

FORM ADV PART 2A and B BROCHURE



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This brochure provides information about the qualifications and business practices of Centaurus Capital Limited (singularly “CCL”) and its affiliates (collectively “Centaurus” or “Advisor”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting www.sec.gov/rules/final/2010/ia-3060.pdf. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at +44 (0)207 852 3830 or email paul@centaurus-capital.com.

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

CCL is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

CCL was previously registered with the SEC from February 2005 until January 2007 under CRD number 138179 and SEC number 801-6531 and was not required to file a Brochure. In March of 2012, CCL filed its application to re-register as an investment adviser with the SEC. Accordingly and pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by Centaurus to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

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Item 4: Advisory Business

Description of the Advisor

Centaurus was established by Bernard Oppetit (the “Chairman”), Randel Freeman (the “Chief Investment Officer” or “CIO”) and Paul Leary (“Chief Operating Officer” or “COO” and “Chief Compliance Officer” or “CCO”) in 2000. The structure comprises CCL, incorporated with limited liability in England and Wales, and Centaurus Capital Limited Partnership. CCL is the General Partner of Centaurus Capital Limited Partnership. The Chairman owns 100% of CCL through Centaurus Global Holding Limited, a Cayman Island Limited Company. The Chairman, CIO, and CCO serve as the Directors of CCL.

CCL is also authorized and regulated by the Financial Services Authority (“FSA”) in the UK. Centaurus is also a commodity pool operator that is presently exempt from registration with the US Commodities Futures Trading Commission (“CFTC”) under CFTC Rule 4.13(a)(4). In addition, Centaurus uses the services of its affiliate, Centaurus Capital (Hong Kong) Limited (“Centaurus HK”), an investment adviser registered with the Hong Kong Securities and Futures Commission and under common control. Centaurus HK provides Centaurus with local investment management, research and trading services. Centaurus HK and its personnel are treated as associated persons of Centaurus and are subject to SEC regulation and supervision by the CCO, including the requirements of Centaurus’s Code of Ethics and compliance policies and procedures.

Advisory Services

Centaurus is an investment manager focusing on international event driven opportunities and risk arbitrage strategies, throughout the capital structure. All of our current strategies are based on the same underlying investment philosophy with a concentration in liquid securities. The investment activities of Centaurus are led by the CIO in collaboration with Kim Yu Ang, Patrick Bierbaum and Pedro Maqueda (the “Portfolio Managers”), and other investment professionals, as well as Guglielmo DiGioia (“Risk Manager”) who together comprise the members of Centaurus’s Investment Team. A number of other investment professionals, including traders, the COO and various middle and back officer personnel, work with the Investment Team to execute Centaurus’s investment strategy.

Centaurus serves as an investment manager providing discretionary advisory services to several related collective investment vehicles, including private investment partnerships and foreign investment companies; together with any respective feeder funds, parallel funds, special purpose and/or subsidiary investment vehicles (the “Funds”). In addition, Centaurus provides investment advice to separately managed accounts (The Funds and separately managed accounts are collectively referred to as the “Clients”). Centaurus managed approximately \$1,507,633,282 in regulatory assets under management, on a discretionary basis, as of December 31, 2011.

Centaurus’s principal investment objective for Clients is to achieve superior and consistent returns that are commensurate with the risk taken and that are expected to be largely independent of market movements through an event driven or risk arbitrage investment strategy. Further information on investment strategies is contained in Item 8, the Governing Fund Documents or the Client’s IMA. Centaurus may add to or change its trading strategies over time. Centaurus may consider implementing additional strategies at its discretion.

In providing services to the Clients, Centaurus formulates each Client's investment objectives, directs and manages the investment and reinvestment of each Client's assets, and provides reports to Fund investors ("Investors") and separate account Clients upon negotiation. Centaurus provides investment advice to separately managed accounts on the basis of a written investment management agreement ("IMA") that is negotiated separately for each Client and may allow for certain investment restrictions. Advice for separately managed accounts is provided on the same strategies as more fully described in Item 8 of this document. Separately managed accounts are generally managed and traded on a pari passu basis with the Funds unless a Client has implemented restrictions or in situations under which the Client does not have an established relationship with a specific counterparty necessary to the transaction.

Advisory Information Specific to the Funds

The Funds managed by Centaurus are as follow:

- Centaurus Asia Pacific Opportunities Master Fund;
 - Centaurus Asia Pacific Opportunities Fund Ltd (Feeder);
- Centaurus International Risk Arbitrage Master Fund;
 - Centaurus International Risk Arbitrage Fund Ltd (Feeder);
- Centaurus Small and Mid Cap International Risk Arbitrage Master Fund;
 - Centaurus Small and Mid Cap International Risk Arbitrage Fund Ltd (Feeder);
- Centaurus Global Catalyst Master Fund;
 - Centaurus Global Catalyst Fund LP (Feeder);
 - Centaurus Global Catalyst Fund Ltd (Feeder);
- Centaurus Event Opportunities Master Fund Ltd; and
 - Centaurus Event Opportunities Fund Ltd (Feeder).

Investment advice is provided directly to the Funds and not individually to the limited partners or shareholders of the Funds (the "Investors"). Centaurus manages the assets of the Funds in accordance with the terms of each Fund's confidential offering and/or private placement memoranda, individual limited partnership or shareholder agreements and other governing documents applicable to each Fund (the "Governing Fund Documents"). All terms are generally established at the time of the formation of a Fund. Except in limited circumstances they are only terminable once the applicable Fund is dissolved, wound up, and terminated. The Investors in a Fund may not restrict investments by the Funds in any capacity, except in limited circumstances.

Interests in the various Funds, including the domestic partnerships and offshore private investment companies sponsored by the Company are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and the Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests and shares in the Funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. Interests in the Funds are offered in private transactions only to qualified investors and only by means of a private placement memorandum.

Item 5: Fees and Compensation

Performance and Management Fees

Centaurus generally charges a management fee of 2% and an incentive fee of 20% per annum. Our specific fee structures are set forward in the Governing Fund Documents for each of the Funds and in the Investment Management Agreement for each Client.

Investors in the Funds should consult the Governing Fund Documents for the specific application of a given fee structure to their situation. Separately managed account Clients' fees are negotiated on a case by case basis and are included in the Client's Investment Management Agreement.

Clients and investors should review all fees charged by Centaurus, its affiliates, and others to fully understand the total amount of fees to be paid by the Funds and, indirectly, their Investors.

Expenses

Clients and investors in the Funds will bear not only Centaurus's fees, but also other fees and expenses of the Client's or Fund's account. Such expenses may include, but are not limited to (i) brokerage commissions and charges, (ii) fees and charges of custodians and clearing agencies, (iii) interest and commitment fees on loans and debit balances, (iv) income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (v) fees of the legal advisers (including any legal fees in connection with any litigation and regulatory matters), administrators, net asset value calculation agents, accountants and independent auditors appointed by Centaurus to provide services to the Client (vi) Directors' fees and expenses, (vii) the costs of maintaining the respective fund's registered offices, (viii) the costs of printing and distributing any Memorandum and subscription materials and any reports and notices to shareholders or prospective investors, (ix) blue sky fees, (x) insurance costs, and (xi) consulting fees and expenses and fees of other service providers. Each Fund will also bear its organizational fees and expenses, which may be amortized by Centaurus for financial reporting purposes over a period of up to five (5) years, unless such treatment results in adverse regulatory consequences in which case the fund shall be entitled to expense such items on a current basis for financial statement purposes. Investors should refer to the applicable offering memoranda for further detail on fees and expenses relating to a given Fund.

Item 6: Performance Based Fees and Side-by-Side Management

Centaurus currently and may in the future charge performance-based fees to all of its Clients. Certain inherent conflicts of interest may arise from the fact that Centaurus provides investment management services to a variety of Funds as well as for other Clients, including other investment funds and separately managed accounts whose respective investment programs may or may not be substantially similar. A performance fee arrangement may create an incentive for Centaurus to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, Centaurus may receive such compensation with regard to unrealized as well as realized gains resulting in a greater fee than if such compensation were based solely on realized gains.

Item 7: Types of Clients

Centaurus provides discretionary management and advisory services to its Clients. While Centaurus maintains no absolute minimum investment for separately managed accounts, it will only manage such accounts for "professional clients," as that term is defined by the FSA. In addition, because

Centaurus charges a performance based fee, as discussed in Item 6, such professional clients must also meet the definition of a “qualified client” as defined under Rule 205-3 of the Advisers Act. A qualified client is generally a client having in excess of \$1,000,000 in assets under management; net worth exceeding \$1,500,000; or who is a qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act.

Services in relation to the Funds are provided directly to the Funds, subject to the direction and control of the General Partner or Directors of each Fund, and not individually to the Investors. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

The minimum commitment for Investors in the Funds varies by fund, between \$100,000 and \$1,000,000, as outlined in the applicable Governing Fund Document; however Centaurus maintains discretion to accept less than the minimum investment threshold. Investors will be required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and that (iii) they have the ability to bear the economic risk of an investment in the Fund. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are furnished to each Investor.

Centaurus may enter into separate agreements, commonly referred to as “side letters,” or other similar agreements with a particular Investor, in connection with its admission to one of the Funds without the approval of any other Investors, which would have the effect of establishing rights under or supplementing the terms of the applicable fund’s Governing Documents with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) reporting obligations of the General Partner, Manager or Directors, (ii) consent of the General Partner, Manager or Directors to certain transfers by such Investors or (iii) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an Investor.

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

Methods of Analysis

Centaurus employs a bottom-up investment process which includes assessing multiple sources of market research and dialogue with corporate management, fundamental analysis to assess the investee company capital structure, analysis to assess potential risk arbitrage situation dynamics and to understand the risk/reward relationship. The risk/reward profile of all investments is then regularly monitored and revised on an on-going basis. Centaurus seeks conviction before making an investment. However, diversification is one of Centaurus’s risk management tools, which is used to reduce the impact of any one trading position’s volatility on each portfolio as a whole.

Centaurus has maximum flexibility to invest in a wide range of instruments, including listed equities, debt securities (which may be below investment grade), debt obligations, units or shares in other

collective investment schemes, options, warrants and other derivative instruments. Derivative instruments may be exchange-traded or over-the-counter. Although Centaurus does not intend to invest in unlisted securities it may hold such securities, for example, as a result of a delisting of shares or other corporate action.

Event Driven Strategy:

Centaurus uses event driven strategies in equities and credits. Equity Event Driven strategies involve investing in readily valuable equities of public companies, which are traded at a discount or premium to the fair value of their assets, and in which Centaurus can identify a potential catalyst or sequence of events that it believes will cause such discount or premium to contract. Such events may include tender offers, IPOs, significant share repurchases or restructuring events such as demerging, spinning-off or selling divisions or non-core assets; changing the capital structure; appointing new incentivized management together with improved business evaluation systems; and generally improving levels of financial disclosure and transparency, corporate communications and concentration on shareholder value. Centaurus will evaluate the valuation impact on companies undergoing such events and will seek to identify gaps between current market price and the estimated termination value.

Credit event driven strategies involve investing in credit instruments that Centaurus believes may offer a superior risk/reward investment profile. Centaurus will invest into credit instruments that enable either pure arbitrage opportunities to be exploited or create an aggressive risk/reward asymmetry, but one which can only be exploited by the occurrence of a catalyst. To this end, this strategy will typically include, but will not be limited to:

- Senior or subordinated debt;
- High yielding bonds and CDS; and
- Convertible bonds

Centaurus believes that many of the opportunities exist here due to structural inefficiencies in the markets in which it operates or the requirements for a catalyst to occur.

Risk Arbitrage Strategy:

Centaurus uses a risk arbitrage strategy for certain Clients. Risk arbitrage concentrates on investments in the securities of companies that are involved in or affected by a takeover, merger, tender offer, liquidation, spinoff, corporate reorganisation or other related transaction. An arbitrage opportunity might arise, for example, as a result of the difference between the market value of the target and the value presented by the offeror. The risk arises from the conditions that are imposed by the offeror, which must be satisfied before the transaction is consummated, and external factors including regulatory approvals. If the transaction is delayed, this could result in increased funding costs and may increase other risks in the transaction. Centaurus employs such of those strategies as it considers appropriate at any particular time in light of market opportunities and the specific mandate of a Client.

Attendant Strategies

Centaurus may employ short selling, for example, to take advantage of an anticipated decline in the price of an equity. Centaurus may also, from time to time, retain substantial amounts in cash or cash equivalents either pending reinvestment or for use as collateral or if this is considered appropriate, to the investment objective. Although Centaurus may invest in equities on a global basis, the primary

focus each Fund will be determined in the Governing Fund Documents or Investment Management Agreement, in the case of separately managed accounts, but this may change from time to time and over time depending upon where the opportunities are.

Leverage is used selectively on an investment by investment basis. Centaurus may use leverage for a variety of purposes, including enhancing returns while seeking to maintain optimal capital levels. Centaurus expects to use leverage typically to increase investment capacity in periods of peak opportunity, and not simply as a tool to increase returns. Generally, it is not envisaged that gross long positions will exceed two times the Net Asset Value of a given Master Fund or client account. Although unlikely, Centaurus may also borrow to cover operating expenses and make redemption payments or for clearance of the transactions.

Centaurus also undertakes hedging at two levels: position and portfolio. Position level hedging seeks to hedge out market delta exposure on a beta adjusted basis and may be achieved through a combination of individual or index based stock shorts or derivatives, including credit default swaps and sector swaps. At a portfolio level, a basket of derivatives (including without limitation equity options, credit default swaps, interest rate swaps, futures and foreign exchange derivatives) may be used to hedge residual risk. In general, the size of these portfolio level hedges is calculated with a view to remaining relatively insensitive to extreme market moves.

The Master Funds' shares and certain separate accounts are denominated in a single currency (either US Dollars or Euro) and are operated in that currency. Where appropriate, Centaurus will attempt to hedge foreign currency exposure through the use of spot and forward foreign exchange contracts or other methods of reducing exposure to currency fluctuations.

Centaurus conducts detailed research into proposed investments which involves consideration of the financial, regulatory, legal, economic, settlement, political and other related risks associated with a particular transaction. Outside consultants may be used to supplement the analysis.

Associated Risks

Centaurus' investment strategies are speculative and entail substantial risks. All investing involves a risk of loss and the investment strategy offered by Centaurus could lose money over short or even long periods. An investment in the Funds or strategy may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in such a strategy or the Funds. No guarantee or representation is made that Centaurus will achieve its investment objective or that Investors or Clients will receive a return of their capital. There can be no assurance that the investment objects of a Client will be achieved, and certain investment practices employed by Centaurus can, in some circumstances substantially increase any adverse impact on an investment portfolio.

Limited Operating History. The Funds may have only a limited operating history upon which prospective investors may base an evaluation of the likely performance of a Fund. The past performance of Centaurus may not be indicative of the future performance of a Fund.

Dependence on Key Individuals. The success of the strategies depend upon the ability of the Principals to develop and implement investment strategies that achieve the investment objective. If

certain personnel of Centaurus were to become unable to participate in the management of the portfolios, the consequence to the Clients and Investors could be material and adverse and could lead to the premature termination of an account or Fund.

"Master-Feeder" Structure. The Funds will generally invest through a "master-feeder" structure. The "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in a Master Fund may be materially affected by the actions of a larger feeder fund investing in a Master Fund. If a larger feeder fund withdraws from a Master Fund, the remaining feeder fund may experience higher *pro rata* operating expenses, thereby producing lower returns. A Master Fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. A Master Fund is a single entity and creditors of a Master Fund may enforce claims against all assets of a Master Fund which may adversely affect a feeder fund that would not otherwise be a party to such claim. In addition, to the extent a Fund's assets are invested in a Master Fund, certain conflicts of interest may exist due to different tax considerations applicable to the Fund and other feeder funds.

Availability of Investment Strategies. The success of Centaurus's investment activities will depend on its ability to identify investment opportunities as well as to assess the importance of news and events that may affect the financial markets. The identification and exploitation of the investment strategies to be pursued by a Client involves a high degree of uncertainty. No assurance can be given that Centaurus will be able to locate suitable investment opportunities in which to deploy all of a Client's assets or to exploit discrepancies in the securities and derivatives markets.

Risks of Arbitrage Strategies. Risk arbitrage strategies attempt to exploit merger activity to capture (or sell short) the spread between current market values of securities and their values after successful completion of a merger, restructuring or similar corporate transaction. Risk arbitrage investments often incur significant losses when anticipated merger or acquisition transactions are not consummated. The successful completion of takeovers, mergers, tender offers, liquidations, spinoffs, corporate reorganisations or other related transactions can be prevented or delayed by a variety of factors, including: (i) regulatory and antitrust restrictions; (ii) political factors; (iii) industry weakness; (iv) stock-specific events; and (v) failed financings. Risk arbitrage positions also are subject to the risk of overall market movements. To the extent that a general increase or decline in equity values affects the stocks involved in a merger arbitrage position differently, the position may be exposed to loss. Risk arbitrage strategies also depend for success on the overall volume of merger activity, which historically has been cyclical in nature.

An arbitrage strategy may result in high portfolio turnover and, consequently, greater transaction costs. Centaurus's investment strategies are designed to be relatively neutral with respect to the movements in the underlying equity or fixed income markets in which it invests. However, depending upon the investment strategies employed and market conditions, Clients may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals.

Liquidity and Market Characteristics. In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, Centaurus's ability to respond to market movements may be impaired and a Client may

experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

Limited Redemption Rights. An investment in a Fund is suitable only for certain sophisticated investors who have no need for immediate liquidity in their investment. Shares may only be redeemed on Redemption Days with due notice. Until such time as a redemption request has been satisfied in full, such unredeemed Shares will remain at risk in the Fund. No partial redemptions will be permitted if, immediately thereafter, the value of a redeeming shareholder's holding would be less than the Minimum Holding, unless approved by the Board of Directors in its sole and absolute discretion. Shares may not be redeemed when the calculation of the Net Asset Value is suspended. Significant redemptions from a Fund could require a Fund to liquidate investments more rapidly than otherwise desirable to raise the necessary cash to fund the redemption and to achieve a market position appropriately reflecting a smaller equity.

Use of Systems. Centaurus makes extensive use of computer systems and software. Centaurus may use its own proprietary quantitative models as well as systems which are publicly available or provided by third parties. Accordingly, Clients are exposed to the risk that computer hardware, software and other services used by Centaurus may cease to be available, for example due to the insolvency of the provider. In such circumstances, Centaurus would seek to obtain equivalent hardware, software and services from an alternative supplier. In addition, outright failure of the underlying hardware, operating system, software or network may leave Centaurus unable to trade either generally or in certain of its strategies and this may expose it to risk should the outage coincide with turbulent market conditions. To ameliorate this risk, extensive backup and failover plans have been put in place by Centaurus. Nevertheless, in the worst case, Centaurus may have to liquidate an entire portfolio as the only safe way to proceed should a crippling system outage occur.

Risk of Programming Implementation Error or Logical Error. Given the reliance of Centaurus upon the operation of the trading software, it follows that the Clients are therefore at risk of errors of implementation (colloquially known as "bugs") and errors of design that may have found their way into the software, and which may cause inappropriate or aberrant behaviour under certain or all market conditions. While reasonable steps have been taken to ensure that the software is adequate in design and free from manifest bugs, formal proof of bug-free code has not been undertaken, and nor can the underlying logical or mathematical models be certified as free from error. Furthermore, without limitation, while the software has been extensively tested, no guarantee can be given that a unique combination of input conditions experienced when running the system "live" and which has not been encountered during development, will not cause the system to fail, perform aberrantly, or take positions that are (under some reasonable criteria) judged to be inappropriate. Furthermore, as with any software, upgrades, "bug fixes" and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of an account rather than improve it.

Disaster Recovery. Whilst Centaurus has put in place safeguards including the use of parallel or back-up systems, emergency power and alternative data feeds, designed to protect the interests of the Clients in case of disruption of the technology, including transmission failures, this is no guarantee that such measures would be effective against all situations or could be implemented in time and the Clients may be adversely affected accordingly.

Concentration of Investments. Although it is the policy of Centaurus to diversify its investment portfolios, it is not required to do so except as provided within a given Investment Management Agreement or the Governing Fund Documents and may at certain times hold relatively few investments. Clients could be subject to significant losses if they hold a large position in a particular investment that declines in value or is otherwise adversely affected, including by default of the issuer or has a short position in a security that significantly appreciates.

Leverage and Financing Risk. Centaurus may leverage the capital of a portfolio when it is believed that the use of leverage may enable the portfolio to achieve a higher rate of return. Accordingly, Centaurus may cause a portfolio to pledge its assets in order to borrow funds for investment purposes. Centaurus may also leverage portfolios investment returns with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings and other forms of leverage which the portfolio may have outstanding at any time may be substantial in relation to its capital.

While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the portfolio is leveraged. The cumulative effect of the use of leverage by a portfolio in a market that moves adversely to the portfolio's investments could result in a substantial loss to the portfolio which would be greater than if it were not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the portfolios. For example, should the securities pledged to brokers to secure a portfolio's margin accounts decline in value, the portfolio could be subject to a "margin call," pursuant to which the portfolio must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a portfolio's assets, the portfolio might not be able to liquidate assets quickly enough to satisfy their margin requirements.

Repurchase and Reverse Repurchase Agreements. Centaurus may enter into repurchase and reverse repurchase agreements for portfolios. When a portfolio enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the portfolio "buys" securities from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the portfolio, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a portfolio involves certain risks. For example, if the seller of securities to the portfolio under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the portfolio will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the portfolio's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the portfolio may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the portfolio may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

The financing used by Centaurus to leverage portfolios will be extended by securities brokers and dealers in the marketplace in which the portfolio invests. While the Portfolio will attempt to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so will be limited. The portfolio is therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position or such broker-dealer's willingness to continue to provide any such credit to the portfolio. Because the portfolio may not currently have an alternative credit facility which could be used to finance its portfolio in the absence of financing from broker-dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of a portfolio at distressed prices could result in significant losses to the portfolio.

Options. A portfolio may buy or sell (write) both call options and put options, and when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. A portfolio's option transactions may be part of a hedging strategy (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the portfolio has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions a portfolio may enter into. When a portfolio buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of a Client's investment in the option (including commissions). The portfolio could mitigate those losses by selling short, or buying puts, on the securities on which it holds call options, or by taking a long position (*e.g.*, by buying the securities or buying calls on them) in securities underlying put options.

When a portfolio sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the portfolio would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the portfolio might suffer as a result of owning the security.

Swap Agreements. A portfolio may enter into swap agreements. Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the portfolio's exposure to long-term or short-term interest rates, currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. A portfolio is not limited to any particular form of swap agreement if consistent with the portfolio's investment objective and approach.

Swap agreements tend to shift a portfolio's investment exposure from one type of investment to another. For example, if the portfolio agrees to exchange payments in Euro for payments in US Dollars, the swap agreement would tend to decrease the portfolio's exposure to Euro interest rates and increase its exposure to US Dollar currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Client's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the portfolio. If a swap agreement calls for payments by the portfolio, the portfolio must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the portfolio.

Credit Default Swaps. The Fund may invest in credit default swaps. Credit default swaps can be used to implement Centaurus's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the portfolio may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the portfolio to make payments upon the occurrence of a credit event creates leveraged exposure to the derivative credit risk of the referenced entity. A portfolio may also buy credit default protection with respect to a referenced entity if, in the judgment of Centaurus, there is a high likelihood of credit deterioration. In such instance, the portfolio will pay a premium regardless of whether there is a credit event. The credit default swap market in high-yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment-grade securities, creating the risk that the newer markets will be less liquid, and making it potentially more difficult to exit or enter into a particular transaction.

Short Selling. Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a portfolio engages in short sales will depend upon the investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a portfolio of buying those securities to cover the short position. There can be no assurance that a portfolio will be able to maintain the ability to borrow securities sold short. In such cases, a portfolio can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Legal and regulatory restrictions may impact on the ability of a portfolio to sell a security short and/or may require a portfolio to disclose any short position with possible adverse consequences to a portfolio.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of

illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a portfolio due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Centaurus would otherwise recommend, to the possible detriment of a portfolio. Market illiquidity or disruption could result in major losses to a portfolio.

Hedging Transactions. A portfolio may utilize a variety of financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of a Client's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealized gains in a Client's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in a Client's portfolio; (v) hedge the interest rate or currency exchange rate on any of a portfolio's liabilities or assets; (vi) protect against any increase in the price of any securities a portfolio anticipates purchasing at a later date; or (vii) for any other reason that Centaurus deems appropriate.

The success of a portfolio's hedging strategy will depend, in part, upon the correct assessment of the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a portfolio's hedging strategy will also be subject to Centaurus's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a portfolio may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a portfolio than if it had not engaged in such hedging transactions. For a variety of reasons, a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged may not be sought. Such an imperfect correlation may prevent a portfolio from achieving the intended hedge or expose a portfolio to risk of loss. A particular risk may not be hedged against because it may be determined that the probability of the risk occurring is not sufficiently high to justify the cost of the hedge, or because the occurrence of the risk is not foreseen. The successful utilisation of hedging and risk management transactions requires skills complementary to those needed in the selection of a portfolio's portfolio holdings.

Highly Volatile Markets. The prices of financial instruments in which a portfolio may invest can be highly volatile. Price movements of forward and other derivative contracts in which a portfolio's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. A portfolio is subject to the risk of failure of any of the exchanges on which its positions trade or of its clearinghouses.

Counterparty Insolvency. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that Centaurus will monitor on an ongoing basis the creditworthiness of firms with which it will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by

the counterparty to such a transaction, a portfolio will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of a portfolio being less than if a portfolio had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of a portfolio's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of a portfolio's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

Prime Brokers and Custodians. In relation to a portfolio's right to the return of securities equivalent (or, in certain circumstances, cash with a value equivalent) to those of a portfolio's securities which each Prime Broker and Custodian uses for its own purposes (whereby they take full legal and beneficial title to such securities), a portfolio will rank as one of each of the Prime Brokers and Custodians' unsecured creditors and, in the event of the insolvency of one or more of the Prime Brokers and Custodians, a portfolio might not be able to recover such equivalent assets in full, or at all. In addition, a portfolio's cash held with each Prime Broker and Custodian will not be segregated from that Prime Broker and Custodian's own cash and will be used by each Prime Broker and Custodian in the course of its business and a portfolio will therefore rank as an unsecured creditor in relation thereto. A portfolio's assets may be held in one or more accounts maintained for a portfolio by the Prime Brokers and Custodians or at other brokers or custodians, which may be located in various jurisdictions. Such local brokers or custodians and the Prime Brokers and Custodians, as brokerage firms, custodians or commercial banks, are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a portfolio's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a Prime Broker and Custodian or any of its sub-custodians, agents or affiliates, or a local broker, it is impossible to generalize about the effect of their insolvency on a portfolio and its assets. It is therefore possible that certain of a portfolio's assets which are thought to be held in custody by a Prime Broker and Custodian are, in the event of the insolvency of such Prime Broker and Custodian, not recoverable in full, or at all. Investors should assume that the insolvency of any of the Prime Brokers and Custodians or such other service providers would result in a loss to a portfolio of some, or all, of its assets.

Execution of Orders. A portfolio's trading strategy depends on its ability to establish and maintain an overall market position in a combination of financial instruments selected by Centaurus. A portfolio's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to a portfolio, its brokers, agents or other service providers. In such event, a portfolio might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, a portfolio might not be able to make such adjustment. As a result, a portfolio would not be able to achieve the market position selected by Centaurus, and might incur a loss in liquidating its position. In addition, a portfolio relies heavily on electronic execution systems, and such systems may be subject to failure, causing the interruption of trading orders made by the Master Fund.

Systemic Risk. Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which Centaurus interacts, on behalf of Clients, on a daily basis.

Amortisation of Organisational Costs/Valuation Policies. The Funds' organisational and offering expenses relating to the launch of each Fund, are being, for accounting purposes, amortized by the Funds for up to a 60-month period. Amortisation of such expenses over a period that is up to 60 months is a divergence from GAAP, which may, in certain circumstances, result in a qualification of the Fund's annual audited financial statements. In such instances, a Fund may decide to (i) avoid the qualification by recognising the unamortized expenses or (ii) make GAAP conforming changes for financial reporting purposes, but amortize expenses for purposes of calculating the Fund's Net Asset Value. There will be a divergence in a Fund's fiscal year-end Net Asset Value and in the Net Asset Value reported in the Fund's financial statements in any year where, pursuant to clause (ii), GAAP conforming changes are made only to the Fund's financial statements for financial reporting purposes. If a Fund is terminated within 60 months of its commencement, any unamortized expenses will be recognized. If a shareholder redeems shares prior to the end of the 60-month period during which a Fund is amortising expenses, the Fund may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the number of shares being redeemed and reduce redemption proceeds by the amount of such accelerated expenses.

A Fund's valuation policies may not be in compliance with GAAP and such divergence may, in certain circumstances, result in a qualification of a Fund's annual audited financial statements. In such instances, the Fund may decide to make GAAP conforming changes for financial reporting purposes, but use the valuation policies detailed herein for the purpose of calculating the Fund's Net Asset Value. There will be a divergence in the Fund's fiscal year-end Net Asset Value and in the Net Asset Value reported in the Fund's financial statements in any year where GAAP conforming changes are made only to the Fund's financial statements for financial reporting purposes.

Global Economic and Market Conditions. Centaurus may invest in currencies and securities traded in various markets throughout the world, including in emerging or developing markets, some of which are highly controlled by governmental authorities. Such investments require consideration of certain risks typically not associated with investing in currencies or securities of developed markets. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, imposition of exchange control regulation by governments, withholding and other taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalisation of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations. These factors may affect the level and volatility of securities prices and the liquidity of a portfolio's investments. Unexpected volatility or illiquidity could impair a portfolio's profitability or result in losses. The economies of countries differ in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures

imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Certain Securities Markets. Stock markets in certain countries may have a relatively low volume of trading. Securities of companies in such markets may also be less liquid and more volatile than securities of comparable companies elsewhere. There may be low levels of government regulation of stock exchanges, brokers and listed companies in certain countries. In addition, settlement of trades in some markets is slow and subject to failure.

Some commodity exchanges are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a commodity contract and not of an exchange or clearing corporation. In such a case, the Client is subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts. In addition, the trading of futures and forward contracts on certain commodity exchanges may be subject to price fluctuation limits.

Interpositioning. From time to time, Centaurus may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by a portfolio may acquire or dispose of a security through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a markup or markdown. Centaurus believes that the use of a broker in such instances is consistent with its duty of obtaining the best price for the Clients. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

Exchange Rate Fluctuations; Currency Considerations. Whilst the base currency of the Master Funds and certain separate accounts is typically the US Dollar, the assets will often be invested in securities denominated in other currencies and any income or capital received will be denominated in the local currency of investment. Accordingly, changes in currency exchange rates (to the extent unhedged) will affect the value of the portfolio and the unrealized appreciation or depreciation of investments.

Furthermore, such portfolios may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the portfolio at one rate, while offering a lesser rate of exchange should the portfolio desire immediately to resell that currency to the dealer. Centaurus will conduct its currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell currencies. It is anticipated that most of the currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Client implicated.

Net Asset Value Considerations. The Net Asset Value per Share in the Funds is expected to fluctuate over time with the performance of a Funds' investments. An Investor may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share of the relevant class at the time of such redemption is less than the subscription price paid by such shareholder. In addition, where there is any conflict between GAAP and the valuation

principles set out in the Articles and this document in relation to the calculation of Net Asset Value, the latter principles shall take precedence.

Legal Risk. Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result, Client accounts may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of a portfolio are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the portfolios. In addition, the income and gains of the portfolios may be subject to withholding taxes imposed by foreign governments for which shareholders may not receive a full foreign tax credit. Furthermore, it may be difficult to obtain and enforce a judgment in a court outside of the Cayman Islands for the Funds.

Regulatory controls and corporate governance of companies in some developing countries may confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in Western markets. In certain instances management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

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

Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the Funds. The regulatory environment for private funds is evolving, and changes in the regulation of private funds may adversely affect the value of investments held by a Fund and the ability of a Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Funds could be substantial and adverse. Changes in tax

legislation could adversely affect Centaurus's Funds, domiciled in jurisdictions such as the Cayman Islands.

The probable impact of the European Union's Alternative Investment Fund Managers Directive on the Funds and Centaurus is currently uncertain and may remain so for some time but may result in considerable cost or other burdens for the Funds and/or Centaurus. Agreement has been reached by the European Union Council of Ministers and the European Parliament on the text of a directive (the "AIFM Directive") to regulate alternative investment fund managers ("AIFM") which it is anticipated will enter into force shortly, following which it will require transposition into the laws of individual member states of the European Union (the "EU"). The AIFM Directive will require the regulation of AIFM based in, or the marketing of securities of an alternative investment fund ("AIF") in, the EU and will generally prohibit non-authorized AIFM from managing AIF or marketing AIF securities in the EU.

In order to obtain authorisation to manage or market an AIF in the EU, an AIFM will be required to comply with numerous obligations in relation to its own operations and any AIF that it manages, which may create significant compliance costs and burdens. However, the precise nature of these obligations and their application (especially as they may apply to non-EU entities) remain subject to further development as the AIFM Directive contemplates a significant amount of secondary level rule making and requires implementation by individual member states of the EU. This further rule making and implementation has yet to be commenced.

It is possible that the Funds or Centaurus may be required to take significant measures to comply with the AIFM Directive or that either of them may not be able to comply with the AIFM Directive, whether in part or at all. Compliance with the requirements of the AIFM Directive may be costly or could require significant amendments to be made to the structure of the Fund or Centaurus. However, it is not currently possible to ascertain the precise impact that the AIFM Directive will have.

Centaurus will monitor the position under the AIFM Directive and may take or propose steps in the future to address the AIFM Directive's requirements, which may conceivably include putting proposals to shareholders to continue the Fund in another jurisdiction.

It should be noted that any regulatory changes arising from implementation of the AIFM Directive may be costly to the Funds or Centaurus or may impair the ability of Centaurus to manage the investments of the Funds, or limit the ability to market Shares in the future, each of which may materially and adversely affect the Fund's ability to carry out its investment approach and achieve its investment objective or impact adversely on returns to shareholders.

Legislative, regulatory and judicial developments in the United States may have an adverse effect on the Funds or Centaurus. Considerable legislative and regulatory attention has been focused on non-traditional investment pools which are distributed in the United States. There is a possibility of future regulatory changes altering, perhaps to a material extent, the nature of an investment in the Funds or Centaurus's ability to continue to implement its investment approach. Whilst recent regulatory changes (such as the regulation of over-the-counter derivative markets in the United States) have little impact upon Centaurus, it is impossible to predict what effect future regulatory changes may have. Centaurus proposes to keep the position regarding such future regulatory changes under review.

Misconduct of Employees and of Third Party Service Providers. Misconduct by employees or by third party service providers could cause significant losses to a portfolio. Employee misconduct may include binding a portfolio to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and third party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities. Although Centaurus will adopt measures to prevent and detect employee misconduct and to select reliable third party providers, such measures may not be effective in all cases.

Terrorist Action. There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds or a Client account with Centaurus. Prospective investors in the Funds should read the entire Offering Memorandum and consult with their own advisers before deciding to invest in a Fund. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of Centaurus or the integrity of its management. It is Centaurus's belief that neither it, nor or any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would be material to a client's or investor's evaluation of Centaurus. However, Centaurus proactively discloses that it was fined €15,000 euro in 2009 by the Spanish regulator for making a Fund level disclosure late in 2007. The entity level filing had been made and this filing was inadvertently missed by Centaurus. It was also fined SEK15,000 in 2011 by the Swedish regulator in respect of a similar late disclosure. In this case a disclosure had been made in Norway 2010 but Centaurus inadvertently missed that an additional disclosure was required in Sweden. No further action was taken by either regulator.

Item 10: Other Financial Industry Activities and Affiliations

Centaurus has material business relations with Centaurus HK as an affiliate under common control and as disclosed in Item 4. Centaurus HK performs services relating to the investment management business and is compensated under the terms of agreements directly or indirectly with Centaurus and the respective Funds. They also receive certain research and other benefits described in Item 12.

Centaurus HK was created for reasons not directly related to our Clients and generally performs functions that would be performed by Centaurus itself if it did not exist. We do not believe that our relationship with Centaurus HK causes a conflict of interest with our Clients.

As discussed in response to Item 7, we are the investment manager to certain Funds and institutional clients. We do not believe that the contemporaneous management of the Funds and our institutional clients causes a conflict because they share similar investment strategies, and allocations are made based on principles described in response to Item 4.

Pooled Investment Vehicles

Centaurus organizes and sponsors the Funds, which are private investment companies. These pooled investment vehicles managed by Centaurus are controlled by an affiliated manager, Centaurus Capital LP for which Centaurus serves as the General Partner (“GP”). Therefore, Centaurus will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds’ investment activities. While the Manager is not separately registered as investment adviser with the SEC, all of its investment advisory activities are subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and the rules thereunder. In addition, persons acting on behalf of the Manager are subject to the supervision and control of Centaurus. Thus, the Manager and the persons acting on its behalf would be “persons associated with” the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the Manager.

Third-Party Service Providers

Centaurus and its employees may, at times, utilize certain critical third-party service providers that are being utilized by its Clients (including, but not limited to outside counsel, accounting firms and bank custodians) for personal services. Due to the Client relationships with such third-parties, Centaurus and its employees could be provided various products and services from these third-party service providers at rates that are significantly less than those paid by the Clients for similar or comparable services. Accordingly, Centaurus and its employees could obtain a benefit as a result of their position at Centaurus and due in large part to the commercial relationship that the Clients maintain with such third-party service providers. These discounted service fees may not exist (or may be less) if these service providers did not also complete work on behalf of the Clients. Thus, Centaurus and its employees could be faced with a conflict of interest related to the on-going evaluation of the services provided by such third-parties..

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

Pursuant to Rule 204A-1 of the Advisers Act, Centaurus has adopted a written Code of Ethics (the “Code”) predicated on the principal that Centaurus owes a fiduciary duty to its Clients, the Funds and its Investors. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Centaurus and its affiliated entities (the “Employees”), each Employee’s spouse, minor children and other family members living in his or her household (the “Related Persons”), as well as each other individual designated in writing by a compliance officer as being subject to all or a portion of the compliance procedures or policies adopted by Centaurus. Centaurus requires its Employees to act in the Funds’ best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper.

Centaurus generally prohibits the purchase or sale of securities that are held by the Funds; requires pre-clearance before purchasing any securities including an IPO or limited offering (i.e., private

placement); requires periodic reporting of Employees' personal securities transactions and all holdings; and requires prompt internal reporting of Code violations. Centaurus endeavors to maintain current and accurate records of all personal securities accounts of its Employees in an effort to monitor all such activity. A copy of Centaurus's Code is available upon request.

Centaurus, serves as the investment adviser and general partner, respectively, to the Funds. Centaurus or its employees may have an investment in the Funds. Therefore, Centaurus may be considered to participate indirectly in transactions effected for those Funds. The foregoing relationships, fees, and any other actual or potential conflicts of interest arising therefrom are disclosed in the respective Funds' offering documents.

Item 12: Brokerage Practices

Broker Selection

Centaurus may utilize various brokers and dealers to execute securities transactions. Portfolio transactions will be allocated to brokers and dealers based on a number of factors, including commissions/price, the ability of the brokers and dealers to effect the transactions, the brokers' and dealers' facilities, reliability and financial responsibility. The determinative factor in this analysis is not the lowest possible execution cost but whether a trade represents the best qualitative execution for the Client.

Soft Dollars

Brokers may use part of the relevant commission to pay for certain services related to the execution of transactions on behalf of customers or the provision of investment research received by Centaurus. It is intended that such arrangements will assist Centaurus in the provision of investment management services its Clients. Subject to the rules of the SEC and FSA, Centaurus may agree that a broker shall be paid a commission exceeding the amount another broker would have charged for the same transaction if, in the good faith judgment of Centaurus, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker. Centaurus will also operate, to the extent applicable, within the safe harbour created by section 28(e) of the US Securities Exchange Act of 1934, as amended. Soft dollars generated in respect of futures, currency and derivatives transactions and principal transactions (that are not riskless principal transactions) that do not generally fall within the safe harbour created by Section 28(e) will be utilized only with respect to research related products and services for the benefit of the Client generating the commission.

Allocation Policy

The Firm's allocation policy is dictated by the following factors.

1. Investment Strategy
2. Portfolio Capacity
3. Liquidity
4. Downside Risk
5. Other Specific Client Restrictions

Portfolios run within the same mandate will generally seek to mirror each other and as such investment will be allocated in accordance with an appropriate size based on the firm's calculation of risk exposure and liquidity at the time of investment.

Centaurus determines the downside risk of a particular transaction as the potential loss per share should a potential transaction not materialize. As the size of portfolios are different the size of the downside risk as a proportion of the portfolio size will be different than the exposure size and therefore in certain circumstances the risk concerns outweigh the exposure criteria. In such cases the downside risk determines the allocation.

Centaurus operates a number of portfolios which have different liquidity criteria requirements. Liquidity is a dynamic concept based on the average daily trading volumes which change on a daily basis. In order that the firm stays within a portfolio's overall ability to be in a position to liquidate in accordance with requirements the firm will sometimes trade and allocate in order to stay within those liquidity limits.

No allocation will be made to a Client based on performance, the amount or structure of fees, the direct participation of an employee of Centaurus or its affiliates.

Brokerage for Client Referrals

Centaurus trades with a number of prime brokers who may provide client or investor referrals to Centaurus. Centaurus does not pay brokers separately for such introductions. This practice may involve a conflict of interest as Centaurus may have an incentive to select a broker-dealer based on its interest in receiving client and investor referrals. Centaurus mitigates the risks of the potential conflict by following the best execution policies discussed above. Furthermore, Centaurus does not currently have any directed brokerage and will not select brokers based on the receipt of client or investor referrals.

Item 13: Review of Accounts

All portfolios are carefully reviewed by Centaurus's investment team. The reviews include daily risk reports and profit and loss statements. In addition the investment team meets, at least weekly, to review the portfolios and accounts.

Investors in the Funds receive an investment letter monthly, providing full transparency of positions held by the respective Fund and additional related commentary. Managed account clients typically participate in monthly calls to discuss performance and do not generally receive written reports from Centaurus. Managed account clients' reports, if requested, would be tailored to meet the needs of a respective client and will vary in scope, format, approach and timing in accordance with each client's requirements.

Centaurus also provides each Investor with the following reports in accordance with the terms of the applicable Governing Fund Documents: (i) audited annual financial statements; and (iii) annual tax information necessary to complete any applicable tax returns.

Item 14: Client Referrals and Other Compensation

Centaurus may periodically engage third party placement agents (i.e., solicitors) to introduce prospective investors, in the U.S. and Canada, to the Funds. Such introductions will be made through placement agents who are registered broker-dealers with the SEC and are members of the Financial Industry National Regulatory Authority. Where such introductions are made to prospective US persons, as defined under Regulation S of the Securities Act, they will be made on a private placement basis to persons who are reasonably believed to be (i) “accredited investors” under Regulation D of the Securities Act; (ii) “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act; and (iii) with whom the placement agent has a pre-existing relationship.

Solicitations made by a placement agent to prospective US persons involving separately managed accounts will be made in compliance with the requirements of rule 206(4)-3 of the Advisers Act. Such prospective investors will be provided with a copy of CCL’s Form ADV Part 2 and a separate written disclosure statement describing the arrangement with CCL, including terms of compensation. The fees and expenses of any third-party placement agents will be paid by Centaurus.

Item 15: Custody

All Client assets, with the exception of any privately offered securities, are held in custody by unaffiliated broker-dealers or banks. Separately managed accounts will receive statements directly from their custodian.

While Centaurus does not maintain physical custody of Client assets, certain affiliates may be considered to have custody, pursuant to Rule 206(4)-2 of the Advisers Act due to their ability to access the securities and funds in those accounts through their position as the General Partner in a Fund. Investors do not receive statements directly from Fund custodians. Instead, the Funds are subject to an annual audit and audited financial statements are distributed to each investor. Audited financial statements are prepared in accordance with Generally Accepted Accounting Principles and distributed within 120 days of each Fund’s fiscal year end.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner of each Fund, and the IMA for each Client, Centaurus generally has discretionary authority to determine, without obtaining specific consent from the Funds, Investors or Clients, the securities and the amounts to be bought or sold on behalf of the Client accounts, and to perform the day-to-day investment operations of the Client accounts.

Item 17: Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Centaurus has adopted and implemented written policies and procedures governing the voting of client securities. Centaurus’s proxy policy provides that it will act in the best interests of our Clients in determining whether and how to vote on any proxy voting matter.

The proxy voting policy includes guidelines for the Chief Compliance Officer to follow if a material conflict of interest arises between Centaurus and its Clients to ensure that any material conflict is resolved in the best interests of the Clients.

Clients and Investors may obtain a copy of the Proxy Policy and information on how Centaurus voted Client Securities by addressing a request for such policy and information to Centaurus's Chief Compliance Officer, at the address on the front page of this brochure.

Item 18: Financial Information

A balance sheet is not required to be provided as Centaurus (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to Clients and (iii) has not been subject to any bankruptcy proceeding during the past 10 years.

Part 2B: Brochure Supplement

The following persons are involved in formulating investment advice and have direct Client/investor contact, or exercise discretion over investments without direct Client/investor contact:

Bernard Oppetit - Chairman

Educational Background and Business Experience

Bernard Oppetit (French) (born 1956) is a director and Chairman of Centaurus Capital Limited. Prior to leaving in August 2000, Mr. Oppetit was, from 1995, Global Head of Equity Derivatives at Paribas in London until the Paribas merger with Banque National de Paris in May 2000 following which he was Head of Risk Arbitrage at BNP Paribas in London. He joined Paribas in Paris in 1979 and in 1987 transferred to New York as a risk arbitrage trader before becoming Global Head of Risk Arbitrage in 1990. Mr. Oppetit is a graduate of the Ecole Polytechnique in Paris.

Disciplinary History

Mr. Oppetit has not been involved in any legal or disciplinary events that would be material to a client's or investor's evaluation of Centaurus.

Other Business Activities

Mr. Oppetit is a non-executive director of Natixis S.A. but is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Centaurus.

Additional Compensation

Mr. Oppetit does not receive economic benefits from any person or entity other than Centaurus or its affiliates in connection with the provision of investment advice to Clients.

Supervision

Mr. Oppetit's is accountable to the board of directors of Centaurus, comprising himself, Paul Leary and Randel Freeman. They can be reached directly by calling the telephone number on the cover of this brochure.

Randel Howard Freeman, C.F.A. Chief Investment Officer

Educational Background and Business Experience

Randel Freeman (American) (born 1966) is a director of the Fund and is a director of Centaurus Capital Limited. Prior to leaving in August 2000, Mr. Freeman was, from 1995, a risk arbitrage investment manager at Paribas in London, prior to its merger with Banque National de Paris in May 2000 and subsequently at BNP Paribas. From 1989 to 1995 he was an Associate at Goldman Sachs in

Chicago and New York. Mr. Freeman holds an MBA from the University of Chicago, a BBA from Loyola University and is a Chartered Financial Analyst.

Disciplinary History

Mr. Freeman has not been involved in any legal or disciplinary events that would be material to a client's or investor's evaluation of Centaurus.

Other Business Activities

Mr. Freeman has been invited to join the board of a new investment firm but is not currently engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Centaurus.

Additional Compensation

Mr. Freeman does not receive economic benefits from any person or entity other than Centaurus or its affiliates in connection with the provision of investment advice to Clients.

Supervision

Mr. Freeman's activities are overseen by Bernard Oppetit, who can be reached directly by calling the telephone number on the cover of this brochure.

Paul Leary – Chief Operating Officer and Chief Compliance Officer

Educational Background and Business Experience

Paul Leary (British) (born 1962) is a director of Centaurus Capital Limited. Prior to joining Centaurus Capital, Mr. Leary was with JP Morgan Asset Management Services from 1994 to 2000 where he held a number of responsibilities related to the management and administration of various asset management products. From 1984 to 1994, Mr. Leary was with Price Waterhouse as Senior Manager where he specialized in financial services, including banks insurance companies, brokers and regulatory reporting to BOE, SFA, DTI, and IMRO. He became a Chartered Accountant (ACA) in 1987. (An accountant may only use the Chartered Accountant designation, after passing examinations and undergoing a period of relevant work experience. The ICAEW requires that students complete 15 examinations as well as 450 days of relevant work experience. Once admitted, members are expected to comply with ethical guidelines and gain appropriate continuing professional development.). Mr. Leary received a B.A. in Accounting & Finance from the University of West of England.

Disciplinary History

Mr. Leary has not been involved in any legal or disciplinary events that would be material to a client's or investor's evaluation of Centaurus.

Other Business Activities

Mr. Leary is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Centaurus.

Additional Compensation

Mr. Leary does not receive economic benefits from any person or entity other than Centaurus or its affiliates in connection with the provision of investment advice to Clients.

Supervision

Mr. Leary's activities are overseen by Bernard Oppetit, who can be reached directly by calling the telephone number on the cover of this brochure.

Kim-Yu Ang – Portfolio Manager (Based in HK from August 2011)Educational Background and Business Experience

Kim-Yu Ang (Singaporean) (born 1972) joined Centaurus in 2005 and is the Portfolio Manager of the Centaurus Asia Pacific Opportunities fund. Prior to joining Centaurus, he was a Special Situations Analyst at Cargill Investors Services (2003-2005), Finance Manager at Singapore Health Services (2002-2003) and VP-Private Equity at Deutsche Bank. He graduated with an AB from Harvard University.

Disciplinary History

Mr. Ang has not been involved in any legal or disciplinary events that would be material to a client's or investor's evaluation of Centaurus.

Other Business Activities

Mr. Ang is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Centaurus.

Additional Compensation

Mr. Ang does not receive economic benefits from any person or entity other than Centaurus or its affiliates in connection with the provision of investment advice to Clients.

Supervision

Mr. Ang's activities are overseen by Randel Freeman, who can be reached directly by calling the telephone number on the cover of this brochure.

Patrick Bierbaum – Portfolio ManagerEducational Background and Business Experience

Patrick Bierbaum (German) joined Centaurus Capital in 2007 and is the Portfolio Manager of the EMEA region, with responsibilities across all the funds. Prior to joining Centaurus, Patrick was Head of German Principle Finance at Silverpoint Capital in London (2005-2007) and an investment banker at Lehman Brothers in London (2001-2005). In 2000 Patrick founded an e-commerce set-up in Cologne, and prior to that, he worked in the FIG group as an investment banker at J. Henry Schroder in London. He is a graduate of Cologne Business School.

Disciplinary History

Mr. Bierbaum has not been involved in any legal or disciplinary events that would be material to a client's or investor's evaluation of Centaurus.

Other Business Activities

Mr. Bierbaum is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Centaurus.

Additional Compensation

Mr. Bierbaum does not receive economic benefits from any person or entity other than Centaurus or its affiliates in connection with the provision of investment advice to Clients.

Supervision

Mr. Bierbaum's activities are overseen by Randel Freeman, who can be reached directly by calling the telephone number on the cover of this brochure.

Pedro Maqueda – Portfolio ManagerEducational Background and Business Experience

Pedro Maqueda (Spanish) joined Centaurus in 2006. He is the Portfolio Manager of Europe and Latin America, with responsibilities across all the funds. Prior to joining Centaurus, Pedro worked at Lehman Brothers in London as an investment banker in the FIG Group ((2000-2006), and at Deutsche Bank from 1999-2000 also in the FIG investment banking. Pedro is a graduate of ICADE in Madrid.

Disciplinary History

Mr. Maqueda has not been involved in any legal or disciplinary events that would be material to a client's or investor's evaluation of Centaurus.

Other Business Activities

Mr. Maqueda is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Centaurus.

Additional Compensation

Mr. Maqueda does not receive economic benefits from any person or entity other than Centaurus or its affiliates in connection with the provision of investment advice to Clients.

Supervision

Mr. Maqueda's activities are overseen by Randel Freeman, who can be reached directly by calling the telephone number on the cover of this brochure.