

# Corvex Management LP

## Part 2A of Form ADV

### Firm Brochure

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Corvex Management LP is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

**This brochure provides information about the qualifications and business practices of Corvex Management LP. If you have any questions about the contents of this brochure, please contact us at 212-474-6700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

Additional information about Corvex Management LP is also available on the Securities and Exchange Commission's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

There have been no material changes to this Form ADV Part 2 brochure since its last annual update on March 28, 2013.

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## Item 4. Advisory Business

Corvex Management LP (also referred to as Corvex or our firm) is an investment advisory services firm specializing in investment management for private investment funds. Our firm was formed in December 2010 and has been a registered investment adviser since March 2012. The founder and principal owner of our firm is Keith A. Meister.

In providing advisory services, Corvex formulates the investment objective for each client fund, directs and manages the investment and reinvestment of each client fund's assets, and provides periodic reports to investors in each client fund. Our firm focuses on fundamental, value-based investing across the capital structure in situations with clearly identifiable catalysts. We follow an opportunistic approach to investing with a specific focus on equity investments, special situations and distressed securities.

We tailor our investment advice, which is provided directly to each client fund and not individually to the investors of the funds, to the individual needs and specific investment mandates of our clients. We manage the assets of each client fund in accordance with the terms of the governing documents applicable to such fund.

As of December 31, 2013, Corvex managed approximately \$5.3 billion of client assets on a discretionary basis. We do not manage any client assets on a non-discretionary basis.

## **Item 5. Fees and Compensation**

Corvex receives compensation from our clients based on the percentage of assets we manage and by receiving performance-based compensation.

Generally we charge fees of 1.5% of a client's net assets that we manage and 20% of the net realized and unrealized appreciation in that client fund's net assets annually. Our client funds that pay an asset-based management fee typically do so monthly in advance. Investors in these client funds can only make withdrawals as of a calendar quarter end; a withdrawing investor will not have paid management fees in excess of what such investor owed. If an investor in such a client fund withdraws at a time other than the end of a month, we do not refund it a pro rata portion of the fees it paid at the beginning of the period. Our performance-based compensation is typically structured as a profit-sharing allocation through a general partner interest held by one of our affiliates. We typically determine and allocate the performance allocation on an annual basis for these client funds, but will determine and allocate it for shorter periods under certain circumstances (such as with respect to amounts withdrawn or redeemed from this client fund). This performance allocation is subject to a loss carry forward or high water mark provision that generally requires that any losses suffered by the client fund (adjusted to reflect withdrawals or redemptions) be offset by subsequent net profits before our firm is entitled to subsequent performance allocations from investors in the client fund.

In circumstances where a Corvex client fund has invested into another Corvex client fund, no Corvex client fund is required to bear two layers of management fees payable to Corvex or two layers of performance-based compensation payable to Corvex and its affiliates.

We also charge certain client funds only performance allocation based on net realized profits. Investors in these client funds are subject to lock-up and other withdrawal provisions. The performance allocation and withdrawal terms are described in those client funds' governing documents.

We deduct all compensation automatically from our client funds' accounts pursuant to their governing documents. Our fees are usually not negotiable, although we have allowed certain significant investors to participate in our client funds at a reduced rate. We have the discretion to waive all or a portion of the asset-based fee and/or performance-based compensation, but typically only exercise this discretion for Corvex-affiliated investors. In addition, we occasionally enter into side letter arrangements with certain investors in our client funds, in which we may waive certain terms, or allow such investors to invest on different terms than those specifically described in the governing documents. Under certain circumstances, these agreements could create preferences or priorities for such investors with respect to other limited partners.

In connection with our advisory services, our clients bear all of their own expenses. Those expenses will vary, but typically include expenses associated with organization of the client fund, ongoing offering costs, investment-related expenses, such as brokerage commissions, interest expenses, clearing and settlement charges, custodial fees, travel expenses, appraisal fees, investment banking expenses, fees and profit-sharing payments due to unaffiliated advisors, sub-advisors, consultants and finders, information systems costs, costs of preparing and mailing reports to investors, administrator fees, legal

expenses, accounting, audit and tax preparation expenses, taxes, and cost of directors' and officers' liability insurance.

Detailed information regarding the fees and expenses charged to our clients is provided in each client's offering documents and other governing documents.

Corvex and its affiliates are permitted to receive consulting fees, investment banking fees, advisory fees, breakup fees, director's fees, closing fees, transaction fees and similar fees in connection with actual or contemplated investments. Such fees may reduce or offset management fees or performance-based fees. Conflicts of interest may also arise due to the allocation of such fees to or among co-investors.

## **Item 6. Performance Based Fees and Side-by-Side Management**

As described in Item 5 above, our firm receives part of its compensation from clients in the form of performance-based compensation. We do not manage any clients that do not pay performance-based compensation.

The fact that Corvex is compensated in part based on trading profits may create an incentive for Corvex to make investments on behalf of the client funds that are riskier or more speculative than would be the case in the absence of such compensation. In addition, Corvex may receive performance-based compensation based on realized and unrealized gains and losses from certain clients. As a result, such performance-based compensation earned could be based on unrealized gains that investors may never realize. Our firm's investment in client funds aids in aligning our interests with the interests of our clients.

## **Item 7. Types of Clients**

Corvex provides discretionary investment management services to private investment funds. Our client funds rely on certain exclusions from the definition of "investment company" in the Investment Company Act of 1940, as amended. Accordingly, none of our client funds are registered as investment companies with the SEC.

Investors in most of our client funds are generally required to make a minimum initial investment of \$5,000,000. However, we may waive or reduce the minimum initial investment in certain circumstances, subject to statutory limitations. Interests in our client funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in order to comply with applicable federal securities laws and regulations. Typically, these investors are institutions, funds of hedge funds, family offices, high net worth individuals, trusts, estates, corporate and public pension and profit sharing plans, endowments, charitable organizations, and other entities.

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

Corvex utilizes a fundamental, event-driven investment process based upon fundamental business, credit and market analysis, credit structure analysis and identification of an investment catalyst. We often seek to be an active investor and work with portfolio companies to create investment opportunities.

In making our investment decisions, we generally rely on rigorous, internally-generated financial analysis of a company's underlying business fundamentals supplemented by market expertise and event-oriented analysis. Analyses are derived from annual reports, prospectuses, public filings, inspections of corporate activities, conversations with the firm, industry and market experts, financial publications and other sources. Corvex may also utilize research materials prepared by others in making an investment decision. Corvex uses a team approach in developing its own fundamental views and a complete understanding of the market's expectations for a specific situation.

Corvex seeks to apply its fundamental, event-driven approach across a variety of types of securities including long and short equities, put and call options, long and short bonds, credit default swaps, bank debt and other corporate obligations, warrants, swaps (including interest rate swaps), currencies, commodities and derivative products.

### **Risks**

Despite our firm's research and analysis, investing in any securities involves a risk of loss that any client funds and investors in our client funds must be prepared to bear. The investment strategy we use entails substantial risks, including, but not limited to, those listed below. Further risk factors are listed in the offering documents of our client funds.

**Business Risk.** The companies in which our clients invest may involve a high degree of business and financial risk. These companies, in some cases, may have significant variations in operating results, may be engaged in a rapidly changing business environment with products subject to a substantial risk of obsolescence, may require significant additional capital to support their operations, or may otherwise have a weak or unstable financial condition.

**Potential Illiquidity of Investments.** The market value of our clients' investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of our clients' investments. In addition, the lack of an established, liquid secondary market for some of our clients' investments may have an adverse effect on the market value of those investments and on our clients' ability to dispose of them. Partly as a result of the foregoing, as well as general market inefficiencies respecting companies in varying stages of reorganizations and/or recapitalizations, a portfolio valuation for a client may not necessarily be indicative of actual results or amounts to be realized by the client from its investments. Additionally, some of our clients' investments may be subject to certain other transfer restrictions that may contribute to illiquidity. Also, investments constituting a control position will be subject to additional transfer restrictions under federal securities and other laws by virtue of such control position which will further contribute to illiquidity. Therefore, no assurance can be given that, if we decide to dispose of a particular investment, our client fund will be able to dispose of such investment at the prevailing market price.

**Event-Driven Strategies.** The success of event-driven strategies depends on the successful prediction of whether various corporate events will occur or be consummated. When Corvex determines that a merger, exchange offer or tender offer transaction may be consummated, our clients may purchase securities at prices only slightly below the anticipated value to be paid or exchanged for such securities in the merger, exchange offer or tender offer, and substantially above the prices at which such securities traded immediately prior to the announcement of the merger, exchange offer or tender offer. The

consummation of mergers, exchange offers, tender offers and other similar transactions can be prevented or delayed, or the terms changed, by a variety of factors. If the proposed transaction later appears unlikely to be consummated or is delayed, the market price of the securities may decline sharply by more than the difference between the purchase price and the anticipated consideration to be paid, resulting in a loss to our clients.

**Special Situation Investments.** Our clients may invest in companies undergoing significant economic and corporate change. Because of the inherently speculative nature of this activity, the investment results may fluctuate from month to month and from period to period. The returns generated from such an investment program may not adequately compensate investors for the business and financial risk assumed. Our clients' investments may be adversely affected by changes in economic conditions or political events that are beyond our control.

**Investments in Undervalued Assets.** Our clients may invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from such investments may not adequately compensate investors in our client funds for the business and financial risks assumed. An investor should be aware that it may lose all or part of its investment in our client funds. Our clients may be forced to sell, at a substantial loss, assets which we believe are undervalued, if they are not in fact undervalued. In addition, our clients may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of our clients' funds would be committed to the assets purchased, thus possibly preventing our clients from investing in other opportunities. In addition, our clients may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

**Debt Securities.** Our clients may invest in debt securities which may be low-rated or unrated by a recognized credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities, due to a possible default by, or bankruptcy of, the issuers of the securities. Our clients may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Our clients may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Our clients may invest in distressed debt securities which are subject to the significant risk of the issuer's inability to meet principal and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk (market risk). Our clients will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Furthermore, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments.

**Potential Involvement in Litigation.** As a result of the our clients' potential investments in distressed investments and the possibility that Corvex may participate in restructuring activities, it is possible that our clients may become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against our clients

and ultimately judgments may be rendered against our clients for which our clients do not carry insurance.

**Leverage.** Our clients may leverage their capital when we believe that the use of leverage may enable our clients to capitalize on opportunities to achieve a higher rate of return as well as to meet withdrawals which would otherwise result in the premature liquidation of investments. While such borrowing will increase the investment opportunities available to our clients, it will also increase the risk of loss on such investments. In general, our clients' potential use of short-term margin borrowings will result in certain additional risks to our clients. For example, should the securities pledged to brokers to secure our clients' margin accounts decline in value, our clients could be subject to "margin calls," pursuant to which our clients must either deposit additional funds with such brokers, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of our clients' assets, our clients might not be able to liquidate assets quickly enough to pay off its margin debt.

**Short Sales.** Short sales by our client funds that create opportunities to increase our clients' return but, at the same time, involve special risk considerations and may be considered a speculative technique. Since our clients, in effect, profit from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale, the value of our client funds will tend to increase more when the securities sold short decrease in value, and to decrease more when the securities sold short increase in value, than otherwise would be the case if the client funds had not engaged in such short sales. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may increase continuously, although our client funds may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions our client funds might have difficulty purchasing securities to meet their short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet their short sale obligations at a time when fundamental investment considerations would not favor such sales. Short sales may be used with the intent of hedging against the risk of declines in the market value of the client funds' long portfolio, but there can be no assurance that such hedging operations will be successful.

**Derivative Instruments.** Our firm may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives that may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. The use of derivative instruments presents various risks, including the following:

*Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent Corvex from achieving the intended hedging effect or expose our clients to the risk of loss.

*Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets Corvex may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges on which Corvex may conduct its transactions in certain derivative instruments may prevent prompt liquidation of positions, subjecting our clients to the potential of greater losses.

*Leverage* – Trading in derivative instruments can result in large amounts of synthetic leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by our clients and could cause our client funds’ net asset value to be subject to wider fluctuations than would be the case if Corvex did not use derivative instruments that provide leverage.

*Over-the-Counter-Trading* – Derivative instruments that may be purchased or sold by Corvex include instruments not traded on an exchange. Over-the-counter options, unlike exchanged-traded options, are bilateral contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which Corvex can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

**Options.** The successful use of options depends on the ability of Corvex to forecast market movements correctly. In addition, when our clients purchase an option, they run the risk that they will lose their entire investment in the option in a relatively short period of time, unless our clients exercise the option or enter into a closing transaction with respect to the option during the life of the option. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, our clients will lose part or all of their investment in the option. There is no assurance that our clients will be able to affect closing transactions at any particular time or at any acceptable price. In the event of the bankruptcy of a broker through which our clients engage in transactions in options, our clients could experience delays and/or losses in liquidating open positions purchased or sold through the broker.

**Hedging Transactions.** Our clients may from time to time purchase or sell forwards, swaps or options on currencies, securities and indices. It may be our intention to engage in such transactions on behalf of our clients as a way to mitigate risk associated with their investments; however, it is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on our clients’ investments. This may lead to losses on both the investment and the related transaction. Conversely, there will be times in which we believe that it is not advisable to enter into hedging transactions; accordingly, our clients may be exposed to fluctuations in currencies and other market conditions specific to the underlying asset. The success of our clients’ hedging transactions will be subject to our ability to predict correlations between the value of the portfolio’s assets and the direction of currency exchange rates, interest rates and securities prices. Therefore, while we may enter into such transactions on behalf of our clients to seek to reduce currency exchange rate, interest rate or securities value risks, unanticipated changes in currency exchange or interest rates may result in a poorer overall performance for our clients than if we had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

**Non-U.S. Currencies and Investments.** Investing in non-U.S. issuers involves certain considerations comprising both risks and opportunities not typically associated with investing in U.S. issuers. These considerations include changes in exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Although most of our clients' investments will be U.S. dollar denominated, investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. Corvex intends, but is under no obligation, to employ hedging techniques to minimize these risks, but there can be no assurance that such strategies will be effective.

**Board Participation.** Corvex anticipates that our clients' investment program may from time to time enable us to place our representatives on creditors' committees and/or boards of certain companies in which our clients have invested. While such representation may enable our clients to enhance the sale value of its investments, it may also prevent our clients from freely disposing of their investments and may subject our clients to additional liability. Our clients will indemnify any directors of a client fund, our firm or any other person designated by us for claims arising from such board representation. We will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

**Valuation.** Corvex has the ultimate responsibility to value any position for which an independent quotation is not available or is determined by Corvex not to provide a reliable indication of fair value (subject to periodic review of certain positions by an independent valuation firm). There can be no assurance that Corvex's determinations will be accurate. We generally will not make any retroactive adjustments to valuations for purposes of subscriptions, withdrawals and calculations of management fees or performance-based compensation.

**Concentration of Investments.** Certain client funds may invest in a limited number of issuers or a single issuer's securities or derivatives related to such issuers. Lack of diversification may result in greater risks specific to an issuer and potential losses. Certain of our client funds have a limited purpose which grants us very limited investment discretion. As a result of such limitations on our discretion, Corvex may be unable to appropriately hedge such client fund's portfolio or otherwise take actions to benefit such client fund, even in situations where Corvex foresaw an issue.

**Significant Positions.** Portfolio companies in which client funds may invest could have a relatively small aggregate number of outstanding shares, so that client funds may acquire (i) more than 5% of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G statement with the SEC or (ii) more than 10% of a class of securities of a single issuer (which would impose certain limitations on the client fund's ability to trade in such securities, including the restrictions of Section 16 of the Exchange Act). The accumulation of such a significant position in the shares of a single issuer could lead to litigation or disputes in the event Corvex desires to influence the issuer.

**Dependence on Key Individuals.** Investors in our client funds will have no authority to make decisions or to or to exercise business discretion on behalf of the client funds. The authority for all such decisions is delegated to Corvex and its principals, associates and other employees. The future performance depends on the continued service of such persons. The departure of any of the key management can have an adverse effect on the profits of the client funds.

## **Item 9. Disciplinary Information**

Neither our firm nor any management person has been involved in any criminal or civil actions in a domestic, foreign or military court that would be material to a client's evaluation of our firm's advisory business or our management.

## **Item 10. Other Financial Industry Activities and Affiliations**

Neither our firm nor any of our management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or is an associated person of any of the above.

Our firm and our affiliates, Corvex GP LP and Corvex Administrative GP LLC, sponsor the pooled investment vehicles that we manage. Corvex GP LP serves as the as the general partner to Corvex Partners LP and Corvex Co-Investment Onshore LP, and the managing general partner to Corvex Master Fund LP, Corvex QP Co-Investment LP, Corvex Co-Investment LP and Corvex Co-Investment Offshore LP. Corvex Administrative GP LLC serves as the general partner to Corvex Partners II LP and the administrative general partner to Corvex Master Fund LP, Corvex QP Co-Investment LP, Corvex Co-Investment LP and Corvex Co-Investment Offshore LP. Our client funds generally do not have independent management, and most do not have independent boards of directors. Because we control our client funds as their general partner, or act as sponsor in the case of Corvex Offshore Ltd., Corvex Offshore II Ltd. and Corvex Co-Investment Ltd., none of the compensation, liquidity or other terms of our client funds are negotiated at arm's length. However, we disclose to prospective investors the terms of all of our fees and performance-based compensation, as well as the other terms of an investment, in detail in the offering documents relating to each client fund.

Our employees may serve as outside directors for various organizations. These organizations include corporations, charitable foundations and other not-for-profit institutions. Our employees may receive compensation for serving as a director and responsibilities are typically limited to meeting with other board members and management to discuss the organization of the business and other routine corporate or business matters. Such service may result in Corvex imposing trading restrictions in publicly-traded securities issued by such organizations.

We do not recommend or select other investment advisers for our clients.

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

Corvex has adopted a Code of Ethics in accordance with Securities and Exchange Commission requirements. Our Code of Ethics requires, among other things, that our employees:

- Act with integrity, competence, dignity and in an ethical manner with the public, clients, prospective clients, third party service providers, and fellow employees;
- Place the interests of clients, and the interests of Corvex above an employee's own personal interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Avoid or disclose any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with our Code of Ethics;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Abide by our insider trading policies and procedures; and
- Comply with applicable provisions of the federal securities laws.

Our Code of Ethics also requires our employees to: 1) report certain personal securities transactions on at least a quarterly basis, 2) provide Corvex with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) in which such employees have a direct or indirect beneficial interest, and 3) seek prior approval before engaging in certain personal securities transactions.

Our firm and related persons of our firm generally do not invest in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person of our firm recommends to clients. In addition, our firm and related persons of our firm generally do not recommend securities to clients, or buys or sells securities for client accounts, at or about the same time that our firm or a related person buys or sells the same securities for our firm's own (or the related person's own) account. However, exceptions may be made on a limited basis subject to pre-approval by our firm.

Our firm and our affiliates, Corvex GP LP and Corvex Administrative GP LLC, sponsor the pooled investment vehicles that we manage. The principals have a material personal investment in the Corvex funds through the general partner and as limited partners. We do not believe that these investments cause a conflict of interest between us and investors but rather function to better align the interests of the investors with our own interests since our own capital is being invested alongside the investors' capital. By virtue of our capital investment in the Corvex funds, we may be considered to participate, indirectly, in transactions effected for the Corvex funds.

We provide a copy of our Code of Ethics to clients or investor in our clients, or prospective client or investor, upon request.

## Item 12. Brokerage Practices

Corvex purchases portfolio securities through broker-dealers. Brokers are compensated through commissions and dealers through the spread between the bid and asked price. Corvex seeks to obtain best execution for our clients and takes into account factors such as price (including spreads), size of order, difficulty of execution, operational facilities of the broker or dealer and the risk in positioning a block of securities to the broker or dealer.

Corvex's selection of brokers and dealers to execute transactions is based on a variety of factors including:

- Ability to effect prompt and reliable executions at favorable prices;
- Operational efficiency with which transactions are effected;
- Financial strength, integrity and stability;
- Level of confidentiality maintained with respect to Corvex's transactions;
- Quality, comprehensiveness and frequency of available research services considered to be of value; and
- Competitiveness of commission rates in comparison to other brokers satisfying Corvex's selection criteria.

We may execute trades with brokers and dealers with whom Corvex maintains other business relationships, including prime brokerage, credit and capital introduction relationships. We may also execute trades with brokers or dealers that have invested in our client funds or affiliates. We intend that these other relationships will not influence the choice of brokers and dealers who execute trades for our clients.

Corvex may use "soft dollars." "Soft dollars" refers to the receipt by Corvex of products and services provided by brokers without any cash payment by Corvex. Soft dollars are based on the volume of revenues generated by brokerage commissions related to the execution of transactions by our clients.

The products and services available from brokers include internally generated items, such as research reports created by employees of the broker, as well as items acquired by the broker from third parties, such as outside research and market data. Research services furnished by brokers may include written information/analyses relating to securities, companies or sectors, market, financial and economic studies and forecasts, statistics, pricing and appraisal services, discussions with research personnel and invitations to attend conferences or meetings with company management.

The use of soft dollars benefits may influence us to select one broker-dealer rather than another to perform services for clients, based on our interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers. We can use these research services and products in connection with our advisory services for any of our accounts, not necessarily for only the account that "paid" for them. We will aim to allocate soft dollar benefits in a fair and equitable manner, but may not necessarily allocate soft dollar benefits to each of our client accounts in proportion to the soft dollar credits that each client generates.

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment advisors that use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to investment advisors in the performance of their investment decision-making responsibilities. Corvex intends to operate our client accounts within such “safe harbor”.

The execution of the trading and investment strategies employed by Corvex can often require complex trades, difficult to execute trades, the use of negotiated terms with counterparties such as in the use of derivatives, and the execution of trades involving less common or novel instruments. In each case, Corvex seeks best execution and has trained execution and operational staff devoted to executing, settling and clearing such trades. However, in light of the complexity and global diversity involved, some errors and miscommunications with brokers and counterparties are inevitable and may result in losses to our clients. Corvex will evaluate the merits of potential claims for damage against brokers and counterparties who are at fault, and to the extent practicable, will seek to recover losses from those parties. We may choose to forego pursuing claims against brokers and counterparties on behalf of our clients for any reason including, but not limited to, the cost of pursuing claims relative to the likely amount of any recovery and the maintenance of its business relationships with brokers and counterparties. In addition, our execution and operational staff may be solely or partly responsible for errors in placing, processing and settling trades that result in losses to our clients. In accordance with our internal policy, any profits that arise as a result of such an error will inure to the benefit of the applicable client(s), and in the absence of gross negligence any losses that arise as a result of such an error will be borne by the applicable client(s).

We trade for multiple client accounts and participation in specific investment opportunities may be appropriate, at times, for more than one client account. We are not required to accord exclusivity or priority to any one client in the event of limited investment opportunities. When Corvex determines that it would be appropriate for more than one client account to participate in an investment opportunity, we will seek to execute orders for all of the participating accounts on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the client accounts for which participation is appropriate. If Corvex has determined to trade in the same direction in the same security at the same time for more than one client account, we are authorized generally to combine orders and if all such orders are not filled at the same price, a client’s order may be filled at an average price, which normally will be the same average price at which contemporaneously entered proprietary orders are filled on that day. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, Corvex may allocate the trades among the different accounts on a basis that it considers equitable.

## **Item 13. Review of Accounts**

Corvex’s investment personnel meet on a regular and ad-hoc basis. The progress of our client funds is continuously monitored and is subject to the constant supervision and review by Corvex’s investment professionals.

We provide investors in our client funds with audited financial statements on an annual basis, unaudited performance data on a quarterly basis and monthly investor statements.

## **Item 14. Client Referrals and Other Compensation**

Our firm does not, nor do our principals or employees, receive any economic benefit from non-clients for providing advisory services to our clients.

As of the date of this brochure, our firm does not, nor do our principals or employees, compensate anyone for client referrals. Should we appoint a placement agent in connection with the offering of interests in any of our client funds, such placement agent may charge the investors who purchase interests through them additional upfront and/or ongoing placement fees. With the consent of a prospective investor, the client fund may add such placement fee to such investor's subscription amount, and the placement fee will not be applied towards the interest issued to that investor. Certain placement agents may also receive a portion of management fees and/or performance-based fees.

## **Item 15. Custody**

Our firm is deemed to have custody over the assets of our clients according to the custody rule set forth in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, because we have the authority to access clients' funds and deduct fees and expenses from clients' accounts.

In order to comply with Rule 206(4)-2, substantially all of our clients' assets are held in custody by unaffiliated broker-dealers or banks, while evidence of certain privately-issued, uncertificated securities held by the client funds may be recorded through book entry only. Investors in the client funds will not receive statements from the custodian. Instead, our clients are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the client funds' fiscal year end.

## **Item 16. Investment Discretion**

Corvex generally has discretionary authority to determine, without obtaining specific consent from the client funds or its investors, the securities and amount to be bought or sold by most client funds. Any limitations on authority are included in each client fund's Confidential Private Placement Memorandum and other governing documents.

Before accepting their subscriptions for interests, we provide all investors in our clients with a Confidential Private Placement Memorandum or, in some cases, other governing documents of the client fund that set forth, in detail, the relevant client's investment strategy and program. By completing our subscription documents to acquire an interest in one of our client funds, investors give us complete authority to manage their investments in our client funds in accordance with the Confidential Private Placement Memorandum or other governing documents they each received.

## **Item 17. Voting Client Securities**

Our firm has the authority to vote proxies relating to securities in client accounts. Accordingly, our firm has adopted and implemented policies and procedures for voting client proxies. The policies and

procedures were reasonably designed to ensure that Corvex votes client proxies in the best interest of its clients, and sets forth how we address material conflicts of interest that may arise between us and our clients. In instances where our firm determines that a material conflict of interest exists between Corvex and its clients with respect to a proxy vote, the CCO will convene a meeting of the firm's senior personnel. The CCO will describe the potential conflict of interest and propose a course of action that she believes is in the best interests of the firm's clients. Upon consideration of the CCO's proposal, the senior members of our firm will vote on a course of action and the CCO will vote the proxy in accordance with the recommendation of the majority of the votes cast.

Clients generally cannot direct our portfolio managers' proxy votes. A complete copy of our firm's policies and procedures governing the voting of proxies, together with information regarding how our firm voted particular proxies, will be provided to clients or investor in our clients, or prospective client or investor, upon request.

## **Item 18. Financial Information**

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

Corvex has never been the subject of a bankruptcy petition.