# Survivor & Thriver Fund, LP

A California Limited Partnership

## CONFIDENTIAL PRIVATE OFFERING MEMORANDUM

December 2021

THE LIMITED PARTNERSHIP INTERESTS OF SURVIVOR & THRIVER FUND, LP (THE "***FUND***") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "***SECURITIES ACT***"), OR THE SECURITIES LAWS OF ANY STATE. THE FUND IS NOT REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, OR THE SECURITIES LAWS OF ANY OF STATE. THIS OFFERING OF LIMITED PARTNERSHIP INTERESTS IS BEING MADE IN RELIANCE ON A REGISTRATION EXEMPTION UNDER THE SECURITIES ACT FOR OFFERS AND SALES OF SECURITIES WHICH DO NOT INVOLVE ANY PUBLIC OFFERING, AND UPON ANALOGOUS EXEMPTIONS UNDER STATE SECURITIES LAWS. THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE SECURITIES AND EXCHANGE COMMISSION AND NEITHER THAT COMMISSION NOR ANY STATE SECURITIES ADMINISTRATOR HAS PASSED UPON OR ENDORSED THE MERITS OF AN INVESTMENT IN THE FUND OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY INTERESTS IN THE FUND IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL. AN INVESTMENT IN THIS LIMITED PARTNERSHIP INVOLVES A SIGNIFICANT RISK OF LOSS. SEE "CERTAIN RISK FACTORS."

Recipient's Name _____ Memorandum No. _____

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THIS IS A PRIVATE OFFERING AVAILABLE ONLY TO INVESTORS WHO ARE (1) "ACCREDITED INVESTORS" AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933; AND (2) "QUALIFIED CLIENTS" AS DEFINED IN RULE 205-3 UNDER THE INVESTMENT ADVISERS ACT OF 1940. QUESTIONS IN THE SUBSCRIPTION AGREEMENT ARE INTENDED TO DETERMINE A SUBSCRIBER'S ELIGIBILITY UNDER EACH OF THESE CRITERIA.

THE LIMITED PARTNERSHIP INTERESTS OFFERED BY THIS MEMORANDUM MAY NOT BE TRANSFERRED EXCEPT WITH THE CONSENT OF THE GENERAL PARTNER AND EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE LAWS. SUCH CONSENT AND SUCH COMPLIANCE MAY BE UNLIKELY. FURTHER, WITHDRAWALS OF INVESTMENTS IN THE FUND ARE SUBJECT TO SIGNIFICANT RESTRICTIONS. AS A RESULT, AN INVESTOR MUST BE IN A POSITION TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE FUND FOR A SIGNIFICANT PERIOD.

PROSPECTIVE INVESTORS SHOULD NOT VIEW THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR INVESTMENT ADVICE. EACH INVESTOR SHOULD CONSULT HIS OR HER OWN COUNSEL, ACCOUNTANT OR FINANCIAL ADVISER AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE FUND.

THE INFORMATION IN THIS MEMORANDUM IS GIVEN AS OF THE DATE ON THE COVER PAGE, UNLESS ANOTHER TIME IS SPECIFIED. 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.

THE GENERAL PARTNER WILL PROVIDE THE RECIPIENT IDENTIFIED ON THE COVER OF THIS MEMORANDUM AND HIS OR HER AUTHORIZED REPRESENTATIVES WITH THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE GENERAL PARTNER CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION CONCERNING THIS OFFERING, TO THE EXTENT THE GENERAL PARTNER POSSESSES SUCH ADDITIONAL INFORMATION OR CAN OBTAIN IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR A SOLICITATION IN ANY STATE OR OTHER JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE ILLEGAL.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY FEDERAL OR STATE SECURITIES COMMISSIONS OR REGULATORY AUTHORITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT of 1933, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE

REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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**A** Limited Partnership Agreement

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## SUMMARY

This summary is qualified in its entirety by the remainder of this Memorandum, including the Fund's Limited Partnership Agreement (the "***Limited Partnership Agreement***") and the Subscription Agreement (the "***Subscription Agreement***") attached as **Exhibits A and B** to this Memorandum. Prospective investors should consult their own advisers to understand fully the consequences of an investment in the Fund. Unless otherwise defined herein, capitalized terms have the meanings assigned to them in the Limited Partnership Agreement.

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| **Fund, General Partner and Investment Manager** | Survivor &Thriver Fund, LP[1] is a California limited partnership (the "***Fund***"). Its general partner is JDP Capital Management, LLC (the "***General Partner***"), a Texas limited liability company. The General Partner is also the Fund's investment adviser (the "***Investment Manager***"). The General Partner is an "exempt reporting adviser" under Section 139.23 of the Texas Securities Act. The General Partner's principal is Jeremy K. Deal, who manages the Fund's securities portfolio on behalf of the General Partner.<br><br>*See "Management" at page 28.* |
| **Investment Objective and Strategy** | The Fund's objective is to seek to outperform the S&P 500 by investing in businesses with outsized and unrecognized earnings potential over a three to five-year time horizon. The Fund invests globally based on a company-specific "bottom up" research process and seeks to earn a return based on the appreciation of a business' fundamentals, including growth in earnings power. The Fund's investment strategy will typically involve a highly concentrated portfolio of ten positions or less. *See "Investment Objectives, Strategies and Policies" at page 15.* |
| **Risk Factors; Conflicts of Interest** | **The investment program of the Fund involves significant risks. *See "Certain Risk Factors" at page 14.*** A Limited Partner may incur losses, possibly including a loss of its entire investment. Certain conflicts of interest may arise between the General Partner and the Fund. *See "Potential Conflicts of Interest" at page 18.* |

[1] Prior to October 8, 2021, the Fund was known as J. Deal Partnership I, L.P.

**Subscriptions; Eligible Investors**

The General Partner may admit new limited partners to the Fund ("***Limited Partners***") as of the first business day of each quarter or at other times in its discretion. Persons interested in subscribing for an interest in the Fund should complete and return to the General Partner the Subscription Agreement attached as **Exhibit B** (the "***Subscription Agreement***").

Unless the General Partner approves an exception to one or more of these requirements, limited partnership interests may be purchased only by investors who are:

(1) "accredited investors" as defined in Regulation 501(a) of Regulation D under the Securities Act; and

***(2)*** "qualified clients" as defined in Rule 205-3(d) under the Investment Advisers Act of 1940 (the "***Advisers Act***").

The Subscription Agreement (**Exhibit B**) includes Questionnaires designed to determine a subscriber's eligibility under these tests.

The Fund may accept investments from plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***"), and from IRAs, Keoghs and similar non-ERISA plans.

*See "Admission of Partners" at page 35, and the Subscription Agreement.*

***For instructions on how to subscribe, see the first page of Exhibit B, entitled "Instructions to Subscription Agreement."***

**Minimum Investment**

The minimum initial Capital Contribution of a Limited Partner is $250,000, subject to the discretion of the General Partner to accept a lesser amount. *See "Admission of Partners" at page 35.*

**Capital Accounts**

Each Partner's Capital Account reflects the Partner's Capital Contributions and withdrawals, and the additional adjustments described below. Net Capital Appreciation or Net Capital Depreciation in the value of all Fund Assets is allocated among the Partners at the end of each Accounting Period (generally, the last day of each quarter) in proportion to the Partners' Capital Accounts as of the beginning of the Accounting Period. *See "Capital Accounts" at page 38.*

**Management Fee**

The General Partner will be paid, quarterly in advance, a management fee equal to 0.25% (equivalent to 1.0% per annum) of the Capital Account of each Limited Partner (the "***Management Fee***").

**Performance Allocation**

At the end of each fiscal year, the General Partner will be allocated 20% of the Net Capital Appreciation in each Limited Partner's Capital Account (the "***Performance Allocation***"), but only to the extent that such Net Capital Appreciation exceeds a return for the measurement period that is more than a 6.0% (annualized and non-cumulative) return for the year (the "***Hurdle Rate***"). A "high water mark" provision will require that any prior-period losses be offset against current-year gains when calculating the Performance Allocation.

The General Partner will also receive a Performance Allocation upon any withdrawal by a Limited Partner at other than a fiscal year end, as to the amount withdrawn, subject to the same Hurdle Rate (pro-rated). The General Partner may agree with any Limited Partner to change the percentage rate at which Performance Allocations are calculated for the Limited Partner.

*See "Performance Allocations" on page 39, and Section 3.5 of the Limited Partnership Agreement.*

**Designated Investments**

This section modifies other sections of this Confidential Private Offering Memorandum and each such section should be read in conjunction with the following.

As discussed herein, the Fund may invest up to 15% of the net assets of each Participating Limited Partner's (as defined below) Capital Account (measured at the time of investment) in designated investments ("***Designated Investments***"). For the avoidance of doubt, Designated Investments currently and may in the future include, without limitation, interests in special purpose vehicles, investment companies and investment funds formed and/or managed by third parties. The Investment Manager may, in its sole discretion, designate investments as Designated Investments at the time of purchase, or it may designate an existing investment as a Designated Investment if it reasonably believes such treatment is in the best interest of the Limited Partners. Each Limited Partner will choose whether it wants to participate in Designated Investments by selecting the appropriate option in the Fund's Subscription Agreement. Each Limited Partner who elects to participate in Designated Investments is referred to herein as a "***Participating Limited Partner***". Limited Partners will be permitted to change their election only with the consent of the General Partner, which may be withheld in its sole discretion.

In the event the Fund invests in any Designated Investments, the Fund will hold each such investment in a segregated account and each Participating Limited Partner will have a "***Designated Capital Account***" for each such Designated Investment. The portion of a Limited Partner's Capital Account that is not a Designated Capital Account is referred to herein as a "***Basic Capital Account***". Except as set out in this section, references herein to Capital Account shall include both Designated Capital Accounts and Basic Capital Accounts.

Only Limited Partners who were Participating Limited Partners at the time the Fund invested in a particular Designated Investment will be allocated the profits and losses from such Designated Investment. A Participating Limited Partner's interest in a particular Designated Investment will be based on the ratio that such Participating Limited Partner's Basic Capital Account bears to the sum of all Participating Limited Partners' Basic Capital Accounts (who have the capacity to invest in a particular Designated Investment) as of the date the Fund invests in such Designated Investment. No more than 15% of a Participating Limited Partner's Capital Account will be invested in Designated Investments (measured at the time of investment) (the "***15% Limit***"). If at the time the Fund invests in a particular Designated Investment a Participating Limited Partner's aggregate interest in Designated Investments equals or exceeds the 15% Limit, then such Limited Partner will not participate in the profits and losses from such

Designated Investment or in any future Designated Investment until its aggregate participation in Designated Investments falls below the 15% Limit.

If after the Fund invests in a particular Designated Investment the Fund acquires an additional Designated Investment substantially related to the particular Designated Investment (as determined by the Investment Manager in its sole discretion (hereinafter referred to as a "***Follow-Up Investment***")), the Investment Manager may, in its sole discretion, treat the Follow-Up Investment as relating to the original Designated Investment and thus allocate the Follow-Up Investment solely to the Designated Capital Accounts of the Participating Limited Partners who participated in the originally Designated Investment (subject to the Participating Limited Partners' 15% Limit on Designated Investments).

The Fund will value each Designated Investment at fair value in accordance with GAAP, until the Designated Investment is sold or the Investment Manager determines in its sole discretion, that an investment should no longer be considered a Designated Investment (a "***Deemed Liquidation***"). Designated Investments will be valued at fair value for purposes of calculating the Management Fee, and Management Fees (including any portion related to Designated Investments) will generally be paid out of each Participating Limited Partner's Basic Capital Account or, to the extent that the Participating Limited Partner has sufficient liquidity, out of each Participating Limited Partner's Designated Capital Account. For the avoidance of doubt, Participating Limited Partners will be subject to the Management Fee in respect of the fair value of their Designated Capital Accounts, as well as their Basic Capital Accounts. The Fund will allocate to the Participating Limited Partners' Designated Capital Accounts any cash flows derived from Designated Investments (*e.g.*, dividends and interest) and realized profits and losses from the sale or Deemed Liquidation of Designated Investments. Upon realization (or Deemed Liquidation) of the relevant Designated Investment, the Profit Allocation will be assessed in respect of the Designated Capital Account, without regard to the performance of the relevant Limited Partner's Basic Capital Account, other Designated Investments or any loss carryforward (e.g., there will be no "netting" in calculating the Profit Allocation in respect of a realized Designated Investment. As a result, Limited Partners may be subject to a Profit Allocation even in fiscal years in which their aggregate investment in the Fund is in a net loss position. Following the assessment of the Profit Allocation, the amounts remaining in the Designated Capital Account will be transferred to the relevant Limited Partner's Basic Capital Account.

Any Fund expense that relates specifically to a particular Designated Investment will be charged solely to the Designated Capital Accounts

of those Participating Limited Partners participating in such Designated Investment. The Investment Manager, in its sole discretion, will determine whether an expense relates specifically to a particular Designated Investment.

No voluntary withdrawals will be permitted from a Participating Limited Partner's Designated Capital Account. In the event a Participating Limited Partner has submitted a request to withdraw its entire Basic Capital Account, the General Partner may, in its sole discretion, determine not to allocate to such Participating Limited Partner an interest in any Designated Investments made after it receives the withdrawal request but before such Participating Limited Partner's Basic Capital Account has been completely withdrawn, and accordingly, such Participating Limited Partner would not participate in the profits and losses from the applicable Designated Investments.

The Fund will continue to hold Designated Investments in the Designated Capital Account of a Participating Limited Partner who has completely withdrawn its Basic Capital Account (*i.e.*, retired) and a retired Participating Limited Partner will continue to participate in the profits and losses from such Designated Investments until such investments are sold or a Deemed Liquidation.

With respect to a Participating Limited Partner who fully withdraws its Basic Capital Account but holds Designated Investments on the date of its retirement, the Performance Allocation will be made with respect to such Participating Limited Partner on each date that a Designated Investment is sold or a Deemed Liquidation. Thereafter, within 30 days after the Fund receives the proceeds from such sale (or within 30 days of a Deemed Liquidation, as applicable), the net proceeds (*i.e.*, net of the Management Fee, Performance Allocation, and any applicable expenses) will be paid to the retired Participating Limited Partner. If a retiring Participating Partner continues to participate in one or more Designated Investments, in the discretion of the General Partner, a portion of the withdrawal proceeds may be subject to a special reserve in a reasonable amount for funding expenses (including the Management Fee) attributable to such Designated Investments.

Following the date that the Fund invests in a Designated Investment, the General Partner may, in its sole discretion, form a special purpose or similar vehicle to hold the Designated Investment. In such an instance, Participating Limited Partners may be granted an opportunity to sell all or a portion of their indirect interest in such Designated Investment to investors in such special purpose vehicle. Regardless of whether a Participating Limited Partner elects to sell all or a portion of its indirect interest in a Designated Investment, it may choose to reset its 15% Limit

at the time the Designated Investment is transferred to the special purpose vehicle.

As described above, Designated Investments currently and may in the future include, without limitation, interests in special purpose vehicles, investment companies and investment funds formed and/or managed by third parties. Limited Partners who participate in any such Designated Investment will likely be subject to an additional layer of management and/or performance fees, as well as additional expenses. Further, such interests are often subject to significant liquidity restrictions. In addition, the Investment Manager will have no control over the operations of any such third party manager and therefore there is always the risk that the third party manager could misappropriate the Fund's assets or engage in other misconduct.

*See Section 3.8 of the Limited Partnership Agreement.*

**Expenses**

The Fund bears all expenses associated with its investment activities and operations, including brokerage commissions, banking and custody charges, interest and fees relating to borrowing, withholding taxes, expenses of research and data collection and analysis, costs of communicating with Limited Partners and legal, accounting, auditing, insurance, travel and organizational expenses of the Fund. The General Partner bears its own overhead costs, including office space and utilities costs and compensation of secretarial, clerical and other personnel. *See "Expenses" at page 30.*

**No Lockup Period; Year-End Withdrawals**

Subject to the restrictions described in "Designated Investment" on page 46, each Limited Partner may withdraw all or part of its Capital Account as of the last day of any fiscal year, on 60 days' written notice, or at other times with the consent of the General Partner. Unless the General Partner approves a smaller amount, a partial withdrawal must be at least $50,000. A withdrawal request that would reduce a Limited Partner's Capital Account to less than $250,000 or the amount of the Limited Partner's initial investment (whichever is less) may be treated as a request for complete withdrawal. Withdrawal payments may be made in cash or in kind.

Withdrawal payments will generally be made within 30 days after the effective withdrawal date. If, however, a Limited Partner requests withdrawal of more than 90% of its Capital Account, the General Partner may retain a portion of the withdrawal payment pending final reconciliation of valuations for the withdrawal date. The retention period will generally not exceed 90 days from the withdrawal date. No interest will be payable on the retained amount.

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| | The General Partner may require the involuntary withdrawal of a Limited Partner upon 30 days' prior written notice; provided that the notice period can be reduced to 5 days. The General Partner may suspend withdrawals if it determines that a withdrawal would significantly prejudice the non-withdrawing partners or on several other grounds.<br><br>*See "Withdrawals of Capital" at page 37, and see Article VI of the Limited Partnership Agreement.* |
| **Transfer of Interests** | Fund interests may be assigned or pledged only with the consent of the General Partner, which may be granted or withheld in the General Partner's sole discretion. All expenses incurred in connection with an assignment or pledge will be charged to the Capital Account of the Partner requesting such assignment or pledge. |
| **Distributions** | Except in connection with a withdrawal, the General Partner does not expect to make distributions to the Partners but nevertheless may do so at any time, in any amount, in cash or in kind. |
| **Term** | The Fund will continue until December 31, 2099 unless it is terminated sooner by the General Partner or otherwise as permitted under the Limited Partnership Agreement. The Fund will be terminated if the General Partner's principal, Jeremy K. Deal, ceases to be actively involved in the General Partner's business. The General Partner has arranged or will arrange for a person other than the General Partner or its principal to liquidate the Fund's portfolio in an orderly manner if the General Partner is not practically able to do so when dissolution occurs. If there is no General Partner, a liquidator will be selected by a majority in interest of the Limited Partners. |
| **Audits** | The books and records of the Fund will be audited annually by an independent accounting firm chosen by the General Partner. |
| **Reports** | Within 30 days after the end of each quarter, the Fund will provide each Partner with an unaudited performance summary. Within 120 days after the end of each fiscal year, the General Partner will supply each Limited Partner with a copy of the Fund's audited financial statements. The General Partner will also provide each Limited Partner with information necessary to prepare the Limited Partner's federal income tax returns. |
| **Sales Charges** | There will be no sales charges to Limited Partners in connection with the offering of interests. The General Partner, at its own expense, may agree to pay persons who introduce Limited Partners to the Fund. |

**Tax Matters**

Each Limited Partner otherwise subject to U.S. federal income tax will be required to include in its taxable income the Limited Partner's share of the Fund's income and gains, when realized by the Fund (regardless of cash distributions from the Fund to such Limited Partner), and may claim, to the extent allowable, the Limited Partner's share of the Fund's losses and deductions. A Limited Partner may recognize some combination of ordinary income or loss, short-term capital gains or losses and long-term capital gains or losses, depending on the results of the Fund's activities. Due to the nature of the Fund's activities, the Fund's income or loss for U.S. federal income tax purposes for a particular taxable period may differ substantially from its financial or economic results. The deductibility of a Limited Partner's share of any Fund losses or expenses may be limited.

U.S. investors who are exempt from U.S. federal income tax may nevertheless be subject to tax on a portion of the Fund's income derived from leveraged investments. In particular, charitable remainder trusts should consult with counsel before considering an investment in the Fund, since an investment in the Fund could have especially severe tax consequences for such an investor.

*See generally "Taxation" on page 48.*

Each prospective investor is urged to consult with his or her own tax adviser to fully understand the tax consequences and risks of an investment in the Fund.

**Privacy; Anti-Money Laundering Regulations**

The Fund's privacy policy is summarized under "Privacy Policy" at page 51. That policy is subject to the Fund's disclosure obligations under money-laundering and other anti-terrorism laws. *See "Anti-Money Laundering Regulations" at page 31, and the Anti-Money Laundering Questionnaire in the Subscription Agreement.*

## DIRECTORY

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|---|---|
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| **Custodian of Fund Assets** | Interactive Brokers<br>One Pickwick Plaza<br>Greenwich, CT 06830<br>Telephone: (203) 618-5800 |
| **Administrator** | Yulish & Associates<br>3600 S. Harbor Blvd., Suite 110,<br>PMB #118,<br>Oxnard, CA 93035<br>Attention: Joshua Sack<br>(415) 641-8600 phone<br>(866) 514-0105 fax<br>js@yulish.com |

### Investment Objective[2]

The Fund's objective is to seek to outperform the S&P 500 by investing in businesses with outsized and unrecognized earnings potential over a three to five-year time horizon. The Fund invests globally based on a company-specific "bottom up" research process and seeks to earn a return based on the appreciation of a business' fundamentals, including growth in earnings power. The Fund's investment strategy will typically involve a highly concentrated portfolio of ten positions or less. The Fund's strategy does not take into consideration market volatility or macro sentiment that the Investment Manager believes is unrelated to the long-term investment thesis of the Fund's individual holdings.

The Fund is focused on capturing the long-tail value creation potential of what the Investment Manager believes to be the top one-percent businesses within their respective industries or markets. Often this means investing well before a business has reached maturity and where the Investment Manager believes that the addressable market and/or competitive advantage is less obvious to the broader market.

The Fund will invest across the entire capital structure of businesses (*e.g.*, secured, unsecured, and mezzanine loans, etc.) and in businesses of all market capitalization sizes (*e.g.*, from small to large cap).

The Fund will engage in "short sales" transactions for speculative purposes but not generally for hedging purposes.

### Survivor & Thriver Company Criteria

The Fund's investment process is built on top of a simple, proprietary checklist around business quality that the Investment Manager calls the Survivor & Thriver Company Criteria. The checklist was implemented into the Fund's investment process in 2017 as a first-principles framework to help minimize mistakes of omission or selling an excellent business prematurely. This framework also helps identify potential mistakes or "red flags" missed in the quantitative elements of the Investment Manager's research process for businesses the Fund owns or for potential Fund investments. Although it is expected that the exact criteria will evolve and improve over time along with the Investment Manager's interpretation of the criteria, below is the Survivor & Thriver Company Criteria that is typically used today:

1) Business model that is adaptable and relevant in tomorrow's economy.

2) Durable pricing power protected by a growing competitive advantage.

3) Capital allocation and balance sheet strategy that supports a company's moat.

[2] Prior to October 2011, the Fund pursued an investment strategy primarily focused on micro-cap activism.

4) Significant alignment of interest between management and equity owners.

**Investment Strategies and Policies**

The Fund seeks to achieve its investment objective by identifying large gaps between accounting limitations and earning power of individual businesses over a multi-year time horizon.

The Fund seeks to manage risk by combining deep company-specific research and focusing on its best ideas.

The Fund often invests in businesses experiencing a major transition such as a secular shift, technological change, restructuring of ownership, restructuring of the balance sheet or change in strategic direction. The Fund's strategy focuses on businesses that can be considered out of favor today but have the potential to compound revenue and earnings growth over the Fund's time horizon and is not limited to activism.

While using leverage is not a core part of the Fund's investment strategy, the Fund uses leverage from time to time in the discretion of the Investment Manager and there are no limitations on the Fund's use of leverage.

*Investors should consider the additional risks associated with taking an active role in portfolio companies. See "Investment Risks Resulting from Control of Issuers" under "Certain Risk Factors" on page 18.*

The Fund typically holds large and concentrated positions in companies that meet the Survivor & Thriver Company Criteria. The Fund seeks to outperform the broader market by focusing on highly researched, well understood opportunities. The Investment Manager would rather concentrate on its best ideas where it understands the underlying value and opportunities rather than diversifying across multiple sectors just for the sake of doing so.

The Fund has no formal diversification requirements, and the Investment Manager anticipates that the Fund's portfolio will be highly concentrated as it believes that a concentrated portfolio of well-researched, well-understood, high-conviction investments offers enhanced opportunities for generating attractive returns. Additionally, there is no limit on the percentage of the Fund's portfolio that may be invested in the securities of any one issuer and it is possible that the percentage invested in a single issuer will rise after the investment is made (for example, because other Fund's investments are liquidated or decline in value as compared to that large single portfolio investment, or because that single investment rises in value more than the other Fund's investments).

The Fund primarily focuses on generating attractive long-term gains. The Investment Manager believes that by seeking to understand the intrinsic risks of a security and by looking beyond short-term volatility, the possibility of achieving this objective is increased. The Fund does not attempt to hedge most or all of the market risk inherent in its investments throughout a typical holding period. When appropriate, however, various hedging techniques may be used to seek to protect against catastrophic downside exposure and/or to lock in gains. This will generally take the form of short investments, options and derivative contracts or some combination thereof. The Fund's portfolio nevertheless may be entirely unhedged at any given time.

The Fund will also invest in less proven growth companies, traditional companies and distressed or "special situations" companies.

The Fund seeks long-term investors who recognize the significant return potential associated with the pursuit of the Fund's investment strategy. Long holding periods require the Fund to have a patient investor base. Although the Investment Manager intends to pursue the Fund's investment objectives without taking what it perceives to be undue risks, investment in the Fund is designed only for sophisticated investors who can afford a total loss of their investment. *See "Certain Risk Factors" at page 18.*

**Designated Investments**

The Fund may invest up to 15% of the net assets of each Participating Limited Partner's (as defined below) Capital Account (measured at the time of investment) in designated investments ("***Designated Investments***"). In the event the Fund invests in any Designated Investments, the Fund will hold each such investment in a segregated account, and each Participating Limited Partner will have a designated capital account (a "***Designated Capital Account***") for each such Designated Investments as described below. *See "Designated Investments" at page 46 for more information.*

**Other Investment Strategies and Policies**

Although the Fund is long-biased, the General Partner may engage in short selling, margin trading and the purchase and sale of equity options. Although the Fund will usually purchase common stocks, when deemed appropriate by the General Partner, the Fund may also invest in fixed income securities (e.g., money market instruments and municipal obligations) as a defensive measure to protect the Fund's assets. Depending on conditions and trends in securities markets, the Fund's assets may at times be fully invested in securities and at other times be held primarily in cash or cash equivalents. The Fund has broad and flexible investment authority and there can be no assurance that the Fund's investment objectives will be achieved. The Fund will also invest in digital assets (directly or indirectly).

Although the General Partner intends to pursue the investment strategies described above, the Limited Partnership Agreement does not expressly require it to do so. In order to maintain flexibility and to capitalize on investment opportunities as they arise, there are no specific limits on the types of securities or other instruments in which the Fund may invest, the types of positions it may take, the concentration of its investments (by country, sector, company or asset class), or the amount of leverage it may employ, including short sales. Accordingly, the Fund's investments at any time may include long or short positions in United States or non-United States publicly-traded or privately-negotiated (or restricted) common stocks, preferred stocks, stock warrants and rights, bonds, notes or other debentures or debt participations, fixed-income securities, convertible securities, partnership interests, swaps, options (including options written by the Fund) and other securities or financial instruments including those of investment companies. See, for example, "*Certain Risk Factors — Hedging Transactions*" at page 19, which lists certain securities that the Fund may purchase or sell for hedging and other purposes. More generally, see the broad definition of "Securities" in which the Fund may invest, set forth in section 1.4(a) of the Limited Partnership Agreement (**Exhibit A** to this Memorandum).

## CERTAIN RISK FACTORS

**There can be no Assurance that the Fund will Achieve its Investment Objective.** An investment in the Fund involves financial and other risks, including the risk of a loss of principal, and is suitable only for sophisticated investors for whom an investment in the Fund does not represent a complete investment program and who fully understand and are capable of bearing the risks of an investment in the Fund. Prospective investors should carefully review the risks involved in investing in the Fund and should evaluate the merits and risks of an investment in the Fund in the context of their overall financial circumstances. The following risk factors do not purport to be complete but should be considered carefully by investors.

**Business Dependent upon Key Individual.** The Limited Partners have no authority to make decisions on behalf of the Fund. The authority for all decisions is held by the General Partner. The Fund's success will depend principally on the skill and acumen of Jeremy K. Deal, the portfolio manager of the Fund. If Mr. Deal should cease to participate in the Fund's activities, the Fund's ability to select attractive investments and manage its portfolio would be severely impaired. The Fund would be dissolved and its portfolio positions would be liquidated, possibly at prices lower than could have been obtained if Mr. Deal had not departed.

**Investment and Trading Risks in General.** All investments risk the loss of capital. The Fund's program may not be successful, and investment results may vary substantially over time. The Fund may use such investment techniques as options, leverage, margin transactions and short sales, among others, which practices can, in certain circumstances, maximize the adverse impact to which the Fund may be subject.

**Investment Risks Resulting from Control of Issuers.** The General Partner contemplates that the Fund will often take investment positions in issuers that are sufficiently large that the Fund and/or the General Partner may be considered to be control persons of the issuer. In some cases, the General Partner's principal, Jeremy K. Deal, may become a director of the issuer. In each of these cases, certain additional risks will arise for the Fund and the General Partner because certain federal and state laws may impose additional obligations and liabilities on the General Partner and the Fund (though not on any Limited Partner). Among other risks, the Fund and the General Partner could be exposed to lawsuits brought by the issuer against them, including derivative lawsuits brought by shareholders of the issuer, lawsuits brought directly by investors, and lawsuits brought by other persons, including but not limited to employees, suppliers, customers or competitors of the issuer. The exposure of the Fund and the General Partner to such liabilities could substantially exceed the amount of the Fund's investment in such an issuer. The Fund will not obtain any insurance to cover such liabilities. Insurance or indemnification protection may be provided by such an issuer to the Fund or the General Partner or the General Partner's principal, but it is possible that no such protection will be provided or that it will be insufficient if it is provided.

Additionally, the Fund may be subject to certain securities laws restrictions which could affect both the liquidity of the Fund's interest in these issuers and the Fund's ability to liquidate such interest without adversely impacting the stock price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Securities Act of 1933, as amended, and the disclosure and related requirements of Sections 13 and 16 of the Securities Exchange Act of 1934, as amended

(the "**Exchange Act**"). In addition, to the extent that affiliates of the Fund or the Investment Manager are subject to such restrictions, the Fund, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Fund stands to benefit from such affiliate's stock ownership.

If the Fund, alone or as part of a group acting together for certain purposes, becomes the beneficial owner of more than 10% of certain classes of securities of a U.S. public company or places a director on the board of directors of such a company, the Fund may be subject to similar or additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act. Furthermore, the Fund may also be subject to similar or additional reporting requirements in non-U.S. jurisdictions where it holds significant positions in the securities of public companies in such jurisdictions.

**Investment Selection.** Fund investment decisions are based in part on information filed by the issuers of such securities with government regulators or made directly available to the General Partner by the issuers or through other sources. Although the General Partner evaluates all such information and seeks independent corroboration when the General Partner considers it appropriate and it is reasonably available, the General Partner is not in a position to confirm the completeness, genuineness or accuracy of such information and complete and accurate information is not always readily available.

**The General Partner Will Not Be Required to Provide Information on Specific Portfolio Investments.** Although the General Partner intends to maintain open communications with Limited Partners and will deliver periodic reports to Limited Partners, the General Partner is not required to disclose specific portfolio positions if the General Partner believes that disclosure could impair the Fund's ability to accumulate a desired position in a particular security.

**Concentration of Investments.** The Fund has no formal diversification requirements, and the General Partner intends to pursue a concentrated approach to portfolio management. Accordingly, the Fund's portfolio may not be diversified among a wide range of issuers, industries, geographic areas, capitalizations or types of securities and, as discussed above, may have significant, concentrated positions. As a result, the investment portfolio of the Fund may be subject to more rapid changes in value than would be the case if the Fund were required to maintain a wide diversification among issuers, industries, geographic areas, capitalizations or types of securities.

The Fund will not be subject to any significant limitations on the amount of Fund capital which may be committed to any one investment. Its objective will be to invest its capital in those situations which the Investment Manager believes will offer the greatest risk-adjusted returns. Accordingly, the Fund may from time to time hold a few, relatively large (in relation to its capital) securities positions, with the result that a loss in any such position could have a material adverse impact on the Fund capital.

**Special Situations**. The Fund will invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies 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 either will be unsuccessful, 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 Fund 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 Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

**Debt Securities.** The Fund will take positions in debt securities: (i) that rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets; and/or (ii) that are not protected by financial covenants or limitations on additional indebtedness. The Fund may also invest in securities which are moral obligations of issuers or subject to appropriations. The Fund will therefore be subject to credit and liquidity risks.

**Short Sales.** Although the Fund is long-biased, it may engage in "short sale" transactions. A short sale involves the sale of a security that the Fund does not own in the hope of purchasing the same security (or a security exchangeable for it) later at a lower price. Short selling can result in profits when the securities sold short decline in price. In a rising market, however, the Fund's short positions may be more likely to result in losses. A short sale involves the theoretically unlimited risk of an increase in the market price of the securities sold short. There can be no assurance that securities necessary to cover a short position will be available for purchase.

**Options.** The Fund has authority to invest in, or write, options. The purchaser of a put or call option can lose its entire investment in a relatively short period of time. The uncovered writer of a call option is subject to a risk of loss if the price of the underlying security increases, and the uncovered writer of a put option is subject to a risk of loss if the price of the underlying security decreases.

**Hedging Transactions.** The Fund is not required to hedge any of its positions, and its portfolio at any time may be partially or entirely unhedged. The Fund nevertheless may hedge individual securities or the entire portfolio as part of its trading and investment strategies. The success of the Fund's hedging transactions is subject to the movements of securities prices. The degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. The General Partner may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. Hedging transactions may also limit the opportunity for gain if the value of the portfolio positions should increase.

**Loans.** The Fund will invest in loans, including corporate secured, unsecured and mezzanine loans acquired through purchase agreements with originators, assignments, or participations in loans ("***Participations***"). In purchasing Participations, the Fund will usually have a contractual relationship only with the selling institution, and not the borrower. The Fund generally will have: (i) no right to directly enforce compliance by the borrower with the terms of the loan agreement; (ii) no rights of set-off against the borrower; and (iii) no right to object to certain changes to the loan agreement agreed to by the selling institution. The Fund may not

directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

The loans acquired by the Fund may be unsecured or undersecured. In addition, in the event of the insolvency of the selling institution, under the U.S. laws, the Fund may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, a secured loan. Consequently, the Fund may be subject to the credit risk of the selling institution as well as of the borrower. Certain of the secured loans or loan participations may be governed by the law of a jurisdiction other than the United States, which may present additional risks as regards to the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

**Loans; Assignments and Participations**. The Fund will invest in syndicated loans and other types of loan products, which include interests in loans to companies or their affiliates undertaken to finance a capital restructuring or in connection with recapitalizations, acquisitions, leveraged buyouts, refinancings or other financially leveraged transactions, as well as loans that are designed to provide temporary or bridge financing to a borrower pending the sale of identified assets, the arrangement of longer-term loans or the issuance and sale of debt obligations. The Fund may also invest in collateral on financial instruments, including interests on whole commercial, consumer and other loans and lease contracts. These loans, which may bear fixed or floating rates, will generally have been arranged through private negotiations between a corporate borrower and one or more financial institutions ("***Lenders***"), including banks. The Fund's investment may be in the form of participations in loans ("***Participations***") or of assignments of all or a portion of loans from third parties ("***Assignments***").

In certain cases, the rights and obligations acquired by the Fund through the purchase of an Assignment may differ from, and be more limited than, those held by the assigning selling institution. Assignments are sold strictly without recourse to the selling institutions, and the selling institutions will generally make no representations or warranties to the Fund about the underlying loan, the borrowers, the documentation of the loans or any collateral securing the loans.

The Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the Lender selling the Participation, and only upon receipt by the Lender of the payments from the borrower. In connection with purchasing Participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan or any rights of set-off against the borrower, and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. Thus, the Fund will assume the credit risk of both the borrower and the Lender that is selling the Participation. In addition, in connection with purchasing Participations, the Fund generally will have no role in terms of negotiating or effecting amendments, waivers or consents with respect to the loans underlying the Participations. In the event of the insolvency of the Lender, the Fund may be treated as a general creditor of the Lender and may not benefit from any set-off between the Lender and the borrower.

Investments in Participations and Assignments involves additional risks, including the risk of nonpayment of principal and interest by the borrower, the risk that any loan collateral may

become impaired and that the Fund may obtain less than the full value for the loan interests sold because they may be illiquid. Purchasers of loans depend primarily upon the creditworthiness of the borrower for payment of interest and repayment of principal. If scheduled interest or principal payments are not made, the value of the instrument may be adversely affected.

Investments in loans through direct assignment of a financial institution's interests with respect to a loan may involve additional risks. For example, if a loan is foreclosed, the Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, the Fund could be held liable as a co-lender.

A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless under the terms of the loan or other indebtedness the Fund has direct recourse against the borrower, the Fund may have to rely on the agent to apply appropriate credit remedies against a borrower. If assets held by the agent for the benefit of the Fund were determined to be subject to the claims of the agent's general creditors, the Fund might incur certain costs and delays in realizing payment on the loan or loan participation and could suffer a loss of principal or interest.

Interests in loans are also subject to additional liquidity risks. Loans are generally subject to legal or contractual restrictions on resale. In addition, loans are generally not listed on any securities exchange or automatic quotation system, but are traded by banks and other institutional investors engaged in loan syndication. As a result, no active market may exist for some loans, and to the extent a secondary market exists for other loans, such market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Consequently, the Fund may have difficulty disposing of Assignments or Participations in response to a specific economic event, such as deterioration in the creditworthiness of the borrower, which can result in a loss. In these market situations, it may be more difficult for the Fund to assign a value to Assignments or Participations when valuing the Fund's securities and calculating its assets.

**Small to Large Capitalization Companies**. The Fund may invest a portion of its assets in the stocks of companies with small-to large-sized market capitalizations. While the Investment Manager believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

**Expenses May Be High Relative to Assets.** The expenses of organizing and operating the Fund may exceed its income, thereby requiring that the difference be paid out of the Fund's capital, reducing the Fund's investments and potential for profitability. This will be particularly true if the Fund has limited capital.

**Limited Liquidity of Investment in the Fund.** An investment in the Fund is suitable only for sophisticated investors who have no need for liquidity in their investment. Fund assets may, at any given time, be invested in certain illiquid securities for which the number of potential purchasers and sellers, if any, is very limited. Fund assets may also, at any given time, include

securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.

The Fund also may take positions in particular securities that are relatively large as compared to trading volumes or overall market capitalization. This factor may have the effect of limiting the availability of these securities for purchase by the Fund and may also limit the ability of the Fund to sell such securities at their fair value or in response to changes in the economy or financial markets. Due to securities regulations governing certain publicly traded equity securities, that ability could also be diminished with respect to equity holdings that represent a significant portion of the issuer's voting securities (particularly if the Fund has designated one or more directors).

**Limited Withdrawal and Transfer Rights**. Limited Partners are limited in their ability to make withdrawals as withdrawals are generally permitted only on the last day of a fiscal year, upon 60 days' prior notice. Also, the Fund may pay withdrawal proceeds in whole or in part by the transfer of assets or may establish a liquidating trust, account or entity to hold the relevant investments until they are liquidated at a later date. As such, a Limited Partner may not receive cash proceeds on withdrawal or in the event that the Fund is terminated or may not receive cash proceeds in a timely manner. *See "Withdrawals of Capital" at page 28*. Furthermore, a Participating Limited Partner may not withdraw any portion of its Designated Capital Accounts. Limited Partners may only transfer their interests in the Fund with the written consent of the General Partner. Accordingly, only investors willing to give up significant access and control over their funds should acquire interests in the Fund.

**Designated Investments and Designated Investments of Public Companies.** The Fund may invest in Designated Investments and restricted securities of public companies. Investments in the private securities of companies at various stages in their development, and in restricted securities of public companies, involve a high degree of business and financial risk. Private companies with limited operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses. Although the Investment Manager may seek protective provisions in connection with certain of its private investments, to the extent the Fund takes minority positions in companies in which it invests, the Investment Manager may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies. The use of leverage by private companies may increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event any such company cannot generate adequate cash flow to meet debt service or operating expenses, the Fund may suffer a partial or total loss of capital invested in the company, which, depending on the size of the Fund's investments, could adversely affect the return on the capital of the Fund.

**Digital Assets; Risks Generally.** Digital assets, and the use of digital assets to buy and sell goods and services, are relatively new and rapidly evolving concept. Digital assets, which include digital currencies and digital tokens, are based on computer-generated mathematical and/or cryptographic protocol. These digital assets are transferred over decentralized networks, where each transaction is recorded in a "blockchain." A blockchain is a digital ledger that records transactions on multiple computers, which collectively constitute that digital asset's network. This method of recordkeeping alleviates the need for a single, trusted third party intermediary because participants of that particular digital asset's network can each individually act as a steward or record-keeper for the entire blockchain. Once a transaction is recorded in the blockchain, that transaction is theoretically immutable and cannot be reversed due to the cryptographic nature of the recordkeeping and the decentralized nature of the network.

The growth of digital assets in general is subject to a high degree of uncertainty. The factors affecting their further development, include (i) their continued worldwide growth, adoption and use; (ii) government and quasi-government regulation of the use, creation and offering of digital assets, as well as restrictions on and regulation related to the operation of and access to a digital asset's network; (iii) changes in consumer demographics and public tastes and preferences; (iv) the maintenance and development of the open-source software protocol of a digital asset's network; (v) the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using digital assets; (vi) general economic conditions and the regulatory environment relating to digital assets; and (vii) the negative perception of digital assets generally, including the use of digital assets to buy illicit goods and services.

At least initially, to the extent the Fund holds digital assets directly, the Fund's custody arrangements will not comply with Rule 206(4)-2 of the Advisers Act because custody of certain of the Fund's assets will be maintained on cryptocurrency exchanges, with the General Partner in digital wallets or otherwise. With respect to any such digital wallets, the General Partner is responsible for taking such steps as it determines, in its sole judgment, to be required to maintain access to these keys, and prevent their exposure from hacking, malware and general security threats. However, the General Partner is not liable to the Fund or to Limited Partners for the failure or penetration of the security system absent gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. In addition, the General Partner is unable to prevent any cryptocurrency exchanges from being hacked or otherwise. To the extent that the security system or any cryptocurrency exchange is penetrated, any loss of the Fund's investments may adversely affect a Limited Partner's investment, and could result in total loss of capital.

**Risk Associated with Investments in Exchange-Traded Funds (ETFs).** The Fund may invest in exchange-traded funds (ETFs). ETFs are funds that track a particular basket or index of securities traded on a public exchange. In this manner, ETFs are similar to open-ended index mutual funds. However, ETFs are traded like stocks on stock exchanges such as the American Stock Exchange. Although investments in mutual funds and ETFs are subject to similar risks, ETFs have certain unique risks not shared by mutual funds. Some of the risks of investments in stock funds, including ETFs, include the following:

1. **Stock Fund Trading.** It is possible for the value of stock funds to fall or to rise more slowly than the stock market as a whole, even when stock prices in general are rising. Risk is also involved in fund selection. Unlike open-ended mutual funds, ETFs may

potentially trade above or below the value of their underlying portfolios. While most ordinary mutual funds can only be bought or sold at the end of the day at the calculated net asset value of the fund, ETFs may be purchased or sold throughout the day at prices that are not guaranteed to match the underlying value of the stocks in the portfolio. Accordingly, the Fund could be exposed to corrective forces if it inadvertently purchases an ETF at a premium (or sells short an ETF at a discount) to its underlying market value.

**2. General Risks.** An investment in stock funds comprised of publicly traded stocks are subject to the risks that impact the portfolio of underlying stock, including market risks resulting from such factors as economic and political developments, changes in interest rates and perceived trends in stock prices. In addition, investment techniques such as short selling and margin debt may be used with ETFs, which would expose the Fund to the risks associated with those investment techniques. Unlike with mutual funds, however, ETFs are completely transparent in that the investor will know the composition and relative weighting of the fund's underlying securities.

**3. Distributions from Funds.** The tax regulations pertaining to stock funds generally cause them to distribute their taxable gains in the form of a dividend near year-end (although, because ETFs generally have a lower portfolio turnover than mutual funds, ETFs are expected to produce comparatively fewer gain-generating transactions). The share price of the stock fund would generally drop by a corresponding amount on the ex-dividend date of the distribution. Such distributions are made on a *pro rata* basis without regard to the actual gains or losses an individual fund shareholder may have sustained. Accordingly, investors who have real economic gain less than the amount of the dividend may then have a motivation to sell those mutual fund shares to claim the drop in share price as a capital loss and thereby offset the income distribution. The further complication is that wash sale rules require that the investor not re-invest for 31 days in order to claim the capital loss deduction. Accordingly, tax strategies employed by other investors may increase the price volatility of mutual fund shares and of securities owned by such funds at times near to the distribution of such a dividend. Similarly, the Fund may elect to manage its taxable income by avoiding certain mutual funds during their income distributions, thereby introducing an additional element of risk into its timing models.

**Custody, Brokerage and Other Arrangements.** In selecting brokers or dealers to effect portfolio transactions, the General Partner need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The General Partner may cause commissions to be paid to a broker or dealer that furnishes or pays for research or brokerage services or products at a higher rate than that which might be charged by another broker or dealer for effecting the same transaction. Research or brokerage services or products obtained by the use of commissions arising from Fund portfolio transactions may be used by the General Partner in its other investment activities, and, therefore, the Fund may not, in any particular instance, be the direct or indirect beneficiary of the research, services or equipment provided. *See "Brokerage Arrangements – Soft Dollars" at page 31.* In respect of the custodial arrangements of digital assets, please see "Digital Assets; Risks Generally" above.

The Fund maintains custody accounts with Interactive Brokers or, at any time, with affiliates of the Interactive Brokers. Although the Investment Manager monitors Interactive

Brokers and believes that they or their affiliates are appropriate custodians, there is no guarantee that the Interactive Brokers, or any other custodians that the Fund may use from time to time, will not become insolvent. While both the Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Fund assets, the Fund would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both.

The Fund and/or Interactive Brokers may appoint sub-custodians in certain non-United States jurisdictions to hold the assets of the Fund. Interactive Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-United States jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections which would normally be provided to a Fund by a custodian will not be available to the Fund. Custody services in certain non-United States jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-United States jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy in certain non-United States jurisdictions, the ability of the Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy would be in doubt.

**General Risks of Foreign Investments.** The Fund presently intends to invest substantially all of its assets in equity securities of U.S. companies. The Fund nevertheless has authority under the Limited Partnership Agreement to invest in securities of foreign companies, which are generally denominated in U.S. or foreign currencies and involve unusual risks not typically associated with investing in United States companies. If the Fund makes such investments, it may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may differ favorably or unfavorably from the United States economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects.

With respect to some foreign countries, there is the possibility of expropriation or confiscatory taxation, limitations on the removal of funds or other assets of the Fund's accounts, political or social instability, or diplomatic developments that could materially and adversely affect the value and marketability of the Fund's investments in those countries.

The securities of non-U.S. issuers held by the Fund are generally not registered under, nor are the issuers thereof subject to the reporting requirements of, the U.S. securities laws and regulations. Accordingly, there may be less publicly available information about the securities and about the foreign company or government issuing them than is available about a U.S. domestic company or government entity. Foreign companies are not generally subject to accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Further, foreign government supervision of stock exchanges, securities brokers and issuers of securities is generally less stringent than supervision in the U.S. These investments may also be subject to withholding taxes imposed by the applicable country's taxing authority.

**Currency Risks**. The Fund's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

**General Partner's Right to Dissolve the Fund.** The General Partner may at any time dissolve the Fund on notice to the Limited Partners. Accordingly, there is a risk that if the Fund's assets become depleted or unrecouped losses become significant – or even if the Fund experiences gains but they fall short of the Threshold Return – and, as a result, the Performance Allocation is reduced or eliminated, the General Partner may elect to dissolve the Fund at a time when dissolution may be disadvantageous to the Limited Partners and distribute its remaining assets.

**Tax-Exempt Investors.** Certain prospective Limited Partners may be subject to federal and state laws, rules and regulations which may regulate their participation in the Fund, or their engaging directly, or indirectly through an investment in the Fund, in investment strategies of the types which the Fund may utilize from time to time. Prospective Limited Partners should consult with their own advisers as to the advisability and tax consequences of an investment in the Fund. Since the Fund is permitted to borrow, tax-exempt Limited Partners may incur income tax liability to the extent of their share of the Fund's "unrelated business taxable income." *In particular, charitable remainder trusts should consult with counsel before considering an investment in the Fund, since an investment in the Fund could have especially severe tax consequences for such an investor.*

**Absence of Regulatory Oversight.** Although the Fund may be considered similar to an investment company, it is not required to and does not intend to register as such under the Investment Company Act of 1940 (the "***Investment Company Act***") or any analogous law in any jurisdiction. Accordingly, certain provisions of the Investment Company Act (which, among other things, require investment companies to have a certain number of disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and be clearly marked to identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable.

**Performance Allocation Creates Incentive to Make Riskier Investments; All Fees Set Without Negotiation.** The allocation to the General Partner of a percentage of each Limited Partner's Net Capital Appreciation for a fiscal year or other measurement period may create an incentive for the General Partner to cause the Fund to make investments that are riskier or more speculative than would be the case if this special allocation were not made. In addition, since the General Partner's Performance Allocation is calculated on a basis which includes unrealized appreciation of the Fund's assets, such allocation may be greater than if it were based solely on realized gains. If the General Partner's Performance Allocation reflects unrealized portfolio gains that subsequently shrink, or turn to losses, by the time the portfolio positions are liquidated, the General Partner will not be required to return any part of its Performance Allocation based on those unrealized gains. The Performance Allocation and the Management Fee were set by the General Partner without negotiations with any third party. It is possible that other investment advisers would perform the same services for smaller compensation than the General Partner and the

Investment Manager will receive under the Limited Partnership Agreement. *See "Performance Allocation" at page 39.*

**Distributions in Kind.** The General Partner does not currently intend to, but may, in its discretion, distribute securities or other property of the Fund in lieu of cash.

**Possible Effect of Substantial Withdrawals from Capital Accounts.** Substantial withdrawals of capital could require the Fund to liquidate investments more rapidly than otherwise desirable to raise the necessary cash to fund the withdrawals and to achieve a market position appropriately reflecting a smaller equity base. This could adversely affect the value of interests in the Fund. *See "Withdrawals of Capital" at page 37, and Section 6.3 of the Limited Partnership Agreement.*

**Valuation.** The valuation procedures of the Fund provide that the fair value of the Fund's investments ordinarily will be the value determined by the Fund in accordance with the Fund's own valuation policies. If such valuations are inaccurate for any reason, the net asset values of the Fund and Interests will also be inaccurate.

**No Diversification.** The Fund expects to invest all or substantially all of its assets in a highly concentrated portfolio of ten positions or less. Losses incurred on those investments could have a material adverse effect on the Fund's overall financial condition. This is because the value of Interests will be more susceptible to any single occurrence affecting the Fund than would be the case with a more diversified investment portfolio.

**Limited Liquidity.** An investment in the Fund is suitable only for sophisticated investors who have no need for liquidity in their investment. It is not anticipated that there will be an active secondary market for the Interests, and it is not expected that such a market will develop. Interests are not transferable without the approval of the General Partner. Consequently, Limited Partners may not be able to dispose of their Interests except by means of withdrawal. Withdrawals of Interests are subject to (among other things) the liquidity of the Fund's investments. Such investments should be considered by Limited Partners as illiquid.

**Side Letters.** From time to time the Fund may enter into agreements ("***Side Letters***") with certain prospective or existing holders of Interests which provide such Limited Partners with rights which are additional to and/or different from the rights provided to other Limited Partners. Such rights may include rights with respect to access to information and preferential withdrawal rights. In general, the Fund will not be required to notify any other Limited Partners of any such Side Letters or any of the rights and/or terms or provisions thereof. Nor will the Fund be required to offer such additional and/or different rights and/or terms to any or all of the other Limited Partners.

**Accounting for Uncertainty in Income Taxes**. The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("***ASC 740***") (formerly known as "FIN 48"), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. A prospective Limited Partner should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Fund, including reducing the net asset

value of the Fund to reflect reserves for income taxes that may be payable in respect of prior periods by the Fund. This could adversely affect certain Limited Partners, depending upon the timing of their purchase and withdrawal of interests in the Fund.

**Potential Conflicts of Interest**

**The General Partner or its Principal May Be Compensated by Portfolio Companies.** The General Partner is compensated by the Fund for managing its investment portfolio, and in that capacity is not required or expected to perform any services for portfolio companies. In some cases, the General Partner's principal may seek or be asked to join the board of directors of a portfolio company, in which case he may become entitled to compensation on the terms and conditions applicable to outside directors of the company. In still other instances, the services of the General Partner or its principal to a portfolio company may be more extensive, in which case the General Partner or its principal may be paid cash, equity or other compensation for such services, in such amounts as may be negotiated with the portfolio company. Neither the Fund nor any Limited Partner will share in any such compensation. The General Partner will endeavor to negotiate any such agreements in good faith with the objective that any such compensation will fairly reflect the value of the services to be rendered to the portfolio company. It is nevertheless possible that such a compensation arrangement will result in the General Partner or its principal receiving more compensation for such services than the portfolio company would have been required to pay to another service provider. This may be more likely to occur if the Fund's investment in the portfolio company is very substantial, and especially when the Fund has control of the portfolio company.

**Time and Commitment; Other Activities.** Each of the General Partner and the Investment Manager will use its best efforts in connection with the purposes and objectives of the Fund and will devote so much of its time and effort to the affairs of the Fund as may, in its sole judgment, be necessary and appropriate to accomplish the purposes of the Fund. The General Partner, the Investment Manager and their respective directors, members, partners, shareholders, managers, officers, employees, agents, affiliates and representatives (collectively, the "***Affiliated Parties***") may conduct any other business, including any business within the financial industry, whether or not such business is in competition with the Fund. Without limiting the generality of the foregoing, any of the Affiliated Parties may: (i) act as general partner, investment adviser or investment manager for others; (ii) manage funds, separate accounts or capital for others; (iii) have, make and maintain investments in its own name or through other entities; and (iv) serve as an officer, director, consultant, partner or stockholder of one or more companies, investment funds, partnerships, securities firms or advisory firms. Further, the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which the Fund invests, as well as interests in investments in which the Fund does not invest.

**Allocation of Investment Opportunities.** Any entities and/or accounts (excluding the Fund) that are sponsored and/or managed by any of the Affiliated Parties in the future (collectively, "***Other Clients***") may have investment objectives or may implement investment strategies similar or different to those of the Fund. In that regard, the Fund's portfolio and the portfolio of any of the Other Clients may at times trade differently from each other because of, among other things, differences in their respective strategies (including, without limitation, the use of leverage and portfolio concentration levels), applicable investment restrictions, liquidity profiles, cash flows, the amount of capital available for investment, preservation of capital for other investment

opportunities, current portfolio compositions and risk management considerations, tax considerations, the need for cash to satisfy expenses and/or other considerations or parameters. Accordingly, the Affiliated Parties may give advice or take action with respect to any Other Clients that differs from the advice given with respect to the Fund. For example, there may be times where the Fund: (i) does not establish a position that is in the portfolio of one or more Other Clients; or (ii) maintains or increases a position that is being covered or reduced in the portfolio of one or more Other Clients. To the extent a particular investment is suitable for both the Fund and any Other Clients, such investment will be allocated between the Fund and the participating Other Client(s) pro rata based on assets under management or in some other manner which the Investment Manager determines is fair under the circumstances to all of its participating clients, including the Fund. From the standpoint of the Fund, simultaneous identical portfolio transactions for the Fund and one or more Other Clients may tend to decrease the prices received, and increase the prices required to be paid, by the Fund for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Fund and the participating Other Client(s) in a fair manner as determined by the Investment Manager. However, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Fund for the same investment positions to be taken or liquidated at the same time or at the same price.

## MANAGEMENT

The Fund is managed solely by the General Partner, JDP Capital Management, LLC, a Texas limited liability company, which also serves as the Fund's Investment Manager. The General Partner is an "exempt reporting adviser" under Section 139.23 of the Texas Securities Act, a registration exemption available to investment advisers whose only clients are "private funds" and who satisfy certain other requirements. Prior to January 1, 2019, the General Partner was a California limited liability company bearing the same name, which was an "exempt reporting adviser" under California law. Pursuant to Section 6.2(b) of the Fund's Limited Partnership Agreement, the General Partner was appointed by the California limited liability company to replace the California limited liability company as the General Partner, effective January 1, 2019, and the California limited liability company was terminated as of the last day of 2018. This transition did not result in any change in the ownership, control or management of the General Partner.

Capital contributions made by the General Partner will be generally on the same basis as Capital Contributions made by Limited Partners, except that no Performance Allocation or other fee will be charged to the General Partner. Nor will any direct investment in the Fund made by the General Partner's principal, Jeremy K. Deal, be subject to a Performance Allocation or other fee. Persons other than Mr. Deal who may invest in the General Partner may also invest directly in the Fund. The General Partner has authority to impose a Performance Allocation on the Fund investments of such persons, though it also has authority to reduce or eliminate the Performance Allocation on such investments. The General Partner will maintain the lesser of 1% of the Capital Accounts or $100,000 as a reserve.

The General Partner is managed by its principal, Jeremy K. Deal, who will be primarily responsible for Fund investment activities (see "Investment Objectives, Strategies and Policies" at page 12). Set forth below is certain biographical information for Mr. Deal.

**Jeremy K. Deal**

Jeremy Deal is the Manager of the General Partner. He is an American businessman and investor with 19 years of experience in global business, management, strategy, entrepreneurship, mergers and acquisitions and investing. One of his greatest strengths is his unique and diverse background.

Jeremy is the founder and Chief Investment Officer of JDP Capital Management LLC, the General Partner of Survivor & Thriver Fund, LP. The purpose of the Fund is to compound multi-generational capital for its limited partners by making long term investments in businesses with significant unrecognized earning potential. Since launching in October 2011, Survivor & Thriver Fund, LP has compounded by approximately 20% annually on a gross basis.

Prior to forming the General Partner and its predecessor, JDP Management, Inc., Jeremy was a manager and investor in Secure Wireless Inc. from 2002 to 2008. Secure Wireless is a designer and manufacturer of wireless sensors sold to professional dealers of home security systems. During his tenure, Secure Wireless was successful in leveraging its brand to become one of the largest OEM suppliers of wireless devices in the industry with customers including Tyco International and GE Security. In 2006 Secure Wireless was sold to Nortek Inc., a portfolio company of T.H. Lee Partners. Before Secure Wireless, Jeremy was a manager of International Business Development in the Home Controls division of Honeywell International.

Jeremy earned a B.S. in International Business Management from U.S. International University in San Diego, CA.

The General Partner may appoint other personnel in the future to assist in managing all or part of the Fund assets.

## FEES AND EXPENSES

**Management Fee.** The General Partner receives an asset-based management fee (the "***Management Fee***") equal to 0.25% (equivalent to 1.0% per annum) of the Capital Account of each Limited Partner as of the opening of business on the first day of each calendar quarter. For the purpose of calculating the Performance Allocation (see page 30), Net Capital Appreciation or Net Capital Depreciation reflects a deduction of Management Fees paid by the Limited Partner during the measurement period. If the Fund is not in existence for the entire quarter, the Management Fee for such quarter will be prorated. The quarterly Management Fee charged on capital contributed on a day other than the first day of the quarter will be adjusted *pro rata* for the number of days remaining in the quarter. A pro rata portion of a Management Fee paid or payable for a quarter will be promptly refunded if all or a portion of the Limited Partner's Capital Account is withdrawn during the quarter. The General Partner may waive or reduce the Management Fee (or any other fee) due from any Limited Partner, and may pay all or part of the Management Fee

to third parties for services rendered in connection with the placement of interests in the Fund. *See page 46 for more information regarding the Master Fund in respect of Designated Investments.*

The General Partner also receives the Performance Allocation described under "Performance Allocation" at page 39.

**Expenses.** In consideration for the Management Fee, the General Partner bears its own overhead costs, including office space and utilities costs and compensation of secretarial, clerical and other personnel. The Fund is responsible for all expenses associated with the Fund's organization, investment activities and operations, including, without limitation, brokerage commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, bank service fees, research expenses, expenses of data collection and analysis, costs of any outside appraisers, accountants, attorneys or other experts or consultants engaged by the General Partner in connection with specific transactions, any legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against the Fund or the General Partner in connection with the affairs of the Fund, legal, accounting, auditing and tax services and fees, withholding and transfer fees, clearing and settlement charges, and any other expenses related to the purchase, sale or transmittal of investments. The General Partner has discretion to bear any expense that would otherwise be borne by the Fund. *See "Designated Investments" at page 46.*

*See Section 3.2 of the Limited Partnership Agreement.*

## ADMINISTRATOR

The Fund has entered into an administration agreement ("***Administration Agreement***") with the administrator named in the Directory (the "***Administrator***"). The Administrator will perform certain administrative services on behalf of the Fund, including tracking investors' capital balances, calculating returns and computing compensation payable to the General Partner. For its services, the Administrator will be paid its customary rates for providing similar services.

The Administrator is not affiliated with the Fund or the General Partner and will not be deemed for any purpose to be an owner, shareholder, director, officer, member, operator, manager, agent, employee, partner or joint venturer of the Fund or the General Partner. It has not participated in the preparation of this Memorandum and is not responsible for the accuracy or adequacy of any disclosures concerning the Fund. The Administrator makes no representation as to the propriety of an investment in the Fund. Its awareness that a person has invested in the Fund will not signify the Administrator's belief that such investment is appropriate or suitable for the person.

The Administrator is authorized to rely on any written or oral information provided to it by the General Partner or its agents, a Fund broker or custodian, or any other person who the Administrator reasonably believes has been authorized to provide the information. The Administrator has no duty to verify, investigate or confirm the authenticity, accuracy or completeness of any such information. No person should assume that the Administrator has verified, investigated or confirmed any information presented in any report that the Administrator may prepare or review on behalf of the Fund. Nor is the Administrator required to review, monitor,

analyze or otherwise ensure compliance by the Fund or the General Partner with any risk management guidelines, investment policies, objectives, strategies, restrictions or guidelines applicable to it, nor any person's compliance with any other term of the Fund's Limited Partnership Agreement, Subscription Agreement or this Memorandum. The Administrator has no responsibility to ensure that the Fund seeks or receives competent legal, tax or other professional advice.

The Administrator has no authority or practical ability to prevent unauthorized withdrawals or other transfers of Fund securities, cash or other assets, whether by the General Partner or any other person, and will have no obligation to prevent, detect or report any such unauthorized transfers.

The Administrator will not be responsible for any loss sustained by the Fund, any investor, or any other person, by reason of any action or inaction by the Fund, the General Partner, any broker or custodian, any attorney or accountant or other professional, or any other person in connection with the Fund's operations or the offering or sale of Fund ownership interests, nor by reason of any action or inaction of the Administrator or its agents unless the Administrator is found to have engaged in willful misconduct or acted in bad faith or with gross negligence. The Administration Agreement includes a broad indemnification provision under which the Fund and the General Partner agree to indemnify and defend the Administrator and its affiliates against claims asserted by a third party in connection with a broad range of claims involving the Fund's operations or the offering or sale of Fund ownership interests, including the Administrator's actions or failures to act under the Administration Agreement unless the Administrator is found to have engaged in willful misconduct or acted in bad faith or with gross negligence.

The Administration Agreement may be terminated at any time without penalty by either party, though its liability limitations and indemnification provisions will survive any termination.

## BROKERAGE ARRANGEMENTS

The General Partner has complete discretion over the selection and amount of securities bought or sold by the Fund, within the parameters established by the Limited Partnership Agreement. The General Partner also has complete discretion to select brokers and dealers ("***broker-dealers***") to execute securities transactions for the Fund, and to negotiate compensation arrangements with such broker-dealers. The General Partner also has authority to cause the Fund to buy or sell securities directly from or to broker-dealers acting as principals, at prices that include compensation to the broker-dealers.

Selection Criteria.

Although the General Partner generally seeks "best execution" of securities transactions, what constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a broker-dealer will provide best execution for the Fund, the General Partner considers a range of factors. These include, among others, historical net prices (after broker-dealer compensation) on other transactions; the execution, clearance and settlement and error correction capabilities of the broker-dealer generally and in connection with securities of the type and in the

amounts to be bought or sold; the broker-dealer's willingness to commit capital; the broker-dealer's reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; the market for the security; and, as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the broker-dealer. The General Partner is not required to select the broker-dealer that charges the lowest transaction cost, even if that broker-dealer can provide execution quality comparable to other broker-dealers, and the Fund has authority to pay more than the lowest transaction cost available in order to obtain certain services and products that relate to investment research or trading activities (see discussion of "Soft Dollars" below).

Soft Dollars.

The General Partner may cause the Fund to pay commissions at rates that are higher than competitively available rates (known as "***soft dollars"***) if the General Partner determines in good faith that payment of such higher rates is warranted because either (1) the excess of such commissions over competitively available rates is being paid in consideration of services or goods provided by such broker for the benefit of the Fund, and the cost of such goods or services is a Fund expense under its Limited Partnership Agreement; or (2) in exchange for such commissions, in addition to execution, the broker provides or pays for research and brokerage services to the General Partner that are eligible for the "***safe harbor***" available under Section 28(e) of the Exchange Act.

To be protected by the Section 28(e) "safe harbor," the General Partner must, among other things, determine that (1) the product or service provided or paid for by the broker in exchange for Fund commissions constitutes "research" or "brokerage" under Section 28(e); (2) the product or service in fact provides lawful and appropriate assistance to the General Partner in carrying out its investment decision-making duties to its advisory clients (possibly including advisory clients other than the Fund); and (3) the commission is reasonable in amount, taking into account all of the products or services (in addition to execution) provided by the broker-dealer that constitute "research" or "brokerage" under Section 28(e).

If these conditions are satisfied, the "safe harbor" will protect the General Partner from a claim that it has breached its fiduciary duty to the Fund by paying excessive commissions, even if the General Partner uses the broker-provided research and brokerage services and products to carry out its investment decision-making duties to other advisory clients or for the General Partner's own benefit, and even if those services and products do not necessarily provide any benefit to the Fund, whose commission dollars will have paid for them (for example, if a broker-provided research report includes information on automotive stocks, but the Fund never invests in automotive stocks). Though the General Partner always endeavors to be fair to clients in its soft dollar practices and other brokerage practices, the General Partner does not consider it practical, and does not endeavor, to allocate soft dollar benefits among its clients in proportion to the commissions paid to generate soft dollar benefits.

To qualify as safe harbor "***research***" under Section 28(e), a product or service must reflect the "expression of reasoning or knowledge" either through (1) advice relating to the value of securities, the advisability of investing in securities and the availability of securities or their buyers or sellers; or (2) analyses or reports about issuers, industries, securities, economic factors and

trends, portfolio strategy and the performance of accounts. The form of the research may be electronic, paper or oral discussions. It may come from the broker-dealer itself, or from a third party with whom the broker-dealer has arranged to provide the research to the General Partner or the Fund.

To qualify as safe harbor "***brokerage***" under Section 28(e), a service must be provided to effect securities transactions during a limited time period that begins when an order is first transmitted to the broker-dealer and ends at the conclusion of clearance and settlement of the transaction. A Bloomberg terminal is one example. "***Mixed-use***" products or services (i.e. those used for both eligible and ineligible purposes) may fall within the Section 28(e) safe harbor, provided that the General Partner fairly allocates the cost of such a product or service between eligible and ineligible uses and keeps adequate books and records to substantiate the allocations. Examples of mixed-use items include order management systems, trade analytical software and proxy services.

Conflicts of Interest Resulting from Use of Soft Dollars. Although the SEC has provided considerable guidance on the Section 28(e) safe harbor, the General Partner must inevitably exercise judgment when determining whether services or products provided by a broker-dealer in exchange for Fund commission dollars fall within the safe harbor, and in allocating the cost of any "mixed-use" product or service between the Fund and the General Partner (or other advisory clients of the General Partner). A conflict of interest inevitably will exist between the General Partner and the Fund whenever the General Partner makes these determinations, since the General Partner (or one or more other advisory clients of the General Partner) might otherwise have to pay cash for those services and products. Even if the General Partner makes proper determinations in each case, it could nevertheless be considered to have a conflict of interest with the Fund whenever it uses the Fund's soft dollars to obtain research and brokerage services and products, since it will have an incentive to favor broker-dealers that provide those products and services.

Soft Dollar Procedures. Broker-dealers from which the General Partner obtains soft dollar services or products generally establish "credits" based on past transactional business, which may be used to pay or reimburse the General Partner for specified expenses. In some cases the process is less formal: a broker-dealer simply may suggest a level of future business that would fully compensate the broker-dealer for services or products it provides. In no event does the General Partner – whether on behalf of the Fund or the General Partner itself or other General Partner clients – commit to any particular level of business with a broker-dealer. The General Partner's actual transactional business with a broker-dealer may be less than the suggested level but instead may exceed that level, and credits established may exceed the amounts used to acquire services and products.

From time to time, the General Partner may ask a broker-dealer who is executing a transaction for several accounts managed by the General Partner (see the discussion below regarding aggregation of orders) to "step out" of a portion of the transaction in favor of a broker-dealer who has provided or is willing to provide products or services for soft dollars. That is, the executing broker-dealer will allow a portion of the overall commissions or other compensation to be paid to the soft-dollar broker-dealer. This assists the General Partner in acquiring products and services with soft dollars while providing the benefits of aggregated transactions as described below.

The General Partner does not select brokers based on its expectation of client referrals from the broker-dealer, though the General Partner nevertheless may receive client referrals from a broker-dealer from time to time. The General Partner does not have, and has no intention of making, any agreement with a broker-dealer that requires the General Partner to direct any amount of brokerage to that broker-dealer.

Aggregation of Orders.

The General Partner may (but is not required to) combine orders on behalf of the Fund with orders for other accounts for which the General Partner or its principals have trading authority, or in which the General Partner or its principals have an economic interest. When it does, the General Partner may allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants, or may make such allocations in some other manner that the General Partner believes is fair under the circumstances. The General Partner believes combining orders in this way will, over time, be advantageous to all participants. Nevertheless, in a particular transaction, if orders are aggregated, it is possible that the average price could be less advantageous to the Fund than if the Fund had been the only account effecting the transaction, or had completed its transaction before the other participants. For example, a large buy order (resulting from aggregation) could cause the market price of the stock to rise, whereas a small order (if aggregation did not occur) might cause a smaller (or no) price increase. In addition, because of the General Partner's interest in the Fund, there could be circumstances in which the Fund's transactions may not, under certain laws, regulations and internal policies, be combined with those of some of the General Partner's and its affiliates' other clients, and the Fund may obtain less advantageous execution than such other clients.

## SUBSCRIPTIONS AND WITHDRAWALS

### Admission of Partners

The General Partner is authorized to admit additional Limited Partners to the Fund, or accept additional Capital Contributions from existing Limited Partners, as of the first business day of any quarter or at such times as the General Partner in its sole discretion may determine. Capital contributions must be made in cash, unless the General Partner approves the contribution of marketable securities.

Unless the General Partner approves an exception to one or more of such requirements, limited partnership interests may be purchased only by investors who are:

(1) "accredited investors" as defined in Regulation 501(a) of Regulation D under the Securities Act; and

(2) "qualified clients" as defined in Rule 205-3(d) under the Investment Advisers Act of 1940 (the "***Advisers Act***").

The Subscription Agreement (**Exhibit B**) includes Questionnaires designed to determine a subscriber's eligibility under these tests.

The Fund may accept investments from plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***"). IRAs, Keoghs and similar non-ERISA plans will be allowed to invest.

Admission as a Limited Partner is not open to the general public. Even if a subscriber satisfies the eligibility requirements described above, an investment in the Fund is suitable only for persons who are able to bear the economic risk of the loss of their investment and either are sophisticated persons in connection with financial and business matters or are represented by such a person. *(See "Certain Risk Factors" at page 18.)* The General Partner may, in its sole discretion, decline to admit any prospective investor.

The minimum investment in the Fund is $250,000, subject to reduction in the sole discretion of the General Partner. Subsequent contributions may be made in minimum amounts of $50,000 or such lesser amount as the General Partner may approve in its sole discretion.

Each investor will be required to make certain representations in the Subscription Agreement concerning the above requirements and its suitability to invest in the Fund.

The Fund is not registered and does not intend to register as an investment company under the Investment Company Act, in reliance upon the exception from the definition of an "investment company" provided by Section 3(c)(1) under the Investment Company Act for entities whose outstanding securities are beneficially owned by not more than 100 persons and which do not publicly offer their securities (or plan to do so). The admission of Limited Partners will be monitored to ensure that there are not more than 100 beneficial owners of Fund interests. In computing the number of beneficial owners for this purpose, the Fund may be required under certain circumstances to count each beneficial owner of any Partner that is an entity if the Partner beneficially owns 10% or more of the aggregate amount of Limited Partners' Capital Account balances, or in certain other circumstances.

The General Partner is an "exempt reporting adviser" under Section 139.23 of the Texas Securities Act, a registration exemption available to investment advisers whose only clients are "private funds" and who satisfy certain other requirements.

**Sales Charge**

There will be no sales charges in connection with the offering of interests. The General Partner, at its own expense, may agree to pay persons who introduce Limited Partners to the Fund.

**Anti-Money Laundering Regulations**

The Fund and the General Partner (and the Administrator, acting on their behalf) may be required to comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "***USA PATRIOT Act***"), the regulations thereunder, United States Executive Order 13224, and other applicable anti-money laundering laws and regulations of any relevant jurisdiction (collectively, the "***Anti-Money Laundering Regulations***"). In order to comply with the Anti-Money Laundering Regulations, the Fund may require from any Limited Partner a detailed verification of the identity of the Limited Partner, the identity of beneficial owners of the Limited Partner, the source of funds used to

subscribe for an interest in the Fund and other information. Each subscriber will be required to represent that it is not, nor is any person or entity controlling, controlled by or under common control with the subscriber, a "*prohibited person*," as defined in the Anti-Money Laundering Regulations (generally, a person involved in money laundering or terrorist activities, including those persons or entities that are included on any relevant lists maintained by the Treasury Department's Office of Foreign Assets Control ("***OFAC***") or prohibited by any OFAC sanctions programs or on the sanctions lists adopted by the United Nations, the European Union or the United Kingdom, as such lists may be amended from time to time, any senior foreign political figures or, politically exposed persons and their immediate family members and close associates, and any foreign shell bank).

The General Partner or the Administrator may decline a subscription from a subscriber or compel the withdrawal of a Limited Partner who fails to provide any information requested by the General Partner or the Administrator pursuant to applicable Anti-Money Laundering Regulations.

The General Partner or the Administrator may suspend the withdrawal rights of any Limited Partner if the General Partner or the Administrator reasonably deems it necessary to do so in order to comply with the Anti-Money Laundering Regulations, or if so ordered by a competent U.S. or other court or regulatory authority. Under the Anti-Money Laundering Regulations, the General Partner may also be required to report investors' transactions with the Fund and to disclose the identity of Limited Partners to government authorities.

*See the Anti-Money Laundering provisions in the Subscription Agreement.*

**Withdrawals of Capital**

Subject to the restrictions described in "Designated Investment" on page 46, each Partner may withdraw all or any part of its Capital Account as of the last day of any fiscal year (the "***Noticed Date***") on 60 days' written notice to the General Partner. The General Partner has discretion to shorten the withdrawal notice period or to permit withdrawals at other times. Unless the General Partner approves a smaller amount, a partial withdrawal must be at least $50,000. The General Partner may, in its sole discretion, elect to treat any partial withdrawal request that would reduce a Limited Partner's Capital Account to less than $250,000 or the amount of the Limited Partner's initial investment (whichever is less) as a request for complete withdrawal.

Subject to the restrictions described in "Designated Investment" on page 46, the General Partner may require a Limited Partner's interest to be withdrawn in whole or in part at any time, effective as of any date designated by the General Partner in a notice to the Limited Partner.

**Payments on Withdrawal.** Subject to the restrictions described in "Designated Investment" on page 46, withdrawal payments will generally be made within 30 days after the Noticed Date except when a Limited Partner is withdrawing more than 90% of its Capital Account. In such event, the General Partner shall have discretion to retain a portion (in no event more than 10% of the Limited Partner's Capital Account) of the withdrawal payment pending final reconciliation of valuations as of the Noticed Date. The retention period generally will not exceed 90 days from the Noticed Date, but the General Partner nevertheless will have discretion to extend the retention period until completion of the Fund's audit for the fiscal year in which the withdrawal

occurs. The retained portion of the withdrawal payment (as adjusted in accordance with the fiscal year end audit) shall be paid promptly to the Limited Partner at the end of the retention period, without interest. The interest of a Partner who has requested a withdrawal will remain invested in the Fund and be subject to this Agreement until the Noticed Date.

**Suspension of Withdrawals.** The General Partner (or the Administrator, acting on its behalf) may suspend the right of any Limited Partner to withdraw capital from the Fund or to receive a distribution from the Fund upon the occurrence of any of the following circumstances:

(i) when any such withdrawal would result in a violation by the Fund or the General Partner of the securities or commodity laws of the United States or any other relevant jurisdiction or the rules of any self-regulatory organization applicable to the Fund or the General Partner;

(ii) when any securities exchange or organized interdealer market on which a significant portion of the Fund's portfolio securities or other assets is regularly traded or quoted is closed (other than for holidays) or trading thereon has been suspended or restricted;

(iii) whenever the General Partner determines that disposal of any assets of the Fund or other transactions involving the sale, transfer or delivery of funds, securities or other assets in the ordinary course of the Fund's activities is not reasonably practicable without being detrimental to the interests of the withdrawing or remaining Limited Partners;

(iv) whenever the General Partner, in its sole discretion, determines that it is necessary or desirable for the Fund to retain any amount otherwise withdrawable or distributable to pay, or to establish or supplement a reserve for the payment of, any liability of the Fund, whether known or unknown, fixed, liquidated, contingent or other;

(v) if, for any reason, it is not reasonably practicable to make an accurate and timely determination of the net value of the Fund's assets; or

(vi) if any event has occurred which calls for the termination of the Fund.

Notice of any suspension will be given to any Limited Partner who has submitted a withdrawal request and to whom full payment of the withdrawal proceeds has not yet been remitted. If a withdrawal request is not rescinded by a Limited Partner following notification of a suspension, the withdrawal will generally be effected as of the last day of the fiscal quarter in which the suspension is lifted, on the basis of the net asset value of the Fund's assets at that time.

**Distributions in Cash or in Kind.** Although the General Partner presently intends that all withdrawal distributions will be made in cash, upon withdrawal or retirement, distributions will be made in cash or, in the sole discretion of the General Partner, in securities (which may include short positions, as well as long positions) selected by the General Partner, or partly in cash and partly in securities (which may include short positions, as well as long positions) selected by the General Partner. In-kind distributions may be made directly to the withdrawing Partner or, alternatively, and without limitation, (i) may comprise interests in special purpose vehicles established by the Fund for the purpose of liquidating the securities that are being transferred (either outright or by a participation interest by the Fund), or (ii) distributed into a liquidating trust, series, entity or account and sold for the benefit of such withdrawing Partner. In each case set forth

in clause (i) or (ii) of the immediately preceding sentence, (a) payment to such Partner of that portion of its withdrawal attributable to such securities will be delayed until such time as such securities can be liquidated, and (b) the amount otherwise due to such Partner will be increased or decreased to reflect the performance of such securities through the date on which the liquidation of such securities is effected, and to reflect the Management Fee, the Performance Allocation and Fund Expenses.

## ALLOCATION OF PROFITS AND LOSSES

### Capital Accounts

Each Partner's Capital Account will reflect the Partner's Capital Contributions and withdrawals, and the additional adjustments described below. Except in respect of Designated Investments, at the end of each Accounting Period[3] of the Fund, any Net Capital Appreciation[4] or Net Capital Depreciation of the Fund will be allocated to the Partners (including the General Partner) in proportion to each Partner's opening Capital Account balance for such period (the Partner's "***Fund Percentage***").

At the end of each fiscal year of the Fund, or upon any capital withdrawal by a Limited Partner as to amounts withdrawn, a Performance Allocation will be made from each Limited Partner's Capital Account to the General Partner's Capital Account on the terms and conditions described below under "Performance Allocation" (page 39).

### Performance Allocation

At the end of each fiscal year, the General Partner will be allocated (the "***Performance Allocation***") 20% of each Limited Partner's share of the net realized and unrealized appreciation in the value of Fund assets for such fiscal year, net of Management Fees paid by the Limited Partner during the year ("***Net Capital Appreciation***"). However, the Performance Allocation will be based only on Net Capital Appreciation in excess of a 6.0% (annualized and non-cumulative)

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[3] ***"Accounting Period"*** is defined as follows in Section 3.1(a) of the Limited Partnership Agreement:

"***Accounting Period***" shall mean the following periods: The initial Accounting Period commenced upon the formation of the Fund. Each subsequent Accounting Period will begin at the opening of business on the day after the close of the preceding Accounting Period. Each Accounting Period shall close at the close of business on the first to occur of (i) the last day of each quarter, (ii) the day before the effective date of admission of a New Partner pursuant to Section 5.5, (iii) the day before the effective date of an increase in a Partner's Capital Account (as defined in Section 3.3) a result of an additional Capital Contribution pursuant to Section 3.2, (iv) the effective date of any distribution or withdrawal pursuant to Article IV or VI, or (v) the date when the Fund terminates.

[4] ***"Net Capital Appreciation"*** and **"Net Capital Depreciation"** are defined as follows in Section 3.1(c) of the Limited Partnership Agreement:

The "***Net Capital Appreciation***" ("***Net Capital Depreciation***") of the Fund for any Accounting Period or other measurement period shall mean the excess, if any, of (1) the Value of Fund Assets over all Fund liabilities at the end (beginning) of such measurement period, over (2) the Value of Fund Assets over all Fund liabilities at the beginning (end) of such measurement period, and the Net Capital Appreciation (or Net Capital Depreciation, as the case may be) of the Capital Account of any Partner for such measurement period shall mean the portion of such excess allocable to the Capital Account of such Partner for such measurement period.

return for the fiscal year (the "***Hurdle Rate***"). In determining whether the Limited Partner's share of Net Capital Appreciation has exceeded the Hurdle Rate, any Net Capital Depreciation allocated to the Limited Partner's Capital Account and carried forward from prior fiscal years will be subtracted from the Limited Partner's share of Net Capital Appreciation. *See "Designated Investments" at page 46.*

Any Performance Allocation to be credited to the General Partner will reflect any net unrealized appreciation, as well as net realized gains and net investment income and expense, allocable to each Limited Partner. If a Limited Partner with unoffset Net Capital Depreciation (i.e. if the Limited Partner's Capital Account is below the Limited Partner's "high water mark") withdraws a portion of his investment in the Fund, the amount of unoffset Net Capital Depreciation will be reduced on a *pro rata* basis to reflect the reduction in investible capital of the Limited Partner. For example, if a Limited Partner has an unrecouped prior-year Net Capital Depreciation of $100 when the Limited Partner withdraws 40% of his aggregate Capital Accounts, the Limited Partner's unrecouped prior-year Net Capital Depreciation will be $60 after the withdrawal.

If a Limited Partner is permitted or compelled to withdraw in whole or in part from the Fund or to transfer all or part of his interest in the Fund as of a date other than the close of a fiscal year, the General Partner will receive a Performance Allocation with respect to the portion of such Limited Partner's Capital Account being withdrawn or transferred, as of the date of the withdrawal or the admission of a substituted Limited Partner, as applicable, subject to the same Hurdle Rate. The Hurdle Rate will be prorated if the measurement period is less than a full year. For example, if the measurement period is six months rather than one year, the Hurdle Rate will be 3.0% instead of 6.0%.

The General Partner may change the percentage at which the Performance Allocation is calculated with respect to certain Limited Partners, if the Limited Partner consents. The General Partner may pay all or a portion of the Performance Allocation to third parties for services rendered in connection with the placement of interests in the Fund; this will not increase the Performance Allocation charged to a Limited Partner.

The Limited Partnership Agreement provides that the General Partner may amend the Limited Partnership Agreement relating to the Performance Allocation so that it conforms to any applicable requirements of the SEC, the Internal Revenue Service and other regulatory authorities, so long as such amendment does not cause the Performance Allocation to exceed the amount that would be charged under the calculation method described above in this section.

*See generally Section 3.5 of the Limited Partnership Agreement.*

**Valuation of Fund Assets**

***Important note:*** *The discussion of valuation below covers a wide range of assets. The reader should not assume that the Fund will invest in any particular assets described below.*

The Fund has adopted the provisions of FASB Accounting Standards Codification Topic (ASC) 820, "Fair Value Measurements and Disclosures" ("***FASB ASC 820-10***"), as in effect on the date of the Limited Partnership Agreement. As used below, "FASB ASC 820-10" shall refer instead to any superseding, supplementing or amending Statement of Financial Accounting

Standards intended by its adopters to apply to the valuation of assets in lieu of or in addition to the current version of FASB ASC 820-10 – provided that the General Partner has determined, in its good faith discretion, that it is in the best interests of the Fund that such superseding, supplementing or amending Statement thereafter be followed in valuing Fund assets. To the extent that U.S. generally accepted accounting principles, consistently applied ("***GAAP***") are consistent with FASB ASC 820-10, GAAP shall also be applied in valuing Fund assets, as shall the valuation standards summarized below to the extent those standards are not inconsistent with FASB ASC 820-10 or GAAP. The General Partner nevertheless shall have the right to rely in good faith on valuations provided to the Fund by prime brokers (if any), other brokers, banks and other custodians with respect to Fund assets held by such parties.

Under FASB ASC 820-10, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, the Fund uses various valuation approaches. FASB ASC 820-10 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value

hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

***Valuation Techniques.*** The Fund values investments in securities and securities sold short that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price. Many cash and over-the-counter (OTC) contracts have bid-and-ask prices that can be observed in the marketplace. Bid prices reflect the highest price that the marketplace participants are willing to pay for an asset. Ask prices represent the lowest price that the marketplace participants are willing to accept for an asset. For securities whose inputs are based on bid-ask prices, the Fund's valuation policies require that fair value be within the bid-ask range. The Fund's policy for securities traded in the OTC markets and listed securities for which no sale was reported on that date are valued at their last reported "bid" price if held long, and last reported "asked" price if sold short. Fair value for many cash and OTC derivative contracts is derived using pricing models. Pricing models take into account the contract terms (including maturity), as well as multiple inputs, including where applicable, time value, implied volatility, equity prices, interest rate yield curves, prepayment speeds, interest rates, loss severities, credit risks, credit curves, default rates and currency rates. Notwithstanding the preceding sentences in this paragraph, (1) options, whether or not listed on a securities exchange, are to be valued at the mean between the last "bid" and "asked" prices for such options on such date, or at the last trade price, whichever is lower; and (2) futures contracts are to be valued at the most recent "settlement price" set by the exchange on which such contracts are traded.

***OTC Derivative Contracts.*** OTC derivative contracts include forward, swap and option contracts related to interest rates, foreign currencies, the credit standing of reference entities, equity prices or commodity prices. Depending on the underlying security and the terms of the transaction, the fair value of certain OTC derivatives may be able to be modeled using a series of techniques, including closed-form analytic formulas, such as the Black-Scholes option-pricing model, simulation models or a combination thereof. Certain pricing models do not entail material subjectivity as the methodologies employed include pricing inputs that are observed from actively quoted markets (as in the case of generic interest-rate swap and option contracts). In the case of more established derivative contracts, the pricing models used by the Fund are widely accepted by marketplace participants. OTC derivative contracts are generally categorized in Levels 2 and 3 of the fair value hierarchy.

***Government Bonds.*** The fair value of sovereign government bonds is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest-rate yield curves, cross-currency-basis index spreads, and country credit spreads similar to the bond in terms of issuer, maturity and

seniority. Sovereign government bonds are generally categorized in Levels 1 or 2 of the fair value hierarchy.

***Municipal Bonds.*** The fair value of municipal bonds is estimated using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond- or credit-default swap spreads and volatility. These bonds are generally categorized in Level 2 of the fair value hierarchy.

***Corporate Bonds.*** The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond, or single-name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy. In instances where significant inputs are unobservable, they are categorized in Level 3 of the hierarchy.

*See Section 3.8 of the Limited Partnership Agreement.*

## SIGNIFICANT LIMITED PARTNERSHIP AGREEMENT PROVISIONS

### Term and Dissolution

The Fund will terminate on the earliest of (i) December 31, 2099 or (ii) a determination by the General Partner that the Fund should be dissolved. The Fund will also be terminated, however, if the General Partner's principal, Jeremy K. Deal, ceases to be actively involved in the General Partner's business. The General Partner has authority to enter into an agreement with a qualified third party to liquidate the Fund's portfolio in an orderly manner upon dissolution, in the event that the General Partner is not practically able to carry out such liquidation.

The Fund may be dissolved at any time by the General Partner, whereupon its affairs will be wound up. The complete withdrawal, dissolution or bankruptcy of the General Partner will automatically dissolve the Fund, whereupon the affairs of the Fund will be promptly wound up by the General Partner or, if the General Partner is unavailable, the person previously designated by the General Partner or, if there is no General Partner, the person selected by a majority in interest of the Limited Partners. Such person will take all steps necessary or appropriate to wind up the affairs of the Fund as promptly as practicable.

Neither the admission of partners nor the withdrawal, bankruptcy, death, dissolution or incapacity of any Limited Partner will dissolve the Fund.

### Death, Bankruptcy, Incapacity, etc. of a Partner

The legal representative of a Limited Partner who has died, become disabled, been adjudicated incompetent, been terminated or declared bankrupt, become insolvent or been dissolved will succeed to such Limited Partner's interest in the Fund. However, the legal

representative of the Limited Partner will not be admitted as a Limited Partner unless the General Partner, in its sole discretion, consents in writing to the admission of the representative as a Limited Partner.

**Amendment of the Limited Partnership Agreement**

The Limited Partnership Agreement may be modified or amended at any time by the written approval of Partners having in excess of 50% of the Fund Percentages of the Partners (which may be obtained by negative consent) and the written approval of the General Partner. Notwithstanding the foregoing, the Limited Partnership Agreement may also be amended by the General Partner at any time, without the consent of the Limited Partners, in any manner that does not adversely affect any Limited Partner, including, without limitation, (i) reflect changes validly made in the Limited Partners of the Fund and the Capital Contributions and Fund Percentages of the Partners; (ii) reflect a change in the name of the Fund; (iii) make a change that is necessary or, in the opinion of the General Partner, advisable to qualify the Fund as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or foreign jurisdiction or ensure that the Fund will not be treated other than as a partnership for federal income tax purposes; (iv) make a change that, insofar as reasonably appears to the General Partner at the time of such amendment, does not and will not adversely affect the Limited Partners in any material respect; (v) make a change that is necessary or desirable to cure any ambiguity, to correct or supplement any provision in the Limited Partnership Agreement that would be inconsistent with any other provision of the Limited Partnership Agreement or to make any other provisions with respect to matters or questions arising under the Limited Partnership Agreement that will not be inconsistent with the provisions of the Limited Partnership Agreement, in each case so long as such change does not adversely affect the Limited Partners in any material respect; (vi) make a change that is necessary or desirable to satisfy any requirements, regulations or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any federal, state or foreign governmental entity, so long as such change is made in a manner which minimizes any adverse effect on the Limited Partners, or that is required or contemplated by the Limited Partnership Agreement; (vii) make a change in any provision of the Limited Partnership Agreement that requires any action to be taken by or on behalf of the General Partner or the Fund pursuant to applicable law if the provisions of applicable law are amended, modified or revoked so that the taking of such action is no longer required; (viii) prevent the Fund or the General Partner from, in any manner, being deemed an "investment company" subject to the Investment Company Act; (ix) make a change that is required or desirable to comply with changes in generally accepted accounting or valuation principles or practices if the Fund is required to comply with such changes or the General Partner, in its sole discretion, deems it advisable for the Fund to do so; or (x) make any other amendments similar to the foregoing. In addition, the General Partner may adopt any other amendment to the Limited Partnership Agreement, without the consent of the Limited Partners, provided that (A) each Limited Partner receives at least 30 days' prior written notice of the amendment and (B) each Limited Partner is permitted to withdraw all or part of such Partner's Capital Account, without any penalty, prior to the effective date of the amendment. Except as may be required by law, the General Partner need not give notice to any Limited Partner of any amendment adopted solely by the General Partner.

*See Section 7.3 of the Limited Partnership Agreement.*

**Transfer of Interests**

A Partner may not assign or pledge its interest in the Fund in whole or in part, except by operation of law, nor substitute for itself as a Partner any other person, without the prior written consent of the General Partner, which may be withheld in its sole discretion.

*See Article V of the Limited Partnership Agreement.*

**Voting**

Limited Partners have no voting rights with respect to any matters pertaining to the Fund, other than the right to vote on amendments to the Limited Partnership Agreement when such vote is required by the Limited Partnership Agreement or by law.

**Liability and Indemnification**

The Limited Partnership Agreement provides that none of the General Partner, the General Partner's members, their respective partners, officers, directors, stockholders or agents, or any other entity who serves at the request of the General Partner on behalf of the Fund as an officer, director, partner, employee or agent of any other entity will be liable for any loss or cost arising out of, or in connection with, any act or activity undertaken (or omitted to be undertaken) in fulfillment of any obligation or responsibility under the Limited Partnership Agreement, including any such loss or cost sustained by reason of any investment or the sale or retention of any security or other asset of the Fund; provided that any person exculpated from liability will not be exculpated from any liability arising from losses caused by its willful misconduct, fraud, gross negligence or misappropriation or conversion of funds by such person.

The General Partner, its members, their respective officers, directors, agents, stockholders or partners, and any other person who serves at the request of the General Partner on behalf of the Fund as an officer, director, employee, partner or agent of any other entity (in each case, an "***Indemnitee***"), will be indemnified and held harmless by the Fund to the fullest extent legally permissible under the laws of the State of California, as amended from time to time, from and against any and all loss, liability and expense (including without limitation judgments, fines, amounts paid or to be paid in settlement and reasonable attorneys' fees) incurred or suffered in connection with the performance of their responsibilities to the Fund; provided that any person entitled to be indemnified will not be indemnified or held harmless for any loss, liability or expense resulting from its fraud, gross negligence or willful misconduct. The General Partner may also elect to have the Fund purchase insurance to insure the General Partner or any other Indemnitee against liability for any breach or alleged breach of its fiduciary responsibilities.

Except as required by applicable law, a Limited Partner is liable for the debts and obligations of the Fund only to the extent of the balance of its Capital Account in the Fund in the Accounting Period to which such debts and obligations are attributable.

*See Section 2.4 of the Limited Partnership Agreement.*

**Reports to Partners**

An independent accounting firm, selected by the General Partner, will audit the Fund's books and records as of the end of each fiscal year. *See "Directory" at page 11.* Within 120 days after the end of each fiscal year, the Fund will prepare and mail to each Limited Partner a copy of the audited financial statements prepared for the Fund. Within 30 days after the end of each quarter, the Fund will provide each Partner with an unaudited performance summary. Except as may be required by law, annual reports to Limited Partners published on the Fund's website will not include information about specific portfolio positions held by the Fund, which the General Partner considers to be its confidential information.

At the end of each fiscal year, each Partner will be furnished certain tax information for the preparation of its tax returns. The Fund will provide to tax-exempt Limited Partners accounting information required by such entities to report "unrelated business taxable income" ("***UBTI***"), if any, for income tax purposes.

**Investments by General Partner**

The members of the General Partner, including certain of their affiliates, associates or employees, may invest their own funds into the Fund, either directly or through the General Partner, and such investments may or may not be subject to the Performance Allocation. Although the General Partner anticipates that it, and/or its owners, will maintain a substantial investment in the Fund, the Limited Partnership Agreement provides that the General Partner and its affiliates may withdraw capital from the Fund at any time without notice to the Limited Partners.

*See Section 3.13 of the Limited Partnership Agreement.*

**Designated Investments**

This section modifies other sections of this Confidential Private Offering Memorandum and each such section should be read in conjunction with the following.

As discussed herein, the Fund may invest up to 15% of the net assets of each Participating Limited Partner's (as defined below) Capital Account (measured at the time of investment) in Designated Investments. For the avoidance of doubt, Designated Investments currently and may in the future include, without limitation, interests in special purpose vehicles, investment companies and investment funds formed and/or managed by third parties. The Investment Manager may, in its sole discretion, designate investments as Designated Investments at the time of purchase, or it may designate an existing investment as a Designated Investment if it reasonably believes such treatment is in the best interest of the Limited Partners. Each Limited Partner will choose whether it wants to participate in Designated Investments by selecting the appropriate option in the Fund's Subscription Agreement. Each Limited Partner who elects to participate in Designated Investments is referred to herein as a "***Participating Limited Partner***". Limited Partners will be permitted to change their election only with the consent of the General Partner, which may be withheld in its sole discretion.

In the event the Fund invests in any Designated Investments, the Fund will hold each such investment in a segregated account and each Participating Limited Partner will have a "***Designated***

***Capital Account***" for each such Designated Investment. The portion of a Limited Partner's Capital Account that is not a Designated Capital Account is referred to herein as a "***Basic Capital Account***". Except as set out in this section, references herein to Capital Account shall include both Designated Capital Accounts and Basic Capital Accounts.

Only Limited Partners who were Participating Limited Partners at the time the Fund invested in a particular Designated Investment will be allocated the profits and losses from such Designated Investment. A Participating Limited Partner's interest in a particular Designated Investment will be based on the ratio that such Participating Limited Partner's Basic Capital Account bears to the sum of all Participating Limited Partners' Basic Capital Accounts (who have the capacity to invest in a particular Designated Investment) as of the date the Fund invests in such Designated Investment. No more than 15% of a Participating Limited Partner's Capital Account will be invested in Designated Investments (measured at the time of investment) (the "***15% Limit***"). If at the time the Fund invests in a particular Designated Investment a Participating Limited Partner's aggregate interest in Designated Investments equals or exceeds the 15% Limit, then such Limited Partner will not participate in the profits and losses from such Designated Investment or in any future Designated Investment until its aggregate participation in Designated Investments falls below the 15% Limit.

If after the Fund invests in a particular Designated Investment the Fund acquires an additional Designated Investment substantially related to the particular Designated Investment (as determined by the Investment Manager in its sole discretion (hereinafter referred to as a "***Follow-Up Investment***")), the Investment Manager may, in its sole discretion, treat the Follow-Up Investment as relating to the original Designated Investment and thus allocate the Follow-Up Investment solely to the Designated Capital Accounts of the Participating Limited Partners who participated in the originally Designated Investment (subject to the Participating Limited Partners' 15% Limit on Designated Investments).

The Fund will value each Designated Investment at fair value in accordance with GAAP, until the Designated Investment is sold or the Investment Manager determines in its sole discretion, that an investment should no longer be considered a Designated Investment (a "***Deemed Liquidation***"). Designated Investments will be valued at fair value for purposes of calculating the Management Fee, and Management Fees (including any portion related to Designated Investments) will generally be paid out of each Participating Limited Partner's Basic Capital Account or, to the extent that the Participating Limited Partner has sufficient liquidity, out of each Participating Limited Partner's Designated Capital Account. For the avoidance of doubt, Participating Limited Partners will be subject to the Management Fee in respect of the fair value of their Designated Capital Accounts, as well as their Basic Capital Accounts. The Fund will allocate to the Participating Limited Partners' Designated Capital Accounts any cash flows derived from Designated Investments (*e.g.*, dividends and interest) and realized profits and losses from the sale or Deemed Liquidation of Designated Investments. Upon realization (or Deemed Liquidation) of the relevant Designated Investment, the Profit Allocation will be assessed in respect of the Designated Capital Account, without regard to the performance of the relevant Limited Partner's Basic Capital Account, other Designated Investments or any loss carryforward (e.g., there will be no "netting" in calculating the Profit Allocation in respect of a realized Designated Investment. As a result, Limited Partners may be subject to a Profit Allocation even in fiscal years in which their aggregate investment in the Fund is in a net loss position. Following the assessment of the Profit

Allocation, the amounts remaining in the Designated Capital Account will be transferred to the relevant Limited Partner's Basic Capital Account.

Any Fund expense that relates specifically to a particular Designated Investment will be charged solely to the Designated Capital Accounts of those Participating Limited Partners participating in such Designated Investment. The Investment Manager, in its sole discretion, will determine whether an expense relates specifically to a particular Designated Investment.

No voluntary withdrawals will be permitted from a Participating Limited Partner's Designated Capital Account. In the event a Participating Limited Partner has submitted a request to withdraw its entire Basic Capital Account, the General Partner may, in its sole discretion, determine not to allocate to such Participating Limited Partner an interest in any Designated Investments made after it receives the withdrawal request but before such Participating Limited Partner's Basic Capital Account has been completely withdrawn, and accordingly, such Participating Limited Partner would not participate in the profits and losses from the applicable Designated Investments.

The Fund will continue to hold Designated Investments in the Designated Capital Account of a Participating Limited Partner who has completely withdrawn its Basic Capital Account (*i.e.*, retired) and a retired Participating Limited Partner will continue to participate in the profits and losses from such Designated Investments until such investments are sold or a Deemed Liquidation.

With respect to a Participating Limited Partner who fully withdraws its Basic Capital Account but holds Designated Investments on the date of its retirement, the Performance Allocation will be made with respect to such Participating Limited Partner on each date that a Designated Investment is sold or a Deemed Liquidation. Thereafter, within 30 days after the Fund receives the proceeds from such sale (or within 30 days of a Deemed Liquidation, as applicable), the net proceeds (*i.e.*, net of the Management Fee, Performance Allocation, and any applicable expenses) will be paid to the retired Participating Limited Partner. If a retiring Participating Partner continues to participate in one or more Designated Investments, in the discretion of the General Partner, a portion of the withdrawal proceeds may be subject to a special reserve in a reasonable amount for funding expenses (including the Management Fee) attributable to such Designated Investments.

Following the date that the Fund invests in a Designated Investment, the General Partner may, in its sole discretion, form a special purpose or similar vehicle to hold the Designated Investment. In such an instance, Participating Limited Partners may be granted an opportunity to sell all or a portion of their indirect interest in such Designated Investment to investors in such special purpose vehicle. Regardless of whether a Participating Limited Partner elects to sell all or a portion of its indirect interest in a Designated Investment, it may choose to reset its 15% Limit at the time the Designated Investment is transferred to the special purpose vehicle.

As described above, Designated Investments currently and may in the future include, without limitation, interests in special purpose vehicles, investment companies and investment funds formed and/or managed by third parties. Limited Partners who participate in any such Designated Investment will likely be subject to an additional layer of management and/or performance fees, as well as additional expenses. Further, such interests are often subject to

significant liquidity restrictions. In addition, the Investment Manager will have no control over the operations of any such third party manager and therefore there is always the risk that the third party manager could misappropriate the Fund's assets or engage in other misconduct.

*See Section 3.8 of the Limited Partnership Agreement.*

## TAXATION

The following is a summary of certain U.S. federal income and other tax considerations related to the purchase, ownership and disposition of Interests by a Limited Partner that is a U.S. person (as defined below). The discussion is based upon the Code, Treasury regulations promulgated thereunder (the "***Regulations***"), judicial authorities, published positions of the IRS and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion does not address all of the tax consequences that may be relevant to a particular investor in light of such investor's specific circumstances or to certain categories of investors subject to special treatment under U.S. federal income tax laws (such as foreign persons, financial institutions, insurance companies, dealers in securities or currencies, persons that have a functional currency that is not the U.S. dollar, persons that have elected "mark-to-market" accounting, or persons that hold their Interest through a partnership or other entity which is a pass-through entity for U.S. federal income tax purposes). This discussion is limited to Limited Partners that hold their Interests as capital assets (within the meaning of Section 1221 of the Code). No ruling has been or will be sought from the IRS or any other federal, state or local agency with respect to any of the tax issues affecting the Fund, and counsel to the Fund has not rendered any legal opinion regarding any tax consequence relating to the Fund or any investment in the Fund. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects described below. Prospective investors should consult their tax advisors concerning the application of the U.S. federal income tax laws to their particular situations, as well as any consequences of the purchase, ownership and disposition of Interests arising under the laws of any other taxing jurisdiction.

For purposes of this discussion, a "***U.S. person***" means a beneficial owner of Interests that, for U.S. federal income tax purposes, is (a) a citizen or resident of the United States, (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Regulations to be treated as a domestic trust. If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Interests, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership.

**Tax Status of the Fund**

The General Partner expects that, for U.S. federal income tax purposes, the Fund will be treated as a partnership and not as an association or publicly-traded partnership taxable as a corporation. To the extent the Fund invests its assets with another investment partnership or similar investment vehicle (an "***Investment Fund***"), the Fund intends, but is not obligated, to invest in Investment Funds that are U.S. entities treated as partnerships and not as associations or publicly-traded partnerships taxable as corporations for U.S. federal income tax purposes. No assurance can be given, however, that the IRS will not challenge the classification of the Fund or any Investment Fund as a partnership or that a court would not sustain such challenge. If, for any reason, the Fund or an Investment Fund were treated as an association or publicly traded partnership taxable as a corporation, (i) in the case of the Fund or an Investment Fund that is a U.S. entity, such entity would be subject to U.S. federal income tax on its taxable income at regular corporate income tax rates, without a deduction for any distributions to its investors, thereby materially reducing the amount of cash available for distribution to such investors (including, in the case of the Fund, to Limited Partners) and (ii) in the case of an Investment Fund that is not a U.S. entity, an investment in such entity would constitute an investment in a non-U.S. corporation potentially subject to the special U.S. federal income tax regimes discussed in "Nature of Investments – Income from Investments in Non-U.S. Corporations" below. In addition, capital gains and losses, and other income and deductions of such entity would not be passed through to its investors, and investors in such entities would be treated as shareholders of a corporation for U.S. federal income tax purposes. The following discussion assumes that the Fund and each Investment Fund will be classified as a partnership for U.S. federal income tax purposes, and that the Fund will be treated as a partner in each Investment Fund.

Although the General Partner does not intend that a material portion of Fund assets will be invested with other investment managers (including Investment Funds), the Limited Partnership Agreement nevertheless authorizes the General Partner to invest Fund assets indirectly in this manner. For this reason, unless otherwise indicated, references in the following discussion of the U.S. federal income tax consequences of Fund investments, activities, income, gain, and loss include references to the investments, activities, income, gain, and loss attributable to the Fund as a result of the Fund's direct investments or indirectly attributable to the Fund as a result of the Fund investing its assets with other investment managers, including Investment Funds. The reader should not assume that the Fund's activities, directly or indirectly, will include any or all of the investments or other transactions discussed below.

**Tax Treatment of Limited Partners on Profits and Losses of the Fund**

The Fund, as an entity, will not be subject to U.S. federal income tax. Rather, each Limited Partner, in computing its U.S. federal income tax liability for a taxable year, will be required to take into account its allocable share of all items of Fund income, gain, loss, deduction, expenditure and credit (including the Fund's allocable share of all items of income, gain, loss, deduction, expenditure and credit of any Investment Fund) for the taxable year of the Fund ending with or within such Limited Partner's taxable year, regardless of whether such Limited Partner has received any distributions from the Fund. The characterization of an item of Fund income or loss for a Limited Partner generally will be determined at the Fund level rather than at the Limited Partner level. Similarly, the characterization of an item of any Investment Fund income or loss for

the Fund generally will be determined at the Investment Fund level rather than at the Fund level. The General Partner does not anticipate that the Fund will make distributions. Accordingly, each Limited Partner should have alternative sources of cash from which to pay its U.S. federal income tax liability or be prepared to withdraw such amounts from the Fund, as the tax liability related to such allocated income and gain may exceed distributions to such Limited Partner for a taxable year.

For U.S. federal income tax purposes, a Limited Partner's allocable share of items of Fund income, gain, loss, deduction, expenditure and credit will be determined as provided by the Limited Partnership Agreement, unless such allocations do not have "substantial economic effect" or are not in accordance with the Limited Partner's interests in the Fund. Similarly, the Fund's allocable share of items of Investment Fund income, gain, loss, deduction, expenditure and credit will be determined as provided by the partnership agreement or other operating agreement of the applicable Investment Fund, unless such allocations do not have "substantial economic effect" or are not in accordance with the Fund's interests in the Investment Fund. Under the Limited Partnership Agreement, items of Fund income, gain, loss, deduction, expenditure and credits are generally allocated in proportion to the Limited Partners' Capital Account balances. The General Partner believes that the allocations under the Limited Partnership Agreement should have substantial economic effect or should be viewed as in accordance with the Limited Partners' interests in the Fund. No assurance can be given, however, that such allocations (or the allocations by an Investment Fund to the Fund, which will flow through to the Limited Partners, as described above) will be respected for tax purposes. If any such allocations were successfully challenged by the IRS, the redetermination of the allocations to a particular Limited Partner for U.S. federal income tax purposes could be less favorable than the allocations to such Limited Partner set forth in the Limited Partnership Agreement (or applicable Investment Fund agreement).

**Adjusted Tax Basis for an Interest**

For U.S. federal income tax purposes, a Limited Partner's adjusted tax basis for its Interest generally will be equal to the amount of its initial capital contribution and will be increased by (a) any additional capital contributions made by such Limited Partner and (b) such Limited Partner's allocable share of Fund taxable and tax-exempt income and gain, and the amount of any constructive contributions resulting from an increase in such Limited Partner's allocable share of the Fund's liabilities (including the Fund's allocable share of any Investment Fund's liabilities). A Limited Partner's adjusted tax basis for its Interest will be decreased, but not below zero, by such Limited Partner's allocable share of (x) items of Fund deduction, expense and loss and (y) the amount of cash and the adjusted tax basis of any property (other than cash) distributed by the Fund to such Limited Partner, and the amount of any constructive distributions resulting from a reduction in such Limited Partner's allocable share of the Fund's liabilities (including the Fund's allocable share of any Investment Fund's liabilities).

**Fund Distributions**

Distributions of cash or property by the Fund with respect to an Interest (other than liquidating distributions, as discussed below) generally will not be taxable to a Limited Partner. Instead, such distributions will reduce, but not below zero, the Limited Partner's adjusted tax basis in the Interest held by such Limited Partner. If a Limited Partner receives a cash distribution

(including a constructive distribution resulting from a reduction in such Limited Partner's allocable share of the Fund's liabilities (including the Fund's allocable share of any Investment Fund's liabilities)) in an amount in excess of the Limited Partner's adjusted tax basis in its Interest, such excess generally will be taxable to the Limited Partner as gain from the sale or exchange of its Interest, and long-term capital gain if such Limited Partner has held its Interest for more than one year. Allocations of Fund income will increase a Limited Partner's tax basis in its Interest at the end of the taxable year. Thus, cash distributions made during the taxable year could result in taxable gain to a Limited Partner even though no gain would result if the same cash distributions were made at the end of the taxable year.

A Limited Partner will recognize gain or loss for U.S. federal income tax purposes on a complete liquidation of its Interest equal to the difference, if any, between the cash received upon such complete liquidation (including any constructive distribution resulting from a reduction in such Limited Partner's allocable share of the Fund's liabilities, including the Fund's allocable share of any Investment Fund liabilities) and the Limited Partner's adjusted tax basis attributable to such Limited Partner's Interest. For this purpose, a Limited Partner's adjusted tax basis in its Interest includes any adjustment to such adjusted tax basis as a result of such Limited Partner's distributive share of the Fund income or loss for the year of such complete withdrawal or sale or exchange. Any gain or loss recognized with respect to such complete withdrawal or sale or exchange generally will be treated as capital gain or loss, except that such gain will be treated as ordinary income to the extent the proceeds of the complete withdrawal or sale or exchange are attributable to such Limited Partner's allocable share of the Fund's "unrealized receivables" (including, for this purpose, any accrued but unpaid "market discount," as discussed below, with respect to any securities held by the Fund) or certain inventory, as defined in Section 751 of the Code. Any capital gain or loss recognized on a complete withdrawal or a sale or exchange of an Interest will be long-term capital gain or loss if such Interest has been held by the Limited Partner for more than one year.

**Limitations on Deductibility of Fund Losses**

A Limited Partner is entitled to deduct its allocable share of Fund losses, if any, only to the extent of such Limited Partner's adjusted tax basis in its Interest as of the end of the Fund's taxable year in which such loss occurred, and the recognition of any excess would be deferred until such time as the recognition of such loss would not reduce the Limited Partner's adjusted tax basis in its Interest below zero.

In addition, individuals and certain closely-held corporations are allowed to deduct their allocable share of Fund losses, if any, for U.S. federal income tax purposes, only to the extent such Limited Partner is "at risk" with respect to its Interest as of the end of the Fund's taxable year in which such loss occurred. The amount for which a Limited Partner is "at risk" with respect to its Interest generally is equal to its adjusted tax basis for such Interest, less any amounts borrowed (i) in connection with its acquisition of such Interest for which the Limited Partner is not personally liable and for which it has pledged no property other than its Interest, (ii) from persons who have a proprietary interest in the Fund and from certain persons related to such persons, or (iii) for which the Limited Partner is protected against loss through nonrecourse financing, guarantees or similar arrangements. To the extent that a Limited Partner's allocable share of Fund losses is not allowed because such Limited Partner has an insufficient amount at risk in the Fund, such disallowed losses

may be carried over by the Limited Partner to subsequent taxable years and will be allowed as a deduction (subject to any other applicable limitations) if and to the extent of the Limited Partner's at risk amount in subsequent taxable years.

**Treatment of Income and Loss Under the Passive Activity Loss Rules**

The Code restricts individuals, certain non-corporate taxpayers and certain closely-held corporations from deducting losses from a "passive activity" against certain income that is not derived from a passive activity, such as salary or other earned income, active business income and "portfolio income" (*i.e.*, interest, dividends and non-business capital gains). The investment activities of the Fund will not constitute a "passive activity," and therefore, a Limited Partner's passive activity losses (as defined for U.S. federal income tax purposes) from other sources generally will not be deductible against such Limited Partner's allocable share of Fund items of income or gain.

**Limited Deduction for Certain Expenses**

Under the Code, non-corporate taxpayers are subject to certain restrictions on their ability to deduct "miscellaneous itemized deductions" (which include investment expenses), including for purposes of computing the alternative minimum tax.

The Fund may be treated as trader or as an investor for U.S. federal income tax purposes. If the General Partner determines that the Fund is an investor for U.S. federal income tax purposes, the Fund will treat the Management Fee, as well as the other ordinary expenses of the Fund (including interest paid or accrued by the Fund), as investment expenses. If, however, the General Partner determines that the Fund is a trader for U.S. federal income tax purposes, the Fund will treat the Management Fee, as well as the other ordinary expenses of the Fund (including interest paid or accrued by the Fund), as ordinary business deductions. Even if the General Partner determines that the Fund is a trader, the IRS could contend that the Fund should be characterized as an investor and that such expenses are subject to limitations on deductibility.

**Limitation on Deductibility of Interest on Investment Indebtedness**

Limited Partners that are individuals or other non-corporate taxpayers are allowed to deduct interest paid or accrued by the Fund on indebtedness (so-called "investment interest") only to the extent of each such Limited Partner's net investment income for the taxable year. A Limited Partner's net investment income generally is the excess, if any, of the Limited Partner's investment income from all sources (which generally is gross income from property held for investment) over investment expenses from all sources (which generally are non-interest deductions allowed that are directly connected with the production of investment income). Investment income excludes net capital gain attributable to the disposition of property held for investment (and therefore would not include any capital gains of the Fund allocated to the Limited Partner) and any qualified dividend income, unless the Limited Partner elects to pay tax on such gain at ordinary income rates.

To the extent that a Limited Partner's allocable share of Fund investment interest is not allowed as a deduction because the Limited Partner has insufficient net investment income, such disallowed investment interest may be carried over by the Limited Partner to subsequent taxable years and will be allowed if and to the extent of the Limited Partner's net investment income in

subsequent years. If a Limited Partner borrows to finance the purchase of Interests, any interest paid or accrued on the borrowing will be investment interest that is subject to these limitations. Because the amount of a Limited Partner's allocable share of investment interest that is subject to this limitation will depend on the Limited Partner's aggregate investment interest and net investment income from all sources for any taxable year, the extent, if any, to which Fund investment interest will be disallowed under this limitation will depend upon each Limited Partner's particular circumstances.

**Organizational and Syndication Expenses**

Organizational expenses of the Fund are not currently deductible, but may, at the election of the Fund be amortized over a period of 180 months. Syndication expenses of the Fund (*i.e.*, expenditures made in connection with the marketing and issuance of interests, including placement fees) are neither deductible nor amortizable.

**Nature of Investments**

As discussed above under "Investment Objectives and Strategies," the Fund will engage in a wide variety of investments, which may include sophisticated financial and derivative instruments, the proper tax treatment of which may not be entirely free from doubt. In addition, the investment practices of the Fund generally may be subject to special and complex U.S. federal income tax provisions that may, among other things, (i) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (ii) convert lower taxed long-term capital gain into higher taxed short-term capital gain or ordinary income, (iii) convert an ordinary loss or deduction into a capital loss (the deductibility of which is more limited), (iv) cause the Fund (or its Partners) to recognize income or gain without a corresponding receipt of cash, (v) adversely affect the timing as to when a purchase or sale of stock or securities is deemed to occur, and/or (vi) adversely alter the characterization of certain complex financial transactions. The following discussion is a summary of material U.S. federal income tax consequences to taxpayers generally of certain of the investments and transactions that the Fund (directly or indirectly) may make or enter into. The U.S. federal income tax consequences associated with these and other investments will depend upon the specific facts and circumstances associated with, and the specific terms of, such investments and transactions. The following discussion is not intended to describe the tax consequences of any specific investment of the Fund.

General. Subject to the treatment of certain currency exchange gains and losses and certain other transactions giving rise to ordinary income or loss (discussed below), the Fund expects that its gains and losses from its investments (and its allocable share of the gains and losses of each Investment Fund) will be capital gains and losses. These capital gains and losses may be long-term or short-term, depending, in general, upon the length of time that the Fund (or applicable Investment Fund) maintains a particular investment position and, in certain cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain treatment (See "Tax on Capital Gains and Losses," below).

Interest (Including Original Issue Discount and Market Discount). Limited Partners generally will be taxable on their allocable share of the Fund's interest income (including the Fund's allocable share of the interest income of each Investment Fund) at ordinary income tax rates when such amounts are included in the Fund's taxable income under its regular method of

tax accounting. In addition, the Fund (directly or indirectly) may hold debt instruments with original issue discount ("***OID***") for U.S. federal income tax purposes. In such case, a Limited Partner will be required to include its allocable share of the amount of OID accrued with respect to such debt instruments on a constant yield to maturity basis even though the receipt of such amounts may occur in a subsequent taxable year. The Fund (directly or indirectly) may also acquire debt instruments having market discount (such instrument, a "***market discount bond***"). Upon the disposition of a market discount bond, the Fund would be required to treat gain realized on such disposition as interest income to the extent of the market discount that accrued on the instrument during the period such instrument was held by the Fund (or applicable Investment Fund), unless the Fund (or applicable Investment Fund) elected to include market discount in income as such market discount accrued.

Tax on Capital Gains and Losses. Adjusted net capital gain generally is the excess of net long-term capital gain (the net gain on capital assets held for more than one year, including 60% of any gain on Section 1256 Contracts, discussed below) over net short-term capital loss (the net loss on capital assets held for one year or less, including 40% of any loss on Section 1256 Contracts). See "Limitation on Deductibility of Interest on Investment Indebtedness" (for a discussion of the reduction in the amount of a non-corporate taxpayer's net capital gain for a taxable year to the extent such gain is taken into account by such taxpayer in computing certain limitations of the deductibility of interest). Net short-term capital gain (the net gain on assets held for one year or less, including 40% of any gain on Section 1256 Contracts) is subject to tax at the same U.S. federal income rates as ordinary income. Capital losses are deductible by non-corporate taxpayers only to the extent of capital gains for the taxable year plus a specified limited amount, and any excess capital loss may be carried forward indefinitely by non-corporate taxpayers. Capital gains are subject to tax at the same U.S. federal income rates as ordinary income for corporate taxpayers. Corporate taxpayers generally may deduct capital losses only to the extent of capital gains for the taxable year, and generally may carry capital losses back three years and forward five years.

Qualified Dividend Income. Qualified dividend income generally is subject to U.S. federal income tax at the rates applicable to long-term capital gain, as discussed above. In general, qualified dividend income consists of dividends (including constructive dividends) received from U.S. corporations and from certain foreign corporations (generally, foreign corporations whose shares are listed on an established securities market in the United States or that are eligible for benefits of a comprehensive income tax treaty with the United States that includes an exchange of information program). Qualified dividend income does not include payments "in lieu of" dividends received from stock lending transactions or dividends received on stock to the extent the taxpayer is obligated to make related payments with respect to substantially similar or related property (*e.g.*, a short sale of such stock).

Gain and Loss on Section 1256 Contracts. The Code generally applies a mark-to-market system of taxing unrealized gains and losses with respect to "Section 1256 contracts" (generally, certain regulated futures contracts, certain foreign currency contracts and certain options contracts). Under these rules, each Section 1256 contract held by the Fund (or an Investment Fund in which the Fund invests) as of the end of each taxable year will be treated as if it were sold by the Fund (or applicable Investment Fund) for its fair market value as of the last day of such taxable year. The net gain or loss, if any, resulting from such deemed sales, together with any gain or loss

resulting from any actual sales of Section 1256 contracts, must be taken into account by the Fund (or applicable Investment Fund) in computing its taxable income for such year. If a Section 1256 contract held at the end of the taxable year is sold in a subsequent taxable year, the amount of any gain or loss realized on such sale is adjusted to reflect gain or loss previously taken into account under the mark-to-market rules. In general, 60% of the net gain or loss which is generated by transactions in Section 1256 contracts is treated as long-term capital gain or loss and the remaining 40% of such net gain or loss is treated as short-term capital gain or loss (the "***60/40 Rule***"), provided, however, that the 60/40 Rule does not apply to any gain or loss with respect to a Section 1256 contract that would otherwise be treated as ordinary income in the absence of the 60/40 Rule (*e.g.*, gains and losses from certain foreign currency contracts; see "Non-U.S. Currency Gains and Losses" below).

Non-U.S. Currency Gains or Losses. If the Fund (directly or indirectly) makes an investment or obtains financing denominated in a currency other than the U.S. dollar, the Fund may recognize gain or loss attributable to fluctuations in such currency relative to the U.S. dollar. The Fund may also recognize gain or loss on such fluctuations occurring between the times it obtains and disposes of a non-U.S. currency, between the times it accrues and collects income denominated in a non-U.S. currency, or between the times it accrues and pays liabilities denominated in a non-U.S. currency. Such gains or losses generally will be treated as ordinary income or loss.

Income from Investments in Non-U.S. Corporations. The Fund (directly or indirectly) may invest in non-U.S. corporations that could be classified as "passive foreign investment companies" or "controlled foreign corporations" (each, as defined for U.S. federal income tax purposes). For U.S. federal income tax purposes, these investments may, among other things, cause a Limited Partner to recognize taxable income without a corresponding receipt of cash, to incur an interest charge on taxable income that is deemed to have been deferred and/or to recognize ordinary income that would have otherwise been treated as capital gains.

Straddles. The Code contains special rules which apply to "straddles," defined generally as the holding of "offsetting positions with respect to personal property." In general, certain positions will be treated as offsetting if there is a substantial diminution in the risk of loss from holding one position by reason of holding one or more other positions. If two (or more) positions constitute a straddle, recognition of a realized loss from one position must be deferred to the extent of unrecognized gain in an offsetting position. In addition, long-term capital gain may be re-characterized as short-term capital gain and short-term capital loss as long-term capital loss. Interest and other carrying charges allocable to personal property that is part of a straddle are not currently deductible but instead must be capitalized. For purposes of applying the straddle rules, if a Limited Partner takes into account gain or loss with respect to a position held by the Fund (directly or indirectly), the Limited Partner will be treated as holding the Fund's position, except as otherwise provided in the Regulations. Accordingly, positions held by the Fund (directly or indirectly) may limit the deductibility of realized losses sustained by a Limited Partner with respect to positions held for such Limited Partner's own account or through other investment vehicles, and positions held by a Limited Partner for such Limited Partner's own account or through other investment vehicles may limit its ability to deduct realized losses sustained by the Fund (directly or indirectly).

Foreign Taxes and Foreign Tax Credits. Interest and dividends paid on, and capital gains on the sale or exchange of, securities of foreign issuers held by the Fund (directly or indirectly) may be subject to taxes imposed by a foreign country. Pursuant to Regulations under section 704(b) of the Code, foreign tax credits generally must be allocated in proportion to a Limited Partner's distributive share of income to which the foreign tax credits relate. Subject to the requirements and limitations imposed by the Code, Limited Partners may elect to claim their allocable share of any such foreign taxes paid by, or withheld from payments to, the Fund as a foreign tax credit against their U.S. federal income tax liability. Limited Partners who do not elect to claim a foreign tax credit may claim a deduction for their allocable share of such foreign taxes (subject to other applicable limitations on the deductibility of such foreign taxes).

**Alternative Minimum Tax**

In certain circumstances, individuals, corporations and other taxpayers may be subject to an alternative minimum tax in addition to regular U.S. federal income tax. A Limited Partner's potential alternative minimum tax liability may be affected by reason of an investment in the Fund. The extent, if any, to which the alternative minimum tax applies will depend on each Limited Partner's particular circumstances for each taxable year.

**Tax-Exempt Investors**

In general, qualifying tax-exempt organizations, including pension and profit-sharing plans, are exempt from U.S. federal income taxation. This general exemption from tax does not apply to the UBTI of a tax-exempt organization. UBTI includes income from an unrelated trade or business and income from property as to which there is acquisition indebtedness. The Fund (directly or indirectly) may borrow funds or otherwise incur indebtedness in order to conduct its investment activities and to pay expenses. If the Fund (directly or indirectly) incurs any "acquisition indebtedness" with respect to its investments, a Tax-Exempt Investor would recognize UBTI under the debt-financed income rules of Section 514 of the Code with respect to all or a portion of the income derived from such investments. In addition, a Tax-Exempt Investor may recognize UBTI with respect to any fees actually or deemed to be received by the Fund or any Investment Fund.

Each Tax-Exempt Investor should consult its tax advisor regarding the tax consequences of an investment in the Fund, including the potential recognition of UBTI as a result of the Fund's direct or indirect borrowing activities.

**Reportable Transactions**

A participant in a "reportable transaction" is required to disclose its participation in such transaction by filing IRS Form 8886 ("***Reportable Transaction Disclosure Statement***"). In addition, a "material advisor" with respect to such transaction is required to (i) maintain a list containing certain information with respect to such transaction (including the participants with respect to whom the material advisor acted in such capacity) and (ii) file an information return that identifies and describes the transaction and any potential tax benefits expected to result from the transaction. The failure to comply with such rules can result in substantial penalties.

The General Partner cannot predict whether any of the Fund's transactions (directly or indirectly) will subject it, the Fund or any of the Limited Partners to the aforementioned requirements. However, if the General Partner (or any material advisor) determines that any such transaction causes either of them or the Fund to be subject to the aforementioned requirements, the General Partner will, and will cause the Fund to, fully comply with such requirements. Prospective investors should consult with their tax advisors regarding the applicability of these rules to their investment in the Fund.

**Reports to Partners**

The Fund will provide Schedule K-1s to Limited Partners as soon as practicable after receipt of all of the necessary information. The Fund may not be able to provide final Schedule K-1s to Limited Partners for any given taxable year until after April 15 of the following year. Accordingly, Limited Partners should be prepared to obtain extensions to the initial due date for their income tax returns at the federal, state and local level.

**Fund Tax Returns and Audits**

The tax treatment of partnership-related items is determined at the Fund level rather than at the Limited Partner level and each Limited Partner is required to treat Fund items on its U.S. federal income tax returns consistently with the treatment of the items on the Fund's tax return, as reflected on the Schedule K-1s, unless such Limited Partner files a statement with the IRS disclosing the inconsistency.

In general, under current partnership audit rules, if it is determined that the Fund underreported income in a prior year (the "reviewed year"), the Fund would have the option either to (i) have the Fund itself pay any tax due in the "adjustment year" (generally, the year in which the adjustment becomes final) or (ii) issue statements to the Partners for the reviewed year, which statements would indicate such Partners' share of the adjustment. The General Partner will have the authority to make this determination on behalf of the Fund. If the Fund chooses the first option, a Partner may bear the economic burden for taxes that are attributable to a period prior to such Partner's admission to the Fund or in a different amount due to such Partner's varying percentage interest in the Fund during the period to which the taxes relate. If the Fund chooses the second option, each Partner's tax for the taxable year which includes the date the statement was furnished would be increased by the adjustment amount, subject to various adjustments. In either case, interest (and possibly penalties) also would apply. There can be no assurance that the Fund's tax return will not be audited by the IRS or that no adjustments to such tax returns will be made as a result of such an audit.

**State and Local Taxes**

A Limited Partner may be subject to tax return filing obligations and income, franchise and other taxes in state or local jurisdictions in which the Fund operates or is deemed to operate, as well as in such Limited Partner's own state or locality of residence or domicile. In addition, the Fund itself may be subject to tax liability in certain jurisdictions in which it operates or is deemed to operate. Furthermore, a Limited Partner may be subject to tax treatment in such Limited Partner's own state or locality of residence or domicile different than that described above with

respect to its Interest. Prospective investors should consult their tax advisors regarding the possible applicability of state or local taxes to an investment in the Fund.

The foregoing discussion should not be considered to describe fully the U.S. federal, state, local and other tax consequences of an investment in the Fund. Each prospective investor in the Fund should consult its tax advisor regarding the U.S. federal, state, local and other tax consequences of an investment in the Fund in light of their particular circumstances.

*See also Section 4.4 of the Limited Partnership Agreement.*

## CERTAIN CONSIDERATIONS FOR ERISA & RETIREMENT PLANS

**CIRCULAR 230 NOTICE - THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

The following is a summary of certain aspects of laws and regulations applicable to retirement plan investments as in existence on the date hereof, all of which are subject to change. This summary is general in nature and does not address every issue that may be applicable to the Fund or a particular investor.

The Fund may accept subscriptions from pension and profit-sharing plans maintained by U.S. corporations and/or unions, individual retirement accounts and Keogh plans, entities that invest the assets of such accounts or plans and other entities investing plan assets (all such entities are herein referred to as "Benefit Plan Investors") as well as subscriptions from plans maintained by governmental entities, churches and non-U.S. companies. It is not anticipated that the Fund's assets will be subject to ERISA or the prohibited transaction provisions of Section 4975 of the Code because the Fund intends to limit the investments by Benefit Plan Investors. It is further anticipated that the Fund's assets will not be subject to any other law or regulation specifically applicable to governmental, church or non-U.S. plans ("Similar Law"). Under ERISA and the regulations thereunder, the Fund's assets will not be deemed to be plan assets subject to Title I of ERISA or Section 4975 of the Code if less than 25% of the value of each class of equity interest in the Fund is held by Benefit Plan Investors, excluding from this calculation any non-Benefit Plan Investor interests held by the Investment Manager, General Partner and certain affiliated persons or entities. The Fund will not knowingly accept subscriptions for Interests or permit transfers of Interests to the extent that such investment or transfer would subject the Fund's assets to Title I of ERISA, Section 4975 of the Code or Similar Law. In addition, the Fund has the authority to require the redemption of all or some of the Interests held by any Benefit Plan Investor or other plan investor if the continued holding of such Interests, in the opinion of the Investment Manager or Board of Directors, could result in the Fund being subject to Title I of ERISA, Section 4975 of the Code or Similar Law.

Certain duties, obligations and responsibilities are generally imposed on persons who serve as fiduciaries with respect to employee benefit plans or accounts ("Plans"). In the Fund's Subscription

Agreement, each Plan investor will be required to make certain representations, including that the person who is making the decision to invest in the Fund is independent and has not relied on any advice from the Fund, the Investment Manager, the General Partner, or any of their affiliates with respect to the investment in the Fund. Accordingly, Plan fiduciaries should consult their own investment advisors and their own legal counsel regarding the investment in the Fund and its consequences under applicable law, including ERISA, the Code and any Similar Law.

Under ERISA's general reporting and disclosure rules, ERISA Plans are required to report information regarding their assets, expenses and liabilities. To facilitate a plan administrator's compliance with these requirements, it is noted that the descriptions of the fees and expenses contained in this Memorandum, including but not limited to the Management Fee and the Performance Allocation, as supplemented annually by the Fund's audited financial statements and the notes thereto, are intended to satisfy the alternative reporting option for "eligible indirect compensation" on Schedule C of Form 5500.

## PRIVACY POLICY

Below is a statement of the General Partner's privacy policy in effect as of the date of this Memorandum. Please see also "Anti-Money Laundering Regulations" at page 36, which describes certain laws that may require disclosure of information about the Fund and its Partners, and the taking of certain other actions, which might otherwise violate the Privacy Policies and Procedures of the General Partner and the Fund. On a Limited Partner's request at any time, the General Partner will provide a copy of the General Partner's then-current privacy policy.

**Our Commitment to your Privacy**: Protecting your privacy is very important to our company (the "Company" or "we"). We will not share nonpublic personal information about you with nonaffiliated third parties without your consent, except for specific limited purposes described below. This notice explains our collection, use, retention and security of information about you, as in effect when we give you this notice.

**How We Acquire Information**: We may obtain information about you from the following sources:

- Your investment management agreement(s) or similar agreement(s) with us, and other information that you provide when you become our client, whether in writing, in person, by telephone, electronically or by any other means. This information may include your name, address, phone number, e-mail address, social security number, employment information, income, assets, liabilities, investment experience, and credit references.
- Brokerage firms, banks, custodians or similar institutions which maintain or service your account(s) managed by us. This information may include account balances and transactions, and similar information typically included in account statements provided by such institutions.
- Consumer reporting agencies. This information may include account information and credit history.

**Sharing Information with Nonaffiliated Third Parties**: We may disclose non-public personal information about you to nonaffiliated third parties without your consent when we believe it is necessary for the conduct of our business or as required or permitted by law – for example:

- If you request or authorize the disclosure.
- To respond to a subpoena or court order, judicial process, law enforcement or regulatory authorities.
- To consumer reporting agencies.
- To perform services for the Company or on its behalf.
- To develop or maintain proprietary trading or other software.
- In connection with a proposed or actual sale, merger, or transfer of all or a portion of our business.
- To help us prevent fraud.

In addition, we may disclose any nonpublic personal information about you to banks, brokerage firms, custodians, and other service providers who maintain or service investor accounts for us so that we can provide you with necessary services, such as:

- To help process your application to become a client or to service your client investment accounts.
- To enable our service providers to provide business services to us.
- To assist us in performing marketing services or offering services to you.
- For client qualification and reporting purposes.

The information provided to these service providers may include the categories of information described above. These service providers are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We also limit their use of your personal information to the performance of the specific service we have requested.

Except in these specific limited situations, without your consent, we will not disclose your non-public personal information to other companies who may want to sell their products or services to you. For example, we do not sell investor lists and we will not sell your name to a catalogue company.

**Opt Out Provision:** If it is ever necessary to disclose any of your personal information in a way that is inconsistent with this policy, we will give you advance notice of the proposed change so that you will have the opportunity to opt out of such disclosure.

**To Whom This Policy Applies**: This Privacy Policy applies to individuals who obtain or have obtained service from the Company, primarily for personal or family financial purposes.

**Former Clients**: Even if you are no longer a client of the Company, our Privacy Policy will continue to apply to you.

**Our Security Practices and Information Accuracy**: We also take steps to safeguard client information. We restrict access to the personal and account information of our clients to our employees and agents for business purposes only. We maintain physical, electronic, and procedural safeguards to guard your personal information.

We also have internal controls to keep client information as accurate and complete as we can. If you believe that any information about you is not accurate, please let us know.

**Other Information**: We reserve the right to change this Privacy Policy. The examples contained within this Privacy Policy are illustrations and they are not intended to be exclusive. If you have any questions about our Privacy Policy, please feel free to contact us.

## ADDITIONAL INFORMATION

### No Separate Counsel; No Responsibility or Independent Verification

Seward & Kissel LLP represents the General Partner, the Investment Manager and the Fund (each, a "***Party***", and collectively, the "***Parties***") as U.S. counsel. Seward & Kissel LLP does not represent the Limited Partners and no independent counsel has been retained to act on behalf of the Limited Partners. Seward & Kissel LLP is not responsible for any acts or omissions of the Parties (including their compliance with any guidelines, policies, restrictions or applicable laws, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service provider to the Parties. Seward & Kissel LLP's representation of the Parties is limited to specific matters as to which it has been consulted by the applicable Party. There may exist other matters that could have a bearing on a Party as to which Seward & Kissel LLP has not been consulted. This Memorandum was prepared based on information furnished by the General Partner and the Investment Manager to the Fund's former legal counsel; Seward & Kissel LLP has not independently verified such information.

**This Memorandum does not set forth all the provisions of the Limited Partnership Agreement that may be significant to a particular prospective investor. It is qualified in its entirety by reference to the Limited Partnership Agreement, the Subscription Agreement and the other documents described herein. Each prospective investor should examine this Memorandum and those Agreements carefully, and consult with his or her own advisors, before making an investment decision.**

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