EACM Funds to meet individual investor needs. In addition, we cannot impose individual investment restrictions on our investment strategies for underlying investors in the EACM Funds. Investors in any of the EACM Funds should refer to the fund's offering memorandum and constitutional documents for a full description of the investment program, risks, conflicts of interests, fees and other relevant information regarding such EACM Fund. Investors in any of the EACM Funds should refer to the fund's offering memorandum and constitutional documents for a full description of the investment program, risks, conflicts of interests, fees and other relevant information regarding such EACM Fund.

EACM is registered as an "investment adviser" under the Investment Advisers Act of 1940 and is an approved discretionary investment manager with the Central Bank of Ireland. EACM has claimed an exemption from registration with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") under CFTC rule 4.13(a)(4).

Item 5. Fees and Compensation

Separate Account Fees: We provide investment advisory separate account services for a fee. Separate account fees are negotiated on a case by case basis. Your investment advisory agreement may also provide that you will incur fees and expenses in addition to our advisory fees such as custody, administrative and other customary operating expenses.

Generally, fees are deducted automatically by your account administrator based on instructions per your investment advisory agreement. Generally, we do not directly bill clients separately for fees, but with respect to certain custom accounts, may do so.

EACM Fund Fees: The EACM Funds charge management fees that are disclosed in each EACM Fund's Offering Memorandum. EACM Funds may also be subject to additional charges such as custody, administrative and other expenses. Please see the applicable EACM Fund's offering materials for further information regarding fees. Further, certain of the EACM Funds also charge performance fees. *Please see Item 6 below for more information on EACM Fund's performance fees.*

The Firm may invest your account in pooled investment vehicles ("Portfolio Funds") that themselves bear advisory fees and operational expenses such as brokerage and other transaction costs, transfer agent, distribution, shareholder servicing, networking, and recordkeeping fees. Moreover, investors in the FOHF Program may indirectly be subject to (i) a management fee charged by a Portfolio Manager based on the portion of their assets that are invested in the applicable Portfolio Fund; and (ii) an incentive allocation payable to the Portfolio Manager of Portfolio Fund, which is generally in the range from ten percent (10%) to thirty percent (30%) of net income or capital appreciation. However, such fees/allocation may exceed these ranges (including, in certain cases, to a material extent) and/or may be charged on a different basis. In addition, investors in the FOHF Program may incur indirectly other investment costs and expenses of the Portfolio Funds, including markups, mark-downs and other amounts included in the price of a security, odd-lot differentials, transfer taxes, wire transfer fees and electronic fund

fees. Investors in the FOHF Program will indirectly bear these fees and expenses as an investor in such Portfolio Funds and, as a result, will bear higher expenses than if you invested directly in the securities held by the Portfolio Fund.

In general, the Firm's management fee for EACM Funds and separate accounts is 1% and is billed quarterly. We reserve the right to waive any portion or all of the fee subject to certain considerations.

We do not charge or receive compensation in connection with the sale of interests in EACM Funds or separate custom accounts. However, employees of an affiliate accept compensation (also referred to as "commissions") for the sale of EACM Funds. Accepting commissions for the sale of EACM Funds gives rise to a conflict of interest in that it may give employees of our affiliate an incentive to recommend investment products based on the compensation they will receive, rather than solely on an investor's needs. *Please refer to Item 6, below, for a discussion of these conflicts of interest.*

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

Advisers are subject to certain fiduciary standards under federal law and owe clients an affirmative duty of utmost good faith to act solely in the best interests of the client and to make full and fair disclosure of all material facts, particularly where the adviser's interests may conflict with the client's best interest. In this section, we describe our performance based fee arrangements and our side-by-side management activities and the inherent conflicts in such arrangements.

With respect to any EACM Fund or custom account, the Firm may enter into performance-based fee arrangements ("Performance Fee") in accordance with the conditions and requirements of Rule 205-3 under the Investment Advisers Act of 1940. The Performance Fee is typically an additional fee or allocation of profits based on the portfolio return for the relevant billing period (in some cases in excess of a benchmarked index return and/or a relevant "high water mark"). With a "high water mark", no Performance Fee is charged until any "Unrecouped Losses" from prior Fiscal Years have been recouped. The Unrecouped Losses for a Fiscal year are all Losses allocated in that Fiscal Year reduced (but not below zero) by all Profits subsequently allocated in that Fiscal Year. Our Performance Fees, if any, are described in the relevant offering memorandum and constitutional documents, with respect to the EACM Funds, or the investment management agreement, with respect to a separately managed account.

The standard Performance Fee schedule for the FOHF Program is equal to 10% of realized and unrealized appreciation over a hurdle rate. The hurdle rate is generally tied to the average 90-day LIBOR rate or 91-day Treasury Bills. Any Performance Fees are generally payable within 90 days of the fiscal year-end. These fees may, however, be higher or lower for individual clients and investors, as they are negotiated on a case by case basis.

"Side-by-side management" refers to our simultaneous management of multiple types of client accounts/investment products. For example, we manage separate accounts, managed accounts,

and EACM Funds for clients and investors at the same time. Our clients have a variety of investment objectives, policies, strategies, limitations and restrictions. Our affiliates likewise manage a variety of separate accounts, managed accounts, and pooled investment vehicles.

Side-by-side management gives rise to a variety of potential and actual conflicts of interest for us, our employees and our supervised persons. Below we discuss the conflicts that we and our employees and supervised persons face when engaging in side-by-side management and how we deal with them. Note that certain of our employees are also employees of one or more Firm affiliates (“dual employees”). These dual employees undertake investment management duties for the affiliates of which they are employees. *Please see Item 10 for more information on our dual employee arrangements.* When we and our affiliates concurrently manage client accounts/ investment products, and particularly when dual employees are involved, this presents the same conflicts as described below.

Note that we manage our accounts consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged. For example, we have Trade Allocation Policies and Procedures which are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. *Please see Item 12 for an explanation of our Trade Allocation Policies and Procedures.*

Conflicts of Interest Relating to Performance Based Fees When Engaging in Side-by-Side Management

We manage accounts that are charged a performance-based fee and other accounts that are charged a different type of fee, such as a flat asset-based fee. We have a financial incentive to favor accounts with performance-based fees because we (and our employees and supervised persons) may have an opportunity to earn greater fees on such accounts as compared to client accounts without performance-based fees. Thus, we have an incentive to direct our best investment ideas to client accounts that pay performance-based fees, and to allocate, aggregate or sequence trades (i.e., allocations to sub-managers) in favor of such accounts.

Conflicts of Interest Relating to Accounts with Different Strategies

We and our affiliates manage numerous pooled investment vehicles and separate custom accounts with a variety of strategies, which may present conflicts of interest. *As is described in “Additional Risks Associated with Fund-of-Funds Investment Programs” under Item 8 below,* EACM’s underlying sub-managers invest wholly independently of one another and may at times hold economically offsetting positions. i.e., long and short positions in the same security. To the extent that the Portfolio Managers do in fact hold economically offsetting positions, an EACM Fund or separate custom account, considered as a whole, cannot achieve any gain or loss despite incurring expenses.

Conflicts of Interest Relating to Investments in Affiliated Accounts

Although it is not our intention to do so and to the extent permissible under applicable law, we may decide to invest some or all of our temporary investments in money market accounts or funds advised or managed by a BNY Mellon affiliate. In addition, we may invest client accounts in affiliated pooled vehicles. We have an incentive to allocate investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates.

Other Conflicts of Interest

As noted previously, we and our affiliates manage numerous accounts with a variety of investment strategies and underlying sub-managers. This necessarily creates potential conflicts of interest for us. For example, we or an affiliate may cause multiple accounts to invest, directly or indirectly, in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. Conflicts may also arise in cases where multiple Firm and/or affiliate pooled investment vehicles or separate custom accounts are invested in different parts of an issuer's capital structure through underlying sub-managers. For example, one of our client account's sub-managers could acquire, directly or indirectly, debt obligations of a company while another client account's sub-managers acquire an equity investment. In negotiating the terms and conditions of any such investments, we may find that the interests of the debt-holding client account's sub-managers and the equity holding client account's sub-managers may conflict.

Item 7. Types of Clients

Type of Investors/Clients: Our investors and clients include high net worth individuals, banks or thrift institutions, corporate pension and profit sharing plans, Taft-Hartley plans, Voluntary Employee Beneficiary Associations ("VEBAs"), trusts, foundations, endowments, charitable institutions, U.S. and "offshore" (non-U.S.) private investment funds, other non-US regulated funds, sovereign funds, separate accounts, and other U.S. and international institutions.

Separate Custom Account Requirements: We generally require separate custom accounts to execute a written investment management agreement with us, granting us authority to manage their assets. Separate custom accounts are subject to a minimum account size which is generally \$100 million. Separate custom accounts may also be subject to standard annual fees; *see Item 5 for more information.*

Investments in private funds that we manage are also subject to minimum investment requirements and standard annual fees. Please refer to the offering documents of such funds for more information.

We reserve the right to waive the above minimum account size requirements or other terms in our discretion.

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

EACM specializes in managing Fund-of-Funds with the objective of consistent long-term capital appreciation, low to medium volatility and low correlation to global equity and fixed income markets.

Within EACM's FOHF Program, assets are generally managed pursuant to the return and risk objectives of either EACM's Low Volatility or Medium Volatility objectives. Low volatility funds/accounts have a return objective of 3-5% above the LIBOR rate with a volatility objective comparable to US bonds, while medium volatility funds/accounts seek to achieve a return objective of 6-8% above the LIBOR rate with a volatility objective comparable to US bonds plus 2%. Within its Medium Volatility approach, EACM offers a commingled FOHF with a Socially Responsible Investment ("SRI") mandate focused on certain faith-based ethical issues. And within the Low Volatility strategy, EACM also manages event-driven (single strategy) EACM Funds and accounts based on a multi-manager framework.

Several factors define EACM's philosophy:

Focus on Integrity: EACM believes that no single factor in sub-manager hiring decisions is more important, and will avoid even the most historically successful candidates if it has any questions with respect to their integrity.

Aversion to Risk: EACM is keenly aware of the substantial worth of its investors and that a primary focus in investing in certain non-directional vehicles (despite those vehicles being characterized as hedge funds) is not exposing invested capital to excessive risk. EACM does not attempt to build non-volatile portfolios out of volatile parts. We believe the better approach is to use strategies and managers that have a positive expected return and reasonable volatility. EACM generally favors strategies that use fundamental analysis, discretionary judgment, and opportunistic thinking.

Information Flow: While EACM will employ 'household names' to a limited extent, it is committed to primarily investing with Portfolio Managers who are willing to provide significant portfolio information and performance attribution.

Diversification: This is essential. EACM wants to know what risks its clients are taking and diversify those risks in an intelligent way. Furthermore, EACM wants Portfolio Managers to be acutely sensitive to the risks that they are taking.

Rigorous attention to Portfolio Manager due diligence and portfolio structure and management are the foundation of EACM's approach. Portfolio construction is a two-fold process involving sub-strategy allocation and Portfolio Manager selection decisions:

Strategy Allocation - The strategy allocation process has several stages, the first of which is identifying the investment objectives for the portfolio. Once the investment objectives are defined, EACM determines appropriate alternative strategies to be employed in the investment

vehicle. These strategy selections often involve balancing lower return/volatility relative value and event-driven strategies with higher return/volatility directional strategies.

Once the appropriate strategy sectors are identified, EACM attempts to determine the relative attractiveness of these strategies based on the current and anticipated environment. We believe that to some extent, alternative strategies have cycles of their own which, although not directly linked to the familiar market cycles, cannot be ignored. Judgments are based on a variety of indicators which vary substantially from strategy to strategy: e.g. credit spreads are relevant to convertible hedging and distressed investing, while the volume of M&A deal flow is relevant to risk arbitrage investing, etc.

Investment Strategies

In its investment approach, EACM recognizes five (5) broad strategies (including an array of substrategies) and attempts to diversify its exposure to risks associated with such strategies, as outlined below.

- **Relative Value:** market neutral equity, convertible hedging, fixed income hedging, multi-strategy.
 - Relative Value arbitrage is an investment strategy that seeks to take advantage of price differentials between related financial instruments, such as stocks and bonds, by simultaneously buying and selling the different securities—thereby allowing investors to potentially profit from the “relative value” of the two securities.
- **Event Driven:** risk arbitrage, distressed, special situations.
 - Event Driven investing is an investing strategy that seeks to exploit pricing inefficiencies that may occur before or after a corporate event, such as a bankruptcy, merger, acquisition or spinoff.
- **Equity Hedge:** domestic long biased, domestic opportunistic long/short, global long/short.
 - An Equity Hedge strategy is an investing strategy, used primarily by hedge funds, that involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value.
- **Global Asset Allocation:** discretionary, systematic.
 - Global Asset Allocation involves the strategy of investing, on a large scale, around the world using economic theory to justify the decision making process. The strategy is typically based on forecasts and analysis about interest rates trends, movements in the general flow of funds, political changes, government policies, inter-government relations, and other broad systemic factors.
- **Short Sellers.**
 - Short Selling involves the selling of a security that the seller does not own, or any sale that is completed by the delivery of a security borrowed by the seller. Short sellers assume that they will be able to buy the stock at a lower amount than the price at which they sold short.

As a practice, EACM is biased towards opportunistic, fundamentally-driven managers. These strategies include market neutral equity, opportunistic equity, event driven, discretionary global

asset allocators and short sellers. Conversely, EACM generally avoids managers employing “black box” strategies, dedicated fixed income arbitrageurs and systematic global asset allocators (e.g. managed futures). Such managers generally employ high degrees of leverage or short volatility profiles.

In a neutral environment, a consistent return portfolio created by EACM would typically be allocated approximately one-third to relative value strategies, one-third to event-driven strategies, and one-third to directional strategies (including opportunistic equity hedge funds, discretionary global asset allocators, and short-sellers). This allocation would then be modified based on our current outlook. It should be noted that shifts generally are incremental.

Manager Allocation: Portfolios typically contain 25-35 managers on a fully invested basis, representing multiple strategies and sub strategies. Sizing is important, with positions generally ranging from 1% to 6% of the total fund depending on a host of factors including, but not limited to, risk/return expectations for the manager and strategy; asset base; length of track record; length of EACM relationship; transparency; liquidity constraints; capacity constraints and inter-strategy risk exposures. Allocations are not systematically rebalanced.

Method of Analysis

EACM's analysis is devoted primarily to Portfolio Managers rather than to specific direct investments, such as commodity futures contracts, specific securities or derivative instruments. The analytical process includes, without limitation, the following: (1) analysis of the background, number and qualifications of the personnel; (2) historical rates of return and performance volatility; (3) amount of assets under management including recent changes, breadth, and length of experience with any investment strategy employed; (4) fee levels; (5) margin to equity levels; (6) volume of trading; (7) trading discipline; and (8) market philosophy and overview. Before retaining any individual or organization, the principals of EACM interview the individual or the personnel of the organization and conduct "due diligence" in connection with such interview, including a subjective evaluation of the abilities and outlook of such individual or personnel. Due diligence reviews also include a thorough investigation of Portfolio Managers' operational processes and compliance programs.

EACM has two (2) principal sources of information for evaluating and selecting investment portfolio management individuals and organizations and commodity trading advisers or pool operators. First, EACM's personnel attend, at EACM's offices or the offices of the investment manager, meetings with such individuals or organizations. EACM may become aware of these individuals and organizations via other investment professionals, investors, the media, or otherwise. The information gathered from such meetings is further supplemented by periodic additional visits to, and telephone discussions with, such individuals or the personnel of such organizations when circumstances suggest further inquiries are in order.

Second, personnel of EACM may review and evaluate in their discretion publicly available information concerning investment management professionals and organizations. Such information is available from a number of sources, including contacts within the investment

industry, background check databases, regulatory or other agencies, financial newspapers and bulletins, magazines, manager-prepared information and research and statistical materials.

Each investment strategy we offer invests in a variety of securities and employs a number of investment techniques that involve certain risks. Investing in securities involves risk of loss that you should be prepared to bear.

Risk of Loss

The risks set forth below represent a general summary of the material risks involved in the investment strategies we offer. If applicable, please refer to the “Risk Factors” section in the offering documents for a more detailed discussion of the risks involved in an investment in an EACM Fund.

General Risks

General. Investing in securities involves risk of loss that you should be prepared to bear. We do not guarantee or represent that our investment program will be successful. Our past results are not necessarily indicative of our future performance and our investment results may vary over time. We cannot assure you that our investments of your money will be profitable, and in fact, you could incur substantial losses. Your investments with us are not a bank deposit and are not insured or guaranteed by the FDIC or any other government agency. Accordingly, investors should consider investing with EACM only as part of an overall diversified portfolio and should be willing to assume the risks of potentially significant fluctuations in value.

Lack of Operating History. Certain of the underlying investment funds (“Portfolio Funds”) may be newly formed entities and have no or little operating history upon which investors can evaluate the anticipated performance of such Portfolio Fund. Any past investment performance of Portfolio Managers with which EACM expects to invest its assets cannot be relied upon as an indication of the future results of an investment with EACM. EACM's investment program should be evaluated on the basis that there can be no assurance that EACM's assessments of Portfolio Managers, and in turn their assessments of the short-term or long-term prospects of investments, will prove accurate or that EACM will achieve its investment objective.

Absence of Regulatory Oversight. EACM Funds are not required to, and do not intend to, register as investment companies under the U.S. Investment Company Act of 1940, as amended (the “Company Act”), or the laws of any other country or jurisdiction and, accordingly, the provisions of such statutes (which may provide certain regulatory safeguards to investors) are not applicable. For example, EACM Funds are not required, and do not require Portfolio Managers, to maintain custody of their own securities or place their securities in the custody of a bank or a member of a U.S. securities exchange, as required of registered investment companies under the SEC rules. A registered investment company which places its securities in the custody of a member of a U.S. securities exchange is required to have a written custodian agreement, which provides that securities held in custody will be at all times

individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and which contains other provisions complying with SEC regulations. Portfolio Managers generally maintain such accounts at brokerage firms which do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act, the bankruptcy of any such brokerage firms might have a greater adverse effect on the Fund than would be the case if all Portfolio Managers maintained their accounts to meet the requirements applicable to registered investment companies.

Portfolio Managers. As the Portfolio Funds in which EACM will invest may be in an early stage of formation or operation, this can pose a number of operational and other issues. For example, in its early stages the Portfolio Manager may have little capital available to cover expenses and, accordingly, may have difficulty attracting qualified personnel. Portfolio Managers may face competition from other investment funds, which may be more established, have a larger number of qualified management and technical personnel and benefit from a larger capital base.

Limited Information Regarding Portfolio Managers. Although EACM will receive information from each prospective Portfolio Manager regarding such Portfolio Manager's historical performance, if any, and investment strategy, in most cases EACM will have little or no means of independently verifying the information supplied to it by such Portfolio Managers. In some cases, EACM will not have access to detailed information regarding the underlying portfolios of the Portfolio Funds and will rely in large part on the limited information provided to it by the Portfolio Managers. The absence of detailed information could result in significant losses to EACM Funds or separate custom accounts.

Incentive Compensation Arrangements. Portfolio Managers typically receive compensation based on the performance of their investments. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation is calculated on a basis that includes unrealized appreciation, it may be greater than if such compensation were based solely on realized gains. Similarly, EACM may receive a Performance Fee that will be based on the net capital appreciation of EACM Funds or separate custom accounts. This may create an incentive on the part of EACM to select Portfolio Managers whose investment strategy is more risky or volatile than would be the case if there were no performance-based compensation. EACM's Performance Fee and Management Fee for EACM Funds are set by EACM without negotiations with any other party.

Valuations. Certain securities in which Portfolio Funds invest may not have a readily ascertainable market price. Such securities will nevertheless generally be valued by the Portfolio Managers, their appointed administrators, or third party pricing agents. Valuation will ordinarily be conclusive with respect to the EACM Fund or separate custom account, even though Portfolio Managers will generally face a conflict of interest in valuing such securities because the value of the securities will affect their compensation.

Investment Related Risks

EACM Funds and separate custom accounts allocate capital to Portfolio Managers and invest in Portfolio Funds that invest in, and actively trade, securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity, fixed-income, commodity and currency markets, the risks of short sales, the risks arising from leverage associated with trading in the equities, currencies and over-the-counter derivatives markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults. No guarantee or representation is made that the EACM Funds' or separate accounts' investment programs will be successful. The Portfolio Managers may utilize leverage, which can, in certain circumstances, substantially increase the adverse impact to which the EACM Funds' or separate custom accounts' investment portfolio may be subject. Prospective investors and clients should consider the following additional factors in determining whether an investment in with EACM is a suitable investment:

General Economic and Market Conditions. The success of the EACM Funds' or separate custom accounts' activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Portfolio Funds. Unexpected volatility or illiquidity could impair an EACM Fund's or separate custom account's profitability or result in losses.

Risks of Securities Activities. All securities investing and trading activities risk the loss of capital. There can be no assurance that the EACM Funds' or separate custom accounts' investment activities will be successful or that investors will not suffer losses. The following discussion sets forth some of the more significant risks associated with the Portfolio Managers' and the EACM Funds' or separate custom accounts' style of investing:

Equity Securities. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments. Portfolio Funds may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of issuers domiciled in developed or in emerging countries. (See "Investments in Emerging Markets" below.) Portfolio Funds may invest in equity securities regardless of market capitalization, including micro and small cap companies. The securities of smaller companies may involve more risk and their prices may be subject to more volatility. Portfolio Funds may also invest in distressed equity securities, which are generally considered to be riskier, more and speculative and less liquid than other equity securities.

Short Selling. Many Portfolio Funds will engage in short selling. Short selling involves selling securities that are not owned, and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an

unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating any loss. In certain cases, extreme demand by other short sellers of a particular security to "cover" such security can drive up the price, resulting in further losses for EACM Funds or separate custom accounts.

Hedging Transactions. The Portfolio Funds may or may not utilize a variety of financial instruments, such as short sales, derivatives, options, interest rate swaps, caps and floors, futures and forward contracts to seek to hedge against declines in the values of their portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and market interest rates and other events. EACM Funds or separate custom accounts may also engage in hedging transactions directly in order to hedge against changes in currency exchange rates. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the hedged portfolio positions should increase. It may not be possible for the Portfolio Managers to hedge against a change or event at a price sufficient to protect an EACM Funds', a separate custom accounts', or the Portfolio Funds' assets from the decline in value of the portfolio positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all.

While EACM Funds or separate custom accounts, or certain Portfolio Managers may or may not enter into hedging transactions, the non-occurrence of the events being hedged against may result in a poorer overall performance for an EACM Fund or separate custom account than if the EACM Fund, separate custom account, or the Portfolio Manager, as applicable, had not engaged in any such hedging transactions. Moreover, for a variety of reasons, an EACM Fund, separate custom account, or the Portfolio Managers may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Portfolio Managers from achieving the intended hedge or expose an EACM Fund or separate custom account to additional risk of loss.

Leverage; Interest Rates; Margin. EACM Funds or separate custom accounts generally do not intend to utilize leverage in connection with its investment programs but may, however, utilize short-term borrowings for operating and investing purposes. In addition, the Portfolio Managers with which the assets of EACM Funds or separate custom accounts are invested may buy and sell securities on margin and otherwise utilize leverage, increasing the volatility of EACM Funds' or separate custom accounts' investments. While leverage presents opportunities for increasing an EACM Fund's or separate custom account's total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment, either directly or indirectly, could be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage by an EACM Fund, separate custom account, or a Portfolio Fund, directly or indirectly, in a market that moves adversely to the investments of the entity employing the leverage, could result in a loss to that EACM Fund or

separate custom account that would be greater than if leverage were not employed by the EACM Fund, separate custom account, or such Portfolio Fund. In addition, to the extent that an EACM Fund, separate custom account, or the Portfolio Funds borrow funds, the rates at which they can borrow may affect the operating results of that EACM Fund, separate custom account, or Portfolio Fund.

The anticipated use of margin borrowings by the Portfolio Funds may result in certain additional risks to an EACM Fund or separate custom account. For example, should the securities that are pledged to brokers to secure the Portfolio Funds' margin accounts decline in value, or should brokers from which the Portfolio Funds have borrowed increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), then the Portfolio Funds could be subject to a "margin call," pursuant to which the Portfolio Funds must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The broker normally has the right to liquidate the manager's portfolio in the broker's discretion. In the event of a precipitous drop in the value of the assets of a Portfolio Fund, the Portfolio Fund might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses.

Investments in Emerging Markets. Certain Portfolio Funds may invest in securities of companies operating in emerging markets and in emerging markets' currencies. Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in developed countries, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict a Portfolio Manager's investment opportunities. In addition, accounting and financial reporting standards that prevail in many such countries may not provide adequate information to investors. There is also less regulation, generally, of the securities markets in emerging countries than there is in developed countries. EACM does not expect that investments in Portfolio Funds that focus on emerging markets will be a significant part of the EACM Funds' or separate custom accounts' overall investment portfolios.

Fixed-Income Securities. Certain Portfolio Funds may invest in fixed-income securities. The value of fixed-income securities in which Portfolio Funds invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Valuations of other fixed-income instruments, such as mortgage-backed securities, may fluctuate in response to changes in the economic environment that may affect future cash flows. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income

securities generally can be expected to decline. Portfolio Funds may invest in U.S. and non-U.S. issuers of fixed-income securities. The Portfolio Funds may invest in both investment grade and non-investment grade debt securities, including "high-yield" or "junk bonds" and "distressed securities."

Currency Exposure of Portfolio Funds. The Portfolio Funds may invest their assets in a currency other than their base currency or the base currency of an EACM Fund or separate custom account, or in instruments denominated in a currency other than their base currency or the base currency of an EACM Fund or separate custom account. A Portfolio Fund may or may not seek to hedge all or any portion of its currency exposure. To the extent unhedged, the value of a Portfolio Fund's assets will fluctuate with exchange rates as well as the price changes of its investments in the various local markets and currencies. Thus, an increase in the value of the Portfolio Fund's base currency compared to the other currencies in which such Portfolio Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of such Portfolio Fund's securities in their local markets. Conversely, a decrease in the value of the Portfolio Fund's base currency will have the opposite effect on a Portfolio Fund's non-base currency investments.

Derivatives. Derivatives are based on the performance of an underlying asset, index interest rate or other investment. Derivatives may be volatile and involve various risks, depending upon the derivative and its function in a portfolio. Portfolio Funds may purchase derivatives either to increase or to decrease the level of risk, or to change the types of risks to which the portfolio is exposed. Swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

EACM Funds, separate custom accounts, and the Portfolio Funds may take advantage of opportunities with respect to certain other derivative instruments that are not currently contemplated for use by EACM Funds, separate custom accounts, or Portfolio Funds or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of a particular EACM Fund, separate custom account, or the relevant Portfolio Funds and legally permissible for that EACM Fund or separate custom account or the relevant Portfolio Funds. Special risks may apply to instruments that are invested in by EACM Funds or the Portfolio Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by EACM Fund, separate custom account, or the Portfolio Funds.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher

prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium invested in the call option.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing his entire premium invested in the put option.

Forward Contracts. The Portfolio Funds may enter into forward contracts, which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom a Portfolio Fund may maintain accounts may require such Portfolio Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. A Portfolio Fund's counterparties are not required to continue to make markets in such contracts. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which would otherwise be optimal, to the possible detriment of an EACM Fund or separate custom account.

Futures Contracts. Futures positions may be illiquid because, for example, most U.S. 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." Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Portfolio Fund from promptly liquidating unfavorable positions and subject such Portfolio Fund, and therefore an EACM Fund or separate custom account, to substantial losses. In addition, Portfolio Funds may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or a regulator such as the SEC or the U.S. Commodity Futures Trading Commission ("CFTC") may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater

than ordinary investment or trading risks. Furthermore, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

Swap Agreements. EACM Funds, separate custom accounts, and the Portfolio Funds may enter into swap agreements. 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 Fund's and a Portfolio Fund's exposure to equity securities, long-term or short-term interest rates, foreign currency values, corporate borrowing rates, or other factors. Swap agreements can take many different forms and are known by a variety of names.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund's or a Portfolio Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap agreement calls for payments by an EACM Fund, separate custom account, or a Portfolio Fund, the EACM Fund, separate custom account, or such Portfolio Fund must be prepared to make such payments when due.

Counterparty Credit Risk. Some of the markets in which the Portfolio Funds may affect their transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent an EACM Fund, separate custom account, or a Portfolio Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, the EACM Fund, separate custom account, or such Portfolio Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. This exposes the EACM Fund or separate custom account, or a Portfolio Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Fund or a Portfolio Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the EACM Fund, separate custom account, or a Portfolio Fund has concentrated its transactions with a single or small group of counterparties. EACM Funds, separate custom accounts, and Portfolio Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of EACM Funds, separate custom accounts, and Portfolio Funds to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by an EACM Fund or separate custom account.

Counterparty Insolvency. The Portfolio Funds' assets may be held in one or more accounts maintained for such Portfolio Funds by counterparties, including their prime brokers. There is a risk that any of such counterparties could become insolvent. The insolvency of a Portfolio Fund's counterparties is likely to impair the operational capabilities or the assets of such Portfolio Fund. Although a Portfolio Fund may regularly monitor the financial condition of the counterparties it uses, if one or more of such Portfolio Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of such Portfolio Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, a Portfolio Fund may use counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a Portfolio Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on a Portfolio Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to such Portfolio Fund, which could be material.

Highly Volatile Markets. The prices of commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which an EACM Fund's, separate custom account's, or a Portfolio 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, financial instruments, 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. EACM Funds, separate custom accounts, and the Portfolio Funds also are subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses.

Illiquid Portfolio Investments. Portfolio Funds may invest in securities that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and a Portfolio Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Additional Risks Associated with "Fund-of-Funds" Investment Programs

Fee Structure. EACM utilizes a so-called "fund-of-funds" or "multi-manager" investment strategy, pursuant to which assets will be invested with multiple Portfolio Managers, generally by investments in Portfolio Funds. Investment management fees will be charged to EACM Funds or separate custom accounts by both EACM and the Portfolio Managers. As a result, EACM Funds or separate custom accounts, and indirectly an investor in EACM Fund or separate custom account, will bear multiple investment management fees, in addition to performance fees or incentive allocations that in the aggregate will exceed the fees that would typically be incurred by a direct investment in a fund managed by a Portfolio Manager.

Overlapping Investment Strategies. The Portfolio Managers invest wholly independently of one another and may at times hold economically offsetting positions or cause an EACM Fund or separate custom account to be concentrated in certain positions. To the extent that the Portfolio Managers do, in fact, hold economically offsetting positions, an EACM Fund or separate custom account, considered as a whole, cannot achieve any gain or loss despite incurring expenses. If an EACM Fund or separate custom account are concentrated in a position, as a result of two or more Portfolio Managers holding the same positions, the risks associated with such investments will be magnified.

Portfolio Funds' Compensation not Correlated to EACM Funds' or separate custom accounts' Overall Performance. A Portfolio Manager will be compensated based on the performance of its Portfolio Fund. Consequently, a particular Portfolio Manager may receive incentive compensation in respect of its Portfolio Fund's performance during a period when EACM Funds' or separate custom accounts' overall capital depreciated.

Dependence on EACM and Portfolio Managers. EACM invests assets of EACM Funds or separate custom accounts through Portfolio Managers and Portfolio Funds. The success of any EACM Fund or separate custom account depends upon the ability of EACM and the Portfolio Managers to develop and implement investment strategies that achieve each EACM Fund's or separate custom account's and the respective Portfolio Funds' investment objectives. Decisions made by EACM and/or the Portfolio Managers may cause the EACM Funds or separate custom accounts to incur losses or to miss profit opportunities on which they may otherwise have capitalized.

Limited Diversification. EACM Funds or separate custom accounts generally seek to diversify assets through investments with various Portfolio Managers and strategies. Such diversification may not be achieved as a result of insufficient investment opportunities or insufficient investable assets as a result of insufficient subscriptions or withdrawals by investors. In addition, although the diversification of EACM Funds or separate custom accounts' investments (through Portfolio Funds) in a variety of securities and industries is intended to reduce EACM Funds' or separate custom accounts' exposure to adverse events associated with specific issuers or industries, the number of investments by the Portfolio Funds will be limited, and the portfolios of some Portfolio Funds may be highly concentrated in particular companies, industries or countries. As a consequence, EACM Funds' or separate custom accounts' returns

as a whole may be adversely affected by the unfavorable performance of even a single investment by a Portfolio Fund.

Dilution and Concentration. In the case of Portfolio Funds that limit the amount of additional capital that they will accept from EACM, continued sales of Interests by an EACM Fund or separate custom account will dilute the participation of existing investors in such Portfolio Funds. Conversely, withdrawals from an EACM Fund or separate custom account could lead to withdrawals from more liquid Portfolio Funds and consequently more concentration in certain Portfolio Funds within EACM Funds or separate custom accounts.

Correlation Risk. Although the funds-of-funds strategy seeks to deliver returns that are not typically representative of the broad market by allocating its assets among various asset categories or investment strategies, there can be no guarantee that the performance of the underlying funds or the fund will have a low correlation to that of traditional asset classes under all market conditions.

Valuation and Performance Estimates. EACM will have little ability to assess the accuracy of the valuations received from a Portfolio Manager. Furthermore, the net asset values received by EACM Funds or separate custom accounts from such Portfolio Managers will typically be estimates only, subject to revision through the end of each Portfolio Fund's annual audit. Revisions to EACM Funds' or separate custom accounts' gain and loss calculations will be an ongoing process, and no appreciation or depreciation figure can be considered final until each EACM Fund's or separate custom account's annual audit is completed.

Limited Liquidity; In-kind Distributions. An investment in an EACM Fund or separate custom account provides limited liquidity, since withdrawal rights are limited and may be suspended in whole or in part under the circumstances described in the pooled investments vehicle's offering documents. Interests may not be pledged, assigned, hypothecated, sold, exchanged, transferred, conveyed or disposed of without the prior consent of EACM. There can be no assurance that any Fund will have sufficient cash to satisfy withdrawal requests, or that it will be able to liquidate investments at the time such withdrawals are requested. Liquidity of Interests is dependent on the liquidity of each Fund's investments in the Portfolio Funds. In certain cases, a Portfolio Fund may suspend withdrawals when there exists a state of affairs where disposal of part or all of such Portfolio Fund's assets or the determination of its Net Asset Value are not reasonably practical or are significantly prejudicial to the non-withdrawing investors. Although EACM Funds or separate custom accounts do not currently intend to make distributions in-kind, under the foregoing circumstances, investors may receive in-kind distributions of interests in Portfolio Funds from the EACM's portfolio. Such investments so distributed may not be readily marketable or saleable and may have to be held by such investors for an indefinite period of time. As a result, an investment in an EACM Fund or separate custom account is suitable only for sophisticated investors. Any such in-kind distributions will not materially prejudice the interests of remaining investors.

Delayed Schedules K-1. It is unlikely that an EACM Fund in which taxable U.S. investors invest will be able to provide final Schedule K-1s to investors for any given fiscal year until after April 15 of the following year. EACM will endeavor to provide such investors with

estimates of the taxable income or loss allocated to their investment in an EACM Fund on or before such date, but final Schedules K-1 will not be available until completion of the EACM Fund's annual audit (which may be six months or more after year-end). Investors may be required to obtain extensions of the filing date for their income tax returns at the Federal, state and local level.

Side Letters. EACM Funds may enter into side letters and other agreements and arrangements ("Side Letters") with certain investors or Portfolio Funds pursuant to which, among other things, an investor, or EACM Fund or separate custom account may have more frequent redemption rights, short notice periods or receive reports and have access to information regarding an EACM Fund's portfolio that might not be generally available to other Investors. Such investors may be able to base their investment decisions, including, without limitation, withdrawing their capital from an EACM Fund, on the information that is not generally available to other investors.

Additional Risks Associated with "Master-Feeder" Investment Programs

Master-Feeder Fund Structure. Some EACM Funds are set up as Master-Feeder Funds. Therefore, rather than making portfolio investments directly, these EACM Funds will invest substantially all of their investable assets through a "master-feeder" structure in the Master Fund. Substantially all portfolio investments are to be held at the Master Fund level. The "master-feeder" structure may be dissolved at any time, whereupon the EACM Fund would make portfolio investments directly and such portfolio investments would be held by the EACM Fund. The "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in the Master Fund may be materially affected by the actions of a larger feeder fund investing in the Master Fund. If a larger feeder fund redeems from the Master Fund, the remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. The Master Fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. The Master Fund is a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund. In addition, to the extent the EACM Fund's assets are invested in the Master Fund, certain conflicts of interest may exist due to different tax considerations applicable to the EACM Fund and other feeder funds.

Item 9. Disciplinary Information

EACM is not a defendant in any of the complaints or actions described in the following paragraph.

Several State Attorney General's Offices and certain other plaintiffs have filed civil complaints against The Bank of New York Mellon (the "Bank") and/or The Bank of New York Mellon Corporation ("BNY Mellon"). BNY Mellon is the parent company of the Bank and EACM. Certain of these complaints supersede complaints that had been filed by a purported whistleblower under state false claims act statutes. In addition, the Massachusetts Securities

Division has filed an administrative complaint against BNY Mellon. These actions allege that the Bank and/or BNY Mellon improperly charged and reported prices for standing instruction foreign exchange (“FX”) transactions executed in connection with custody services provided by the Bank. BNY Mellon believes that the claims asserted in the actions are without merit, and reflect a fundamental misunderstanding of the role of custodian banks and the operation of institutional FX markets. BNY Mellon plans to defend itself vigorously on behalf of its shareholders.

Item 10. Other Financial Industry Activities and Affiliations

As previously noted, EACM is currently an indirect, wholly-owned subsidiary of BNY Mellon.

BNY Mellon is a Global Financial Services Company:

BNY Mellon is a global financial services company providing a comprehensive array of financial services (including asset management, wealth management, asset servicing, clearing and execution services, issuer services and treasury services) through a world-wide client focused team that enables institutions and individuals to manage and service their financial assets. BNY Mellon Asset Management is the umbrella designation for BNY Mellon’s affiliated investment management firms and global distribution companies and is responsible, through various subsidiaries, for U.S. and non-U.S. retail, intermediary and institutional distribution of investment management and related services.

We may enter into transactions with unaffiliated counterparties or third party service providers who then use affiliates of the Firm to execute such transactions. These services may include, for example, clearance of trades, purchases or sales of ADRs, or other transactions not contemplated by us. Although one of our affiliates may receive compensation for engaging in these transactions, the decision to use or not use an affiliate of ours is made by the unaffiliated counterparty or third party service provider. Further, we will likely be unaware that the affiliate is being used to enter into such transaction.

BNY Mellon and/or its other affiliates may gather data from us about our investment activities, including information about holdings within client portfolios, which is required for regulatory filings to be made by us or BNY Mellon or other affiliates (e.g., reporting beneficial ownership of equity securities) or for other compliance, legal or risk management purposes, pursuant to policies and procedures of the Firm, BNY Mellon or other affiliates. This data is deemed highly confidential and procedures are followed to ensure that any information is utilized solely for the purposes intended.

BNY Mellon Incentive Compensation Plan

BNY Mellon has adopted an incentive compensation program (“Program”) designed to:

- 1) Help clients understand and gain access to the full range of products and services offered by BNY Mellon and its subsidiaries; and

2) Expand and develop client relationships.

The Program promotes BNY Mellon's corporate values of Client Focus, Trust, Teamwork and Outperformance by encouraging the cross-selling of BNY Mellon's broad array of services and products throughout the organization to better meet a current or prospective client's full range of needs for financial products and services, and to expand customer relationships. The Program seeks to financially reward (via bonus or referral fee) eligible employees who offer a business lead that results in a sale of certain affiliated products or services to existing clients and prospects. These bonuses and referral fees may be paid to us and our employees for referring business (services or products) to our affiliates, and our affiliates and their employees may receive bonuses and referral fees for referring business to us. The bonuses and referral fees may be based on the number of referrals made and/or the revenue generated by the referral. Certain types of regulated entities, employees and referrals may be ineligible for the Program or subject to restrictions under applicable law or internal procedures governing the earning of such rewards. These referral fees and bonuses may create conflicts of interest for us and our employees because we have an incentive to encourage our clients to engage in transactions with our affiliates, based on the compensation that we will receive for these referrals, rather than our clients' needs.

Affiliated Placement Agents

We have affiliated non-exclusive "placement agents," including MBSC Securities Corporation and BNY Mellon Asset Management International Limited, who solicit persons to invest in various private funds, including our private funds, as well as our separate account products. Certain private funds and EACM have entered into agreements with these placement agents to pay them commissions or fees for such solicitations. We or our affiliates are solely responsible for the payment of these commissions and fees; they will not be borne by the private funds and their investors. We or our affiliates pay these commissions and fees out of our profits, and these payments do not increase the fees paid by the private fund's investors. These financial incentives may cause the placement agents and their employees and/or salespersons to steer investors toward those private funds that will generate higher commissions and fees. *Please see Item 14 for more information on the compensation arrangements related to client referrals.*

Certain of our sales and marketing employees are registered representatives of our affiliate, MBSC Securities Corporation, a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and a member of FINRA. In their capacity as registered representatives of MBSC, they sell and provide services regarding funds managed by us. There is a financial arrangement in place between us and MBSC.

Affiliated Service Providers

In addition, to the extent permitted by law, placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us, our affiliates or related private funds. Such services, if any, will be provided at competitive rates. BNY Mellon is also affiliated with service providers, distributors and consultants that may provide services

and may receive fees from BNY Mellon in connection with such services, which may incentivize such persons to distribute interests in a private fund or other BNY Mellon products.

Dual Employees

Certain of our employees act as employees of The Dreyfus Corporation (“Dreyfus”), an affiliated registered investment adviser, for the purpose of performing investment management and related functions. In their capacities as Dreyfus employees, these Firm personnel provide investment advisory services to certain affiliated registered investment companies. For such services, we receive a portion of the investment management fee received by Dreyfus from each investment company to which it renders advice.

Other Relationships

In addition, BNY Mellon personnel, including certain of our employees, may have board, advisory, or other relationships with issuers, distributors, consultants and others that may have investments in a private fund and/or related funds or that may recommend investments in a private fund or distribute interests in a private fund. To the extent permitted by applicable law, BNY Mellon and its affiliates, including us and our personnel, may make charitable contributions to institutions, including those that have relationships with investors or personnel of investors. As a result of the relationships and arrangements described in this paragraph, placement agents, consultants, distributors and other parties may have conflicts associated with their promotion of a private fund, or other dealings with a private fund, that create incentives for them to promote a private fund.

Affiliated Broker-Dealers and Investment Advisers

We are affiliated with a significant number of advisers and broker/dealers. Please see Form ADV, Part I - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers.

We may be prohibited or limited from effecting transactions for you because of rules in the marketplace, foreign laws or our own policies and procedures. In certain cases, we may face further limitations because of aggregation issues due to our relationship with affiliated investment management firms. *Please also refer to Item 12, below, for a discussion of trade aggregation issues.*

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

We have adopted a Code of Ethics that is made up of two parts:

- 1) BNY Mellon Code of Conduct and Interpretive Guidance (the “BNY Mellon Code”); and
- 2) BNY Mellon Personal Securities Trading Policy (the “PSTP”).

The BNY Mellon Code provides to employees the framework and sets the expectations for business conduct. In addition, it clarifies our responsibilities to clients, suppliers, government officials, competitors and the communities we serve and outlines important legal and ethical issues:

- 1) Conflicts of Interest: gifts, entertainment and other payments; personal conflicts of interest; fiduciary appointments and bequests; outside affiliations, outside employment and certain outside compensation issues; and disclosure of relationships and transactions;
- 2) Proper Use and Care of Information and Proper Recordkeeping: proprietary information and intellectual property; data integrity and corporate information; use of e-mail and internet; accurate accounting and internal controls; use of non-public or “inside” information; talking to the media; and document retention;
- 3) Dealing with Customers, Prospects, Suppliers, and Competitors: business relationships with customers, prospects, suppliers, and competitors; business decisions; exploitation of relationships and use of the company’s name, letterhead or facilities; knowing your customer; and recognizing and reporting illegal, suspicious, or unusual activities;
- 4) Doing Business With the Government: complying with government contracts, government contracting laws and regulations; integrity in the sales and marketing process; truthful, accurate statements and recordkeeping; safeguarding government information and property; cooperating with government audits and investigations; and meeting employment and labor obligations;
- 5) Personal Finances: personal investments; personal brokerage accounts; political campaign contributions; contributions to not-for-profit entities; and individual employees’ regulatory requirements; and
- 6) Compliance with the Law: among other matters illegal or criminal activities; investigations; and protection of company assets.

The PSTP is designed to reinforce our reputation for integrity by avoiding even the appearance of impropriety and to ensure compliance with applicable laws in the conduct of our business. The PSTP sets forth procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership. We, and our related persons and employees, may, under certain circumstances and consistent with the PSTP, purchase or sell for their own accounts securities that we also recommend to clients.

The PSTP imposes different requirements and limitations on employees based on the nature of their business activities for the Firm. Each of our employees is classified as one of the following:

- 1) Investment Employee (“IE”): IEs are employees who, as part of their responsibilities, have access to nonpublic information regarding any advisory client’s purchase or sale of securities

or nonpublic information regarding the portfolio holdings of any Proprietary Account, or are involved in making securities recommendations to advisory clients or have access to such recommendations before they are public.

- 2) Access Decision Maker (“ADM”): ADMs (generally portfolio managers and research analysts who make recommendations or decisions regarding the purchase or sale of equity, convertible debt and non-investment grade debt securities for mutual funds and other managed accounts) are subject to the most extensive procedures under the PSTP.
- 3) Other Employee (“OE”): Our employees are considered OEs if they are not an IE or ADM.

PSTP Overview:

- 1) IEs and ADMs are subject to preclearance and personal securities reporting requirements, with respect to discretionary accounts in which they have direct or indirect ownership;
- 2) Transaction reporting is not required for non-discretionary accounts, transactions in exempt securities or certain other transactions that are not deemed to present any potential conflicts of interest;
- 3) Preclearance is not required for transactions involving certain exempt securities (such as open-end investment company securities that are not BNY Mellon Proprietary Funds or money market funds and short-term instruments, non-financial commodities; transactions in non-discretionary accounts (approved accounts over which the employee has no direct or indirect influence or control over the investment decision-making process); transactions done pursuant to automatic investment plans; and certain other transactions detailed in the PSTP which are either involuntary or deemed not to present any potential conflict of interest;
- 4) The acquisition of any securities in a private placement requires prior written approvals;
- 5) With respect to transactions involving BNYMC securities, all employees are also prohibited from engaging in short sales, purchases on margin, option transactions (other than employee option plans), and short-term trading (*i.e.*, purchasing and selling, or selling and purchasing BNYMC securities within any 60 calendar day period);
- 6) With respect to non-BNYMC securities purchasing and selling, or selling and purchasing the same or equivalent security within 60 calendar days is discouraged, and any profits must be disgorged; and
- 7) No covered employee should knowingly participate in or facilitate late trading, market timing or any other activity with respect to any fund in violation of applicable law or the provisions of such fund’s disclosure documents.

A copy of our Code of Ethics will be provided upon request.

Interest in Client Transactions

Note that while each of the following types of transactions present conflicts of interest for us, as described below, we manage our accounts consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged.

“Principal transactions” are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys any security from or sells any security to any client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated EACM Fund and another client account. We may engage in principal transactions subject to the consent requirements under the Advisers Act and as permitted under applicable law. When we engage in a principal transaction, we may have an incentive to favor our own interests over the interests of our client. All principal transactions must be approved in advance by the Firm’s Chief Compliance Officer.

From time to time securities to be sold on behalf of a client may be suitable for purchase by another client. In such instances, if we determine in good faith that the transaction is in the best interest of each client, then we may arrange for the securities to be transferred between the client accounts at an independently determined fair market value (a “cross trade”). Cross trades present conflicts of interest, as there may be an incentive for us to favor one client to the cross trade over the other. For example, if one client account pays performance fees to the Firm, while the other client account pays only asset-based fees, we would have a financial incentive to favor the performance fee paying account in the cross-trade. However, note that cross trades are subject to Advisers Act restrictions, and will only be undertaken by us as permitted under applicable law. We do not receive fees or commissions when making these trades. All cross transactions must be approved in advance by the Firm’s Chief Compliance Officer.

We or our affiliates may invest, directly or indirectly, in the same securities that we or our affiliates recommend to clients. When we or an affiliate currently holds for our own benefit the same securities as a client, we could be viewed as having a potential conflict of interest. For example, we or our affiliate could be seen as harming the performance of the client’s account for our own benefit if we short-sell the securities in our own account while holding the same securities long in the client account, causing the market value of the securities to move lower.

Item 12. Brokerage Practices

Broker Selection: EACM utilizes a "fund-of-funds" or "multi-manager" investment strategy and as such does not use brokers or have broker selection practices.

Soft Dollars: We do not use or receive research or other products or services in connection with client transactions.

Trade Allocation: EACM generally does not trade individual securities. Rather, EACM allocates and reallocates capital to Portfolio Managers who affect trades according to their strategy. It is

EACM's policy to allocate investments with Portfolio Managers and in Portfolio Funds among clients in a fair and equitable manner. EACM achieves this by first determining relevant investments and then determining eligible clients for which the trade is appropriate, given their investment objectives, practices and restrictions. For each client for whom it is deemed appropriate, EACM will consider cash available from flows and or possible withdrawals.

Once the set of eligible clients has been defined, the trade will be allocated equitably across the group. If there are no liquidity restrictions or a sufficient amount of capacity is available, this will usually occur in the form of an approximately pro rata distribution. If liquidity is restricted or a limited amount of capacity is available, EACM may chose to rotate such trades equitably among its clients.

Variables which may result in EACM varying from a pro rata allocation, or which it may consider in selecting the order of rotation, include whether a certain allocation would result in a position size exceeding the maximum desired, whether the allocation would have a meaningful investment impact on a portfolio, the relative position size with a particular manager among various clients and the timing of the receipt of any previous allocations.

Best Execution: Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness. Though EACM generally does not trade individual securities, EACM does periodically place foreign exchange ("FX") trades for hedging purposes with Fund or separate account custodians. After a FX trade is placed with a custodian, rates are subsequently received by EACM and then compared to current Bloomberg Spot and Forward rates for reasonableness based on current and high and low ranges. This process ensures that the Fund or separate account is receiving best execution of FX trades.

Item 13. Review of Accounts

EACM Funds and separate custom accounts are subject to oversight on an ongoing basis through daily interactions, weekly staff meetings, monthly new manager and market reviews, monthly risk and due diligence meetings, monthly compliance reviews and quarterly Investment Committee meetings. EACM's monthly risk management reporting highlights performance, allocations, liquidity, leverage and other portfolio characteristics by client account. Such reports are reviewed monthly by the CEO and senior Investment and Risk officers.

More broadly, EACM has in place a Product Development Committee as well as Risk and Compliance Committee comprising key Compliance, Risk Management, and Fund Administration officers which meets monthly, or as needed, to formally review account structuring and requirements prior to implementation, as well as review significant events, errors, conflicts, guideline adherence, or other material developments. Concerns are resolved or

escalated accordingly, and material events are reported promptly to clients. As part of its compliance regime, BNY Mellon also requires a monthly reporting of significant events or violations from all subsidiaries.

At least monthly, and more often as required by special circumstances (such as a relevant development in market conditions affecting one or more of the Portfolio Managers), the members of EACM's Investment Committee (individually or as a group), will review the performance of each EACM Fund or separate custom account, including a review of the performance of each of the investment portfolios of each EACM Fund or separate custom account. In addition, the performance of such vehicles is reviewed by the full Investment Committee at quarterly meetings. A number of investment professionals, as appointed by senior management, are responsible for reviewing and overseeing the accounts on a day to day basis.

Each of the investors in an EACM Fund or separate custom account receives monthly reports showing performance results for each vehicle or customized separate account in which it invests and certain significant sources of performance as well as capital statements from the account's third party administrator. Each of the investors will also receive annual audited financial statements of the EACM Fund or separate custom account as required.

Item 14. Client Referrals and Other Compensation

Unaffiliated Solicitors and Placement Agents. We may hire third parties to solicit new investment advisory clients. The commissions or fees, if any, payable to such solicitors (also referred to as placement agents) with respect to solicitation of investments with us will be paid solely by us. Clients will not pay fees for these solicitations. These solicitors have an incentive for the client to hire us because we will pay the solicitor for the referral. The prospect of receiving solicitation/placement fees may provide such placement agents and/or their salespersons with an incentive to favor these sales over the sale of interests of other investments with respect to which the placement agent does not receive such compensation, or receives lower levels of compensation. In addition, to the extent permitted by law, certain placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us or our affiliates. Such services, if any, will be provided at competitive rates.

Affiliated Solicitors and Placement Agents. We may pay referral fees to our affiliates (and/or their employees) for referrals that result in additional investment management business. *Please see the discussion of affiliated placement agents in Item 10, above.*

Our parent, BNY Mellon, has organized its lines of business into two groups: Investment Management and Investment Services (collectively "Groups"). As a member of BNY Mellon Asset Management, we are part of the Investment Management Group. A sales force has been created to focus on developing new customer relationships and developing and coordinating large complex existing customer relationships within those Groups.

In certain circumstances, BNY Mellon Asset Management sales representatives are paid fees for sales. The fees may be based on revenues and may be a one-time payment or paid out over a

number of years. In addition, our sales representatives and sales representatives of our affiliates within the Investment Management Group are paid for intra-Group referrals to Group counterparts. Those fees are based on the first year's revenue for the Group counterpart.

Sales of any alternative investment products (such as private funds) may be made through a broker-dealer affiliate. Only registered representatives of such broker-dealer receive compensation for sales of alternative investments.

We may pay a fee to an affiliate (or directly to employees of the affiliate) that has a pre-existing relationship with a new client in the Investment Services Group. The fees may be based on revenues and may provide for a one-time payment or payments over a number of years.

We and our affiliates also participate in the BNY Mellon Incentive Compensation Plan, which presents certain conflicts of interest, *all as described in Item 10, above*.

Item 15. Custody

Rule 206(4)-2 under the Advisers Act (the "Custody Rule") defines "custody" to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them, in connection with advisory services provided by the adviser.

For purposes of the Custody Rule, we are deemed to have "custody" of certain client assets because:

- we have the ability to deduct fees from client custodial accounts
- client funds or securities are held by The Bank of New York Mellon (a related person of the Firm), and
- we serve as general partner (or similar capacity) of EACM Funds organized as limited partnerships.

EACM Fund Investors: You will receive from the EACM Fund's administrator or qualified custodian an account statement, at least quarterly, identifying the amount invested in the Fund at the end of the period and showing all transactions reflecting your interests in the Fund during the period. Please review these statements carefully. Generally, you will not receive account statements separately from us.

Separate Custom Accounts: You will receive statements and other documents from your administrator or qualified custodian depending on your contract with us. Please review these statements carefully. Generally, you will not receive account statements separately from us. You are strongly urged to compare the account statements you receive from us with those that you receive from your qualified custodian.

Item 16. Investment Discretion

We typically accept discretionary investment authority over client assets, and clients must grant this discretionary authority to us in writing via a contract, power of attorney, and/or through an appointment to become the investment adviser of a private fund. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account.

Clients must deliver their investment guidelines and restrictions to us in writing, and we will adhere to such guidelines and restrictions when making investment decisions.

Item 17. Voting Client Securities

The Securities and Exchange Commission (the "SEC") adopted Rule 206(4)-6, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies effective August 6, 2003. In compliance with such rules, EACM has adopted proxy voting policies and procedures (the "Policies"). The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "proxies") relating to investments in Portfolio Funds and/or separate accounts of securities managed by third party investment advisers in a manner that serves the best interest of the EACM Fund or separate account, as determined by EACM in its discretion, taking into account the following factors: (i) the impact on the value of the returns of the Portfolio Fund; (ii) the attraction of additional capital to the Portfolio Fund; (iii) the alignment of the interests of the Portfolio Fund's management with the interest of the Portfolio Fund's beneficial owners, including establishing appropriate incentives for the Portfolio Fund's management; (iv) the costs associated with the proxy; (v) the impact on redemption or withdrawal rights; (vi) the continued or increased availability of portfolio information; and (vii) industry and business practices. The policies also address how the adviser will vote proxies with regard to specific matters, such as voting rights, termination or liquidation of a Portfolio Fund, approval of Board members or advisors and other issues. In the situations where a client account owns an interest in a Portfolio Fund, the respective Portfolio Manager votes the proxies for that fund's underlying securities.

We will furnish a copy of our Proxy Voting Policy to each client upon request.

Item 18. Financial Information

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. EACM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.