CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

ALPHA DIVERSIFIED FUND, LP

A Delaware Limited Partnership

LIMITED PARTNERSHIP INTERESTS

MINIMUM INVESTMENT: $250,000

INVESTMENT MANAGER:

ALPHA WEALTH FUNDS, LLC

DECEMBER 2021

ALPHA DIVERSIFIED FUND, LP

1887 Gold Dust Lane, Suite 203A
Park City, Utah 84060

This Confidential Private Placement Memorandum (the "***Memorandum***") has been prepared on a confidential basis and is being provided solely for the use of the intended recipient hereof in connection with this offering. Each recipient, by accepting delivery of this Memorandum, agrees not to make a copy of the same or to divulge the contents hereof to any person other than a legal, business, investment or tax advisor in connection with obtaining the advice of any such persons with respect to this offering.

The Memorandum relates to the offering (the "***Offering***") of limited partnership interests (the "***Interests***" or "***Partnership Interests***") of Alpha Diversified Fund, LP, a Delaware limited partnership (the "***Partnership***"). Partnership Interests are suitable only for sophisticated investors (a) who do not require immediate liquidity for their investments, (b) for whom an investment in the Partnership does not constitute a complete investment program and (c) who fully understand and are willing to assume the risks involved in the Partnership's investment program. The Partnership's investment practices, by their nature, involve a substantial degree of risk. See "*Investment Program*" and *"Risk Factors*." The Offering is made only to certain qualified investors. See "*Qualification of Investors*." Prospective investors should carefully consider the material factors described in "*Risk Factors*," together with the other information appearing in this Memorandum, prior to purchasing any of the Partnership Interests offered hereby.

THE PARTNERSHIP INTERESTS OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "*SEC*" OR "*COMMISSION*") OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE COMMISSION OR ANY SUCH AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PARTNERSHIP INTERESTS ARE BEING OFFERED PURSUANT TO EXEMPTIONS FROM REGISTRATION WITH THE COMMISSION AND STATE SECURITIES REGULATORY AUTHORITIES; HOWEVER, NEITHER THE COMMISSION NOR ANY STATE SECURITIES REGULATORY AUTHORITY HAS MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREIN ARE EXEMPT FROM REGISTRATION.

THE INFORMATION IN THIS MEMORANDUM IS GIVEN AS OF THE DATE ON THE COVER PAGE, UNLESS ANOTHER TIME IS SPECIFIED, AND INVESTORS MAY NOT INFER FROM EITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM OR ANY SALE OF INTERESTS THAT THERE HAS BEEN NO CHANGE IN THE FACTS DESCRIBED SINCE THAT DATE.

This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Partnership Interests by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

No offering literature or advertising in any form other than this Memorandum and the agreements and documents referred to herein shall be considered to constitute an Offering of the Interests. No person has been authorized to make any representation with respect to the Partnership Interests except the representations contained herein. Any representation other than those set forth in this Memorandum and any information other than that contained in documents and records furnished by the Partnership upon request, must not be relied upon. This Memorandum is accurate as of its date, and no representation or warranty is made as to its continued accuracy after such date.

Sales of Partnership Interests may be made only to investors eligible for an investment in the Partnership under the criteria set forth in this Memorandum. The Partnership reserves the right, notwithstanding any such offer, to withdraw or modify the Offering and to reject any subscriptions for the Partnership Interests in whole or in part for any or no reason.

The Partnership Interests being offered have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and have not been registered under the securities laws of any state, but are being offered and sold for purposes of investment and in reliance on the statutory exemptions contained in Section 4(a)(2) of the Securities Act and in reliance on applicable exemptions under state securities laws. Such Partnership Interests may not be sold, pledged, transferred or assigned except in a transaction which is exempt under the Securities Act and applicable state securities laws, or pursuant to an effective registration statement thereunder or in a transaction otherwise in compliance with the Securities Act, applicable state securities laws, this Memorandum and the Partnership's Limited Partnership Agreement.

THERE IS NO PUBLIC MARKET FOR THE PARTNERSHIP INTERESTS AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE.

The Partnership is not registered as an investment company under the Investment Company Act of 1940, as amended (the "***Investment Company Act***"), in reliance upon Section 3(c)(1) thereof. As a result of its reliance upon Section 3(c)(1), the Partnership Interests may not at any time be owned by more than 100 beneficial owners (as determined under the Investment Company Act).

Prospective investors are invited to meet with their advisors to discuss, and to ask questions and receive answers, concerning the terms and conditions of this Offering of the Interests, and to obtain any additional information, to the extent the General Partner or its delegate possess such information or can acquire it without unreasonable effort or expense, necessary to verify the information contained herein.

CFTC Matters:

WHILE THE PARTNERSHIP WILL TRADE COMMODITY FUTURES AND/OR COMMODITY OPTIONS CONTRACTS, THE GENERAL PARTNER IS EXEMPT FROM REGULATION AS A COMMODITY POOL OPERATOR ("***CPO***") WITH THE COMMODITY FUTURES TRADING COMMISSION ("***CFTC***") PURSUANT TO CFTC RULE 4.13(a)(3) WITH RESPECT TO THE PARTNERSHIP. THEREFORE, UNLIKE A NON-EXEMPT CPO, THE GENERAL PARTNER IS NOT REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE LIMITED PARTNERS, NOR IS IT REQUIRED TO PROVIDE LIMITED PARTNERS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOs.

THE GENERAL PARTNER QUALIFIES FOR THE EXEMPTION UNDER CFTC RULE 4.13(a)(3) ON THE BASIS THAT, AMONG OTHER THINGS (I) EACH LIMITED PARTNER IS EITHER: (A) AN "ACCREDITED INVESTOR" AS DEFINED UNDER SECURITIES AND EXCHANGE COMMISSION RULES, (B) A TRUST FORMED BY AN "ACCREDITED INVESTOR" FOR THE BENEFIT OF A FAMILY MEMBER, (C) A NATURAL PERSON WHO IS A "QUALIFIED ELIGIBLE PERSON" AS DEFINED IN CFTC RULE 4.7(a)(2) OR (D) A NON-NATURAL PERSON THAT IS A "QUALIFIED ELIGIBLE PERSON" AS DEFINED UNDER CFTC RULE 4.7; AND (II) THE PARTNERSHIP MEETS ONE OF THE FOLLOWING TWO TESTS: (A) THE AGGREGATE INITIAL MARGIN AND PREMIUMS REQUIRED TO ESTABLISH COMMODITY INTEREST POSITIONS DO NOT EXCEED 5% OF THE LIQUIDATION VALUE OF THE PARTNERSHIP'S PORTFOLIO, OR (B) THE AGGREGATE NET NOTIONAL VALUE OF SUCH POSITIONS DOES NOT EXCEED 100% OF THE LIQUIDATION VALUE OF THE PARTNERSHIP'S PORTFOLIO.

TABLE OF CONTENTS

Page

EXECUTIVE SUMMARY **1**
DIRECTORY **3**
INVESTMENT PROGRAM **4**
MANAGEMENT OF THE PARTNERSHIP **6**
SUMMARY OF KEY TERMS **8**
RISK FACTORS **20**
POTENTIAL CONFLICTS OF INTEREST **59**
VALUATION OF INVESTMENTS **62**
SPECIAL ALLOCATION PROVISIONS **63**
SERVICE PROVIDERS **65**
BROKERAGE AND CUSTODY **69**
OTHER REGULATORY CONSIDERATIONS **71**
QUALIFICATION OF INVESTORS **73**
FEDERAL TAX ASPECTS **77**
ERISA CONSIDERATIONS **82**
RESTRICTIONS ON TRANSFER OF INTERESTS **85**
ADDITIONAL INFORMATION **85**
PRIVACY NOTICE **86**

EXECUTIVE SUMMARY

Alpha Diversified Fund, LP, was organized as a Delaware limited partnership (the "***Partnership***") on November 12, 2021 to operate as a private investment partnership. The Partnership's investment objective is to achieve capital appreciation with a limited variability of returns. The Partnership will seek to achieve this objective by allocating its assets to a select group of hedge funds, collective investment vehicles and/or managed accounts (each, a "***Portfolio Fund***") each of which is managed by a professional investment manager (each, an "***Underlying Manager***"). The Investment Manager will select the Underlying Managers and determine the portion of the Partnership's assets to be invested in each Portfolio Fund. In selecting the Portfolio Funds, the Investment Manager will focus on focus on building and maintaining a low volatility, multi-manager hedge fund portfolio that seeks to have low correlation to the broader debt and equity indices.

Alpha Diversified, LLC, a limited liability company organized under the laws of Delaware, serves as the general partner (the "***General Partner***") of the Partnership. Under the Partnership's Limited Partnership Agreement (as the same may be amended, supplemented or revised from time to time, the "***Partnership Agreement***"), the General Partner is primarily responsible for the management of the Partnership. Under the terms of an investment management agreement by and among the Partnership and Alpha Wealth Funds, LLC, (the "***Investment Manager***"), the Investment Manager will be responsible for overseeing the overall investment program of the Partnership. The office of the General Partner and Investment Manager is located at 1887 Gold Dust Lane, Suite 203A, Park City, Utah, 84060, and the telephone number for the same is (415) 290-7164. Both the General Partner and the Investment Manager are controlled by Mark Kress and Harvey Sax.

Under the terms of a sub-advisory agreement by and among the Partnership, the Investment Manager, and Arden Advisory LLC (the "***Sub-Advisor***" or "***Arden***"), the Investment Manager has delegated to the Sub-Advisor the responsibility for day-to-day implementation of the Partnership's investment program, including, but not limited to, the sourcing, reviewing and selection of Portfolio Funds, evaluating and monitoring Underlying Managers, and otherwise making investment decisions for the Partnership. The office of the Sub-Advisor is located at 80 Scenic Drive, Orinda, California 94563, and the telephone number for the same is (415) 290-7164.

The Partnership is presently accepting subscriptions from a limited number of sophisticated investors (as described in the "*Summary of Key Terms*," below), generally in minimum amounts of not less than $250,000. The Partnership will generally accept capital contributions as of the first day of any calendar month, or at any other time the General Partner chooses to accept such initial or additional contributions.

Investors in the Partnership will generally be subject to (i) a monthly management fee, payable in advance equal to 1/12th of 1.0% (1.0% *per annum*) of such investor's capital account balance as of the beginning of each month; and (ii) an annual performance allocation equal to

10% of each investor's ratable share of the Partnership's profits for each year, but only to the extent that such profits exceed such investor's "high water mark."

Investors will generally be permitted to make withdrawals of capital as of the close of business on the last day of each quarter, *provided that*, the withdrawing investor notifies the General Partner of its intent to make a withdrawal not less than 30 days in advance of the first day of that same quarter.

DIRECTORY

The Partnership:

Alpha Diversified Fund, LP
c/o Alpha Diversified, LLC
1887 Gold Dust Lane, Suite 203A
Park City, Utah 84060
Tel: (415) 290-7164

The Investment Manager:

Alpha Wealth Funds, LLC
1887 Gold Dust Lane, Suite 203A
Park City, Utah 84060
Tel: (415) 290-7164

Counsel to General Partner:

The Investment Law Group
of Davis Gillett Mottern & Sims LLC
545 Dutch Valley Road, NE, Suite A
Atlanta, Georgia 30324
Tel: (404) 607-6940

Administrator:

NAV Fund Administration Group
1 Trans Am Plaza Drive, Suite 400
Oakbrook Terrace, Illinois 60181
Tel: (630) 954-1919 or (345) 946-5006
Fax: (630) 596-8555 or (345) 946-5007
Transfer.agency@navconsulting.net

Auditor:

Berkower LLC
517 Route 1, Suite 4103
Iselin, New Jersey 08830
Tel: (732) 510-1523

Custodian:

Zions Bank
1100 Snowcreek Drive
Park City, Utah 84060
Tel: (435) 655-4884

INVESTMENT PROGRAM

Investment Objective

The Partnership's investment objective is to achieve capital appreciation with a limited variability of returns.

Investment Strategy

The Partnership's investment strategy entails allocating capital among several Portfolio Funds, each managed by an independent Underlying Manager that invests in a variety of historically uncorrelated strategies.

The Partnership will focus on building and maintaining a low volatility, multi-manager hedge fund portfolio of boutique managers that seeks to have low correlation to the broader debt and equity indices.

Manager Selection

Underlying Manager due diligence covers a variety of alternative asset classes, sourced through our extensive network and reach within the investment community, as well as the broader investment bank capital introduction network. Mark Kress has spent the last 10 years cultivating, analyzing, and doing due diligence on hundreds of the most talented money managers in the country.

Qualitative Attributes

High-integrity management aligned with clients	Strong pedigree and history of success	Superior depth and quality of research	Prudent portfolio management and risk controls

Quantitative Attributes

Analyze performance to verify manager skill	Determine key drivers of results	Conduct detailed portfolio review	Assess leverage, liquidity, and concentration risk

Many of the strategies employed by outperforming fund managers simply do not work at scale. If funds grow too large, they are forced to operate outside of their strategy in order to deploy capital. Therefore, we focus on sourcing Underlying Managers who are limiting their capital raising efforts to enable the effective execution of their underlying strategies.

Advantages of Boutique or Emerging Managers

- Boutique hedge fund managers are often overlooked by institutional investors as they are deemed too small to make an impact on the bottom line and too risky in terms of institutional mandate and consultant reputation.
- This reluctance to invest in these funds provides opportunities for investors to capture excess returns.
- Boutique managers small size may allow them to be much nimbler, enabling them to respond much more efficiently to market changes compared to their larger counterparts.
- Boutique funds may be able to tap into market niches, which could allow them to exploit market inefficiencies.

Portfolio Construction

Boutique hedge fund managers can individually introduce idiosyncratic risks to an overall allocation. Optimally combining a diverse set of strategies each with their own source of alpha and risk profile can limit these risks. Specifically, combining managers that have uncorrelated sources of alpha offset much of the volatility of the individual managers.

Limits of Description of Investment Program

The development of an investment program is a continuous process, and the Investment Manager is not limited by the above discussion of the investment program. The Investment Manager is constantly researching, developing, and implementing new methods and techniques to be utilized as part of the Partnership's overall investment program. The preceding description of the Partnership's investment program is as of the date of this Memorandum only. The Investment Manager's investment methods are confidential and the descriptions of them in this Memorandum are not exhaustive. The Investment Manager has wide latitude to invest or trade the Partnership's assets, to pursue any particular strategy or tactic, although the General Partner will notify all Limited Partners before making a material change to the Partnership's investment objective or investment strategy, at which time all Limited Partners will have the opportunity to withdraw from the Partnership without regard to any applicable withdrawal limitations set forth in the Partnership Agreement, *except* that the Contingency Reserve (as defined later in this Memorandum) will continue to apply. (See *Summary of Key Terms -- Withdrawals*). The investment program imposes no significant limits on the types of instruments in which the Investment Manager may take positions, the types of positions it may take, its ability to borrow money, or the concentration of investments. Prospective investors must recognize that there are inherent limitations in all descriptions of investment processes due to the complexity, confidentiality, and subjectivity of such processes. The investment strategies used for the Partnership's portfolio may differ from those used by the Investment Manager and its affiliates with respect to other accounts they manage. **There can be no assurance that the Partnership will achieve its investment objective or avoid substantial losses. An investor should not make an investment in the Partnership with the expectation of sheltering income or receiving cash distributions. Investors are urged to consult with their personal advisers before investing in the Partnership. Because risks are inherent in all the investments in which the Partnership engages, no assurances can be given that the Partnership's investment objectives will be realized.**

MANAGEMENT OF THE PARTNERSHIP

Alpha Diversified, LLC, a limited liability company organized under the laws of Delaware, serves as the General Partner of the Partnership. Under the Partnership Agreement, the General Partner is primarily responsible for the management of the Partnership. Alpha Wealth Funds, LLC, a limited liability company organized under the laws of Delaware, serves as the Investment Manager of the Partnership. Under the terms of an investment management agreement (the "***Investment Management Agreement***") by and among the Partnership and the Investment Manager, Alpha Wealth Funds, LLC, the Investment Manager will be responsible for overseeing the overall investment program of the Partnership. The office of the General Partner and Investment Manager is located at 1887 Gold Dust Lane, Suite 203A, Park City, Utah, 84060, and the telephone number for the same is (415) 290-7164. Both the General Partner and the Investment Manager are controlled by Mark Kress and Harvey Sax (the "***Principals***"). Biographies of the Principals are set forth below.

Under the terms of a sub-advisory agreement (the "***Sub-Advisory Agreement***") by and among the Partnership, the Investment Manager, and Arden Advisory LLC (the "***Sub-Advisor***" or "***Arden***"), the Investment Manager has delegated to the Sub-Advisor the responsibility for day-to-day implementation of the Partnership's investment program, including, but not limited to, the sourcing, reviewing and selection of Portfolio Funds, evaluating and monitoring Underlying Managers, and otherwise making investment decisions for the Partnership. The office of the Sub-Advisor is located at 80 Scenic Drive, Orinda, California 94563, and the telephone number for the same is (415) 290-7164. The Sub-Advisor is owned and controlled by Mark Kress, whose biography is included below.

The Investment Manager is not registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (the "***Advisers Act***"), but is registered as an investment adviser with the Utah Division of Securities.

Neither the General Partner nor the Investment Manager is currently registered as a commodity pool operator ("***CPO***") or as a commodity trading advisor under the Commodity Exchange Act ("***CEA***") in reliance on the exemption under Commodity Futures Trading Commission ("***CFTC***") Rule 4.13(a)(3). The General Partner has filed a Notice of Claim for Exemption with the National Futures Association ("***NFA***") with respect to the Partnership pursuant to CFTC Rule 4.13(b). The Investment Manager relies on the exemption from commodity trading adviser registration provided under CFTC Rule 4.14(a)(10) under the Commodity Exchange Act.

Mark Kress. *Principal*. Mr. Kress, born in 1971, is the Principal of Arden Advisory LLC, the Sub-Advisor to the Partnership. Through the Sub-Advisor, Mark will be responsible for Portfolio Fund selection and day-to-day investment decisions regarding the Partnership's portfolio. As a member of the General Partner, Mark will also assist with operational and other matters related to the Partnership.

Mark brings valuable portfolio management expertise, a record of building strong relationships, and experience employing risk management and asset allocation strategies to maximize risk-adjusted returns. His unique background includes connecting investment partners, introducing technology solutions, and providing research to support decision-making.

Over the last 7 years, Mark has consulted with both multi and single-family offices on sourcing alternative investments and portfolio management solutions. He got his start with the family office space in 2013, when he worked as an Investment Analyst with a multi-family office overhauling a legacy investment platform to a modern, efficient Addepar based system. From 2001-2011 Mark was a Portfolio and Risk Manager for the global team at Guggenheim Investments where he helped manage $1bn in long/short, market neutral, and long-only equity strategies.

Mark holds a BS in Managerial Economics from the University of California at Davis, an MBA from the University of California at Berkeley Haas School of Business, and is a Chartered Financial Analyst (CFA).

Harvey Sax. *Principal*. Mr. Sax, born in 1951, is a Manager and the Founding Partner of Alpha Wealth Funds, LLC, the Investment Manager to the Partnership. As Manager of Alpha Wealth Funds, LLC and as a member of the General Partner, Harvey will assist primarily with operational and business matters related to the Partnership.

Harvey was previously SVP at Oppenheimer, Paine Webber, and Associate Director at Bear Stearns prior to Sax Angle Partners. In addition to his financial acumen, Harvey is recognized as a pioneer in the technology field. He is responsible for creating one of the first publicly-traded Internet companies.

Mr. Sax holds a B.A from Emory University and a Master of Security Analysis and Portfolio Management (MSAPM) from Creighton University.

As stockbroker, investment banker, and CEO, Harvey has sat at most seats at the investment table. Mr. Sax's view is uniquely shaped by his 360 degree perspective.

The General Partner and its affiliates (including the Principals and officers and employees of the General Partner or the Investment Manager) intend to make an initial investment in the Partnership of not less than $435,000. Partnership Interests held by the General Partner and its affiliates generally will not be subject to the Management Fee or the Performance Allocation (as such terms are defined elsewhere in this Memorandum), but will share *pro rata* in all other expenses and liabilities of the Partnership.

The General Partner, the Investment Manager, and the Principals may, from time to time, provide investment advice to separate account clients and other pooled investment vehicles that may, from time to time, invest in some of the same financial instruments and pursue similar investment strategies as those of the Partnership. The General Partner may amend the Partnership Agreement in certain circumstances without the consent of the Limited Partners.

SUMMARY OF KEY TERMS

The following is a summary of certain of the principal terms governing an investment in Alpha Diversified Fund, LP. This summary is not complete and is qualified in its entirety by reference to the more detailed information set forth elsewhere in this Memorandum and by the terms and conditions of the Partnership Agreement, each of which should be read carefully by any prospective investor before investing. Prospective investors are urged to read the entire Memorandum and to seek the advice of their own counsel, tax consultants and business advisors with respect to the legal, tax and business aspects of investing in the Partnership. Capitalized terms used herein and not otherwise defined will have the same meaning as set forth in the Partnership Agreement. If any disclosure made herein is inconsistent with any provision of the Partnership Agreement, the provision of the Partnership Agreement will control.

THE PARTNERSHIP:	The Partnership was organized as a Delaware limited partnership on November 12, 2021 to operate as a private investment partnership.
THE GENERAL PARTNER AND INVESTMENT MANAGER:	The General Partner of the Partnership is Alpha Diversified, LLC, a limited liability company organized under the laws of Delaware. Under the Partnership Agreement, the General Partner is primarily responsible for the management of the Partnership. The Investment Manager of the Partnership is Alpha Wealth Funds, LLC. Under the terms of the Investment Management Agreement, the Investment Manager will be responsible for the formulation and implementation of the Partnership's investment strategy, evaluating and monitoring investments by the Partnership and will make all investment decisions for the Partnership.
THE SUB-ADVISOR:	Under the terms of the Sub-advisory Agreement by and among the Partnership, the Investment Manager, and Arden, the Investment Manager has delegated to Arden the responsibility for day-to-day implementation of the Partnership's investment program, including, but not limited to, the sourcing, reviewing and selection of Portfolio Funds, evaluating and monitoring Underlying Managers, and otherwise making investment decisions for the Partnership. Any fees paid to the Sub-Advisor shall be paid by the Investment Manager from the Management Fee (as described herein) or from the Investment Manager's own resources.

ELIGIBLE INVESTORS:

Interests in the Partnership are being offered under the 3(c)(1) exemption of the Investment Company Act for investment by up to one hundred (100) persons who are both: (i) "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act and (ii) "qualified clients" as defined in Rule 205-3 under the Advisers Act.

The Interests will not be registered under the Securities Act or the securities laws of any state or any other jurisdiction, nor is any such registration contemplated.

Rule 506(d) of Regulation D of the Securities Act provides for disqualification of a Rule 506 offering in the event that a beneficial owner of 20% or more of the Partnership's Interests are owned by a Limited Partner involved in a "disqualifying event" such as in connection with the sale of securities, within the securities industry or with the SEC (a "***Bad Actor Event***"). A prospective investor subject to a Bad Actor Event may be denied admittance to the Partnership in the General Partner's sole discretion. An existing Limited Partner must inform the General Partner immediately upon being subject to a Bad Actor Event. The General Partner may remove such Limited Partner from the Partnership at its sole discretion.

An investment in the Partnership will be suitable only for investors who determine that they have adequate means of providing for current needs and personal contingencies, can bear the economic risk of the investment, and have no need for liquidity in the investment. Investors will be required to make representations to the foregoing effect to the Partnership as a condition to acceptance of their subscription.

THE OFFERING:

No minimum amount of subscriptions must be received for the Partnership to begin business. There is no maximum dollar amount of capital contributions the Partnership may accept.

Capital contributions will only be accepted in cash (by means of wire transfer or check) at the time of subscription.

The Partnership may issue additional classes of Interests in the future which may differ in terms of, among other things, the Management Fee and/or the Performance Allocation, minimum investment amounts, withdrawal rights, and other rights. The terms of such additional classes will be determined by the General Partner, without the approval of

the Limited Partners, and may be described in a supplement to this Memorandum.

INITIAL CAPITAL CONTRIBUTION:

The minimum initial capital contribution to the Partnership is $250,000, subject to the General Partner's sole discretion to accept subscriptions for lesser amounts. The General Partner may, in its sole discretion, elect to temporarily or permanently suspend the offering of Interests. The General Partner may, in its sole discretion, reject any subscription request for any reason or no reason.

The Partnership will establish and maintain on its books a single capital account ("***Capital Account***") for each limited partner (each, a "***Limited Partner***," and collectively with the General Partner, the "***Partners***") into which its capital contribution(s) will be credited and in which certain other transactions will be reflected. (See "*Profits and Losses*," below). At the beginning of each accounting period, an allocation percentage ("***Allocation Percentage***") will be determined for each Partner by dividing such Partner's Capital Account balance as of the beginning of such period by the aggregate Capital Account balances of all Partners as of the beginning of such period.

ADMISSIONS; ADDITIONAL CAPITAL CONTRIBUTIONS:

New Limited Partners may be admitted to the Partnership, and existing Limited Partners may make additional capital contributions in amounts of not less than $100,000, with the consent of the General Partner and subject to its sole and absolute discretion to accept lesser amounts, as of the first day of any calendar month, or at any other time the General Partner chooses to accept such initial or additional contributions. The General Partner may, in its sole discretion, elect to temporarily or permanently suspend the ability of investors to contribute capital to the Partnership.

CUSTODY:

The amounts paid by an investor to the Partnership will be placed directly in an account with one or more financial institutions or brokerage firms selected by the General Partner, under appropriate arrangements.

SELLING COMMISSIONS:

Selling commissions and/or referral fees may be paid in connection with the offering of the Partnership Interests. A portion of the Management Fee and/or Performance Allocation may be remitted to third parties introducing Limited Partners to the Partnership, or the General Partner may use its own resources to compensate third parties for

such introductions. The Investment Manager may also direct brokerage from Partnership trades to broker-dealers which introduce Limited Partners to the Partnership, subject to applicable laws.

LIMITATION OF LIABILITY:

The Partnership Agreement provides that the General Partner, the Investment Manager, and their respective affiliates, shareholders, members, partners, managers, directors, officers and employees will not be liable, responsible nor accountable in damages or otherwise to the Partnership or any Partner, or to any successor, assignee or transferee of the Partnership or of any Partner, for: (i) any acts performed or the omission to perform any acts, within the scope of the authority conferred on the General Partner by the Partnership Agreement, except by reason of acts or omissions found by a court of competent jurisdiction upon entry of a final non-appealable judgment to have been made in bad faith or to constitute fraud, willful misconduct, or gross negligence; (ii) performance by the General Partner of, or the omission to perform, any acts on advice of legal counsel, accountants, or other professional advisors to the Partnership; (iii) the negligence, dishonesty, bad faith, or other misconduct of any consultant, employee, or agent of the Partnership, including, without limitation, an affiliate of the General Partner, selected or engaged by the General Partner with reasonable care and in good faith; or (iv) the negligence, dishonesty, bad faith, or other misconduct of any person in which the Partnership invests or with which the Partnership participates as a partner, joint venturer, or in another capacity, which was selected by the General Partner with reasonable care and in good faith. The Investment Management Agreement contains similar protections from liability in favor of the Investment Manager.

WITHDRAWALS:

A Limited Partner will generally be permitted to make withdrawals from its Capital Account as of the last day of any calendar quarter, or such other date as the General Partner may determine in its discretion (each such date, a "***Withdrawal Date***"), *provided that*, the Partnership receives at least thirty (30) days' written notice of such withdrawal prior to the first day of the calendar quarter encompassing the applicable Withdrawal Date (*i.e.*, 30 days prior to the beginning of a quarter for withdrawal at the end of that same quarter).

In the event of a partial withdrawal, a Limited Partner must withdraw a minimum of $100,000, and will maintain a

minimum Capital Account balance, after giving effect to the withdrawal, of not less than $100,000. The General Partner, in its sole discretion, may waive or alter these minimum amounts.

Payments for withdrawals are generally made within 30 days of the effective Withdrawal Date; *provided that,* in the event that a Partner withdraws 95% or more of the funds from such Partner's Capital Account (or if a withdrawal, when combined with all other withdrawals effected by such Partner during the preceding twelve (12) months, would result in such Partner having withdrawn 95% or more of its Capital Account during such period), a portion (generally not to exceed 5%) of each withdrawal payment (such amount, the "***Contingency Reserve***") will be retained in the General Partner's discretion pending completion of the annual audit of the Partnership's financial statements for the fiscal year in which the applicable withdrawal occurs. A Limited Partner will not be entitled to interest on any amount withheld as a Contingency Reserve except to the extent the Partnership is paid interest on any holdbacks or withdrawal contingency reserves established by Portfolio Funds.

In certain extraordinary circumstances, the General Partner may suspend the right of withdrawal or postpone the date of payment of a withdrawal request by a Limited Partner, generally in situations where it is difficult to value the Partnership's assets, difficult to orderly liquidate an investment held by the Partnership, or when the General Partner otherwise deems such a suspension to be appropriate, as determined by the General Partner in good faith. (See the Partnership Agreement, Section 4.03 "*Limitations on Withdrawals*.") The General Partner has reserved the right, in its sole discretion and without notice, to require any Limited Partner to withdraw entirely from the Partnership, for any reason or no reason.

The General Partner intends to make withdrawal payments in cash. However, the General Partner may, in its discretion, effect withdrawal payments either in whole or in part, in specie or in kind rather than in cash. In-kind distributions may be made directly to the withdrawing Limited Partner or, alternatively, and without limitation, may comprise interests in one or more special purpose vehicles established by the Partnership for the purpose of liquidating the securities being transferred or may be transferred to the trustee of a liquidating

trust and sold for the benefit of such withdrawing Limited Partner. If a withdrawal is satisfied in-kind, the withdrawing Limited Partner's Capital Account will be reduced by the fair market value of the investments so distributed.

For the purpose of determining the value to be ascribed to any assets of the Partnership used for an in-kind withdrawal payment, the value ascribed to such assets will be the value of such assets on the relevant Withdrawal Date. The risk of a decline in the value of such assets in the period from the relevant Withdrawal Date to the date upon which such assets are distributed to the withdrawing Limited Partner, and the risk of any loss or delay in liquidating such securities, will be borne by the withdrawing Limited Partner.

The General Partner may establish reserves for expenses, liabilities or contingencies which could reduce the amount of a distribution upon withdrawal. (See the Partnership Agreement, Section 4.05 "*Withholding from Distributions*.")

At the discretion of the General Partner, any withdrawal by a Limited Partner may be subject to a charge, as the General Partner may reasonably require, in order to defray the specific costs and expenses of the Partnership in connection with such withdrawal including, without limitation, any charges or fees imposed by any Portfolio Fund or by the Partnership's administrators, accountants, or other service providers in connection with a corresponding withdrawal by the Partnership from such investment or any other costs associated with the sale of any Partnership investments.

PROFITS AND LOSSES:

At the end of each accounting period of the Partnership, any net profit or loss is allocated to the Capital Accounts of all Partners in proportion to their respective Allocation Percentages for such period.

Each accounting period of the Partnership will end at the close of each month, at any other time a Partner makes an additional capital contribution or effects a withdrawal, and at such other times as the General Partner may determine. Net profit and loss are determined on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("***GAAP***") and are deemed to include net unrealized profits or losses on investment positions as of the end of each accounting period, as well as Partnership expenses.

In addition, the General Partner will receive a performance profit allocation (the "***Performance Allocation***") in an amount equal to ten percent (10%) of the net profit allocated to each Limited Partner during each calendar year.

The Performance Allocation is subject to a loss carry-forward provision, also known as a "high water mark," so that the Performance Allocation will only be deducted from a Limited Partner's Capital Account to the extent that such Limited Partner's allocation of such profit causes its Capital Account balance, measured on a cumulative basis and net of any losses, to exceed such Limited Partner's highest historic Capital Account balance as of the end of any prior year or, if higher, such Limited Partner's Capital Account balance immediately following its admission to the Partnership (as adjusted for any withdrawals at a time when a Limited Partner's Capital Account balance is below the applicable "high water mark"). (See "*Cumulative Loss Account*" in the Partnership Agreement). For a Limited Partner that effects a partial or complete withdrawal from its Capital Account on a date other than the last day of a calendar year, the Performance Allocation, if any, in respect of the amount to be withdrawn will be computed as of the effective Withdrawal Date applicable to such withdrawal and will be applied against the withdrawal proceeds payable to such Limited Partner.

Regulations under the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***") and similar regulations promulgated by the Internal Revenue Service ("***IRS***") prohibit fee payments to oneself and/or an affiliate from one's IRA or other self-directed retirement account. Accordingly, such an account of an officer of the General Partner (or of his spouse) will not be subject to the Management Fee or Performance Allocation.

FEES & EXPENSES:

A management fee (the "***Management Fee***") is paid monthly in advance to the Investment Manager. The Management Fee is equal to 1/12th of 1.0% (1.0% *per annum*) of the beginning Capital Account balance of each Limited Partner for each month.

A *pro rata* portion of the Management Fee will be paid out of any initial or additional capital contributions to the Partnership on any date that does not fall on the first day of a

month, based on the number of days remaining in such partial month. No portion of the Management Fee will be refunded in connection with any withdrawals from a Limited Partner's Capital Account during a month.

All expenses of the Offering and organization of the Partnership (including legal and other expenses) ("***Organizational Expenses***") will be paid by the Partnership and/or reimbursed by the Partnership to the extent paid by the General Partner or Investment Manager. The Organizational Expenses will be amortized and charged to the Partners' Capital Accounts on a monthly basis over a period of sixty (60) months commencing from the launch of the Partnership's investment activities. GAAP require that organizational costs be treated as an expense when incurred. The General Partner believes that the impact on the Partnership's results from this departure from GAAP will result in a fairer apportionment of such expenses among Limited Partners. This departure from GAAP may also result in the Partnership's financial statements receiving a qualified audit opinion from the Partnership's auditors. If the Partnership is terminated within sixty (60) months of the commencement of investment activities, any unamortized expenses will be recognized.

The Partnership will pay for its ordinary operating and other expenses, including, but not limited to, investment-related expenses (such as brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses, insurance costs, wiring fees, currency conversion costs, foreign transaction fees, and investment banking expenses); research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including the costs of on-going legal advice and services, blue sky filings and extraordinary legal expenses); the Management Fee; accounting fees and audit expenses; administrative fees; due diligence costs (including travel expenses) incurred in researching potential investment opportunities and managers; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Partnership; costs of printing and mailing reports and notices; and other similar expenses related to the Partnership, as the General Partner determines in its sole

discretion. The Partnership will also bear its *pro rata* share of the expenses incurred by each Portfolio Fund, including management fees and any performance-based compensation payable to the applicable Underlying Managers.

The General Partner or Investment Manager may elect to pay any of the foregoing expenses, including any portion of the Organizational Expenses, from the General Partner's or Investment Manager's own resources for any period, in the sole discretion of the General Partner or Investment Manager, as applicable.

SIDE LETTER AGREEMENTS:

The General Partner may, in its sole discretion, enter into arrangements with Limited Partners under which the Management Fee or Performance Allocation is reduced, waived, or calculated differently with respect to such Limited Partners, including, without limitation, Limited Partners that are members, affiliates or employees of the General Partner, members of the immediate families of such persons and trusts or other entities for their benefit, or Limited Partners that make a substantial investment or otherwise are determined by the General Partner in its sole discretion to represent a strategic relationship. The General Partner may also offer increased or different information rights, withdrawal rights, or other rights through one or more letter agreements, the terms of which will not generally be disclosed to the Limited Partners.

NEW ISSUES:

Under the General Partner's current policy, net profit or net loss from "new issues" (as defined in Rules 5130 and 5131 of the Financial Industry Regulatory Authority (the "***New Issues Rules***")) will be allocated to all Limited Partners, *provided, that*, Limited Partners that are "restricted persons" under the New Issues Rules (or who have elected to be treated as such) (the "***Restricted Partners***") will be limited in their participation in the profits and losses attributable to new issues to the lesser of such Restricted Partners' collective interest in the Partnership or 10% (or any other permissible amount under any amendment, supplement or interpretation to the New Issues Rules), and *provided, further*, Limited Partners that are "covered persons" under the New Issues Rules (or who have elected to be treated as such) (the "***Covered Partners***") will be limited in their participation in the profits and losses attributable to new issues to the lesser of such Covered Partners' collective interest in the Partnership or 25% (or any other permissible amount under any

amendment, supplement or interpretation to the New Issues Rules). Absent an available exemption under the New Issues Rule, for purposes of allocating profits and losses from "new issues" to a Limited Partner that is an entity (such as an investment fund, corporation, partnership or trust), such entity will be considered a Restricted Partner and a Covered Partner if such entity allocates profits and losses from "new issues" to any of its restricted beneficial owners. The General Partner reserves the right to vary its policy with respect to the allocation of "new issues" as it deems appropriate for the Partnership as a whole, in light of, among other things, existing interpretations of, and amendments to, the New Issues Rules and practical considerations, including administrative burdens and principles of fairness and equity.

RISK FACTORS: In general, investment in the Partnership Interests involves various and substantial risks, including (but not limited to) the risk that the Partnership assets may be invested in high risk investments, risks for certain tax-exempt investors, risks related to the limited transferability of a Limited Partner's interest in the Partnership, the lack of operating history of the Partnership, the Partnership's dependence upon the General Partner and the Investment Manager, and certain tax risks. (See "*Risk Factors*.")

NET ASSET VALUE: The Net Asset Value of the Partnership ("***Net Asset Value***") is determined periodically as is required by the Partnership Agreement or as may be determined by the General Partner, but in any case no less frequently than monthly. Each Partner's share of the Partnership's Net Asset Value is determined by such Partner's Capital Account balance relative to the Capital Account balances of the other Partners.

RESTRICTIONS ON TRANSFER: A Limited Partner may not pledge, assign, sell, exchange or transfer its Interest (or any portion thereof), and no assignee, purchaser or transferee may be admitted as a substitute Limited Partner, except with the consent of the General Partner, which consent may be given or withheld in its sole and absolute discretion.

FISCAL YEAR: The Partnership's fiscal year will end on December 31st.

REPORTS: The Partnership's books of account will be audited at the end of each fiscal year by a firm of certified public accountants selected by the General Partner. Books of account will generally be kept by the Partnership, in accordance with

GAAP except to the extent the Partnership's auditor determines that the amortization of the Organizational Expenses does not comply with GAAP. The General Partner will furnish audited financial statements to all Limited Partners within 180 days, or as soon thereafter as is reasonably practicable, following the conclusion of each fiscal year, subject to the Partnership's timely receipt of audited financial statements from Portfolio Funds. In addition, all Limited Partners will receive the information necessary to prepare federal and state income tax returns following the conclusion of such fiscal year as soon thereafter as is reasonably practicable.

Limited Partners will also receive unaudited performance reports and such other information as the General Partner determines on a quarterly basis. With regard to these reports, the General Partner is not required to provide information about specific investment transactions of the Partnership. For Limited Partners that have agreed to receive communications from the Partnership electronically, the Partnership reserves the right to make such quarterly reports and annual Schedule K-1s available solely in electronic form on the website of the Partnership or the administrator, or to send such information via e-mail.

TERM: The Partnership will continue until the earlier of (i) the termination, bankruptcy, insolvency, dissolution or other disqualification of the General Partner, or (ii) a determination by the General Partner that the Partnership should be dissolved.

AMENDMENT OF THE PARTNERSHIP AGREEMENT: The Partnership Agreement provides that the General Partner has the right to amend the Partnership Agreement to, among other things, conform to applicable laws and regulations, to correct any ambiguous, false, or erroneous provision, or as it otherwise deems necessary or advisable; *provided that*, no such amendment will adversely affect the rights, privileges, and powers of the Limited Partners as a group, unless agreed to by the holders of a majority of the Allocation Percentages held by Limited Partners. The General Partner is authorized on its own motion to institute proceedings for adoption of a proposed amendment to the Partnership Agreement. The General Partner may seek the approval of Limited Partners to such amendments by means of a "negative consent" process. Investors should note that Limited Partners have no voting rights except in very limited and specific situations.

LEGAL COUNSEL TO THE GENERAL PARTNER AND INVESTMENT MANAGER:	The Investment Law Group of Davis Gillett Mottern & Sims LLC ("***ILG***") acted as legal counsel to the General Partner and Investment Manager in connection with the organization of the Partnership and the offering of Interests. ILG also acts as counsel to the General Partner and Investment Manager with respect to certain ongoing matters. ILG does not represent the Limited Partners in any capacity.
AUDITOR:	The Partnership's independent certified public accountant is Berkower LLC. The Partnership reserves the right to use other and/or additional firms for audit services.
ADMINISTRATOR:	The Partnership's administrative services will be provided by NAV Consulting, Inc. (the "***Administrator***"). The Partnership reserves the right to use other and/or additional firms for administration services.
SUBSCRIPTION PROCEDURE:	Persons interested in subscribing for Interests will be furnished, and will be required to complete and return to the Administrator, subscription documents.

RISK FACTORS

An investment in the Partnership involves a number of significant risks. The risk factors set forth below are those that, at the date of this Memorandum, the General Partner deems to be the most significant. Investors should consider an investment in the Partnership only if the investor is willing to undertake the risks involved. Investors should therefore bear in mind the following risk factors and conflicts of interest before purchasing an Interest. The following is not intended to be a complete description or an exhaustive list of risks. Other factors ultimately may affect an investment in the Partnership in a manner and to a degree not now foreseen. The Partnership's capital will be allocated primarily to Portfolio Funds managed by independent Underlying Managers and, in general, none of the Partnership, the Investment Manager, the Sub-Advisor, or the General Partner will have the ability to direct or influence the management of the Portfolio Funds by the Underlying Managers. Prospective investors should carefully consider, in addition to the matters set forth elsewhere in this Memorandum, the factors discussed below. References in this Memorandum and specifically in the following Risk Factors to decisions made or actions taken by the Investment Manager shall include decisions and actions of the Sub-Advisor which is operating under a delegation of authority from the Investment Manager. An investment in the Partnership should form only a part of a complete investment program, and an investor must be able to bear the loss of its entire investment. Prospective investors should also consult with their own financial, tax and legal advisors regarding the suitability of this investment. None of the Partnership, the Investment Manager, the Sub-Advisor, the General Partner, or any of their respective affiliates has recommended the Interests as a suitable investment, provided investment advice to any current or prospective investor, or acted in a fiduciary capacity in connection with any determination to invest in the Partnership. Current and prospective investors are solely responsible, together with such advisors as they determine appropriate, to determine whether a proposed or current investment in the Partnership is appropriate for them.

General

General Investment Risks. The Partnership's success depends on the Investment Manager's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Partnership will be successful under all or any market conditions.

The Partnership may increase its cash position when the Investment Manager deems it prudent or when a defensive position is warranted in light of market conditions. During such times, interest income will increase and may constitute a large portion of the return and the Partnership will not participate in market advances or declines to the extent that it would have if it had been more fully invested.

A potential investor in the Partnership should note that the prices of the securities and other instruments in which the Partnership invests may be unavailable. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary

and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

Investment and Trading Risks. All investments involve the risk of a loss of capital. No guarantee or representation is made that the Partnership's investment program will be successful, and investment results may vary substantially over time.

Fund of Funds

Use of Multiple External Portfolio Managers. No assurance can be given that the collective performance of the Underlying Managers will result in profitable returns or avoid losses for the Partnership as a whole. Positive performance achieved by one or more Portfolio Funds may be neutralized by negative performance experienced by other Portfolio Funds.

Capacity Limitations of Underlying Managers. Underlying Managers of Portfolio Funds may place limitations on the amount of, or number of persons whose, money they will manage. In particular, Underlying Managers may limit or prohibit investments by pension investors in order to preclude the application of ERISA to their investment management activities. In addition, new rules and regulations may result in additional limitations or restrictions being placed by Underlying Managers on the types of investors or assets which a Portfolio Fund may accept. Moreover, as a result of the convergence of the hedge fund and private equity markets and recent regulatory developments, many Underlying Managers are tending toward lengthened liquidity terms, which may be more or less compatible with the liquidity requirements of the Partnership. Any such restrictions or limitations could prevent the Investment Manager from allocating Partnership assets to certain Underlying Managers and Portfolio Funds with which the Investment Manager would otherwise like to invest. If the Investment Manager's ability to make allocations to Underlying Managers or Portfolio Funds is limited or restricted, the Partnership's investment objective and, thus its returns, could be negatively impacted.

Competition. The identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available and adversely affecting the Partnership's ability to make certain investments or the terms upon which investments can be made. In addition, it is possible that the Partnership may have exposure to the same investment or securities through more than one Portfolio Fund. Furthermore, the applicable Underlying Managers could take opposing positions with respect to such securities and thus the Partnership's exposure to such underlying security or investment could move against each other.

A Portfolio Manager's Trading Strategies May Not Be Successful. There can be no assurance that the trading strategies employed by an Underlying Manager will be successful. For example, the proprietary models used by an Underlying Manager may not function as anticipated

during unusual market conditions. Furthermore, while each Underlying Manager may have a performance record reflecting its prior experience, this performance cannot be used to predict future profitability.

Limited Control Over Portfolio Fund Management and Organizational Structure. While the Partnership seeks to uphold its investment objective by investing in Portfolio Funds, no assurance can be given that the Portfolio Funds will continue to operate with the same structure and investment strategy as of the date of the Partnership's original investment in such Portfolio Funds. The Underlying Managers, or their affiliates, of the Portfolio Funds may have the authority to restructure their businesses, including the Portfolio Funds themselves, with or without the consent of the Partnership. In such circumstances, the Partnership may also have limited or no rights to withdraw its investment from a Portfolio Fund. Accordingly, the Partnership may become invested in companies that are not structured as pooled investment vehicles and may have different liquidity terms than the original Portfolio Fund.

Potential Conflicts of Interest Involving Underlying Managers. Certain Underlying Managers may engage in other forms of related and unrelated activities in addition to managing a Portfolio Fund. They may also make investments in securities for their own account. Activities such as these could detract from the time an Underlying Manager devotes to the affairs of a Portfolio Fund. In addition, certain Underlying Managers may engage affiliated entities to furnish brokerage services to Portfolio Funds and may themselves provide market making services, including those of counterparty in stock and OTC transactions. As a result, in such instances the choice of broker, market maker or counterparty and the level of commissions or other fees paid for such services (including the size of any mark-up imposed by a counterparty) may not have been made at arm's length.

Reliance on Key Individuals. The success of a particular Portfolio Fund is dependent on the expertise of the Underlying Manager for that Portfolio Fund. Certain Underlying Managers may have only one or a limited number of key individuals. The loss of one or more individuals from an Underlying Manager could have a material adverse effect on the performance of such Portfolio Fund which, in turn, could adversely affect the performance of the Partnership.

Emerging Portfolio Managers. The Partnership may invest in Portfolio Funds that are managed by investment managers that have managed investment portfolios for a relatively short period of time ("***Emerging Investment Advisors***"). The previous experience of Emerging Investment Advisors is typically in trading proprietary accounts of financial institutions or managing unhedged accounts of institutional money managers or other investment firms. Because Emerging Investment Advisors may not have direct experience managing funds, and there is generally less information available on which to base an opinion of such managers' investment and management expertise, investments with Emerging Investment Advisors may be subject to greater risk and uncertainty than investments with more experienced portfolio managers.

Underlying Manager Misconduct or Bad Judgment; Monitoring Partnership Investments. The Investment Manager may have no, or only limited, access to information regarding the activities of the Underlying Managers. Furthermore, the Investment Manager cannot guarantee

the accuracy or completeness of such information. As a consequence, it will be difficult, if not impossible, for the Investment Manager to protect the Partnership from the risk of Underlying Manager fraud, misrepresentation or material strategy alteration. Moreover, many of the strategies implemented by the Underlying Managers rely on the financial information made available by the issuers in which the Portfolio Funds invest. The Investment Manager has no ability to independently verify the financial information disseminated by the issuers in which the Portfolio Funds invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Limited Partners themselves will have no direct dealings or contractual relationships with the Underlying Managers. Misconduct by employees of the Investment Manager, Underlying Managers or third party service providers could cause significant losses to the Partnership. Losses could also result from actions by third party service providers, including, without limitation, failing to recognize trades and misappropriating assets.

Instruments Traded

Equity Securities. The value of the equity securities held by the Partnership is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and more risky than some other forms of investment.

Debt and Other Income Securities. The Partnership may invest in fixed-income and adjustable rate securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, industry, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar.

The debt securities in which the Partnership may invest are not required to satisfy any minimum credit rating standard, and may include instruments that are considered to be of relatively poor standing and have predominantly speculative characteristics with respect to capacity to pay interest and repay principal. The Partnership may invest in bonds rated lower than investment grade, which may be considered speculative. The Partnership may also invest a substantial portion of its assets in high-risk instruments that are low rated, unrated or in default.

High-Yield Securities. The Partnership may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller

secondary market than exchange-traded bonds. In addition, the Partnership may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. (The Partnership is not required to hedge, and may choose not to do so.) High-yield securities that are below investment grade or are unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

Small- and Medium-Capitalization Stocks. The Partnership may invest its assets in stocks of companies with smaller market capitalizations. Small- and medium-capitalization companies may be of a less seasoned nature or have securities that may be traded in the over-the-counter market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that stock prices may decline over short or even extended periods, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. Additionally, stocks of such companies may be more volatile in price and have lower trading volumes than larger capitalized companies, which may result in greater sensitivity of the market price to individual transactions. Accordingly, investors in the Partnership should have a long-term investment horizon.

Small- and medium-capitalization securities may be followed by relatively few securities analysts with the result that there tends to be less publicly available information concerning these securities compared to what is available for exchange-listed or larger companies. The securities of these companies have more limited trading volumes than those of larger issuers and may be subject to more abrupt or erratic market movements than the securities of larger, more established companies or the market averages in general, and the Partnership may be required to deal with only a few market makers when purchasing and selling these securities. Transaction costs in small- and medium-capitalization stocks may be higher than those involving larger capitalized companies. Companies in which the Partnership may invest may also have limited product lines, markets or financial resources and may lack management depth and may be more vulnerable to adverse business or market developments.

New Issues. The Partnership may invest in "New Issues" as that term is defined in the New Issues Rules. Such investments offer the opportunity for significant appreciation; however, they are speculative and involve a high degree of risk. It is characteristic of the initial public offerings market that certain companies may be extremely successful, while a much higher percentage of new public companies fail. Thus, the risk of investing in initial public offerings is substantially greater than investing in the stock market as a whole. Restricted Partners and

Covered Partners may be precluded from participating, in whole or in part, in the Partnership's investments in New Issues, subject to the "*de minimis*" exception under the New Issues Rules. To the extent that a potential Partner is "restricted" or "covered," an investment in the Partnership may not yield the performance results that may be achieved by those investors that are entitled to receive allocations with respect to New Issues. Any Partner who does not provide the Partnership with sufficient information to show that such Partner is not a restricted person or a covered person will be presumed to be a restricted person or a covered person and may receive reduced allocations with respect to New Issues and any profit therefrom.

Exchange Traded Funds. The Partnership may invest in a type of investment company called an exchange-traded fund ("***ETF***"). ETFs are a type of investment security, representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Unlike open-end mutual funds, the shares of ETFs and closed-end investment companies are not purchased and redeemed by investors directly with the fund, but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETFs performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

Exchange-traded Notes. The Partnership may invest in exchange-traded notes ("***ETN***"). ETNs are senior, unsecured, unsubordinated debt securities whose returns are based on the performance of a particular market index or other reference asset minus applicable fees. ETNs are listed on an exchange and trade in the secondary market. However, an ETN can also be held until maturity, at which time the issuer pays a return linked to the performance of the market index or other reference asset to which the ETN is linked minus certain fees. ETNs do not make periodic coupon payments and principal typically is not protected.

The value of an ETN may be influenced by, among other things, time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying markets, changes in applicable interest rates, the performance of the market index or other reference asset, changes in the issuer's credit rating, and economic, legal, political or geographic events that affect the market index or other reference asset. ETNs are also subject to the counterparty credit risk of the issuer. The market value of ETN shares may differ from their market index or reference asset. This difference may be due to the fact that the supply and demand in the market for ETN shares at any point in time is not always identical to the supply and demand in the market for the securities underlying the index or other reference asset that the ETN seeks to track. ETNs also incur certain expenses not incurred by their applicable index or reference asset. An ETN that is tied to a specific index may not be able to replicate and maintain exactly the composition and relative weighting of securities, commodities or other components in the applicable index.

Some ETNs that use leverage in an effort to amplify the returns of an underlying index or other reference asset can, at times, be relatively illiquid and, therefore, may be difficult to purchase or sell at a fair price. Leveraged ETNs are subject to the same risk as other instruments that use leverage in any form. While leverage allows for greater potential return, the potential for loss is also greater.

Convertible Securities. The Partnership may invest in convertible securities ("***Convertibles***"). Convertibles are generally debt securities or preferred stocks that may be converted into common stock. Convertibles typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A Convertible's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed below. Convertibles are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a Convertible than on its other debt because other debt securities may have a prior claim on the issuer's assets, particularly if the Convertible is preferred stock. However, Convertibles usually have a claim prior to the issuer's common stock.

In addition, for some Convertibles, the issuer can choose when to convert to common stock, or can "call" (redeem) the Convertible. An issuer may convert or call a Convertible when it is disadvantageous for the Partnership, causing the Partnership to lose an opportunity for gain. For other Convertibles, the Partnership can choose when to convert the security to common stock or to put (sell) the Convertible back to the issuer.

Because Convertible arbitrage also involves the short sale of underlying common stock, this strategy is also subject to stock-borrow risk, which is the risk that the Partnership will be unable to sustain the short position in the underlying common shares.

Derivative Investments. The Partnership may invest in derivative instruments. Derivatives are financial contracts whose value depends on, or is derived from, an underlying product, such as the value of a security or an index. The risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to the Partnership; (2) before purchasing the derivative, the Partnership will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply with the terms of the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

Derivatives markets can be highly volatile. The profitability of investments by the Partnership in the derivatives markets depends on the ability of the Investment Manager to analyze correctly these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates. In addition, the assets of the Partnership may be pledged as collateral in derivatives transactions. Thus, if the Partnership defaults on such an obligation, the counterparty to such transaction may be entitled to some or all of the assets of the Partnership as a result of the default.

Credit Derivatives. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, etc. Such payments may be for notional amounts, actual losses or amounts determined by formula.

The market for credit derivatives is relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk. The value of this type of instrument depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to trading derivatives related to such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Partnership to the possibility of a loss exceeding the original amount invested. There can be no assurance that derivatives that the Fund wishes to acquire will be available at any particular times, at satisfactory terms or at all.

Option Transactions. The Partnership may engage in option transactions. The purchase or sale of an option by the Partnership involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying investment does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying investment in excess of the premium payment received.

Futures Contracts and Options on Futures Contracts. In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations to the Partnership. The counterparty for futures contracts and options on futures contracts traded in the United States exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the non-performance by one of its members and, as such, should significantly reduce this credit risk. In cases where the clearinghouse is not backed by the clearing members, it is normally backed by a consortium of banks or other financial institutions. There can be no assurance that any counterparty, clearing members or clearinghouse will be able to meet its obligations to the Partnership.

In addition, under the CEA, futures commission merchants are required to maintain customers' assets in a segregated account. If the Partnership engages in futures and options contract trading and the futures commission merchants with whom the Partnership maintains accounts fail to so segregate the Partnership's assets or are not required to do so, the Partnership will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. Even where customers' funds are properly segregated, the Partnership might be able to recover only a pro rata share of its property pursuant to a distribution of a bankrupt futures commission merchant's assets.

Futures Cash Flow. Futures contracts gains and losses are marked-to-market daily for purposes of determining margin requirements. Option positions generally are not marked-to-market, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there may be periods in which positions on both sides must be closed down prematurely due to short-term cash flow needs. Were this to occur during an adverse move in the spread or straddle relationships, a substantial loss could occur.

Each exchange on which futures are traded and the CFTC typically have the right to suspend or limit trading in the contracts that each such exchange lists. Such a suspension or limitation could render it impossible for the Partnership to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that exchange and other secondary markets will always remain liquid enough for the Investment Manager to close out existing futures positions. It is also possible that an exchange or the CFTC could order the immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Futures Markets May Be Illiquid. Most United States commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, no positions in the commodity can be either taken or liquidated unless traders are willing to effect trades at or within the limit. Futures prices have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Investment Manager from promptly liquidating

unfavorable positions and could subject the Partnership to substantial losses, which could exceed the margin initially committed to such trades.

Futures Trading is Highly Leveraged. The margin deposit required to enter into a futures position is typically 2-10% of the total value of the contract. As a result, if the Partnership's account is margined, a relatively small price movement in a commodity futures contract may result in a loss to the investor equal to or substantially greater than the amount of the deposit. Combined with the volatility of futures prices, the leveraged nature of futures trading can cause futures traders to sustain large and sudden losses of their capital. When the market value of a particular open position changes to a point where the margin on deposit in a participating investor's account does not satisfy the applicable maintenance margin requirements imposed by the Partnership's futures commission merchant ("***FCM***"), the Partnership, and not the Investment Manager, will receive a margin call from the FCM. If the Partnership does not satisfy the margin call within a reasonable time (which may be as brief as a few hours), the FCM will close out the Partnership's position.

Possible Effects of Speculative Positions and Trading Limits. The CFTC and certain commodity exchanges have established limits referred to as "speculative position limits" on the maximum net long or short position which any person may hold or control in a particular commodity futures contract. The Investment Manager does not anticipate that current position limits will adversely affect the contemplated trading of the Partnership, but no assurance is given that such limits may not adversely affect such accounts in the future.

Currency trading is speculative and volatile. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; United States and foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. Further, in currency markets specifically, fiscal, monetary, and exchange control programs and policies of governments play a large role in the fluctuation of prices between currency pairs. In addition, governments may from time to time intervene, directly and by regulation, in certain markets, particularly in the market for currencies. Such intervention is often intended to influence prices directly.

Currency trading can be highly leveraged. The low margin deposits normally required in currency trading (typically between 1% - 20% of the value of the contract purchased or sold) permits an extremely high degree of leverage. Accordingly, a relatively small price movement in a contract may result in immediate and substantial losses to the investor. Like other leveraged investments, in certain markets, any trade may result in losses in excess of the amount invested.

Currency trading presents unique risks. The currency market consists of a direct dealing market, in which a participant trades directly with a participating bank or dealer, and a brokers' market. The brokers' market differs from the direct dealing market in that the banks or financial institutions serve as intermediaries rather than principals to the transaction. In the brokers' market, brokers may add a commission to the prices they communicate to their customers, or they may incorporate a fee into the quotation of price.

Asset-Backed Securities Risk. Asset-backed securities are a form of derivative securities. Asset-backed securities may be asset-backed notes or pass-through certificates, in each case issued by a trust or other special-purpose entity. Asset-backed notes are secured by, and pass-through certificates represent an interest in, a fixed or revolving pool of financial assets. Such financial assets may consist of secured or unsecured consumer or other receivables, such as automobile loans or contracts, automobile leases, credit card receivables, home equity or other mortgage loans, trade receivables, floor plan (inventory) loans, automobile leases, equipment leases, and other assets that produce streams of payments. Asset-backed securities are subject to credit risks associated with the performance of the underlying assets.

Asset-backed notes generally are issued pursuant to indentures and pass-through certificates generally are issued pursuant to pooling and servicing agreements. A separate servicing agreement typically is executed in connection with asset-backed notes (such servicing agreements, indentures and pooling and servicing agreements, the "***Asset-Backed Agreements***"). The Asset-Backed Agreements provide for the appointment of a trustee and the segregation of the transferred pool of assets from the other assets of the transferor. Such segregation generally is only required to the extent necessary to perfect the interest of the trustee in the assets against claims of unsecured creditors of the transferor of the assets. Where so required by the Uniform Commercial Code (the "***UCC***") (for instance, home equity loan notes) certain of the documents evidencing the underlying receivables are delivered to the possession of the trustee or other custodian for the holders of the Asset-backed Securities. In the case of most assets, either no documents evidence the receivables (for instance, credit card receivables) or documents exist, but the UCC does not require their possession to perfect a transfer (for instance, automobile installment sales contracts). In these cases, the transferor segregates the assets only on its own books and records, such as by marking its computer files, and perfects the trustee's interest by filing a financing statement under the UCC. This method of segregation and perfection presents the risk that the trustee's interest in the assets could be lost as a result of negligence or fraud, such that the trustee and the asset-backed security holders become unsecured creditors of the transferor of the assets.

Mortgage-Related Securities Risk. Mortgage-related securities are subject to credit risks associated with the performance of the underlying mortgage properties. In certain instances, the credit risk associated with mortgage-related securities can be reduced by third-party guarantees or other forms of credit support. Improved credit risk does not reduce prepayment risk (the risk that the mortgages underlying the security will be prepaid prior to maturity), which is unrelated to the rating assigned to the mortgage-related security. Prepayment risk can lead to fluctuations in value of the mortgage-related security, which may be pronounced. If a mortgage-related security is purchased at a premium, all or part of the premium may be lost if there is a decline in the market value of the security, whether resulting from changes in interest rates or prepayments on the underlying mortgage collateral. Certain mortgage-related securities that may be purchased by the Partnership, such as inverse floating rate collateralized mortgage obligations, have coupons that move inversely to a multiple of a specific index, which may result in a form of leverage. As with other interest-bearing securities, the prices of certain mortgage-related securities are inversely affected by changes in interest rates. However, although the value of a mortgage-related security may decline when interest rates rise, the converse is not necessarily

true, since in periods of declining interest rates the mortgages underlying the security are more likely to be prepaid. For this and other reasons, a mortgage-related security's stated maturity may be shortened by unscheduled prepayments on the underlying mortgages. Therefore, it is not possible to predict accurately the security's return to the Partnership. Moreover, with respect to certain stripped mortgage-backed securities, if the underlying mortgage securities experience greater than anticipated prepayments of principal, the Partnership may fail to fully recoup its initial investment even if the securities are rated in the highest rating category by a rating agency. During periods of rapidly rising interest rates, prepayments of mortgage-related securities may occur at slower than expected rates. Slower prepayments effectively may lengthen a mortgage-related security's expected maturity, which generally would cause the value of such security to fluctuate more widely in response to changes in interest rates.

Mortgage-Backed and Asset-Backed Securities. The Partnership may invest in securities that represent an interest in a pool of mortgages ("***MBS***") and credit card receivables or other types of loans ("***ABS***"). The investment characteristics of MBS and ABS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time.

CMOs and MBS Derivative. The collateralized mortgage obligation ("***CMO***") and stripped MBS markets were developed specifically to reallocate the various risks inherent in MBS across various bond classes ("***tranches***"). For example, CMO "companion" classes typically experience much greater average life variability than other CMO classes or MBS pass-throughs. Interest-only pass-through securities experience greater yield variability relative to changes in prepayments. "Inverse floaters" experience greater variability of returns relative to changes in interest rates. To the extent that the Partnership concentrates its investments in these or other "derivative" securities, the prepayment risks, interest rate risks and hedging risks associated with such securities will be severely magnified.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying MBS and ABS will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, mortgage obligors tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. Although ABS are generally less likely to experience substantial prepayments than are MBS, certain of the factors that affect the rate of prepayments on MBS also affect the rate of prepayments on ABS. However, during any particular period, the predominant factors affecting prepayment rates on MBS and ABS may be different.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many MBS will be discount securities when interest rates are high, and will be premium securities when interest rates are low, these MBS may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the Partnership in two ways. First, particular investments may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that the Investment Manager may have constructed for these investments, if any, resulting in a loss to the Partnership. In particular, prepayments (at par) may limit the potential upside of many MBS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Index Risk. The Partnership also may invest in structured notes, variable rate MBS and ABS, including adjustable-rate mortgage securities, which are backed by mortgages with variable rates, and certain classes of CMO derivatives, the rate of interest payable under which varies with a designated rate or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This introduces additional risk factors related to the movements in specific indices or interest rates that may be difficult or impossible to hedge, and that also interact in a complex fashion with prepayment risks.

Subordinated Securities. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans. Certain subordinated securities ("first loss securities") absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities therefore possess some of the attributes typically associated with equity investments.

Mortgage-Backed Securities Risk. Mortgage-backed securities represent an interest in a pool of mortgages. Investing in mortgage-backed securities involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of investing in real estate). When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage re-financings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants.

Risks Related to Structured Credit Products. Special risks may be associated with the Partnership's investments in structured credit products, collateralized debt obligations and synthetic credit portfolio transactions. For example, synthetic portfolio transactions may be structured with two or more classes of tranches that receive different proportions of the interest

and principal distributions on a pool of credit assets. The yield to maturity of a tranche may be extremely sensitive to the rate of defaults in the underlying reference portfolio. A rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. It is therefore possible that the Partnership may incur losses on its investments in structured products regardless of their ratings by S&P or Moody's. Additionally, the securities in which the Investment Manager is authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions.

Illiquid Investments. The Partnership may invest in securities, loans or other assets for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions or transfer. It may take the Partnership longer to liquidate these positions (if they can be liquidated) than would be the case for more liquid investments. The prices realized on the resale of illiquid investments could be less than those originally paid by the Partnership. The market prices, if any, for such assets tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financial condition of obligors on the Partnership's assets. The Partnership may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of illiquid assets and restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Liquidity Risk. The Partnership's returns from a PIPE transaction will depend upon its ability to sell in the public market the securities that it obtains in the PIPE transaction. The Partnership will be able to sell those securities only when a resale registration statement covering the securities is effective or under Rule 144 promulgated under the Securities Act, as amended ("***Rule 144***"). The issuer in a PIPE transaction typically must file a registration statement shortly after the PIPE closing. However, the effectiveness of that registration may be delayed by various events or circumstances, including, for example, a lengthy SEC review of the registration statement or regulatory inquiries into the issuer. That delay on such effectiveness, and the ability to sell under Rule 144, may also be delayed or interrupted if the issuer fails to timely file all reports required of it by the Exchange Act or if the issuer fails to meet certain types of financial obligations. Although related documents may require the issuer to pay damages to purchasers if the resale registration statement is not effective within a certain period of time, there is no assurance that (i) the registration statement will become effective; (ii) the Partnership will be able to sell the securities; or (iii) the Partnership will be able to recover specified damages if the issuer failed to meet its legal obligations. Even after a resale-registration statement becomes effective, the Partnership's ability to sell the securities may effectively be limited by market and other conditions, thereby subjecting the Partnership to delay and in certain circumstances the potential for losses.

Contractual Risk. The Partnership will typically enter into contracts with PIPE transaction issuers that require, among other things, the issuer to file a registration statement shortly after the closing of the PIPE transaction. If an issuer were to fail to honor its contractual obligations, it could have a negative impact on the Partnership's performance, and the Partnership will be responsible for bearing the costs of seeking injunctive and/or legal relief against the issuer.

Regulatory Compliance of Issuer. The issuer in a PIPE transaction may be required to obtain prior approval for the PIPE from its shareholders and/or the securities exchange on which the issuer's common stock is listed. An issuer must also comply with applicable private offering regulations. If the issuer were to fail to comply with such regulations, the relevant exchange could cause the delisting of the securities. If the issuer in a PIPE transaction in which the Partnership invests were to fail to comply with all applicable regulations, it could subject the Partnership to loss.

Risk of Regulatory Scrutiny and Legal Proceedings**.** Investment activities in connection with certain types of PIPE transactions are subject to review by the SEC and other regulators. It is possible that the Partnership, as an investor in a particular PIPE transaction, could become involved in an inquiry regarding its investment activities. Such inquires may entail significant costs, which would be borne by the Partnership.

Transaction Costs**.** By entering into a PIPE transaction, the Partnership will be required to conduct substantial due diligence on the issuer and to review and negotiate certain documents and agreements. In the process of conducting these activities, the Partnership may incur significant transaction costs relative to the value of the PIPE investments, which may be substantially greater that the respective costs if the Partnership were devoting the same amount of capital to an investment in a publicly-traded security.

Underwriter Risk. It is possible that, in reselling securities acquired in PIPE transactions, the Partnership could be deemed an "underwriter" within the meaning of the Securities Act. Underwriters are subject to various securities law requirements and may be deemed responsible for the accuracy of the information contained in a resale-registration statement, possibly subjecting the Partnership to liability for any inaccuracies, misstatements or omissions.

Valuation Risk. During the period before the effective date of the resale-registration statement, the securities and other instruments that the Partnership acquires through PIPE transactions will be valued in the General Partner's discretion in accordance with the valuation methodology set forth herein. Because PIPE transaction issuers often are small capitalization companies and characterized by financial uncertainty, the General Partner must base its valuation on information that may be incomplete. If an issuer's financial condition were to deteriorate, accurate financial and business information could become even more limited or entirely unavailable. As a result of these and other factors, there can be no assurance that the valuation of the Partnership's investments in PIPE transactions will accurately reflect the amount the Partnership could obtain if it were to sell the investments. Any inaccuracies could cause the Partnership to experience significant losses.

Non-delivery Risks. The Partnership will bear a risk of loss in the event an issuer of securities pursuant to a private transaction defaults on its obligations and the Partnership is delayed or prevented from exercising its rights to dispose of the underlying securities, including, without limitation, (i) the risk of a possible decline in the value of the underlying securities during the period in which the Partnership seeks to assert its rights, (ii) the risk of incurring expenses associated with asserting those rights, (iii) the risk that those rights may be limited by bankruptcy or other legal considerations, (iv) the risk of losing all or a part of the income from the private transaction, and (v) the risk of carrying an underlying short position during such period of time. The Partnership will also be exposed to a risk of unavailability of issued or authorized shares when the Partnership seeks to exercise conversion rights in respect of convertible securities. Such a lack of authorized or issued shares or other complications could result in the failure of an issuer or its transfer agent to deliver shares to the Partnership that are otherwise owed to the Partnership. Any failure by an issuer to deliver on its obligations to the Partnership could cause a substantial loss to the Partnership.

Restricted Securities. The Partnership may invest in restricted securities that are subject to substantial holding periods or that are not traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. No assurance can be given that any such restricted securities will be eligible to be traded on a public market even if a public market for securities of the same class were to develop. It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets.

Securities Regulations Concerning Private Placements. The Partnership may invest in securities that are not registered under the Securities Act. The Partnership will purchase such securities in reliance upon an exemption from registration pursuant to the provisions of the Securities Act including those provided by Regulation D. Unless such securities are subsequently registered under the Securities Act, they may not be offered or sold except pursuant to an exemption therefrom, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities law. Therefore, securities purchased pursuant to such exemptions including Regulation D are often illiquid.

Distressed Securities. The Partnership may purchase, directly or indirectly, securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. A wide variety of considerations, including, for example, the possibility of litigation between participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others, may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations that limit the access of the Investment Manager to reliable and timely information concerning material developments affecting a company, or that cause lengthy delays in the completion of the

liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Partnership invests, the Partnership may lose its entire investment or may be required to accept cash or securities with a value less than the Partnership's original investment.

Risks Associated with Bankruptcy Cases. The Partnership's investment activities, particularly involving companies in distressed situations, may result in it becoming involved as a creditor in bankruptcy cases. In addition, the Partnership may purchase securities or assets of, or claims against, companies in bankruptcy.

- Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Partnership.

- Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Partnership; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to reorganize and may be required to liquidate assets.

- The debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during the reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

- U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Partnership's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority over the claims of certain creditors (for example, claims for taxes) may be quite high.

- There are instances where creditors and equity holders lose their ranking and priority, such as when they take over management and functional operating control of a debtor. In those cases where the Partnership, by virtue of such action, is found to exercise "domination and control" of a debtor, the Partnership may

lose its priority if the debtor can demonstrate that it was adversely impacted or other creditors and equity holders were harmed by the Partnership.

- The Partnership may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Repurchase Agreements and Reverse Repurchase Agreements. The Partnership may use repurchase agreements and reverse repurchase agreements to finance the purchase of assets. In a repurchase agreement, the Partnership sells a financial instrument at one price and simultaneously agrees to buy it back from the purchaser at a higher price on a later date. This type of arrangement is effectively a secured borrowing by the Partnership. The use by the Partnership of repurchase agreements involves many of the same risks of leverage since the proceeds derived from such repurchase agreements may be invested in additional investments. Repurchase agreements involve the risk that the market value of the investments acquired with the proceeds of the repurchase agreement may decline below the price of the financial instrument the Partnership has sold but is obligated to repurchase. If the buyer of the financial instrument under a repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Partnership's obligation to repurchase the financial instrument, and the Partnership's use of the proceeds of the repurchase agreement may effectively be restricted pending such decision. Also, the Partnership would bear the risk of loss to the extent that the proceeds of the repurchase agreement are less than the value of the financial instrument subject to such agreement.

In a reverse repurchase agreement, the Partnership buys a financial instrument at one price and simultaneously agrees to sell it back to the seller at a higher price on a later date. This type of arrangement is similar to financing the purchase of financial instruments in that it permits the Partnership to borrow a financial instrument while not paying for the use of such instrument until a later date. Reverse repurchase agreements could involve risks in the event of a default or insolvency of the other party to the agreement, including possible delays or restrictions upon the Partnership's ability to dispose of the underlying financial instrument.

Forward Trading. The Partnership may invest in forward contracts and options thereon, which, 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. For example, there are no requirements with respect to record-keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or counterparty being contracted with to fulfill its contract. As a result, trading in interbank non-U.S. exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the Partnership has forward contracts. Although the Investment Manager seeks to trade with responsible counterparties, failure by a

counterparty to fulfill its contractual obligation could expose the Partnership to unanticipated losses. 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 the Partnership due to unusually high or low trading volume, political intervention or other factors. The imposition of credit controls by government authorities might also limit such forward (and futures) trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Partnership. Neither the CFTC nor banking authorities regulate forward currency trading through banks. In respect of such trading, the Partnership would be subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Partnership.

Interest Rate, Credit Default and Total Return Swaps. Swap agreements are types of derivatives. The Partnership may enter into interest rate, credit default or total return swap transactions. Interest rate swaps involve the exchange by the Partnership with another party of their respective commitments to pay or receive interest (for example, an exchange of floating rate payments for fixed-rate payments). In interest rate swap transactions, there is a risk that yields will move in the direction opposite of the direction anticipated by the Partnership, which would cause the Partnership to make payments to its counterparty in the transaction that could adversely affect the Partnership's performance.

In a credit default swap transaction, the buyer of the swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of an entity. In addition to the risks applicable to swaps generally, credit default swap transactions involve special risks because they are difficult to value, are highly susceptible to liquidity and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial difficulty).

Total return swap transactions involve the exchange by the Partnership with another party to pay or receive the total return of a defined asset in return for receiving or paying a stream of cash flows. In total return swap transactions there are the risks that the counterparty will default on its payment obligation to the Partnership in the transaction and that the Partnership will not be able to meet its obligations to the counterparty in the transaction.

Non-U.S. Exchanges and Markets. The Partnership may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets may involve certain risks not applicable to trading on U.S. exchanges and is frequently less regulated. For example, certain of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants, as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges. Some non-U.S. exchanges, in contrast to U.S. exchanges, are "principals' markets" in which performance is the responsibility only of the individual member

with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. Investment in non-U.S. markets would also be subject to the risk of fluctuations in the exchange rate between the local currency and the dollar and to the possibility of exchange controls. Foreign brokerage commissions and other fees are also generally higher than in the United States.

Currency Risk. The value of the Partnership's assets may be affected favorably or unfavorably by changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when the Partnership changes investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. The Partnership may invest in currencies directly and seek to mitigate the risk of currency exchange fluctuation through the active and systematic use of currency hedges.

Emerging Markets. The Partnership may invest in securities associated with emerging markets. The securities markets of emerging countries are generally smaller, less developed, less liquid, and more volatile than the securities markets of the U.S. and developed foreign markets. Disclosure and regulatory standards in many respects are less stringent than in the United States and developed foreign markets. Accounting and auditing standards in many markets are different, and sometimes significantly differ from those applicable in the United States or Europe. There is substantially less publicly available information about companies located in emerging markets than there is about companies in other more developed jurisdictions. There also may be a lower level of monitoring and regulation of securities markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations has been extremely limited.

Many emerging countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets of certain emerging countries.

Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely 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 these countries also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of countries with emerging markets may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other costs relating to investment in foreign

markets may be more expensive in emerging markets than in many developed foreign markets, which could reduce the Partnership's income from such securities.

In many cases, governments of emerging countries continue to exercise significant control over their economies, and government actions relative to the economy, as well as economic developments generally, may affect the capacity of issuers of emerging country debt instruments to make payments on their debt obligations, regardless of their financial condition. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect investments in those countries. There can be no assurance that adverse political changes will not cause the Partnership to suffer a loss of any or all of its investments and, in the case of fixed-income securities, interest thereon.

Many emerging countries are undergoing important political and economic changes that are making their economies more free-market oriented. However, there could be future political and economic changes that may return the situation to closed and centrally controlled economies with price and foreign exchange controls. Many of these countries lack the legal, structural and cultural basis for the establishment of a dynamic, orderly, market-oriented economy. Many of the promising changes that are being seen at present could be reversed, causing significant impact on the Partnership's investment returns.

Strategy Risks

Systems Risks. The Partnership depends on the Investment Manager to develop and implement appropriate systems for the Partnership's activities. The Partnership relies extensively on computer programs and systems to trade, clear and settle investment transactions, to evaluate investment opportunities and positions held based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Partnership's activities. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Investment Manager's ability to manage the portfolio. In addition, certain of the Partnership's and the Investment Manager's operations interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their respective sub-custodians, and other service providers, and the Investment Manager may not be in a position to verify the risks or reliability of such third party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Partnership. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Partnership's ability to monitor its investment portfolio and its risks. Neither the General Partner nor the Investment Manager is liable to the Partnership for losses caused by systems failures or due to any breakdown in the means of the communication normally used to ascertain the value of the Partnership's investments or to conduct trading in such investments.

Execution of Orders. The Partnership's trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments

selected by the Investment Manager. The Partnership'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 employees, brokers, agents or other service providers. In such events, the Partnership 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, the Partnership might not be able to make such adjustment. As a result, the Partnership would not be able to achieve the market position selected by the Investment Manager, and might incur a loss in liquidating its position.

Operational Risks. The volume and complexity of the Partnership's transactions may place substantial burdens on the Investment Manager's operational systems and resources, including those related to trade entry and execution, position reconciliation, corporate actions, collateral and margin maintenance, marking procedures, finance, accounting, profit and loss reporting, internal management and risk reporting and funds transfers. Human error, system failure or other problems with any of these processes could result in material losses or costs, which will generally be borne by the Partnership.

Lack of Diversification. Although the Partnership will structure its portfolio so that investments (both individually and in the aggregate) have desirable risk/reward characteristics and so that the Partnership may be able to satisfy Limited Partners' requests for withdrawals, the Partnership is not subject to any restrictions with respect to investments in any particular issuer, industry, geography or type of investment. The Partnership intends to achieve a diversified portfolio of investments. However, the Partnership could have a non-diversified portfolio and may have large amounts of Partnership assets invested in a small number of investments. Such lack of diversification substantially increases market risks and the risk of loss associated with an investment in the Partnership.

Day Trading. Day trading can lead to large and immediate financial losses. Day trading involves aggressive trading, and generally a commission will be due on each trade. The total daily commissions paid on trades will add to losses or significantly reduce earnings. Day trading on margin or short selling may result in losses beyond the initial investment. Day trading also requires in-depth knowledge of the markets and trading techniques and strategies. Under certain market conditions, it may be difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a currency or instrument suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a currency or instrument is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, there may be losses due to systems failures.

Portfolio Turnover. Portfolio Funds may engage in short-term trading. Short-term trading refers to the practice of selling investments held for a short time, ranging from several months to less than a day. The objective of short-term trading is to take advantage of what an Underlying Manager believes are changes in a market, industry or individual company. Short-term trading increases transaction costs, which could affect the Partnership's performance, and could result in higher levels of taxable realized gains to Limited Partners.

Short Selling. The Partnership may engage in short selling as part of its general investment strategy. Short selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the Partnership to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase. The Partnership's obligations under its short sales will be marked to market daily and collateralized by the Partnership's assets held at the broker, including its cash balance and its long securities positions. Because short sales must be marked to market daily, there may be periods when short sales must be settled prematurely, and a substantial loss would occur. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short-selling exposes the Partnership to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument can rise. Short sales may be utilized to enhance returns and hedge the portfolio. The Partnership anticipates that the frequency of short sales may vary substantially in different periods. There are no prescribed limits to the amount of Partnership assets that may be subject to short sales.

Hedging. The Investment Manager on behalf of the Partnership will not, in general, attempt to hedge all market or other risks inherent in their respective portfolio positions, and may hedge certain risks, if at all, only partially. The Partnership may choose not, or may determine that it is economically unattractive, to hedge certain risks – either in respect of particular positions or in respect of its overall portfolio. The Partnership's portfolio composition will commonly result in various directional market risks remaining unhedged.

The Investment Manager on behalf of the Partnership generally may enter into hedging transactions with the intention of reducing or controlling risk. Even if the Investment Manager is successful in doing so, the cost of hedging may have the effect of reducing returns. Furthermore, it is possible that the Investment Manager's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

To the extent that the Investment Manager hedges, its hedges may not be static but rather might need to be continually adjusted based on the Investment Manager's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of the Investment Manager's hedging strategy may depend on its ability to implement this dynamic hedging approach efficiently and cost effectively, as well as on the accuracy of the Investment Manager's ongoing judgments concerning the hedging positions to be acquired.

Highly Volatile Instruments. The prices of financial instruments in which the Partnership may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Partnership'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. The Partnership is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses.

Contractual and Litigation Risks. Unlike the purchase of freely tradable shares in the open market, some of the transactions in which the Partnership purchases securities will involve substantial contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as issuing the underlying securities upon exercise of conversion rights and registering the underlying securities with the appropriate federal and state authorities. In order for the Partnership's investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. The Partnership intends to structure its investments so as to reduce the risks associated with an issuer's failure to satisfy its contractual obligations, but there can be no assurance that an issuer always will abide by its contractual obligations. The Partnership intends to aggressively enforce its rights under its contractual relationships with issuers, although the Investment Manager understands and will be mindful of the costs of litigation. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, the Partnership may be unable to dispose of the securities at appropriate prices, or may experience substantial delays in doing so, and thus the Partnership may not be able to realize the anticipated profit with respect to such investment for a substantial period of time, if ever.

Failure of Broker-Dealers. Institutions, such as brokerage firms or banks, may hold certain of the Partnership's assets (or the name of an underlying Portfolio Fund) in "street name." Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Partnership or a Portfolio Fund. In addition, as Portfolio Funds may borrow money or securities, such Portfolio Funds will post certain of its assets as collateral securing the obligations ("***Margin Securities***"). Portfolio Fund brokers generally hold Margin Securities on a commingled basis with margin securities of their other customers and may use certain of the Margin Securities to generate cash to fund the Portfolio Fund's leverage, including pledging such Margin Securities. Some or all of the Margin Securities may be available to creditors of such brokers in the event of their insolvency. Such brokers will generally have netting and set off rights over all the assets held by them (which may indirectly include amounts held for the Partnership's or a Portfolio Fund's benefit in a special segregated bank account) to satisfy the Portfolio Fund's obligations under its agreements with applicable brokers, including obligations relating to any margin or short positions.

Default of Futures Commission Merchant. Portfolio Funds could be unable to recover assets held at any of their FCMs in the event of a bankruptcy of that FCM. Although FCMs are required to segregate customer accounts pursuant to the Commodity Exchange Act of 1974, as amended (the "***CEA***"), there is no equivalent of Securities Investors Protection Corporation insurance (applicable in the case of securities broker dealer bankruptcies) that would apply in the event of the FCM's bankruptcy. In such an event, an investor may suffer a total loss of all funds on deposit with a defaulting FCM.

Risk of Default of Exchanges. Exchange-traded futures and/or options on futures contracts may be utilized by the Investment Manager and although these exchanges are highly regulated and have never defaulted in the past, there is a risk that these exchanges could fail to perform in clearing executed transactions.

The Investment Manager's Methodology. Trading decisions of the Investment Manager are on a discretionary basis using fundamental and/or technical analysis and no assurance can be given that such trading strategies used by the Investment Manager will be successful, or that losses could not occur. Commodity and futures trading typically involves a much higher frequency of trading and higher turnover of positions that would be found in other types of investments. Trade duration can vary substantially from a few seconds to several months or longer. In entering orders into the Partnership's accounts, the Investment Manager may use market, limit, stop, and other qualified orders, if in its judgment, that appears appropriate under given market conditions. In addition, when liquidating a position, the Investment Manager may place a reversal order (*i.e.*, the current position is liquidated and an opposite one is established).

Quantitative Strategies and Trading. Quantitative strategies and techniques cannot fully match the complexity of the financial markets and therefore sudden unanticipated changes in underlying market conditions can significantly impact their performance. Further, as market dynamics shift over time, a previously highly successful strategy or technique may become outdated perhaps without the Investment Manager recognizing that fact before substantial losses are incurred. Even without becoming a completely outdated strategy or technique, a given strategy's or technique's effectiveness may decay in an unpredictable fashion for any number of reasons including, but not limited to, an increase in the amount of assets managed, the sharing of such strategy or technique with other affiliates, the use of similar strategies or techniques by other market participants or market dynamic shifts over time. Moreover, there are likely to be an increasing number of market participants who rely on strategies and techniques that may be similar to those used by the Investment Manager, which may result in a substantial number of market participants taking the same action with respect to an investment and some of these market participants may be substantially larger than the Partnership. Should one or more of these other market participants begin to divest themselves of one or more positions, a "crisis correlation", independent of any fundamentals and similar to the crises that occurred, for example, in September 1998 and August 2007, could occur, thereby causing the Partnership to suffer material, or even total, losses.

Statistical Measurement Error. Many of the strategies employed by the Investment Manager rely on patterns inferred from the historical series of prices and other data. Even if all of the assumptions underlying the strategies were met exactly, the strategies can only make a prediction, not afford certainty. There can be no assurance that the future performance will match the prediction. Further, most statistical procedures cannot fully match the complexity of the financial markets and as such, results of their application are uncertain. In addition, changes in underlying market conditions can adversely affect the performance of a statistical strategy.

Reliance on Technology. The Investment Manager's strategies and techniques are fundamentally dependent on technology, including hardware, software and telecommunications systems. The data gathering, research, forecasting, portfolio construction, order execution, trade allocation, risk management, operational, back office and accounting systems, among others, utilized by the Investment Manager are highly automated and computerized. Such automation and computerization is dependent upon an extensive amount of proprietary software, software created by affiliates of the Investment Manager and third-party hardware and software. The

Investment Manager typically does not utilize design documents or specifications when building its proprietary software. The proprietary software code thus typically serves as the only definitive documentation and specification for how such software should perform.

This proprietary software and third-party hardware and software may have errors, omissions, imperfections and malfunctions (collectively, "***Coding Errors***"). Coding Errors in third-party hardware and software are generally entirely outside of the control of the Investment Manager. The Investment Manager seeks to reduce the incidence and impact of Coding Errors through a certain degree of internal testing and monitoring in the overall portfolio management system and often, with respect to proprietary software, in the software code itself. Despite such testing and monitoring, Coding Errors could result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data, the failure to take certain hedging or risk reducing actions and/or the taking of actions which increase certain risk(s) all of which can and do have adverse (and potentially materially adverse) effects on the Partnership or its returns.

Coding Errors are often extremely difficult to detect, and, in the case of proprietary software, the difficulty of detecting Coding Errors may be exacerbated by the lack of design documents or specifications. Regardless of how difficult their detection appears in retrospect, some of these Coding Errors will go undetected for long periods of time and some will never be detected. The degradation or impact caused by these Coding Errors can compound over time. Finally, the Investment Manager will detect certain Coding Errors that it chooses, in its sole discretion, not to address or fix. The Investment Manager will not perform a materiality analysis on many of the Coding Errors it discovers. Investors in the Partnership should assume that Coding Errors and their ensuing risks and impact are an inherent part of investing with a process-driven, systematic investment manager such as the Investment Manager. Accordingly, the Investment Manager does not expect to disclose discovered Coding Errors to the Partnership or their investors.

The Investment Manager seeks, on an ongoing basis, to create adequate backups of software and hardware where possible but there is no guarantee that such efforts will be successful. Further, to the extent that an unforeseeable software or hardware malfunction or problem is caused by a defect, security breach, virus or other outside force, the Partnership may be materially adversely affected.

Reliance on Data. The Investment Manager's strategies and techniques are highly reliant on the gathering, cleaning, culling and analyzing of large amounts of data from third-party and other external sources. It is not possible or practicable, however, to factor all relevant, available data into forecasts and/or trading decisions. The Investment Manager will use its discretion to determine what data to gather with respect to any strategy or technique and what subset of that data the Investment Manager's strategies and techniques take into account to produce forecasts which may have an impact on ultimate trading decisions. In addition, due to the automated nature of such data gathering and the fact that much of this data comes from third-party sources, it is inevitable that not all desired and/or relevant data will be available to, or processed by, the Investment Manager at all times. In such cases, the Investment Manager may and often will

continue to generate forecasts and make trading decisions based on the data available to it. Additionally, the Investment Manager may determine that certain available data, while potentially useful in generating forecasts and/or making investment and trading decisions, is not cost effective to gather due to either the technology costs or third-party vendor costs and, in such cases, the Investment Manager will not utilize such data. Investors in the Partnership should be aware that, for all of the foregoing reasons and more, there is no guarantee that any specific data or type of data will be utilized in generating forecasts or making trading decisions on behalf of the Partnership, nor is there any guarantee that the data actually utilized in generating forecasts or making investment and trading decisions on behalf of the Partnership will be (i) the most accurate data available or (ii) free of errors. Investors in the Partnership should assume that the foregoing limitations and risks associated with gathering, cleaning, culling and analysis of large amounts of data from third-party and other external sources are an inherent part of investing with a process-driven, systematic adviser such as the Investment Manager.

FCM Margin Requirement Adjustments. Any or all of the Partnership's FCMs may, in such FCM's sole discretion, raise the margin requirements applicable to the Partnership upon minimal notice or no notice at all, and such margin requirement adjustments may occur at any time, including during such periods in which the Partnership's portfolio is undergoing a significant drawdown. A direct result of such an event is that the Partnership may be forced to exit futures positions under extremely unfavorable conditions, thereby causing the Partnership to incur substantial losses.

OTC Transactions. It is possible that the Partnership may engage in transactions involving investments traded on "over the counter" ("***OTC***") markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes the Partnership to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Therefore, to the extent that the Partnership engages in trading on OTC markets, the Partnership could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.

Special Situations. The Partnership may invest in the securities of issuers involved in (or the targets of) acquisition attempts or tender offers or involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction will be unsuccessful or unconsummated, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Partnership of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Partnership may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled issuers in which the Partnership may invest, there is a potential risk of loss by the Partnership of its entire investment in such issuers.

Risks of an Investment in the Partnership

Side Letters and Other Agreements with Clients. Underlying Managers may enter into separate agreements with certain investors in the Portfolio Funds they manage, such as those deemed to involve a significant or strategic relationship, to waive certain terms, or allow such investors to invest on different terms than those provided to other investors, including, without limitation, with respect to fees, liquidity or depth of information provided to such investors. Such agreements may provide more beneficial terms to investors other than the Partnership. As a result, certain investors in a Portfolio Fund may pay a lower fee in connection with such Portfolio Fund, receive more detailed information with respect to such Portfolio Fund or have the ability to redeem from such Portfolio Fund on shorter terms than those of the Partnership. The Investment Manager may in certain circumstances attempt to negotiate separate agreements with an Underlying Manager or Portfolio Fund to which it allocates Partnership capital. No assurance can be given that any such agreement will be respected by the applicable Underlying Manager or Portfolio Fund or that such agreement would be enforceable in accordance with its terms.

The General Partner may enter into agreements with certain Limited Partners that will result in different terms of an investment in the Partnership than the terms applicable to other Limited Partners. As a result of such agreements, certain Limited Partners may receive additional benefits which other Limited Partners will not receive (*e.g.*, additional information regarding the Partnership's portfolio, different withdrawal terms, lower Management Fee rates or Performance Allocations). The General Partner will not be required to notify the other Limited Partners of any such agreement or any of the rights and/or terms or provisions thereof, nor will the General Partner be required to offer such additional and/or different terms or rights to any other Limited Partner. The General Partner may enter into any such agreement with any Limited Partner at any time in its sole discretion.

Multiple Levels of Expense. Both the Partnership and Portfolio Funds impose investment management fees. In addition to a fixed management fee, Underlying Managers may also be paid or allocated amounts based upon a share of the profits of the applicable Portfolio Fund. Underlying Managers of such Portfolio Funds may receive substantially higher payments than the manager would under alternative arrangements. The existence of performance-based compensation may create an incentive for the Underlying Managers or the Investment Manager to make riskier and more speculative investments than would otherwise be the case in the absence of such performance-based compensation. An Underlying Manager may receive performance-based compensation based on the unrealized appreciation of the Portfolio Fund's portfolio.

As an investor in any Portfolio Fund, the Partnership, along with each investor in such Portfolio Fund, will pay its pro rata share of the expenses of such Portfolio Fund, including such Portfolio Fund's organizational, operating and investment expenses as well as its pro rata share of any extraordinary expenses incurred by such Portfolio Fund. If applicable, the "high water mark" with respect to any performance-based compensation in connection with a Portfolio Fund may not correspond to the same time period for which a Limited Partner has been a partner in the Partnership. Therefore, the Partnership may pay performance-based compensation to an Underlying Manager when a Limited Partner has not received the same positive performance for

the Partnership as a whole and a Limited Partner may benefit from a "loss carry forward" where the Portfolio Fund incurred the applicable loss prior to the Limited Partner's admission to the Partnership.

Risks Applicable to Illiquid Portfolio Funds. Portfolio Funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, of such investments tend to be more volatile and the Portfolio Funds may not be able to sell them when they desire to do so or to realize what they perceive to be their fair value in the event of a sale. Moreover, securities in which the Portfolio Funds may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the Portfolio Funds. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were publicly traded. In the event of significant withdrawals from the Partnership, the Partnership may be required to liquidate investments in those Portfolio Funds with greater liquidity. Consequently, it is possible that the underlying investments would be more concentrated than those generally expected for an investment in the Partnership, which may increase the market risk and liquidity risk associated with the Interests.

Withdrawal Restrictions. There are significant restrictions on withdrawals from the Partnership (which may be settled in securities rather than cash) and on transfers of Interests. Due to the relatively illiquid nature of the Partnership's withdrawal terms, a withdrawing Partner will not have a pre-determined timeline upon which to receive a distribution of its entire Interest. The prior written consent of the General Partner is required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Partnership is a relatively illiquid investment and involves a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

Withdrawal Risks of the Partnership and Portfolio Funds. The Partnership's withdrawal policies may allow withdrawal notices and withdrawal of Interests in a substantially shorter period than the withdrawal or redemption notice and any payment terms of underlying Portfolio Funds. For example, the Partnership may invest in a Portfolio Fund that is subject to a lock-up period that exceeds the liquidity terms offered by the Partnership, when, at the time of the investment, the Investment Manager believed such an investment could prudently be managed within the Partnership's liquidity needs. In addition, the terms and conditions applicable to underlying Portfolio Funds may permit the underlying Portfolio Funds to (i) distribute assets in kind rather than pay redemptions in cash, (ii) suspend withdrawals; thereby precluding the Partnership from liquidating its investment in such Portfolio Fund, and/or (iii) charge fees for effecting withdrawals or redemptions. Accordingly, a Limited Partner seeking to withdraw all or a portion of its Interest may be subject to the risks of a Portfolio Fund until such time that the Partnership has actually received its assets from the Portfolio Fund. Moreover, in the event a Portfolio Fund suspends withdrawals or redemptions or fails to pay withdrawal or redemption proceeds, it may not be possible for the Partnership to pay withdrawing Limited Partners their entire distribution in satisfaction of such withdrawal. In addition, the Partnership may, in its sole

and absolute discretion, suspend withdrawals or the valuation of its assets. This could be as a result of adverse economic or market conditions, or due to adverse business conditions for the Partnership, the Investment Manager or their affiliates. For example, suspensions may occur to effect an orderly liquidation of the Partnership's assets necessary to effect redemptions where a Portfolio Fund has suspended withdrawals or redemptions, or due to other regulatory or judicial limitations.

The Partnership may have indemnification or reimbursement obligations to a Portfolio Fund that survive beyond its withdrawal or redemption from such Portfolio Fund to the extent liabilities or other unforeseen expenses that relate to the period in which the Partnership was invested in such Portfolio Fund subsequently arise. To the extent the Partnership is required to repay redemption proceeds it received in connection with its redemption from such a Portfolio Fund, the Partnership will be adversely affected to the benefit of Limited Partners who had previously withdrawn.

As a result of the difference in liquidity terms between the Partnership and Portfolio Funds, the Investment Manager may be required to select Portfolio Funds for liquidation on the basis of their withdrawal or redemption policies rather than other investment considerations, which may result in the remaining portfolio of Portfolio Funds being less diverse in terms of investment strategies, number of Underlying Managers or Portfolio Funds, liquidity or other investment considerations than would otherwise be the case. Furthermore, withdrawals from the Partnership may result in an increased portion of the Partnership's portfolio being invested in Portfolio Funds that are relatively less liquid. In addition, the withdrawal or redemption of the Partnership from a Portfolio Fund could also involve expense to the Partnership under the terms of the Partnership's investment.

Effect of Withdrawals on Diversification. Although the Partnership plans to seek diversification in the investment of its assets, to the extent a significant portion of the Partnership's assets are withdrawn at any one time, the Partnership may not be able to satisfy such withdrawal requests from a variety of its Portfolio Funds and be required to make disproportionate withdrawals from select Portfolio Funds, resulting in a temporary imbalance in its diversification strategy.

Portfolio Adjustments. Liquidity restrictions imposed by Portfolio Funds or the provisions of the governing documents of Portfolio Funds that permit suspension of withdrawals or redemptions may delay or preclude portfolio adjustments the Investment Manager would otherwise implement. Portfolio Funds could depreciate in value during the time a withdrawal or redemption is delayed, and the Partnership would be precluded from redeploying its capital to more advantageous investment opportunities.

Portfolio Valuation. The Partnership values its Portfolio Fund investments at fair value. Interests in Portfolio Funds generally will be valued at estimated prices provided by the Underlying Managers (or the respective administrator, if applicable) of the Portfolio Fund to the Partnership based on interim unaudited financial statements. Certain securities or investments, particularly those for which market quotations may not be readily available, may be difficult to value. Accordingly, these figures may be subject to an upward or downward adjustment based

on information reasonably available at that time or following the auditing of a Portfolio Fund's financial records.

The Partnership will pay withdrawal proceeds, as well as calculate fees, on the basis of these net asset valuations. As a result, if a Limited Partner withdraws from the Partnership, subsequent valuation adjustments to Portfolio Funds may occur and there is a risk that the withdrawing Limited Partner may receive an amount upon withdrawal which is greater or lesser than the amount the Limited Partner would have been entitled to receive on the basis of the adjusted valuation. In such event, the hold-back amount related to such withdrawal and/or the remaining balance in the withdrawing Limited Partner's capital account (in the case of a partial withdrawal) may be adjusted accordingly. In the event the withdrawing Limited Partner's remaining Interest in the Partnership or any "holdback" is insufficient to cover any adjustment, or an adjustment occurs subsequent to complete payment to a withdrawing Limited Partner, the remaining Limited Partners will likely bear the risk of such valuation adjustments. More specifically, to the extent such subsequently adjusted valuations from a Portfolio Fund adversely affect the Partnership's Net Asset Value, or to the extent the Partnership is required to reimburse a Portfolio Fund for any overpayment with respect to withdrawal proceeds paid by the Portfolio Fund to the Partnership, the Partnership will be adversely affected to the benefit of Limited Partners who had previously withdrawn. Conversely, any increases in the value of the Portfolio Funds resulting from such subsequently adjusted valuations generally will be entirely for the benefit of current Limited Partners and to the detriment of Limited Partners who received distributions in respect of withdrawals based upon lower valuations than the adjusted amount. New Limited Partners may be affected in a similar way as the same principles apply to subscriptions for, or transfers of, Interests. Finally, the fees and allocations received by the Investment Manager and General Partner, and the management fees and performance-based compensation payable to the Underlying Managers, generally will not be reduced or subject to rebate unless adjusted as the result of an audit.

The risks described above with respect to adjustments to the valuation of the Partnership's investments may be exacerbated by the timing of contributions to the Partnership relative to the timing of statements received by Portfolio Funds. The Partnership generally accepts monthly contributions from investors. However, some of the Portfolio Funds in which the Partnership invests may provide statements or valuation reports to the Partnership with less frequency. Although the General Partner intends to promptly update the valuation of the Partnership's assets following the receipt of valuation reports from Portfolio Funds, the General Partner will not have control over the timing of such reports and contributions to the Partnership from new investors or current Limited Partners will be based on the latest valuations obtained from Portfolio Funds. To the extent that new investors or existing Limited Partners are entitled to contribute capital to the Partnership with greater regularity than the Partnership receives valuation reports from its Portfolio Funds, there is a risk that a contributing investor or Limited Partner will invest on the basis of a valuation that is more favorable to such contributing investor to the detriment of the other Limited Partners. The General Partner does not intend to make adjustments to the Allocation Percentages of Limited Partners that were permitted to contribute capital based on valuations that may later be subject to material adjustment in light of revised valuations provided by Portfolio Funds.

Reliance on Valuation Information from Underlying Managers and Third Parties. In order to value the assets and liabilities of the Partnership, the Partnership and/or the General Partner will rely on information provided by Underlying Managers, their agents and/or outside parties. Such persons may provide inaccurate, incomplete, not current or otherwise unreliable information, and the General Partner will not be able to independently assess the accuracy of such valuations. To the extent the information received by the Partnership is inaccurate or unreliable, the valuation of the Partnership's assets and liabilities may be inaccurate.

Management Risks

Reliance on the General Partner and no Authority by Limited Partners. All decisions regarding the management and affairs of the Partnership will be made exclusively by the General Partner and the Investment Manager. Accordingly, no person should invest in the Partnership unless such person is willing to entrust all aspects of management of the Partnership to the General Partner and the Investment Manager. Limited Partners will have no right or power to take part in the management of the Partnership. As a result, the success of the Partnership for the foreseeable future depends solely on the abilities of the General Partner and the Investment Manager.

Dependence on Key Personnel. The Investment Manager is dependent on the services of the Principals and there can be no assurance that it will be able to retain the Principals, whose credentials are described under the heading "*Management of the Partnership*." The departure or incapacity of one or more of the Principals could have a material adverse effect on the Investment Manager's management of the investment operations of the Partnership.

Changes in Investment Strategies. The Partnership's investment strategies may be altered, without prior approval by the Limited Partners. However, the General Partner will notify all Limited Partners prior to implementing any material change to the Partnership's investment objective or investment strategy and will afford all Limited Partners the opportunity to withdraw from the Partnership at such time without regard to any applicable withdrawal limitations set forth in the Partnership Agreement, *except* that the Contingency Reserve provision will continue to apply.

Discretionary Decision Making May Result in Missed Opportunities. The Partnership's trading strategies do involve some discretionary aspects. Discretionary decision-making may result in failure to capitalize on certain price trends or unprofitable trades in a situation where a strictly systematic approach might not have done so.

Proprietary Nature of Investment Strategy. All documents and other information concerning the Partnership's portfolio of investments will be made available to the Partnership's auditors, accountants, attorneys and other agents in connection with the duties and services performed by them on behalf of the Partnership. However, because the Investment Manager's investment techniques are proprietary, the Partnership Agreement will provide that neither the Partnership nor any of its auditors, accountants, attorneys or other agents will disclose to any person, including investors in the Partnership, any of the investment techniques employed by the

Investment Manager in managing the Partnership's investments or the identity of specific investments held by the Partnership at any particular time.

Limitations of the General Partner's Liability and Indemnification. The Partnership Agreement provides that the General Partner, the Investment Manager, and their respective affiliates, shareholders, members, partners, managers, directors, officers and employees shall not be liable, responsible nor accountable in damages or otherwise to the Partnership or any Partner, or to any successor, assignee or transferee of the Partnership or of any Partner, for: (i) any acts performed or the omission to perform any acts, within the scope of the authority conferred on the General Partner by the Partnership Agreement, except by reason of acts or omissions found by a court of competent jurisdiction upon entry of a final non-appealable judgment to have been made in bad faith or to constitute fraud, willful misconduct, or gross negligence; (ii) performance by the General Partner of, or the omission to perform, any acts on advice of legal counsel, accountants, or other professional advisors to the Partnership; (iii) the negligence, dishonesty, bad faith, or other misconduct of any consultant, employee, or agent of the Partnership, including, without limitation, an affiliate of the General Partner, selected or engaged by the General Partner with reasonable care and in good faith; or (iv) the negligence, dishonesty, bad faith, or other misconduct of any Person in which the Partnership invests or with which the Partnership participates as a partner, joint venturer, or in another capacity, which was selected by the General Partner with reasonable care and in good faith. Furthermore, the Partnership, in the General Partner's sole discretion, will indemnify and hold harmless the General Partner, the Investment Manager, and their respective affiliates, shareholders, members, partners, managers, directors, officers and employees and the legal representatives of any of them (an "***Indemnified Party***"), from and against any loss, liability, damage, cost or expense suffered or sustained by an Indemnified Party by reason of (i) any acts, omissions or alleged acts or omissions arising out of or in connection with the Partnership, the Partnership Agreement or any investment made or held by the Partnership, including, without limitation, any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding, or claim, *provided that*, such acts, omissions, or alleged acts or omissions upon which such actual or threatened action, proceeding or claim are based are not found by a court of competent jurisdiction upon entry of a final non-appealable judgment to have been made in bad faith or to constitute fraud, willful misconduct, or gross negligence by such Indemnified Party, or (ii) any acts or omissions, or alleged acts or omissions, of any broker or agent of any Indemnified Party, *provided that*, such broker or agent was selected, engaged or retained by the Indemnified Party with reasonable care. The Partnership Agreement also provides that the Partnership will, in the sole discretion of the General Partner, advance to any Indemnified Party attorneys' fees and other costs and expenses incurred in connection with the defense of any action or proceeding which arises out of such conduct. The Investment Management Agreement contains similar protections from liability in favor of the Investment Manager.

Limited Reporting. The Partnership will provide quarterly unaudited reports of Partnership activity. As a result, Limited Partners will not be able to evaluate the Partnership's activity at shorter intervals. Additionally, as a result of side letter arrangements, questions, due diligence requests, meetings or other communications, certain Limited Partners may receive information that is not generally available or otherwise provided to other Limited Partners, which

may affect such Limited Partners' decision to request a withdrawal of their respective Capital Accounts or take other actions on the basis of such information.

Other Risks

No Operating History. The Partnership is a recently formed entity and has no operating history upon which prospective investors can evaluate its likely performance. There can be no assurance that the Partnership will achieve its investment objective.

Start-Up Periods. The Partnership may encounter start-up periods during which it will incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the level of diversification of the Partnership's portfolio may be lower than in a fully invested portfolio.

Risk of Loss. A Limited Partner could incur substantial, or even total, losses on an investment in the Partnership. An investment in the Partnership is only suitable for persons willing to accept this high level of risk.

Effect of Performance Allocation. The General Partner will receive a Performance Allocation based on a percentage of any net realized and unrealized profits. Performance allocations may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements. In addition, the General Partner's performance allocations will be based on unrealized as well as realized gains. There can be no assurance that such unrealized gains will, in fact, ever be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision.

Effect of Substantial Withdrawals. Substantial withdrawals by Limited Partners within a short period of time could require the Partnership to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of the Partnership's assets and/or disrupting the Partnership's investment strategies. Reduction in the Partnership's size could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Partnership's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Lack of Liquidity. The Partnership's withdrawal provisions place certain restrictions on the right of a Limited Partner to withdraw all or part of its Interest, transfer its Interest and pledge or otherwise encumber its Interest. Thus, it is unlikely that a Limited Partner will be able to liquidate its Interest in the event of an unanticipated need for cash. Interests may not be transferred or pledged except in compliance with significant restrictions on transfer as required by federal and state securities and commodities laws and as provided in the Partnership Agreement. The Partnership Agreement does not permit a Limited Partner to transfer or pledge all or any part of its Interest to any person without the prior written consent of the General Partner, the granting of which is in the General Partner's sole and absolute discretion. The Partnership also has the discretion to deliver withdrawal proceeds in investments or securities rather than cash. These limitations, taken together, will significantly limit a Limited Partner's

ability to liquidate an investment in the Partnership quickly. As a result, an investment in the Partnership would not be suitable for an investor who needs liquidity.

Suspension of Withdrawals and Deferment of Withdrawal Proceeds. In certain circumstances, the General Partner, in its sole and absolute discretion, may suspend the valuation of the Partnership's property, the right or obligation to honor withdrawal requests (including the right to receive withdrawal proceeds), and/or extend the period for payment on withdrawal. In addition, the General Partner may suspend the right of withdrawal or postpone the date of payment for any period during which there is an extraordinary circumstance as determined in good faith by the General Partner.

Reserves. Under certain circumstances, the Partnership may find it necessary to set up one or more reserves for contingent or future liabilities or valuation difficulties and, upon withdrawal by a Limited Partner, withhold a portion of that Limited Partner's withdrawal proceeds. This could happen, for example, if the Partnership or the issuer of portfolio securities were involved in a dispute regarding the value of its assets, in litigation, or subject to a tax audit at the time the withdrawal request would otherwise be satisfied.

Tax Considerations; Distributions to Limited Partners and Payment of Tax Liability. It is not possible to provide here a description of all potential tax risks to a person considering investing in the Partnership. Prospective investors are urged to consult their own legal counsel and tax advisors with respect thereto. The Partnership will not seek a ruling from the Internal Revenue Service ("***IRS***") with respect to any tax issues affecting the Partnership.

It should also be noted that the Partnership's tax return may be audited by the IRS, and any such audit may result in an audit of the returns of the Limited Partners for the year(s) in question or unrelated years. Further, any adjustment resulting from an audit would also result in adjustments to the tax returns of the Limited Partners and may result in an examination and adjustment of other items in such returns unrelated to the Partnership. Limited Partners could incur substantial legal and accounting costs in litigation of any IRS challenge, regardless of the outcome. (*See "Federal Tax Aspects."*)

The General Partner in its sole discretion may, but is not required to, make distributions to Limited Partners during the term of the Partnership. Taxable income realized in any year by the Partnership will be taxable to the Limited Partners in that year regardless of whether they have received any distributions from the Partnership. Accordingly, Limited Partners may recognize taxable income for federal, state, and local income tax purposes without receiving any or a sufficient distribution from the Partnership with which to pay the taxes thereon. The General Partner may consider such possible tax liability of the Limited Partners when determining whether to make distributions, but no assurance is given that distributions, if made, will equal the amount of any Limited Partner's tax liability.

The Partnership is permitted to make special allocations to withdrawing Partners whereby the Partnership may allocate gross gains or losses to a withdrawing Partner other than *pro rata*. Generally, as of the close of each fiscal year, the capital gains and capital losses of the Partnership are allocated to the Partner's Capital Accounts so as to minimize, to the extent

possible, any disparity between the "book" capital account and the "tax" capital account. However, to the extent permitted by applicable law, allocations of capital gain that have been realized up to the time a Capital Account was completely withdrawn may be allocated first to each Capital Account that was completely withdrawn during the applicable fiscal year to the extent that the "book" Capital Account as of the Withdrawal Date exceeds the "tax" Capital Account at that time, and allocations of capital loss that have been realized up to the time a Capital Account is completely withdrawn may be allocated first to each Capital Account that was completely withdrawn during the applicable fiscal year to the extent that the "tax" Capital Account as of the Withdrawal Date exceeded the "book" Capital Account of such Capital Account at that time. The effect of any such special allocations may cause a withdrawing Partner to receive more short-term gains or otherwise to receive a less advantageous tax outcome than would otherwise be the case if such gains or losses were allocated on a *pro rata* basis.

The Bipartisan Budget Act of 2015 applies to partnership tax return audits beginning with filings for the 2018 tax year, and is intended to substantially increase the number of partnership audits and to collect taxes, interest and penalties that flow from a partnership tax audit adjustment directly from an affected partnership. The Partnership Agreement designates the General Partner as the Partnership's "Tax Representative" with respect to tax audits and provides for tax audit procedures that contemplate a "push out" allocation of any final tax adjustments to the persons who were Partners during the respective tax years under audit, even if they have previously fully withdrawn from the Partnership.

Delayed Schedules K-1. The Partnership may not be able to provide final Schedules K-1 to Limited Partners for any given fiscal year until significantly after April 15 of the following year. The Partnership will provide Schedules K-1 as soon as practicable after receipt of all of the necessary information. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the U.S. Federal, state and local level.

Restrictions on Transfer. The Partnership Interests are subject to certain restrictions on transfer, including a requirement that the General Partner consent to any such transfer. There is no present market for the Partnership Interests, and no market is likely to develop in the future. Accordingly, Limited Partners may not be able to liquidate their investment in the event of an emergency or for any other reason, and Interests may not be readily acceptable as collateral for loans. Interests should be purchased only by prospective Investors who can bear the economic risk of their investment, who can afford to have their funds committed to an illiquid investment according to the withdrawal provisions in the Partnership Agreement and who, if necessary, can afford a complete loss of their investment. (*See "Restrictions on Transfers of Interests."*)

Lack of Insurance. The assets of the Partnership are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by the Federal Deposit Insurance Corporation or with brokers insured by the Securities Investor Protection Corporation and such deposits and securities are subject to such insurance coverage. Therefore, in the event of the insolvency of a depository or custodian, the Partnership may be unable to recover all of its funds or the value of its securities so deposited.

Undisclosed Investing Strategy. The Investment Manager's investment strategy and the techniques it will employ to attempt to reach the Partnership's goal are proprietary and will not be disclosed to potential investors (or to Limited Partners). As a result, a potential investor's decision to invest in the Partnership must be made without the benefit of being able to review and analyze the Investment Manager's strategy and techniques.

Regulations Under Investment Company Act of 1940. The Partnership's operations are similar to an investment company as defined under the Investment Company Act, because the Partnership engages in the business of purchasing securities for investment. The Partnership is currently not required to register under the Investment Company Act due to an exemption for an entity that is beneficially owned by not more than one hundred (100) persons and which does not intend to make any public offering of its securities. Accordingly, the provisions and extensive regulations of the Investment Company Act, which might otherwise govern the activities of the Partnership, will not be applicable.

Risks for Certain Benefit Plan Investors Subject to ERISA. Prospective investors that are benefit plan investors subject to ERISA and Department of Labor Regulations issued thereunder should read the section hereof entitled *"ERISA Considerations"* in its entirety for a discussion of certain risks related to an investment by benefit plan investors in the Partnership.

Revised Regulatory Interpretations Could Make Certain Strategies Obsolete. In addition to proposed and actual accounting changes, there have recently been certain well-publicized incidents of regulators unexpectedly taking positions which prohibited trading strategies which had been implemented in a variety of formats for many years. In the current unsettled regulatory environment, it is impossible to predict if future regulatory developments might adversely affect the Partnership.

Future Regulatory Change is Impossible to Predict. The securities and derivatives markets are subject to comprehensive statutes, regulations and margin requirements. In addition, the Securities and Exchange Commission, the CFTC, and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of securities and derivatives both inside and outside the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Partnership is impossible to predict, but could be substantial and adverse.

Importance of General Economic Conditions. Overall market, industry or economic conditions, which the General Partner cannot predict or control, will have a material effect on performance.

Risks of Covid-19 and Other Pandemics. Pandemics and other local, national, and international public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 Flu, the Avian Flu, Ebola and the current outbreak of the novel coronavirus ("***Covid-19***" and generally, "***Pandemics***"), can result, and in the case of Covid-19 is resulting, in market volatility and disruption. Any similar future emergencies or Pandemics may materially

and adversely impact economic production and activity in ways that cannot be predicted, all of which could result in substantial investment losses.

The World Health Organization declared in March 2020 that the Covid-19 outbreak formally constitutes a “pandemic.” This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain Covid-19, local, regional, and national governments, as well as private businesses and other organizations, have imposed and continue to impose severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home,” “shelter-in-place,” and similar orders), and ordering the closure of a wide range of offices, businesses, schools, and other public venues. Consequently, Covid-19 has significantly diminished and disrupted global economic production and activity of all kinds and has contributed to both volatility and a severe decline in financial markets. Among other things, these unprecedented developments have resulted in: (i) material reductions in demand across most categories of consumers and businesses; (ii) dislocation (or, in some cases, a complete halt) in the credit and capital markets; (iii) labor force and operational disruptions; (iv) slowing or complete idling of certain supply chains and manufacturing activity; and (v) strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports, and entertainment.

The ultimate impact of Covid-19 (and the resulting precipitous decline and disruption in economic and commercial activity across many of the world’s economies) on global economic conditions, and on the operations, financial condition, and performance of any particular market, industry or business, is impossible to predict. So too is the impact or potential impact of other Pandemics that may arise. However, materially adverse effects, including further global, regional and local economic downturns (including recessions) of indeterminate duration and severity, are possible. The extent of the impact of Covid-19 and other Pandemics will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative, and financial and monetary policy interventions designed to mitigate any crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if Covid-19’s spread is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future economic developments, the health of certain markets, industries and businesses, and commercial and consumer behavior.

The ongoing Covid-19 crisis and any other public health emergency or Pandemic could have a significant adverse impact on the Partnership’s investments and result in significant investment losses. The extent of the impact on the Partnership’s operations and performance depends and will continue to depend on many factors, virtually all of which are highly uncertain and unpredictable, and this impact may include or lead to: (i) significant reductions in revenue and growth; (ii) unexpected operational losses and liabilities; (iii) impairments to credit quality; and (iv) reductions in the availability of capital. These same factors may limit the Investment Manager’s ability to source, research, and execute new investments, as well as to sell

investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal, and regulatory frameworks in ways that are adverse to the investment strategies pursued by the Partnership, all of which could materially diminish the Partnership's ability to achieve its investment objectives. Such Pandemics may also impair the ability of the companies in which Partnership invests (or their counterparties) to meet obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of securities markets may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements, and other factors related to a public health emergency, including the potential adverse impact on the health of any such entity's personnel. These measures may also hinder normal business operations by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing the ability to make accurate and timely projections of financial performance.

Risks Relating to Markets. The value of those securities in which the Partnership invests and that are traded on exchanges or over-the-counter and the risks associated therewith vary in response to events that affect such markets and that are beyond the control of the Partnership and the Investment Manager. Market disruptions such as those that occurred during October of 1987 and on September 11, 2001, and following the systemic loss of confidence during the recent financial crisis of 2008 and 2009, could have a material effect on general economic conditions, market volatility, and market liquidity which could result in substantial losses to the Partnership.

There is no guarantee that exchanges and markets can at all times provide continuously liquid markets in which the Partnership can close out its positions in those securities that the Partnership purchases that are publicly traded. The Partnership could experience delays and may be unable to sell securities purchased through a broker or clearing member that has become insolvent due to the deterioration of industry conditions in general. In that event, positions could also be closed out fully or partially without the Partnership's consent.

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 Partnership. Prospective Limited Partners should read the entire Memorandum and the Partnership Agreement and consult with their own advisers before deciding whether to invest in the Partnership. In addition, as the Partnership's investment program develops and changes over time, an investment in the Partnership may be subject to additional and different risk factors.

POTENTIAL CONFLICTS OF INTEREST

The General Partner, the Investment Manager, and their respective affiliates, shareholders, members, partners, managers, directors, officers and employees (collectively the "***Affiliated Persons***") will only devote so much time to the affairs of the Partnership as is reasonably required in the judgment of the General Partner or the Investment Manager, as applicable. The Affiliated Persons will not be precluded from engaging directly or indirectly in any other business or other activity, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with securities and other investments for their own accounts, for the accounts of family members, for the accounts of other funds and for the accounts of individual and institutional clients (collectively, "***Other Accounts***"). Such Other Accounts may have investment objectives or may implement investment strategies similar to those of the Partnership. The Affiliated Persons may also have investments in certain of the Other Accounts. Each of the Affiliated Persons may give advice and take action in the performance of their duties to their Other Accounts that could differ from the timing and nature of action taken with respect to the Partnership. The Affiliated Persons will have no obligation to purchase or sell for the Partnership any investment that the Affiliated Persons purchase or sell, or recommend for purchase or sale, for their own accounts or for any of the Other Accounts. The Partnership will not have any rights of first refusal, co-investment or other rights in respect of the investments made by Affiliated Persons for the Other Accounts, or in any fees, profits or other income earned or otherwise derived from them. If a determination is made that the Partnership and one or more Other Accounts should purchase or sell the same investments at the same time, the Affiliated Persons will allocate these purchases and sales as is considered equitable to each. No Limited Partner will, by reason of being a Limited Partner of the Partnership, have any right to participate in any manner in any profits or income earned or derived by or accruing to the Affiliated Persons from the conduct of any business or from any transaction in investments effected by the Affiliated Persons for any account other than that of the Partnership.

The Affiliated Persons will attempt to allocate investment opportunities that come to their attention on a fair and equitable basis among the Partnership and the Other Accounts for which participation in the respective opportunity is considered appropriate *pro rata* in proportion to the relative net worth of each such account. In determining whether participation by an account is appropriate, the Affiliated Persons will take into account, among other considerations: (a) whether the risk-return profile of the proposed investment is consistent with the objectives of the Partnership, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio's overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the Partnership; (c) liquidity requirements of the Partnership; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the need to re-size risk in the portfolio of the Partnership; and (g) whether the Partnership and/or Other Accounts have a substantial amount of investable cash (*e.g.*, during a "ramp-up" period). Notwithstanding the foregoing, there can be no assurance that an investment opportunity which comes to the attention of any of the Affiliated Persons will not be allocated to an Other Account, with the Partnership being unable to participate in such investment opportunity or participating only on a limited basis. In addition, there may be circumstances under

which the Affiliated Persons will consider participation by Other Accounts in investment opportunities in which the Affiliated Persons do not intend to invest, or intend to invest only on a limited basis, on behalf of the Partnership. Because these considerations may differ for the Partnership and the Other Accounts in the context of any particular investment opportunity, investment activities of the Partnership and the Other Accounts may differ considerably from time to time.

As a result of the foregoing, the Affiliated Persons may have conflicts of interest in allocating their time and activity between the Partnership and the Other Accounts, in allocating investments among the Partnership and the Other Accounts and in effecting transactions for the Partnership and the Other Accounts, including ones in which the Affiliated Persons may have a greater financial interest.

Limited Partners referred to the Partnership by the Investment Manager and Arden Advisory LLC (together the "***Affiliated Advisors***"), two affiliated investment advisers owned and controlled by the Principals, should understand that recommendations to invest in the Partnership made by the Affiliated Advisors carry certain conflicts of interest. Mark Kress is the sole owner and Principal of Arden Advisory LLC. Harvey Sax is an owner and Co-Manager of the Investment Manager. Harvey Sax and Mark Kress jointly own and control the General Partner. As such, Clients of the Affiliated Advisors should recognize that any recommendation related to an investment in the Partnership is not made at "arms' length." Limited Partners in the Partnership may not impose restrictions on any investments or types of investments that would alter the Investment Manager's investment strategy for the Partnership. In addition, Limited Partners may not direct the Investment Manager to purchase or sell portfolio securities through any specific broker or dealer. The Partnership's investment strategy is substantially different from and generally less liquid than the investment strategies offered in managed accounts through the Affiliated Advisors. Due to the aforementioned factors and other factors not mentioned here, there are significant differences between an investment in the Partnership and an investment in a managed account advised by the Affiliated Advisors. The Investment Manager will endeavor to avoid charging any duplicative fees to clients of the Affiliated Advisors that invest in the Partnership. However, due to the characteristics of the Partnership's investment program, the fees and expenses associated with an investment in the Partnership will generally be higher than the fees and expenses that a client of the Affiliated Advisors would experience in a managed account advised by the Affiliated Advisors. As such, clients of the Affiliated Advisors should conduct their own independent analysis of the Partnership to determine whether an investment in the Partnership meets their investment objectives and risk tolerance, prior to making an investment.

The Affiliated Persons and Other Accounts may derive direct or indirect benefits from the use of "soft" or commission dollars to pay for expenses that the General Partner or Investment Manager would otherwise be required to pay itself. Accordingly, there may be a conflict of interest created between the Investment Manager's duties to the Partnership and its desire to maximize its effective compensation. The relationships with brokerage firms that provide "soft dollar" services may influence the Investment Manager's judgment in allocating brokerage business and create a conflict of interest in using the services of those brokers or dealers to execute the Partnership's brokerage transactions. (*See "Brokerage and Custody," below*).

No counsel has been retained to represent the Partnership or the Limited Partners. Without legal or other professional representation, investors may not receive legal and other advice regarding certain matters that might be in their interests but contrary to the interests of the Affiliated Persons.

[*remainder of this page intentionally left blank*]

VALUATION OF INVESTMENTS

The Net Asset Value of the Partnership will be determined as of such times as is required by the Partnership Agreement or as may be determined by the General Partner, but in any case no less frequently than monthly.

The Net Asset Value of the Partnership is determined by taking the sum of the value of the securities held by the Partnership plus any cash or other assets (including interest and dividends accrued but not yet received) minus all liabilities (including accrued expenses). Each Partner's share of the Partnership's Net Asset Value is determined by such Partner's Capital Account balance relative to the Capital Account balances of the other Partners.

Portfolio Funds will generally be valued as reported by the Underlying Manager thereof in the most recent audited financial statements of such Portfolio Fund; *provided that*, where such audited financial statements are not available, the valuation will be determined by reference to the most recent unaudited performance report or account statement with respect to such Portfolio Funds. The values assigned to the Portfolio Funds by the Underlying Managers may not necessarily be compliant with GAAP. Moreover, such valuations may not reflect fair value of the investment due to the illiquid nature of, and lack of a secondary market for, interests in the Portfolio Funds, as well as the liquidity restrictions imposed by Underlying Managers (such as suspension of withdrawal rights or the payment of withdrawal proceeds to the Partnership, lock-up periods, early withdrawal penalties and "gates"). All other assets of the Partnership will be marked-to-market in accordance with the valuation procedures set forth in the Partnership Agreement. If such assets are not liquid or no market prices are readily available, such assets will be valued at fair value, as determined in the General Partner's discretion.

The foregoing valuation guidelines may be modified by the General Partner, in its sole discretion, if and to the extent that the General Partner determines that such modifications are advisable in order to reflect restrictions upon marketability or other factors affecting the value of financial assets. Without limiting the generality of the foregoing, the valuation of an asset by the General Partner may reflect the amounts invested, either directly or indirectly through a Portfolio Fund, in such asset by the Partnership, notwithstanding that such amounts may not represent the market value of such asset.

Except to the extent in the control or left to the discretion of the Underlying Managers, all matters concerning the valuation of securities, the allocation of profits, gains, and losses among the Partners, and accounting procedures not specifically and expressly provided for by the terms of the Partnership Agreement, will be determined by the General Partner and will be final and conclusive as to all of the Partners.

SPECIAL ALLOCATION PROVISIONS

Purchase of New Issues

From time to time the Portfolio Funds utilized by the Partnership may purchase equity securities issued in initial public offerings registered under the Securities Act ("***New Issues***"). The Financial Industry Regulatory Authority, Inc. ("***FINRA***") under FINRA Rules 5130 and 5131 (the "***New Issues Rules***") has taken the position that members of the FINRA may not sell such securities to an account in which a member, or person affiliated with or related to a member, of the FINRA has an interest. Similar restrictions apply in the case of senior bank officers and certain other persons, including officers of registered investment advisory firms. The New Issues Rules do, however, permit New Issues allocations with regard to (a) an account in which "restricted persons," as defined by the New Issues Rules ("***Restricted Persons***"), hold, in the aggregate, 10% or less of the beneficial ownership and (b) an account in which "covered persons," as defined by the New Issues Rules ("***Covered Persons***"), hold, in the aggregate, 25% or less of the beneficial ownership. In addition, an account owned more than 10% by Restricted Persons or more than 25% by Covered Persons may participate in a New Issue; *provided that*, (a) Restricted Persons may not receive, in the aggregate more than 10% of the profits and losses from New Issues, and (b) Covered Persons may not receive, in the aggregate more than 25% of the profits and losses from New Issues. Brokers participating in offerings of New Issues are required to comply with the New Issues Rules. Therefore, unless the conditions of the exception described above are strictly observed, the New Issues Rules prohibit these brokers from selling New Issues to a Portfolio Fund if any of the Portfolio Fund's equity owners is a Restricted Person or a Covered Person. The Underlying Manager of the applicable Portfolio Fund will not allocate any New Issues to the Partnership unless the General Partner similarly observes the exception described above.

Under the General Partner's current policy, net profit or net loss from New Issues will be allocated to all Limited Partners, *provided that*, Limited Partners that are Restricted Persons (or who have elected to be treated as such) (the "***Restricted Partners***") will be limited in their participation in the profits and losses attributable to new issues to the lesser of such Restricted Partners' collective interest in the Partnership or 10% (or any other permissible amount under any amendment, supplement or interpretation to the New Issues Rules), and *provided further*, Limited Partners that are Covered Persons (or who have elected to be treated as such) (the "***Covered Partners***") will be limited in their participation in the profits and losses attributable to new issues to the lesser of such Covered Partners' collective interest in the Partnership or 25% (or any other permissible amount under any amendment, supplement or interpretation to the New Issues Rules). In such cases, the General Partner may, but is not required to, debit the capital accounts of the participating investors with an interest-like charge on the purchase price of such investment and credit the capital accounts of all Partners with such amounts. Absent an available exemption under the New Issues Rules, for purposes of allocating profits and losses from New Issues to a Limited Partner that is an entity (such as an investment fund, corporation, partnership or trust), such entity will be considered a Restricted Partner and a Covered Partner if such entity allocates profits and losses from New Issues to any of its restricted beneficial owners. The

General Partner reserves the right to vary its policy with respect to the allocation of New Issues as it deems appropriate for the Partnership as a whole, in light of, among other things, existing interpretations of, and amendments to, the New Issues Rules and practical considerations, including administrative burdens and principles of fairness and equity.

To assist the General Partner in complying with the New Issues Rules, each Limited Partner subscribing for an Interest must provide information demonstrating whether such Limited Partner is a Restricted Person, a Covered Person, an exempt account or entity, or otherwise not a Restricted Person or a Covered Person. In order for a Limited Partner (such as another private fund) which is a non-exempt investment account or entity to avoid being considered a Restricted Person or a Covered Person, such Limited Partner must demonstrate that it is itself a qualifying account, as described above. Because of the administrative burden associated with the determination of whether each investor is eligible to participate in New Issues and the need to specially allocate profits and losses from New Issues, the General Partner may, in its sole discretion (i) decline to cause the Partnership to participate in New Issues, (ii) decline to permit Restricted Persons or Covered Persons to participate in New Issues, or (iii) treat any Limited Partner as a Restricted Partner and a Covered Partner.

SERVICE PROVIDERS

Legal Counsel to the General Partner

ILG represented the Investment Manager and the General Partner in connection with the organization of the Partnership and the offering of Interests. ILG also acts as counsel to the Investment Manager and the General Partner with respect to certain ongoing matters. In preparing this Memorandum, ILG has relied upon certain information furnished to it by the General Partner, the Investment Manager, and their respective affiliates and has not investigated or verified the accuracy or completeness of such information. ILG has not been engaged to protect the interests of the Partnership, prospective Limited Partners, or the Limited Partners. Prospective Limited Partners should consult with and rely upon their own counsel concerning an investment in the Partnership, including the tax consequences to Limited Partners of an investment in the Partnership. No independent counsel has been retained to represent the Limited Partners or the Partnership.

ILG's representation of the General Partner is limited to the organization of the Partnership, the offering of Interests, and to certain other specific matters as to which ILG has been consulted by the Investment Manager or the General Partner. There may exist other matters which could have a bearing on the Partnership and/or the General Partner as to which ILG has not been consulted. In addition, ILG does not undertake to monitor the compliance of the General Partner or the Investment Manager and their respective affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does ILG monitor compliance with all applicable laws. In the course of advising the General Partner, there are times when the interests of the Partnership and the Limited Partners may differ from those of the General Partner, the Investment Manager, and their respective affiliates. For example, issues may arise relating to trade errors, expenses to be charged to the Partnership, withdrawal rights of Limited Partners and other terms of the Partnership Agreement, such as those relating to amendments and indemnification. ILG does not represent the Limited Partners' interests or the interests of the Partnership in resolving such issues.

Auditor

The General Partner, in its sole discretion, may select the auditor which will complete the year-end audit for the Partnership. The Partnership's books of account will be audited as of the close of each fiscal year by Berkower LLC or any other independent accounting firm designated by the General Partner. Within 180 days after the end of each fiscal year, or as soon thereafter as is reasonably practicable, annual reports containing audited financial statements will be sent to all Limited Partners.

Administrator

Pursuant to an administration agreement (the "***NAV Agreement***") between NAV Consulting, Inc. (as used herein, the "***Administrator***" or "***NAV***"), the Administrator and the

Partnership, the Administrator has been engaged as the administrator of the Partnership. The Administrator is responsible for, among other things, calculating the Partnership's net asset value, performing certain other accounting, back-office, data processing, processing subscriptions, redemptions and transfer activities of Limited Partners in the Partnership, certain anti-money laundering functions and related administrative services.

The NAV Agreement provides that the Administrator shall not be liable to the Partnership, any Limited Partner or any other person in absence of finding of willful misconduct, gross negligence, or fraud on the part of NAV. Furthermore, Partnership shall indemnify and hold harmless the Administrator, its affiliates, and their respective officers, directors, shareholders, employees, agents and representatives (collectively, the "***NAV Parties***") from and against any liability, damages. claims, loss, cost or expense, including, without limitation, reasonable legal fees and expenses (individually, "***Loss***" and collectively, "***Losses***") arising from, related to, or in connection with the services provided to the Partnership pursuant to the NAV Agreement, unless any such Losses are the direct result of the willful misconduct, gross negligence or fraud of NAV. In no event shall NAV have any liability to the Partnership, any Limited Partner or any other person or entity which seeks to recover alleged damages or losses in excess of the limits prescribed in the NAV Agreement, nor shall NAV be liable for any indirect, incidental, consequential, collateral, exemplary or punitive damages, including lost profits, revenue or data, regardless of the form of the action or the theory of recovery, even if NAV has been advised of the possibility of such damages or such damages were foreseeable. Any claim brought against NAV in connection with the NAV Agreement will be barred unless it is initiated within one year of the earlier of the disclosure of the event which is the subject of such claim or the date that the party advancing such claim knew or could with due inquiry have known of such event.

NAV shall not be liable to the Partnership, any Limited Partner or any other person for the actions or omissions of any agent, contractor, consultant or other third party performing any portion of the services under the NAV Agreement absent a finding of gross negligence or fraud on the part of NAV in appointing such agent, contractor, consultant or other third party.

NAV shall not be liable to the Partnership, any Limited Partner or any other person for actions or omissions made in reliance on instructions from the Partnership or advice of legal counsel.

The services provided by NAV are purely administrative in nature. NAV has no responsibilities or obligations other than the services specifically listed in the NAV Agreement. No assumed or implied legal or fiduciary duties or services are accepted by or shall be asserted against NAV. NAV does not provide tax, legal or investment advice. NAV has no duty to communicate with Limited Partners other than as set forth in Exhibit A of the NAV Agreement. NAV does not have custody of Partnership's assets, it does not verify the existence of, nor does it perform any due diligence on the Partnership's underlying investments, including, investments in or via related or affiliated entities. In connection with the payment processing functions, NAV shall not be responsible for performance of the due diligence on payment recipients other than in connection with payments for Limited Partners' withdrawals from the Partnership, which are subject to anti-money laundering review function s of the services.

The NAV Agreement also provides that it is the obligation of the Partnership's management, and not of NAV, to review, monitor or otherwise ensure compliance by the Partnership with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Partnership's offering documents, including, without limitation, with its valuation policy or the Partnership's stated investment strategy, and with laws and regulations applicable to its activities. The Partnership's management's responsibility for the management of the Partnership, including without limitation, the valuation of the Partnership's assets and liabilities, including, defining and maintaining the valuation policy and for fair valuing the Partnership's assets, the oversight of the services provided by NAV and the review of work product delivered by NAV shall not be affected by or limited by any of the services provided by NAV.

The NAV Agreement provides that NAV is entitled to rely on any information, including valuation information, received by NAV from the Partnership, the Partnership's management or other parties , including without limitation, broker-dealers and data vendors, without independent verification, audit, review, inquiry, or performing other due diligence and NAV shall not be liable to the Partnership, any Limited Partner or any other persons for losses suffered as a result of NAV relying on incorrect information. NAV has no responsibility to review, independently value, verify, compare to other pricing sources or otherwise perform due diligence on the valuation information. NAV may accept such information as accurate and complete without independent verification. Furthermore, NAV shall not be liable to the Partnership, any Limited Partner or any other person for any loss incurred as a result of an error or inaccuracy of any valuation information received from the Partnership or from any pricing or valuation service or data service provider or delay, interruption in service or failure to perform of any pricing or valuation service or data service provider used by NAV.

The information on investor statements and other reports produced by NAV shall not be considered an offer to sell or a solicitation of an offer to purchase any interest in the Partnership, nor may it be used to induce or recommend the purchase or holding of any interest in the Partnership.

The NAV Agreement bars non-parties from asserting third party beneficiary claims against NAV.

The Partnership pays NAV fees out of the Partnership's assets, generally based upon the size of the Partnership, in accordance with NAV's standard schedule for providing similar services, subject to a monthly minimum.

Either party may terminate the NAV Agreement on 60 days' prior written notice as well as on the occurrence of certain events.

Limited Partners may review the NAV Agreements by contacting the Partnership; *provided*, that NAV reserves the right not to disclose the fees payable thereunder.

NAV is not responsible for the preparation of this Memorandum or the activities of the Partnership and therefore accepts no responsibility for any information contained in any other section of this Memorandum.

The Partnership may use other or additional firms for administration services in the General Partner’s sole discretion.

BROKERAGE AND CUSTODY

The Underlying Managers have complete discretion regarding the selection of such brokers and the amount of brokerage commissions and fees paid to such brokers in connection with the investment activities of the Portfolio Funds. Brokerage fees paid by the Portfolio Funds to brokers vary and may be greater than those typical for investment funds similar to such Portfolio Funds if the Underlying Managers determine that the research, execution and other services rendered by a particular broker merit greater than typical fees.

The Underlying Managers make investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions for the Portfolio Funds. The Underlying Managers have discretion to execute trades, select broker-dealers and negotiate commissions. In selecting broker-dealers, the Underlying Managers generally (but not necessarily) seek those broker-dealers who can provide best execution of transactions under the circumstances. The principal factors determining this selection are: (1) a broker's ability to execute the types of transactions occurring in client accounts; and (2) the net prices for such transactions. "Best execution" is not synonymous with lowest brokerage commission. Consequently, in a particular transaction the Portfolio Funds may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction.

The Underlying Managers may generate "soft dollars" with respect to the Portfolio Funds' trades. Under "soft dollar" arrangements, the brokerage firms would provide or pay the costs of certain services, equipment or other items for the benefit of the applicable Portfolio Funds, their Underlying Managers, or one or more of their affiliates in consideration of the allocation to the firm of brokerage transactions (with resulting commission income) made on behalf of the Portfolio Funds on both an agency and net basis. Services that may be furnished or paid for by brokers or dealers may include, without limitation (in addition to the research products and services described below) special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, performance measurement data, consultations, financial strength and stability, efficiency of execution and error resolution, availability of stocks to borrow for short sales, custody, recordkeeping and similar services. Because such services could be considered to benefit the Underlying Managers and their respective affiliates, and the "soft dollars" used to acquire them are the assets of the Portfolio Funds, the Underlying Managers could be considered to have a conflict of interest in allocating brokerage business on behalf of the Portfolio Funds. The Underlying Manager and their respective affiliates and the accounts they may advise may also derive substantial benefits from these services, particularly to the extent the Underlying Manager uses soft dollars to pay for expenses it would otherwise be required to pay itself. Furthermore, because the extent of the products and services provided by these brokers will be based largely on the volume of commissions generated by the Portfolio Funds' trading activities, these soft dollar arrangements may create an incentive for the Underlying Managers to increase the volume of the Portfolio Funds' trading activities.

Under Section 28(e) of the U.S. Securities Exchange Act of 1934, the use of commission dollars to acquire "research" products and brokerage services is not a breach of the Underlying Manager's fiduciary duty to its Portfolio Fund--even if the brokerage commissions paid are not the lowest available--as long as (among other requirements) the Underlying Manager determines that the commissions are reasonable in relation to the value of the brokerage services and the "research" acquired. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to the Underlying Manager in making investment decisions for all of its clients. The types of "research" the Underlying Managers may acquire include: research reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific investments; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance the Underlying Managers' investment decision making.

If, in the Underlying Managers' reasonable judgment, the aggregation of sale and purchase orders of securities for the Portfolio Funds with similar orders for the other accounts managed or advised by the Underlying Manager is reasonably likely to result in administrative convenience or an overall economic benefit to the Portfolio Funds based on an evaluation that the Portfolio Funds are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors, the Underlying Managers may place "bunched orders" with respect to such trades. A bunched order is a group of orders for more than one client entered as one order. Bunched orders will be allocated to client accounts in a systematic non-preferential manner. If the bunched order does not fill at one price, resulting in partial fills, allocations to client accounts will be made on an average pricing basis. Average pricing amounts to adding up all the buys or sells at their particular price levels, multiplied by the number of contracts at each particular price level, and dividing by the total number of contracts to determine an average price for the whole bunched order.

OTHER REGULATORY CONSIDERATIONS

Although the Partnership, the General Partner, the Investment Manager, and the Administrator will use their reasonable efforts to keep the information provided by a Limited Partner to the Partnership strictly confidential, the Partnership, the General Partner, the Investment Manager, and the Administrator may present information provided by a Limited Partner to the Partnership to such parties (*e.g.*, affiliates, attorneys, auditors, administrators, brokers, regulatory bodies, government agencies, and self-regulatory organizations) as they deem necessary or advisable to facilitate the acceptance and management of such Partner's investment in the Partnership or the management of the Partnership's affairs, including, but not limited to, in connection with anti-money laundering, "Foreign Account Tax Compliance Act" provisions of the Internal Revenue Code of 1986, as amended ("***FATCA***"), and similar laws, if called upon to establish the availability under any applicable law of an exemption from registration of the Interests, the compliance with any applicable law and any relevant exemptions thereto by the Partnership, the General Partner, the Investment Manager, the Administrator, or any of their affiliates, if the contents thereof are relevant to any issue in any action, suit or proceeding to which the Partnership, the General Partner, the Investment Manager, the Administrator, or their respective affiliates are a party or by which they are or may become bound or if the information is required to facilitate the Partnership's investments. It may be necessary, under anti-money laundering, FATCA, and similar laws, to disclose information about a Partner in order to accept subscriptions from such Partner. The Partnership may also release information about a Partner if directed to do so by the Partner, if compelled to do so by law, or in connection with any government or self-regulatory organization request or investigation. The Partnership's Privacy Notice (which may be changed from time to time in the General Partner's sole discretion) is attached to this Memorandum.

The Partnership and the General Partner may require any Partner to provide or update, as required, any form, certification or other information requested by the Partnership or its agents that is necessary for the Partnership to: (i) prevent withholding or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Partnership receives payments, (ii) comply with any due diligence, reporting or other obligations under FATCA (or any similar legislation, either implemented or yet to be implemented, in any jurisdiction which may impact the Partnership or to which the Partnership voluntarily agrees to be subject), or (iii) make payments to the Partner free of withholding or deduction.

If a Partner fails to comply in a timely manner with any information or other request from the Partnership, the General Partner, the Investment Manager, or the Administrator and the Partnership suffers or incurs directly or indirectly any deduction as a consequence, the General Partner may take such action as it considers necessary in accordance with applicable law including, without limitation, to convert, redeem, withhold against, or otherwise adjust the Interest or Capital Account of any Partner to ensure that any withholding tax payable by the Partnership, and any related costs, interest, penalties and other losses and liabilities suffered by the Partnership, the General Partner, the Investment Manager, or any agent, delegate, employee, director, officer or affiliate of any of the foregoing persons, arising (directly or indirectly) from

such Partner's failure to provide any requested documentation or other information to the Partnership, is economically borne by such Partner.

[*remainder of this page intentionally left blank*]

QUALIFICATION OF INVESTORS

AN INVESTMENT IN THE PARTNERSHIP IS SUITABLE ONLY FOR INVESTORS OF SUBSTANTIAL FINANCIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT.

The Partnership intends to sell Partnership Interests only to "eligible investors." An "eligible investor" in the Partnership must be both (1) an "accredited investor," as defined in Rule 501(a) of Regulation D under the Securities Act, and (2) a "qualified client," as defined in Rule 205-3 under the Advisers Act.

In order to satisfy the criteria for an "***accredited investor***," in the case of individuals, an investor must have either (i) an annual income in excess of $200,000 for each of the previous two years (or a combined income with such person's spouse in excess of $300,000), and reasonably anticipate the same level of income for the current year, or (ii) a net worth in excess of $1,000,000 (excluding the value of such person's primary residence). Other types of accredited investors permitted to invest in the Partnership include (i) banks or savings and loan associations acting in an individual or fiduciary capacity, (ii) broker-dealers registered under the Securities Exchange Act of 1934, as amended, (iii) insurance companies, (iv) any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of making the investment, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D, and (v) a corporation, business trust or partnership not formed for the purpose of making the investment (x) which has total assets in excess of $5,000,000, or (y) in which all of the equity owners are accredited investors.

Employee benefit plans and individual retirement accounts ("***IRAs***") will qualify as accredited investors if either (i) the investment decision is made by a plan fiduciary which is a bank, savings and loan association, insurance company or investment adviser registered under the Advisers Act, (ii) the plan, including plans established by a state or its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of employees, has total assets in excess of $5,000,000, or (iii) the plan is a self-directed plan with investment decisions made solely by persons who are accredited investors. Foundations, endowments and other tax-exempt investors must not be formed for the purpose of investing in the Partnership and must have total assets in excess of $5,000,000. Other types of accredited investors include (i) any investment company registered under the Investment Company Act or a business development company as defined in Section 2(a)(48) of that Act; (ii) any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; (iii) any private business development company as defined in Section 202(a)(22) of the Advisers Act; or (iv) any entity in which all of the equity owners are accredited investors.

The Performance Allocation will only be applied to the Capital Accounts of Limited Partners who are "qualified clients." A "***qualified client***" is any person who comes within any of the following categories, or who the Investment Manager reasonably believes comes within any of the following categories, at the time of such Limited Partner's admission to the Partnership:

- A natural person who, or a company that, immediately after entering into the contract, has at least $1,100,000 under the management of the Investment Manager and its affiliates;

- A natural person who, or a company that, immediately prior to entering into the contract has a net worth (together, in the case of a natural person, with assets held jointly with a spouse but excluding the value of such person's primary residence) of more than $2,200,000 at the time the contract is entered into; or

- A qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act at the time the contract is entered into.

The Partnership reserves the right to reject subscriptions in its sole discretion. Each purchaser will be required to represent that such purchaser's overall commitment to investments which are not readily marketable is not disproportionate to such purchaser's net worth, and that such purchaser's investment in the Partnership will not cause such overall commitment to become excessive; that such purchaser can sustain a complete loss of such purchaser's investment in the Partnership and has no need for liquidity in such purchaser's investment in the Partnership; and that such purchaser has evaluated the risks of investing in the Partnership.

Limited Partners may not be able to liquidate their investment in the event of an emergency or for any other reason because there is not now any public market for the Partnership Interests and none is expected to develop.

The Partnership will not be registered as an investment company under the Investment Company Act of 1940, in reliance on Section 3(c)(1) thereof. As a Section 3(c)(1) fund, the Partnership must offer Interests in a private placement and may have no more than one hundred (100) beneficial owners. The Partnership Interests therefore may not be resold except in a transaction registered under the Securities Act and the laws of certain states or in a transaction exempt from such registration. (See "*Restrictions on Transfer of Interests*.")

Investors who reside in certain states may be required to meet standards different from or in addition to those described above. Investors will be required to represent in writing that they meet any such standards that may be applicable to them. The General Partner may, without the consent of the existing Limited Partners, admit new Partners to the Partnership. The General Partner may reject a subscription request for any reason in its sole and absolute discretion. If a subscription is rejected, the payment remitted by the Investor will be returned without interest.

Rule 506(d) of Regulation D of the Securities Act provides for disqualification of a Rule 506 offering in the event 20% or more of the Partnership's Interests are beneficially owned by a Limited Partner involved in a "disqualifying event" (a "***Bad Actor Event***"). A prospective

investor subject to a Bad Actor Event may be denied admittance to the Partnership in the General Partner's sole discretion. An existing Limited Partner must inform the General Partner immediately upon being subject to a Bad Actor Event. The General Partner may remove such Limited Partner from the Partnership at its sole discretion. The following eight infractions constitute Bad Actor Events:

1. Conviction, within ten years before the sale of the securities (or five years, in the case of issuers, their predecessors and affiliated issuers), of any felony or misdemeanor: in connection with the purchase or sale of any security; involving the making of any false filing with the SEC; or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities.

2. Being subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years before the sale of the securities, that, at the time of such sale, restrains or enjoins you from engaging or continuing to engage in any conduct or practice: in connection with the purchase or sale of any security; involving the making of any false filing with the SEC; or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities.

3. Being subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the Commodity Futures Trading Commission; or the National Credit Union Administration that, at the time of the sale of the securities, bars you from: association with an entity regulated by such commission, authority, agency or officer; engaging in the business of securities, insurance or banking; or engaging in savings association or credit union activities; or constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten years before the applicable subscription date.

4. Being subject to an order of the SEC entered pursuant to section 15(b) or 15B(c) of the Exchange Act or section 203(e) or 203(f) of the Advisers Act that, at the time of the sale of the securities: suspends or revokes your registration as a broker, dealer, municipal securities dealer, municipal securities dealer or investment adviser; places limitations on the activities, functions or operations of, or imposes civil money penalties on such person; or bars you from being associated with any entity or from participating in the offering of any penny stock.

5. Being subject to any order of the SEC, within five years of the date of your subscription, that, at the time of such sale, orders you to cease and desist from committing or causing a future violation of: any scienter-based anti-fraud provision of the federal securities laws, including, but not limited to, Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 206(1) of the Advisers Act or any other rule or regulation thereunder, or Section 5 of the Securities Act.

6. Being suspended or expelled from membership in, or suspended or barred from association with a member of, a securities self-regulatory organization (*e.g.*, a registered national securities exchange or a registered national or affiliated securities association) for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade.

7. Having filed (as a registrant or issuer), or having been named as an underwriter in any registration statement or Regulation A offering statement filed with the SEC that, within five years of your subscription date, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, as of the subscription date, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued.

8. Being subject to a United States Postal Service false representation order entered within five years before the sale of the securities, or, at the time of the sale of the securities, being subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

EACH PROSPECTIVE INVESTOR MUST INDEPENDENTLY DETERMINE WHETHER THE PURCHASE OF THE SECURITIES OFFERED HEREBY IS SUITABLE FOR HIM OR HER IN LIGHT OF HIS OR HER INDIVIDUAL INVESTMENT OBJECTIVES.

FEDERAL TAX ASPECTS

The following is a summary of certain aspects of the federal income taxation of the Partnership which should be considered by a potential purchaser of a Partnership Interest. The summary is based on the Internal Revenue Code of 1986, as presently amended (the "***Code***"), judicial decisions and administrative regulations, rulings and procedures, all of which are subject to change.

It is expected that, for federal income tax purposes, the Partnership will be treated as a partnership and will not constitute an association or a publicly-traded partnership taxable as a corporation. This expectation is based on application of federal income tax law, regulations and existing interpretations relating thereto. These conclusions are not binding on the Internal Revenue Service ("***IRS***") or on any court, and there can be no assurance that the IRS will not assert that the Partnership should be treated as an entity taxable as a corporation. If the Partnership were taxable as a corporation in any taxable year, the Partnership's income, gains, losses, deductions and credits would be reflected only on its tax return rather than being passed through to investors, and the Partnership's taxable income would be taxed at corporate rates. In addition, losses realized by the Partnership would not flow through to investors. This Memorandum assumes that the Partnership will be classified as a partnership for federal income tax purposes.

Under the Code, a "publicly traded partnership" ("***PTP***") generally is treated as a corporation for federal income tax purposes. A partnership is a PTP if interests therein (1) are traded on an established securities market (as defined under the applicable regulations) or (2) are readily tradable on a secondary market (or the substantial equivalent thereof). The Interests will not be listed for trading on an established securities market, and the Partnership will use its best efforts to ensure that its Interests will not be readily tradable. For purposes of determining the number of partners, a person owning a partnership interest through a partnership, grantor trust or S corporation (a "flow-through entity") is counted as a partner only if substantially all the value of that person's interest in the flow-through entity is attributable to the underlying partnership and a principal purpose for using a tiered structure was to satisfy the 100-beneficial-owner condition. Because the offering of Interests is not required to be registered under the Securities Act, if the Partnership has no more than 100 beneficial owners (as determined in accordance with the rules regarding "flow-through" entities noted above), the Partnership will meet this "private placement safe harbor" and thus should not be treated as a publicly traded partnership for federal tax purposes. The Partnership Agreement of the Partnership restricts the total number of beneficial owners to 100 (as determined in accordance with the rules regarding "flow-through" entities). Thus, the Partnership should qualify for the "private placement safe harbor." Accordingly, the Partnership is not expected to pay any federal income tax. Treatment of the Partnership as a corporation for federal income tax purposes would materially reduce the anticipated benefits of an investment in the Partnership.

No federal income tax is payable by an entity that is treated as a partnership for federal income tax purposes. Instead, each partner of the Partnership must report on its federal income

tax return that the Partner is a partner, its distributive share of the items of income, gain, loss, deduction and credit of the Partnership, whether or not cash is distributed to that Partner during the taxable year. Thus, Partners may be liable for income taxes on their share of Partnership income even though they have received no distributions from the Partnership. The General Partner is not required to make distributions to Partners to cover their tax liability and, in fact, has no present intention of making any distributions. Accordingly, each Partner will be required to find other sources from which to pay the federal, state and local income taxes arising out of such Partner's investment in the Partnership.

The Partnership's investments usually will be marked to market on a monthly basis for financial statement presentation purposes. This treatment is inconsistent with the general tax rule that holding a security does not result in a gain or loss until it is closed by an actual sale or other disposition. The difference between accounting and tax treatment may result in a variation between financial statement income (or loss) and taxable income (or loss) reported by the Partnership. Also, the Partnership may engage in transactions, the losses from which might not be currently deductible for tax purposes, and may recognize income or gain before the Partnership actually disposes of certain investments.

The business and activities of the Partnership are expected to involve both trading and investment in securities and other related instruments, including long and short positions in the U.S. and international securities and option markets. Although the holding period of the Partnership with respect to any investment may not be predicted with any accuracy, the Partnership's investment strategy is such that it is likely to generate both short-term and long-term capital gains.

If the Partnership is a trader for federal income tax purposes, the Partnership may elect, in the General Partner's sole discretion, pursuant to Section 475(f) of the Code, to "mark to market" its securities at the end of each taxable year. Pursuant to this election, the Partnership's securities generally would be treated for federal income tax purposes as though sold for fair market value on the last business day of the taxable year. This election would apply to all taxable years of the Partnership unless revoked with the consent of the IRS. If this election were made, the Partnership's gains and losses generally would be considered ordinary income or loss, rather than capital gain or loss. Since, for federal income tax purposes, capital losses generally may be deducted only against capital gains, a Limited Partner would be unable to deduct capital losses realized from his or her other investments against his or her share of the Partnership's income if the Partnership were to make this election.

Some of the Partnership's anticipated investments may be classified for tax purposes as "Section 1256 contracts." For tax purposes, Section 1256 contracts that remain open at year-end are treated as if they were sold at year-end, and gain or loss recognized with respect to Section 1256 contracts is treated as 60% long-term capital gain or loss and 40% short-term capital gain or loss, regardless of how long the contracts are held. Transactions with respect to other investments may generate ordinary income or loss, rather than capital gain or loss.

The taxation of the Partnership's assets and activities will depend on the specific circumstances and, in certain cases, may be complex and uncertain. Accordingly, this discussion

does not purport to describe all the tax consequences (including federal income tax and any relevant foreign tax) of all of the instruments the Partnership may hold or activities that the Partnership may engage in, as such consequences will depend on the specific instruments utilized or activities pursued.

Generally, a cash distribution to a Partner, including amounts received by a Partner upon a redemption of its Partnership Interest, is taxable only to the extent the distribution exceeds the Partner's tax basis in its Partnership Interest. The amount of that excess generally would be taxable as capital gain. An economic loss realized by a Partner upon a redemption can be recognized only upon a complete redemption of all of its Partnership Interest in the Partnership. A Partner's tax basis in its Partnership Interest will include the amount of money that the Partner contributes to the Partnership, increased by the Partner's allocable share of any Partnership taxable income and gain, and decreased, but not below zero, by distributions from the Partnership to the Partner and by the Partner's allocable share of Partnership tax losses and deductions. A Partner will be treated as having only one aggregate tax basis in the Partnership, even if the Partner acquires Partnership Interests at different times and for different amounts.

Capital gain or loss on a redemption (or other disposition) of Partnership Interests generally will be long-term capital gain or loss to the extent of the portion of the Partner's Partnership Interest (redeemed and retained) that were held for more than 12 months, and short-term capital gain or loss to the extent of the portion of the Partner's Partnership Interests (redeemed and retained) that were held for 12 months or less. A Partner will begin a new holding period each time the Partner makes an additional investment in the Partnership as to the portion of its Partnership Interests in the Partnership that were received in consideration for such additional subscription.

The Partnership is generally required to adjust the tax basis of its assets in cases of distributions that result in a "substantial basis reduction" (*i.e.*, in excess of $250,000) in respect of the Partnership's property. The Partnership is also required to adjust the tax basis of its assets in respect of a transferee, in the case of a sale or exchange of an interest or a transfer upon death, when there exists a "substantial built-in loss" (*i.e.*, in excess of $250,000) in respect of Partnership property immediately after the transfer. For this reason, the Partnership will require (i) a Partner who receives a distribution from the Partnership in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death), and (iii) any other Partner in appropriate circumstances to provide the Partnership with information regarding its adjusted tax basis in its Interest.

Certain benefit plans, IRAs and other entities exempt from federal income taxation under Code Section 501(a) will be subject to taxation on their "unrelated business taxable income" ("***UBTI***") from all sources in any taxable year in which such income exceeds $1,000. The tax is imposed at such income tax rates as would be applicable to the organization if it were not otherwise exempt from taxation. If UBTI were earned by the Partnership (because, for example, it incurs debt that generates UBTI), a tax-exempt Partner's allocable share of such income (including any "unrelated debt-financed income") would be subject to tax. Moreover, if a tax-exempt Partner borrows any amount to fund its Partnership Interest, some or all of its distributive share of income from the Partnership could be taxable to such tax-exempt Partner (and which

could give rise to additional tax liability for certain limited categories of tax-exempt Partners). Prospective tax-exempt investors should consult with their tax advisers regarding the tax consequences of an investment in the Partnership.

Certain expenses (including the payment of fees to the General Partner) incurred by the Partnership may or may not be deductible (in whole or in part) for federal income tax purposes.

The extent, if any, to which the federal alternative minimum tax will be imposed on any Partner will depend on the Limited Partner's overall tax situation for the taxable year. Prospective investors should consult with their tax advisers regarding the alternative minimum tax consequences of an investment in the Partnership.

Partners (as well as the Partnership) may be subject to various state or local income taxes (including filing requirements).

Foreign Partners may be subject to tax withholding and reporting requirements. Prospective foreign investors should consult with their tax advisers regarding the tax consequences of an investment in the Partnership.

The IRS may audit the federal income tax or information returns filed by the Partnership. Adjustments resulting from any such audit may require each Limited Partner to adjust a prior year's tax liability and could result in an audit of the Limited Partner's own return. Any audit of a Limited Partner's return could result in adjustments of non-partnership items as well as partnership items. Partnerships are generally treated as separate entities for purposes of federal tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined at the partnership level in a unified partnership proceeding rather than in separate proceedings with the Limited Partners.
The Bipartisan Budget Act of 2015 applies to partnership tax return audits beginning with filings for the 2018 tax year, and is intended to substantially increase the number of partnership audits and to collect taxes, interest and penalties that flow from a partnership tax audit adjustment directly from an affected partnership. The Partnership Agreement designates the General Partner as the Partnership's "Tax Representative" with respect to tax audits and provide tax audit procedures that contemplate a "push out" allocation of any final tax adjustments to the persons who were Partners during the respective tax years under audit, even if they have previously fully withdrawn from the Partnership.

The Partnership has not sought a ruling from the IRS or any other federal, state or local agency with respect to any of the tax issues affecting the Partnership, nor has it obtained an opinion of counsel with respect to any tax issue.

Unless otherwise required by law, the Partnership will have the calendar year as its taxable year. However, because the taxable year of an entity treated as a partnership is determined under rules which take into account the taxable years of owners of interests in the entity, it is possible, subject to certain exceptions and transition rules, that the Partnership would be required to have a taxable year other than the calendar year. In this respect, the Partnership

may have a fiscal year for financial reporting purposes that differs from the year that the Partnership will use to report its income for federal income tax purposes. Prospective investors should consult their own tax advisors regarding the consequences of a taxable year other than the calendar year, and of any required changes in the Partnership's taxable year.

THE FOREGOING ANALYSIS IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. IT IS NOT POSSIBLE TO PREDICT THE EFFECT OF THE TAX LAWS ON EACH INDIVIDUAL INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR IS URGED TO SEEK, AND SHOULD DEPEND UPON, THE ADVICE OF HIS, HER OR ITS TAX ADVISOR WITH RESPECT TO AN INVESTMENT IN THE PARTNERSHIP INTERESTS.

ERISA CONSIDERATIONS

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE PARTNERSHIP OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA ISSUES AFFECTING THE PARTNERSHIP AND THE INVESTOR.

General

Persons who are fiduciaries with respect to a U.S. employee benefit plan or trust within the meaning of and subject to the provisions of ERISA (an "***ERISA Plan***"), an individual retirement account or a Keogh plan subject solely to the provisions of the Code[1] (an "***Individual Retirement Fund***") should consider, among other things, the matters described below before determining whether to invest in the Partnership. ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor ("***DOL***") regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, the risk and return factors of the potential investment, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan's funding objectives, and the limitation on the rights of Limited Partners to withdraw all or any part of their Interests or to transfer their Interests. Before investing the assets of an ERISA Plan in the Partnership, a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Partnership may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

Plan Assets Defined

ERISA and applicable DOL regulations describe when the underlying assets of an entity in which benefit plan investors ("***Benefit Plan Investors***") invest are treated as "plan assets" for

[1] References hereinafter made to ERISA include parallel references to the Code.

purposes of ERISA. Under ERISA, the term Benefit Plan Investors is defined to include an "employee benefit plan" that is subject to the provisions of Title I of ERISA, a "plan" that is subject to the prohibited transaction provisions of Section 4975 of the Code, and entities the assets of which are treated as "plan assets" by reason of investment therein by Benefit Plan Investors. Under ERISA, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan's assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. However, when an ERISA Plan acquires an "equity interest" in an entity that is neither: (a) a "publicly offered security"; nor (b) a security issued by an investment fund registered under the Investment Company Act, then the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an "operating company"; or (ii) the equity participation in the entity by Benefit Plan Investors is limited. Under ERISA, the assets of an entity will not be treated as "plan assets" if Benefit Plan Investors hold less than 25% (or such higher percentage as may be specified in regulations promulgated by the DOL) of the value of each class of equity interests in the entity. Equity interests held by a person with discretionary authority or control with respect to the assets of the entity and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of an entity will be treated as "plan assets" for purposes of ERISA. The Benefit Plan Investor percentage of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the DOL takes the position that a redemption of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests), thus triggering an application of the Benefit Plan Investor percentage of ownership test at the time of the redemption.

Limitation on Investments by Benefit Plan Investors

It is the current intent of the General Partner to monitor the investments in the Partnership to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% of the value of any class of the Interests in the Partnership (or such higher percentage as may be specified in regulations promulgated by the DOL) so that assets of the Partnership will not be treated as "plan assets" under ERISA. Interests held by the General Partner and its affiliates are not considered for purposes of determining whether the assets of the Partnership will be treated as "plan assets" for the purpose of ERISA. If the assets of the Partnership were treated as "plan assets" of a Benefit Plan Investor, the General Partner would be a "fiduciary" (as defined in ERISA and the Code) with respect to each such Benefit Plan Investor, and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. In such circumstances, the Partnership would be subject to various other requirements of ERISA and the Code. In particular, the Partnership would be subject to rules restricting transactions with "parties in interest" and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the Partnership obtained appropriate exemptions from the DOL allowing the Partnership to conduct its operations as described herein. The Partnership reserves the right to require the withdrawal of all or part of the Interest held by any Limited Partner, including, without limitation, to ensure compliance with the percentage limitation on investment in the Partnership by Benefit Plan Investors as set forth above.

Representations by Plans

An ERISA Plan proposing to invest in the Partnership will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Partnership's investment objectives, policies and strategies, and that the decision to invest plan assets in the Partnership was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA. WHETHER OR NOT THE ASSETS OF THE PARTNERSHIP ARE TREATED AS "PLAN ASSETS" UNDER ERISA, AN INVESTMENT IN THE PARTNERSHIP BY AN ERISA PLAN IS SUBJECT TO ERISA. ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE PARTNERSHIP.

ERISA Plans and Individual Retirement Funds Having Prior Relationships with the General Partner or its Affiliates

Certain prospective ERISA Plan and Individual Retirement Fund investors may currently maintain relationships with the General Partner or other entities that are affiliated with the General Partner. Each of such entities may be deemed to be a party in interest to and/or a fiduciary of any ERISA Plan or Individual Retirement Fund to which any of the General Partner or its affiliates provides investment management, investment advisory or other services. ERISA prohibits ERISA Plan assets to be used for the benefit of a party in interest and also prohibits an ERISA Plan fiduciary from using its position to cause the ERISA Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Similar provisions are imposed by the Code with respect to Individual Retirement Funds. ERISA Plan and Individual Retirement Fund investors should consult with counsel to determine if participation in the Partnership is a transaction that is prohibited by ERISA or the Code. The provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. The discussion of ERISA contained herein is, of necessity, general and may be affected by future publication of regulations and rulings. Potential investors should consult with their legal advisors regarding the consequences under ERISA of the acquisition and ownership of Interests.

None of the Partnership, the General Partner, the Investment Manager, or any of their respective affiliates has recommended the Interests as a suitable investment, provided investment advice to any current or prospective investor, or acted in a fiduciary capacity in connection with any determination to invest in the Partnership. Current and prospective investors are solely responsible, together with such advisors as they determine appropriate, to determine whether a proposed or current investment in the Partnership is appropriate for them.

RESTRICTIONS ON TRANSFER OF INTERESTS

The Partnership Interests offered hereby have not been registered under the Securities Act, in reliance upon the exemptions provided by the Securities Act and Regulation D thereunder, nor have the Interests been registered under the securities laws of any state in which they will be offered in reliance upon applicable exemptions in such states. Therefore, the Partnership Interests cannot be re-offered or resold unless they are subsequently registered under the Securities Act and any other applicable state securities laws or an exemption from registration is available under the Securities Act or such other laws. Pursuant to the terms of the Partnership's subscription agreement, Limited Partners will agree to pledge, transfer, convey or otherwise dispose of their Interests only in a transaction that is the subject of (i) an effective registration under the Securities Act and any applicable state securities laws or (ii) an opinion of counsel satisfactory to the Partnership to the effect that the registration of such transaction is not required. Accordingly, prospective investors in the Partnership must be willing to bear the economic risk of an investment in the Partnership for the period of time stipulated in the withdrawal provisions of the Partnership Agreement.

ADDITIONAL INFORMATION

Prospective investors should understand that the discussions and summaries of documents in this Memorandum are not intended to be complete. Such discussions and summaries are subject to and are qualified in their entirety by reference to such documents. The Partnership will deliver to any prospective investor, upon request, a copy of any and all such documents. The General Partner will afford prospective investors and their purchaser representatives the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and to obtain any additional information which the Partnership possesses or can acquire without unreasonable effort or expense.

PRIVACY NOTICE

ALPHA DIVERSIFIED FUND, LP

Current regulations require financial institutions (including investment funds) to provide their investors with an initial and annual privacy notice describing the institution's policies regarding the sharing of information about their investors. In connection with this requirement, we are providing this Privacy Notice to each of our investors.

We do not disclose nonpublic personal information about our investors or former investors to third parties other than as described below.

We collect information about you (such as name, address, social security number, assets and income) from our discussions with you, from documents that you may deliver to us (such as subscription documents) and in the course of providing services to you. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to firms that assist us in servicing your account and have a need for such information, such as the advisor, prime broker, distributor, legal counsel, fund administrator, auditors, or accountants. We do not otherwise provide information about you to outside firms, organizations or individuals except as required or permitted by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose.

The General Partner of Alpha Diversified Fund, LP
Alpha Diversified, LLC
1887 Gold Dust Lane, Suite 203A
Park City, Utah 84060