

Smithwood Advisers, L.P.

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This brochure provides information about the qualifications and business practices of Smithwood Advisers, L.P. If you have any questions about the contents of this brochure, please contact us at (310) 286-2929. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Smithwood Advisers, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Not applicable.

Item 3. Table of Contents

	Page
Item 1. Cover Page	1
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	4
Item 6. Performance-Based Fees and Side-By-Side Management	5
Item 7. Types of Clients	5
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9. Disciplinary Information.....	14
Item 10. Other Financial Industry Activities and Affiliation	14
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Item 12. Brokerage Practices	17
Item 13. Review of Accounts	19
Item 14. Client Referrals and Other Compensation	20
Item 15. Custody	20
Item 16. Investment Discretion	20
Item 17. Voting Client Securities	20
Item 18. Financial Information.....	21
Item 19. Requirements for State-Registered Advisers	21

Item 4. Advisory Business

Smithwood Advisers, L.P. (“Smithwood”) is an asset management firm that invests across a wide range of asset classes, including U.S. and non-U.S. equities (including common and preferred stock), bonds (including corporate and government bonds issued by U.S. and non-U.S. issuers), notes (whether redeemable in the short, medium or long-term), options, warrants, rights, private claims (including mortgage interests and trade claims), high-yield securities, distressed and defaulted securities, bank debt, credit default swaps, equity and debt derivatives, non-U.S. currencies, futures, options on futures, private funds and other securities and instruments of U.S. and non-U.S. issuers that are traded publicly and privately.

Smithwood’s investment advisory business is principally focused on managing the assets of a single investment fund, JMB Capital Partners Master Fund, L.P., a Cayman Islands exempted limited partnership (the “JMB Master Fund”), that has a “master-feeder” fund structure (the Master Fund and such feeder funds are referred to collectively as the “JMB Funds”). Certain other entities under common control with Smithwood that are identified as “relying advisers” in Part 1 of Smithwood’s Form ADV (the “relying advisers”) serve as general partner or investment adviser of one of the feeder funds for the JMB Master Fund or as general partner or managing member of each of a limited number of other clients that are pooled investment vehicles, or funds, that have different investment strategies. References to Smithwood in this brochure include, as the context requires, such other entities through which investment advisory services are provided or that act in any capacity referenced in the previous sentence.

Smithwood tailors its advisory services to the specific investment objectives and restrictions of its clients, including the JMB Master Fund, but does not tailor its services to the individual needs of fund investors. Clients and fund investors and prospective clients and fund investors should refer to the confidential private placement memorandum, limited partnership agreement, investment management agreement and other governing documents for each such client or fund (the “Governing Documents”) for complete information on the investment objectives and investment restrictions with respect to such client or fund.

Smithwood Advisers, L.P. began providing investment advisory services in 2007. Prior to that, one or more of the relying advisers provided investment services beginning in 2002. The principal owners of Smithwood are Jonathan M. Brooks, both directly and indirectly through Smithwood General Partner, LLC, and Cyrus S. Hadidi. Messrs. Brooks and Hadidi are responsible for the investment activities of Smithwood’s clients, including the JMB Master Fund, and for Smithwood’s management.

As of January 1, 2012, Smithwood had total net assets under management of approximately \$1,572,100,000 (based on unaudited numbers). All assets are managed on a discretionary basis.

Item 5. Fees and Compensation

Smithwood intends to deliver this brochure only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940, as amended. Therefore, information on

how Smithwood is compensated for its advisory services and its fee schedule are not included here. Investors should refer to each fund's Governing Documents for complete information on the fees and expenses associated with such fund.

For most of the funds, Smithwood is authorized by the Governing Documents to charge and deduct advisory fees and any performance allocation directly from the assets of the fund, which in most cases it does in consultation with the fund's administrator. Annual base management fees are typically paid quarterly in advance, and any performance allocation is generally assessed and payable annually in arrears. The Governing Documents of the funds generally do not provide for any rebate of advisory fees paid in advance upon termination of the advisory relationship or the withdrawal of an investor from a fund.

Each fund generally is responsible for (a) subscription fees for investment-related journals and other publications and (b) all costs and expenses incurred by or on its behalf or for its benefit, including in most cases, among others, trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), custodian fees, legal, accounting, bookkeeping, professional, expert, research consultant and other consulting fees and expenses incurred in connection with the fund's business, (including the expenses of service contracts related to on-line research, portfolio management and quotation services and equipment related thereto), costs and expenses incurred for the purpose of protecting or enhancing the value of the fund's assets (including the costs of instituting or defending lawsuits), all selling costs and expenses, costs of communication with fund investors and prospective fund investors, and all interest on fund borrowings. Funds that invest in other funds also pay, indirectly, investment advisory fees to the managers of those funds. See Item 12 below for a discussion of brokerage practices.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in a fund for which Smithwood is general partner to use the "alternative reporting option" to report Smithwood's compensation as "eligible indirect compensation" on the Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

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

Smithwood generally manages only funds that pay performance-based compensation. To the extent there are differences in the amount of performance-based fees or allocations that various funds pay, however, it may create an incentive for Smithwood to disproportionately allocate time, services or functions to funds paying at a higher rate or to disproportionately allocate investment opportunities to such funds. When such conflicts arise, Smithwood seeks to mitigate them by acting consistent with its fiduciary duties and allocating investment opportunities among clients in a manner that, to the extent practicable, is fair and equitable to each client over time. See Item 10 below for a more detailed discussion of conflicts of interests.

Item 7. Types of Clients

Smithwood provides investment advice to pooled investment vehicles, or funds. Investors in the funds may include, among others, funds of funds, pension funds, endowments, family offices and

high net worth individuals. Smithwood requires that each investor in a fund be an “accredited investor” as defined in Regulation D under the Securities Act of 1933 and a “qualified purchaser” as defined under the Investment Company Act of 1940. Investors in the funds are generally required to invest a minimum of \$5,000,000, subject to waiver by Smithwood at its discretion.

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

Methods of Analysis and Investment Strategies

The specific methods of analysis and investment strategies utilized by Smithwood for the funds that it manages may vary based on the fund’s stated investment objectives.

The goal of the JMB Funds, which represent the vast majority of assets managed by Smithwood, is to achieve superior long-term “absolute” investment returns, through trading and capital appreciation in all market conditions, while incurring less risk than the overall market. Smithwood seeks opportunity- and event-driven investments that have catalysts for realization of value, are under-analyzed by traditional players and have asymmetrical risk-reward ratios, often by identifying gaps between the market valuations of financial instruments and the intrinsic values of the underlying assets or enterprises. These situations may include, among others, distressed, spinoff, merger arbitrage and other special situations. The JMB Master Fund is not restricted in the type or amount of investments that it can make. The JMB Master Fund invests and trades in securities, consisting principally but not solely of stocks, bonds (including corporate and government bonds issued by U.S. and non-U.S. issuers), notes (whether redeemable in the short, medium or long-term), options, warrants, rights, private claims (including mortgage interests and trade claims), high-yield securities, distressed securities, bank debt, credit default swaps, equity and debt derivatives, non-U.S. currencies, futures, options on futures, and other securities and instruments of U.S. and non-U.S. issuers that are traded publicly and privately. The JMB Master Fund also engages in short selling, margin trading, and other investment strategies as well as hedging strategies to attempt to control risk. Investors and prospective investors in the JMB Funds or any other fund should refer to such fund’s Governing Documents for complete information on the investment objectives and investment restrictions with respect to such fund.

In pursuing these investment strategies, Smithwood utilizes a variety of information sources and methods of analysis, including the following: a variety of publicly available information sources, including but not limited to financial periodicals, corporate rating services, central bank testimony and balance sheets, IMF and World Bank data, annual reports, prospectuses and filings with the SEC and other regulators, company press releases, as well as information provided by management and creditors of portfolio companies, brokers, dealers, analysts, professional asset managers, research services and hired consultants and advisers. Smithwood may also consult with legal and other experts and speak with members of official and unofficial creditor committees of portfolio companies involved in bankruptcy reorganizations and their legal and financial advisers. When conducting due diligence and investment research, investment professionals may be required to evaluate complex business, financial, tax, accounting, and legal

issues. Outside consultants, legal advisers and accountants may be involved in the due diligence and investment research process in varying degrees depending on the type of investment.

Material Risks

Investing in securities involves risk of loss that clients and investors should be prepared to bear. Below is a summary of some of the risks relating to Smithwood's investment strategies that investors should consider before investing in any account that Smithwood manages. Any or all of such risks could materially and adversely affect investment performance and the value of any account or any security held in an account, and could cause investors to lose substantial amounts of money. Some or all of these risks may be applicable to a fund or client, depending on the investment mandate. Potential investors in a fund should review such fund's offering circular or private offering memorandum, carefully and in its entirety, and consult with their professional advisers before deciding whether to invest.

General Investment Risks. Smithwood invests in securities, engages in short sales of securities and trades in options (including covered and uncovered puts and calls and over the counter options), swaps and other derivative instruments, non-U.S. currencies, futures, options on futures, other commodity interests, PIPE transactions and money market instruments. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially based on upon a multitude of factors, including the financial condition, results of operations and prospects of the issuers of the underlying securities acquired, governmental intervention, market conditions, investor sentiment, and local, regional, national and global economic conditions. Hedging strategies usually are intended to limit or reduce investment risk, but also can limit or reduce the potential for profit and may increase a client's transaction costs, interest expense and other costs and expenses.

Concentration of Investments. A client may have no limits as to concentration in particular issuers or types of investments, such as the JMB Master Fund. If a client concentrates its investments in several, relatively large securities positions or industries relative to its capital, a loss in any one position or downturn in any one industry could reduce the client's performance materially.

Limited Liquidity of Investments. Smithwood may invest in securities and other instruments that are thinly traded and highly or relatively illiquid by nature, including but not limited to distressed securities, trade claims, bank loans and participations, high-yield debt securities and other corporate debt obligations, small or micro-capitalization securities, and restricted securities (whether through PIPEs or non-public issuers). Smithwood also might take positions in particular securities that are relatively large as compared to trading volumes or overall market capitalization. In all such cases, Smithwood may not be able to liquidate a client's investments promptly if necessary. In addition, Smithwood's sales of thinly-traded securities could depress the market value of those investments and thereby reduce a client's profitability or increase its losses.

Hedging. Smithwood uses hedging strategies to attempt to control risk. It is possible that hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged. A

client may lose the ability to hedge a particular position, which may cause the client to have undesired exposure to that position and may lead to liquidation of that position at a time that is disadvantageous to the client. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Moreover, it should be noted that clients will always be exposed to certain risks that cannot be hedged, such as counterparty credit risk. Furthermore, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

Leverage. Smithwood uses leverage by borrowing on margin, entering into swaps and other derivative contracts and other leveraging strategies. Such leverage increases the risk of loss and volatility. Any investment gains (in excess of borrowing costs) made with the additional monies borrowed will generally cause the net asset value of a client account to rise more rapidly than would otherwise be the case. Conversely, any investment losses with respect to the additional monies borrowed (including the failure by the client to cover their cost) will generally cause the net asset value of the client's portfolio to decline faster than would otherwise be the case. In addition, the use of leverage requires the client to pledge its assets as collateral. Margin calls or changes in margin requirements can cause the client to be required to pledge additional collateral or liquidate its holdings, which could require the client to sell portfolio securities at losses that it otherwise would not realize. To the extent that client assets are deposited as margin and therefore not fully paid for, a bankruptcy of a prime broker may expose the client to loss in that it may only be able to share as an unsecured creditor in that prime broker's assets.

Restrictions Due to Non-Public Information. A client could be restricted from buying or selling a security if Smithwood or one of its affiliates receives material non-public information about the issuer of the security. Such restrictions could continue for substantial periods of time when the client otherwise could realize a profit or avoid a loss.

No Control Over Portfolio Issuers. Smithwood may acquire substantial positions in the securities of particular companies. Nevertheless, Smithwood is unlikely to be represented on the board of directors or share any control over the management of any such company. The success of each investment depends on the ability and success of the management of that company in addition to economic and market factors.

Portfolio Turnover. Smithwood may trade securities for a client actively (as it does for the JMB Master Fund) and incur significant brokerage, custody and other transaction costs and expenses that are higher than those incurred by funds managed by other advisers.

Risk of Default by Counterparties, Brokers and Exchanges. Clients will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, they deal, whether they engage in exchange-traded or off-exchange transactions. Clients may be subject to risk of loss of their assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the client, or the bankruptcy of an exchange clearing house.

Smithwood effects transactions in “over-the-counter” or “interdealer” markets. Participants in these markets typically are not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. To the extent a client invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, such client may take a credit risk with regard to parties with which they trade and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized 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 these protections, which in turn may subject a client to the risk that a counterparty will not settle in accordance with agreed terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such “counterparty risk” is increased for contracts with longer maturities when events may intervene to prevent settlement. The lack of any independent evaluation of a counterparty or its financial strength, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to a client.

Micro and Small Capitalization Companies. Smithwood may invest in securities of companies with micro-to-small-sized market capitalizations. Those stocks involve substantially higher risks in many respects than do investments in securities of larger companies, including greater price volatility and higher bankruptcy or insolvency risk. Further, thin trading in securities of some of these companies may result in an investment being illiquid.

Non-Investment Grade Investments. Smithwood may purchase financial instruments of, or make direct loans to, companies that are not of investment grade. Smithwood may also purchase loans that are in default or are from issuers in financial distress and may also purchase trade or other claims against credit impaired companies, which generally represent money owed by the company to a supplier of goods and services. Loans or claims purchased by Smithwood may not have any maturity and may be secured or unsecured. As with other types of debt instruments, loans and trade claims involve the risk of loss in case of default or insolvency of the borrower, particularly if the borrowing is unsecured. In addition, trade claims may be subject to other defenses such as warranty claims or failure to provide the product or services. Such loans are also less liquid than are the debt instruments of publicly traded companies.

Bank Loans and Participations. Smithwood may invest in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws; (ii) so-called “lender liability” claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of a client to directly enforce its rights with respect to participations. In analyzing bank loans or participations, Smithwood compares the relative significance of the risks against the expected benefits. Successful claims by third parties arising from these and other risks, absent fraud, gross negligence, willful misconduct, violation of law or breach of a material term of the investment advisory agreement by Smithwood, will be borne by the client.

Clients may experience delays in the settlement of certain loan and/or bank debt transactions, particularly in the case of investments that are or become distressed. Until such transactions are

settled, the client is subject to counterparty insolvency risk. Pursuant to certain insolvency laws, a counterparty may have the ability to reject or terminate an unsettled loan transaction. If a counterparty rejects an unsettled transaction, the client might lose any increase in value with respect to such loan that accrued while the transaction was unsettled.

Smithwood may also invest in loan participations where it will be subject to certain additional risks as a result of having no direct contractual relationship with the borrower of the underlying loan. In such circumstances, Smithwood generally would depend on the lender to enforce a client's rights and obligations under the loan arrangements in the event of a default by the borrower on the underlying loan and will generally have no voting rights with respect to the issuer, as such rights are typically retained by the lender. Such investments are subject to the credit risk of the lender (as well as the borrower) since they will depend upon the lender forwarding payments of principal and interest received on the underlying loan. There can be no assurance that the lender will not default on its obligations under such arrangements, resulting in substantial losses to the client.

Non-Performing Nature of Loans. It is possible that certain of the loans purchased by Smithwood may be non-performing and possibly in default. Furthermore, the obligor and/or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

Corporate Debt Obligations and High-Yield Securities. Smithwood may invest in corporate debt obligations and high-yield securities. The market value of debt securities generally tends to decline as interest rates increase and, conversely, increase as interest rates decline. Debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations, i.e., credit risk.

"High yield" bonds and securities, which are rated in the lower rating categories by the various credit rating agencies, are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be speculative. They are also generally considered to be subject to greater risk than securities with higher ratings because the yields and prices of such securities tend to fluctuate more than those for higher-rated instruments and the market for lower-rated securities is less liquid and less active.

Bankruptcy Proceedings. Smithwood may invest in securities of a company involved, or that may become involved, in bankruptcy proceedings, which creates a number of significant risks. Realization of capital appreciation may depend on the successful implementation of reorganization plans and such an investment will also involve a high degree of "control risk." Generally, Smithwood will not be in a position to control the pace or outcome of the case. Discretionary bankruptcy classifications, limitations on trading in claims, litigation, delays and other unpredictable events may significantly reduce the value of the client's investment regardless of Smithwood's accuracy as to the underlying value of the enterprise. In addition, the client may be exposed to potential liability as a lender. Litigating any such lawsuit would be costly to the client and distract Smithwood from its duties to all its clients.

Smithwood may also from time to time serve on equity or creditors' committees either formally or informally. These efforts would consume significant time and attention and reduce

Smithwood's focus on other portfolio positions. These activities also can restrict all clients from trading securities or claims related to the insolvency, which can affect clients substantially and adversely. Serving on these committees also may cause Smithwood to be deemed a fiduciary to either shareholders or creditors of the issuer and thus impose duties on Smithwood that conflict with its duties to its clients.

Short Sales. Smithwood may make short sales in any type of securities for profit in anticipation of a change in the market price of a financial instrument or as a hedge against other positions held by a client. Short sales that are not made for hedging purposes create opportunities to increase return but also involve special risk considerations. Since the seller in effect profits 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, returns 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 would otherwise be the case if the seller had not engaged in such short sales. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may continuously increase, although Smithwood may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, Smithwood might have difficulty purchasing securities to meet a client's short sale delivery obligations. In addition, to make a short sale, the client must borrow the securities being sold short. If the prices of securities sold short increase, the client may be required to provide additional collateral to maintain the short positions, which could require the liquidation of other investments to provide additional collateral. Such liquidations might not be at favorable prices. Further, the lender of securities can request the return of the borrowed securities and the client might not be able to borrow those securities from other lenders. This would cause a "buy-in" of the short position, which may be disadvantageous to the client.

Derivatives Risks. Smithwood uses derivative financial instruments, which may include, without limitation, warrants, options, equity and/or interest rate swaps, credit default swaps, forward contracts, futures contracts and options thereon, for hedging and for other trading purposes. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative, due to, e.g., nonconformance to anticipated or historical correlation patterns. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to the client's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict. Daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out positions in order either to realize gains or to limit losses.

Some of the derivatives that may be traded by Smithwood will be "over-the-counter" contracts between a client and third parties entered into privately, rather than on an established exchange. As a result, clients will not be afforded the regulatory protections of an exchange or its clearinghouse, or of a government regulator that oversees the exchange or clearinghouse, if a

counterparty fails to perform. In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices. Smithwood may not have control of when a such derivative transactions will be terminated. A counterparty may have the right to terminate a derivative transaction on limited or no notice at its discretion or when certain events occur (whether or not those events are within Smithwood's control). Any such termination may occur at a time that is disadvantageous to the client.

There is no exchange market on which to close out an open swap position or other "over-the-counter" derivative transaction. A client could experience losses and delays in closing a derivative transaction, due to, among other things: (a) a counterparty's default on, or inability or refusal to perform, its obligations with respect to a transaction, including refusing to pay amounts that otherwise would be due to the client; (b) a decline in the value of collateral the client holds during the period in which the client seeks to enforce its rights with respect to such collateral; (c) expenses of enforcing its rights under the agreements governing the derivative transaction; and (d) the loss of collateral the client has posted with the counterparty in the event of the counterparty's bankruptcy or insolvency (the client likely will be treated as an unsecured creditor with respect to such collateral). The occurrence of any such event could subject the client to substantial losses.

Options Trading. Smithwood may engage in options trading on behalf of its clients. When purchasing or selling an option, the risks associated with the transaction will vary depending on the type of option (i.e., put or call). When purchasing an option, it is necessary to calculate the extent to which the value of the underlying security must increase (in the case of a call) or decrease (in the case of a put) in order for a client's position to become profitable, taking into account the premium and all transaction costs. The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin. If the purchased option expires worthless, the client will suffer a total loss of the amount invested in the option that will consist of the option premium plus transaction costs.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option, and, upon such exercise, the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest, depending on the terms of the option. If the option is on a future, upon exercise by the purchaser of the option, the seller will acquire a position in a future with associated liabilities for margin. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited. In the case of an option on a future, certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not

exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Futures Trading. Smithwood may trade futures contracts, including stock index futures. Futures prices are highly volatile, with price movements being influenced by a multitude of factors such as changing supply and demand relationships, government trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, and speculative frenzy and the emotions of the marketplace. In addition, governments from time to time intervene in certain markets, particularly currency and interest-rate markets. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. In addition, there may be no active market for futures contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, a client may not be able to liquidate unfavorable positions promptly and may lose money.

The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as two percent of the face value of the contracts traded. Accordingly, a relatively small price movement in a futures contract may result in an immediate and substantial loss to the investor.

Forward Trading. Forward contracts and options thereon are not traded on exchanges and are not standardized. Instead, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated, and there are no limits on position sizes or daily price movements. The principals who deal in the forward markets are not required to continue to make markets in the forward contracts traded and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market in which Smithwood trades due to unusually high trading volume, political intervention or other factors. Any such market illiquidity or disruption could adversely affect a client.

Non-U.S. Investment Risks. Smithwood may invest in securities of non-U.S. companies, which may be denominated in U.S. or non-U.S. currencies, and use forward non-U.S. currency exchange contracts, which involve unusual risks not typically associated with investing in U.S. companies and which may significantly adversely affect the value of these investments. These risks include, but are not limited to: less public information available regarding non-U.S. issuers; different applicable accounting, auditing and financial reporting standards, practices and requirements; limited liquidity, price volatility and trading and settlement issues; political risks associated with the countries in which non-U.S. securities are traded and the countries where non-U.S. issuers are located. Individual non-U.S. economies may differ unfavorably from the U.S. economy in gross national product growth, inflation rate, savings rate and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects.

Smithwood may also invest in securities of non-U.S. governments (or agencies or subdivisions thereof), and some or all of the foregoing considerations also may apply to those investments.

Non-U.S. Currency Risks. Smithwood's clients may hold cash in other currencies for hedging or investment purposes or to meet settlement requirements for non-U.S. securities. Clients may be affected unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Changes in non-U.S. currency exchange rates influence values within a client's portfolio from the perspective of U.S. investors. Changes in non-U.S. currency exchange rates also may affect the value of dividends and interest earned, gains and losses realized on the sale of securities and a client's net investment income and gains, if any.

Other Investment Strategies. There may be no material limitations on the investment strategies that Smithwood may use when investing assets on behalf of its clients, as is the case with the JMB Master Fund. Smithwood will opportunistically implement whatever strategies or discretionary approaches it believes from time to time may be best suited to prevailing market conditions. For some of these strategies, no specific "risk factors" are provided. Nevertheless, such strategies should be considered to be speculative, volatile and, in general, no less risky than other strategies more fully described herein. Over time, the strategies implemented on behalf of a client can be expected to expand, evolve and change, perhaps materially. Smithwood will not generally be required to implement any particular strategies and may discontinue employing any particular strategy on behalf of a client, whether or not such strategies are specifically described herein, and without notice to clients or fund investors. There can be no assurance that the various investment strategies that Smithwood expects from time to time to develop and implement will be successful or that strategies that have been successful will continue to be profitable.

Item 9. Disciplinary Information

Not applicable.

Item 10. Other Financial Industry Activities and Affiliation

As discussed in Item 4, Smithwood Advisers, L.P. is ultimately controlled and managed by the same principals who control and manage its related persons that are identified as "relying advisers" in Part 1 of Smithwood's Form ADV (the "relying advisers"). These include Smithwood Partners, LLC, a California limited liability company ("Smithwood Partners"), Smithwood Advisers Global, L.P., a California limited partnership ("Smithwood Global"), and Alta Bear Partners, LLC, a Delaware limited liability company ("Alta Bear"). Smithwood Partners is the general partner of the JMB Master Fund and its onshore feeder fund (for which Smithwood Advisers, L.P. acts as investment adviser), and Smithwood Global is the investment adviser for the JMB Master Fund's offshore feeder fund. Smithwood Partners also acts as managing member of a small limited purpose pooled investment vehicle. Alta Bear is the general partner of another limited purpose pooled investment vehicle. References to Smithwood in this brochure include, as the context requires, the relying advisers.

Smithwood and its affiliates may engage in any activities, including securities investment activities, whether or not related to the activities of Smithwood's clients, and may advise or manage the assets of any number of clients or funds. To the extent there are differences in the amount of performance-based fees or allocations that various clients pay, it may create an incentive for Smithwood to disproportionately allocate time, services or functions to clients paying at a higher rate or to disproportionately allocate investment opportunities to such clients. This may also be the case where Smithwood or its affiliates have a significant investment in one of the funds, such as the JMB Funds. Opportunities also may arise where Smithwood may be able to obtain more favorable compensation, cost reimbursement or risk sharing arrangements in connection with some investments if one or more clients do not participate. These factors could influence Smithwood not to make investments on behalf of a client even though participation might benefit such client. In addition, an investment opportunity evaluated by Smithwood may be an eligible or appropriate investment for more than one client. In all such cases, Smithwood seeks to mitigate conflicts by allocating investment opportunities among clients in a manner that, to the extent practicable, is fair and equitable to each client over time.

In addition, Smithwood may give advice and take action with respect to one client that differs from advice given or the timing or nature of action taken with respect to another client based on each such client's investment considerations, including their investment strategies and expected levels of trading. In the course of providing advisory services, the Smithwood may buy or sell a security for one type of client but not for another. Further, Smithwood may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client.

Due to its other activities, Smithwood may not be able to take action that might benefit one or more of its clients because of confidential information it acquires or obligations it incurs in connection with these other activities or because one of its affiliates, or Smithwood's or its affiliates' partners, managers, members, officers or employees, serves as an officer or director of, or a consultant to, a company in which a client has invested or otherwise might invest.

Principals and employees of Smithwood, members of their families and related persons of Smithwood may participate directly or indirectly as investors in funds managed by Smithwood, as described in a fund's Governing Documents. The terms applicable to any particular investor's investment are negotiable and may vary. Smithwood (directly, or through a fund's administrator or prime broker) may provide certain investors more frequent or more detailed reports of a particular fund's portfolio holdings or performance, special fee and allocation arrangements and special withdrawal rights that it does not provide to other investors. Smithwood may waive all or any portion of the management fees or performance-based allocations with respect to any investor and it intends to do so for certain employees and independent contractors of Smithwood or its affiliates.

Smithwood may recommend to clients the purchase or sale of securities in which it, or an affiliate, principal or employee, has a financial interest. Smithwood and its affiliates, principals and employees also may invest for their own accounts. Smithwood's principals and employees who are considered "access persons" may only engage in personal securities transactions in compliance with Smithwood's Code of Ethics. See Item 11 – "Code of Ethics" below.

Smithwood does not recommend or select other investment advisers for its clients.

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

Effective upon its registration as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), Smithwood will adopt a Code of Ethics (the “Code of Ethics”) in compliance with Rule 204A-1 under the Advisers Act that establishes standards of conduct for Smithwood’s principals, employees and other supervised persons and describes their fiduciary duties and responsibilities to Smithwood’s clients. The Code of Ethics includes formal personal trading policies and procedures, generally requiring, among other things, all access persons to file with Smithwood’s Chief Compliance Officer (the “CCO”) certain reports concerning their personal securities holdings and transactions and, subject to certain exceptions, to obtain pre-clearance for purchasing and selling “covered securities.” All access persons are also required to report promptly any violations of the Code of Ethics to the CCO. Smithwood has designated every employee, with certain very limited exceptions, as an access person under the Code of Ethics.

The Code of Ethics provides that no access person may, in breach of any fiduciary duty he or she owes to the funds or other client accounts advised or managed by Smithwood, engage directly or indirectly in any business investment in a manner detrimental to the funds or other clients or use confidential information gained by reason of his or her employment by or affiliation with Smithwood in a manner detrimental to the funds or other clients. Additionally, the Code of Ethics requires that before, or at the time that, an access person recommends or authorizes the purchase or sale of a covered security by a client, he or she must disclose to the CCO any direct or indirect beneficial interest in such security that he or she has or proposes to acquire or any direct or indirect relationship with the issuer of the security.

Clients and prospective clients may obtain a copy of the Code of Ethics upon request.

Interests in Client Investments

Smithwood and its access persons and affiliates may trade securities for their own accounts. It is possible that access persons may buy or sell securities or other instruments that Smithwood has recommended to clients and may engage in transactions for their own accounts in a manner that is inconsistent with Smithwood’s recommendations to a client. Personal securities transactions by access persons may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a client. Smithwood seeks to detect and prevent such conflicts of interest and, when they do arise, to ensure that it and its access persons act in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law. In compliance with the Code of Ethics, transactions in certain securities described therein must be pre-cleared to allow for a review for any potential conflict of interest or insider trading, including whether the proposed investment is an appropriate client investment. In addition, any transactions in securities or investments (or related securities or investments

such as derivative securities) that are held by one or more funds or other clients are generally subject to blackout periods that begin two business days before and end two business days after any client has traded in that security or a related security.

Principal Transactions with Smithwood or its Affiliates

Smithwood does not act as principal, either buying securities for itself or its affiliates from a client or selling securities it or its affiliates own to a client. In the event that of Smithwood or an affiliate decides to enter into a “principal transaction” with a client, Smithwood and/or such affiliate will comply with applicable law and the Governing Documents of the client involved. Under the Governing Documents for the JMB Master Fund, a committee of three limited partners established by that fund’s general partner must approve the transaction to the extent the general partner determines that approval is necessary or advisable under the Advisers Act.

Cross Trades between Investment Advisory Clients

Smithwood may in the future seek to adjust or rebalance the portfolios of client accounts by effecting cross trades between or among those accounts (i.e., causing one or more of those accounts to sell securities to one or more other accounts). Smithwood would only effect a cross trade where it believed the transaction was in the best interests of, and consistent with the investment objectives and policies of, each client account involved in the trade. In effecting such cross trades, Smithwood seeks to reduce transaction costs of its clients.

Co-investment with Smithwood and its Affiliates

Smithwood and /or its principals or affiliates may “co-invest” with clients in respect of certain investment opportunities. Any such co-investments will be on the same terms as made available to clients, and no additional fees will be incurred by virtue of such investments. Any such investments will only be permitted when Smithwood is satisfied that the client’s interests are not unfairly prejudiced.

Item 12. Brokerage Practices

Execution Quality

Smithwood has complete discretion in selecting the broker or futures commission merchant (“FCM”) that it uses for client transactions and the commission rates that clients pay such brokers and FCMs. Smithwood’s policy is to seek the best execution of orders at the most favorable price in light of the overall quality of brokerage and research services provided. In selecting brokers to effect transactions, the determination of what is expected to result in best execution at the most favorable price involves a number of largely subjective factors, including net price, research, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, consultations, performance measuring data, on-line pricing, special execution capabilities, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in

the future, order of call, offering to Smithwood on-line access to computerized data regarding clients' accounts, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, the availability of stocks to borrow for short trades, custody, recordkeeping and similar services, and other matters involved in the receipt of brokerage services generally.

Soft Dollars

Smithwood does not intend to use soft dollars to pay for third-party research or other third-party products. Furthermore, Smithwood will not enter into any third-party soft dollar arrangements without the express approval of the CCO. Smithwood does receive proprietary research from many of its executing and prime brokers, however. Smithwood may pay to a broker or FCM commissions and mark-ups that exceed those that another broker or FCM might charge for effecting the same transaction because of the value of the brokerage, research and other services that such broker or FCM provides. Smithwood determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research and other services, in terms of either the specific transaction or Smithwood's overall fiduciary duty to its clients. The research and other benefits resulting from Smithwood's brokerage relationships benefit Smithwood's operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits.

Generally, research services provided by brokers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data as well as and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives.

Accordingly, Smithwood may be deemed to be paying for research and these other services with "soft" or commission dollars as well as profits that brokers make on principal trades.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Smithwood expects generally to conduct its brokerage activities within the safe harbor of section 28(e), but if Smithwood uses commission dollars to pay for products or services that provide administrative or other nonresearch assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law.

Smithwood's relationships with brokers and FCMs that provide soft dollar services influence Smithwood's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. Smithwood may have an incentive to select or recommend a broker or FCM based on Smithwood's interest in receiving soft dollar

services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Smithwood uses soft dollars to pay expenses it would otherwise be required to pay itself.

Prime Brokers

Smithwood's clients may have prime brokerage arrangements with any number of brokerage firms, including Goldman Sachs & Co., Citigroup Global Markets, Inc., Fidelity Capital Markets and J.P. Morgan Securities Inc. (and their affiliates). Smithwood may replace one or more of these firms or appoint an additional prime broker at any time. The services that these firms provide as prime brokers may include custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage agreement. The prime broker(s) for each client will have custody of most of the client's assets and provide Smithwood with other services. These services may include: technology services (such as disaster recovery systems), capital introduction services, portfolio reporting, access to electronic communications networks and consulting or advising relating to various aspects of Smithwood's business. Smithwood expects to use a substantial portion of these services for research and trading on behalf of its clients, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if Smithwood did not receive these services from its clients' prime brokers, it could be required to pay for some portion of them. Smithwood is not required to direct a particular number of trades to these firms or to continue to use these firms as prime brokers, but it has an incentive to do so based on their prior and continued services.

Trade Aggregation

On occasions when a number of clients are attempting to purchase or sell the same securities, Smithwood may aggregate orders to purchase or sell securities in order to facilitate execution and minimize transaction costs. The manner of aggregation will be consistent with Smithwood's duty to seek best execution for its clients and with the terms of its investment advisory agreements. Such transactions may be made at different prices, because of the volume of securities purchased or sold. In such event, a client will be charged or credited, as the case may be, the average transaction price in a day of all securities purchased or sold in such transactions. As a result, the price may be less favorable to a client than it would be if similar transactions were not executed concurrently for other client.

Item 13. Review of Accounts

Jonathan M. Brooks, Smithwood's President and Portfolio Manager, and Cyrus S. Hadidi, Smithwood's Chief Operating Officer and Co-Portfolio Manager, manage, review and monitor all accounts on a continuing basis. Those reviews take into account such matters as the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook, price levels, asset allocation and cash management.

Each fund's investors typically receive, among other things, a copy of annual audited financial statements of the relevant fund as well as monthly unaudited performance reports. Smithwood

may from time to time, in its sole discretion, provide additional information relating to a fund to one or more investors in such fund as it deems appropriate.

Item 14. Client Referrals and Other Compensation

Smithwood may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice would be disclosed in writing to the client and Smithwood would comply with the other requirements of Rule 206(4)-3 under the Advisers Act, as applicable.

Smithwood also may compensate third parties who refer prospective investors to any of the funds to Smithwood. Such compensation could take the form of an upfront cash payment or a portion of advisory fees paid by the investor referred.

In addition, Smithwood's executing and prime brokers may, from time to time, refer to Smithwood potential clients or investors or arrange for meetings with potential clients or investors who are also often clients of the broker. While this may create a potential conflict of interest, capital introduction is not a consideration when selecting or retaining prime brokers or executing trades. While the meetings may be arranged by the brokers, there is no guarantee that the clients will invest with Smithwood. Other than the standard commission rates paid by Smithwood's clients, and customary prime brokerage fees, the brokers do not receive any compensation, directly or indirectly, for the meetings or the subsequent investments, if any.

Item 15. Custody

Not applicable.

Item 16. Investment Discretion

Subject to the investment objectives, policies and restrictions of each fund as set forth in its Governing Documents, Smithwood has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each fund. Such authority is granted pursuant to an investment management agreement, limited partnership agreement or similar agreement.

Item 17. Voting Client Securities

Smithwood will vote all proxies on behalf of each account over which Smithwood has proxy voting authority based on Smithwood's determination of that account's best interests. In determining whether a proposal serves an account's best interests, Smithwood considers a number of factors, including the proposal's economic effect on shareholder value, the threat that the proposal poses to existing rights of shareholders, the dilution of existing shares that would

result from the proposal, the effect of the proposal on management or director accountability to shareholders, and, if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual. Smithwood abstains from voting proxies when Smithwood believes that it is appropriate.

If a material conflict of interest over proxy voting arises between Smithwood and a client, Smithwood will vote all proxies in accordance with the policy described above. If Smithwood determines that this policy does not adequately address the conflict of interest, Smithwood will notify the client of the conflict and request that the client consent to Smithwood's intended response to the proxy solicitation. If the client consents to Smithwood's intended response or fails to respond to the notice within a reasonable time specified in the notice, Smithwood will vote the proxy as described in the notice. If the client objects in writing to Smithwood's intended response, Smithwood will vote the proxy as the client directs.

Clients can obtain a copy of Smithwood's proxy voting policy and a record of votes cast by Smithwood on behalf of that client by contacting the CCO at compliance@jmbcapital.com.

Item 18. Financial Information

Not applicable.

Item 19. Requirements for State-Registered Advisers

Not applicable.

Privacy Notice

Smithwood and the funds that it manages (the “Funds”) are committed to safeguarding the confidential information provided to them by the Funds’ investors, former investors and persons who have applied to be investors (together, “Investors”). The below provides information about Smithwood’s privacy policies and practices applicable to Investors who are natural persons.

Smithwood and the Funds collect nonpublic personal information about Investors from the following sources: interviews and other conversations between Investors and Smithwood’s representatives; subscription agreements, offering questionnaires and other documents provided by Investors; and information about Investors’ transactions with the Funds, their affiliates and others.

Smithwood and the Funds do not disclose any nonpublic personal information about any of the Investors to anyone, except as permitted by law. Disclosures that are permitted by law include disclosures that are necessary to effect, administer or enforce a transaction that an Investor requests or authorizes. Other examples of disclosures that are permitted by law are disclosures to Smithwood’s or the Funds’ accountants, auditors, lawyers and other service providers, disclosures to regulators that examine Smithwood’s or the Funds’ business, other disclosures that we believe in good faith are required by law, and disclosures that Investors specifically request.

Smithwood and the Funds do not provide personal information about Investors to mailing list vendors or solicitors for any purpose. Smithwood and the Funds restrict access to nonpublic personal information about Investors to those employees of Smithwood who have a business or professional need to know such information. In addition, Smithwood maintains a secure office and computer environment to ensure that the confidentiality of Investors’ information is not placed at unreasonable risk.