FOR THE EXCLUSIVE USE OF:		COPY NO.	

INCA Latin American Fund, LP

A DELAWARE LIMITED PARTNERSHIP

GENERAL PARTNER:
INCA MANAGEMENT, LLC
8950 SW 74TH COURT, SUITE 1601
MIAMI, FLORIDA 33156

INVESTMENT MANAGER:
INCA INVESTMENTS, LLC
8950 SW 74TH COURT, SUITE 1601
MIAMI, FLORIDA 33156

July 1, 2012

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE INTERESTS DESCRIBED HEREIN IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SALE.

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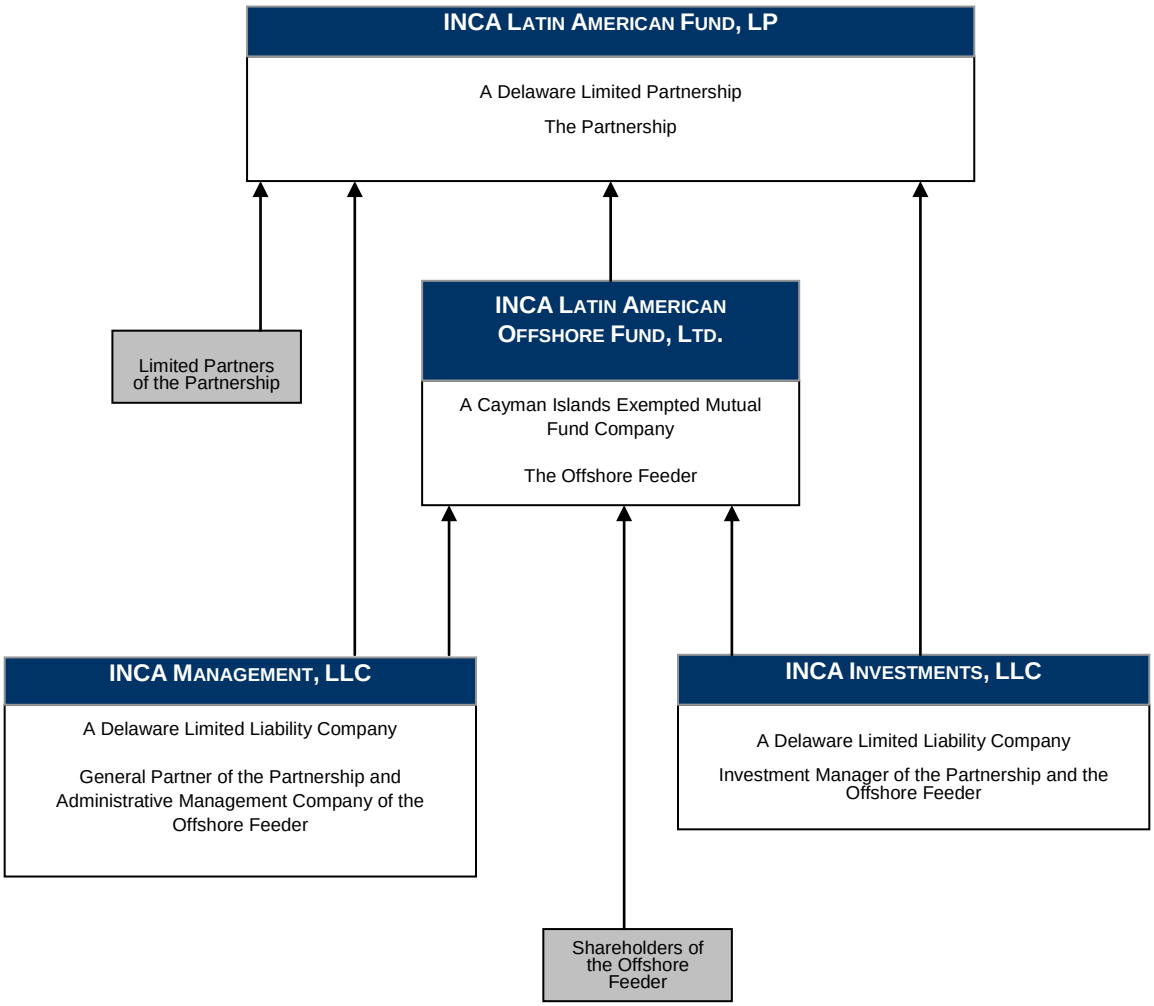
* A copy of which is attached hereto or delivered herewith as a separate document.

DESCRIPTION OF INTERESTS AND STRUCTURE

INCA Latin American Fund, LP ("**Partnership**"), a limited partnership organized under the Delaware Revised Uniform Limited Partnership Act ("**Delaware Act**"), is offering limited partnership interests in the Partnership ("**Interests**") in a private placement pursuant to Section 4(2) of the Securities Act of 1933, as amended ("**Securities Act**"), and Regulation D promulgated thereunder. The Partnership is offering Interests in separate Series (as defined and described herein). Generally, only persons who are Accredited Investors and Qualified Clients (as such terms are defined under the federal securities laws) may purchase Interests.



The Partnership will also issue Interests to INCA Latin American Offshore Fund, Ltd., a Cayman Islands exempted mutual fund company ("**Offshore Feeder**") through a "master-feeder" fund structure. The Offshore Feeder will invest substantially all of its assets in the Partnership. Unless the context otherwise requires, the Partnership and the Offshore Feeder shall be collectively referred to throughout this Confidential Private Placement Memorandum ("**Memorandum**") as the "**Partnership**." Whereas the Partnership was formed for investment by U.S. taxable investors, the Offshore Feeder was formed for investment by non-U.S. persons and U.S. tax-exempt entities.

INCA Management, LLC, a Delaware limited liability company, is the general partner of the Partnership and the administrative management company for the Offshore Feeder ("**General Partner**") and is responsible for the day-to-day administration of the Partnership's affairs. INCA Investments, LLC, a Delaware limited liability company and an investment adviser registered with the U.S. Securities and Exchange Commission ("**SEC**"), is the investment manager of the Partnership and the Offshore Feeder (in such capacities, "**Investment Manager**"). The Investment Manager has discretionary investment authority over the assets of the Partnership and the Offshore Feeder. As the manager and controlling person of the Investment Manager and the General Partner, Fernando Donayre ("**Principal**") controls all of the Partnership's operations and activities.

The Partnership was formed to pool investment funds of its investors (each, a "**Limited Partner**" and, collectively, "**Limited Partners**"; and, together with the General Partner, "**Partners**") for the purpose of investing and trading in a wide variety of securities and financial instruments, domestic and foreign, primarily focusing on Latin American companies, all as determined by the Investment Manager in its discretion, subject to the policies and control of the General Partner.

The Interests will be offered in separate series ("**Series**"). The Partnership is currently offering two (2) Series of Interests: "**Series A Interests**" and "**Series B Interests**". Each Series of Interests will have separate rights and obligations, as more fully described herein.

Series A Interests will invest in the Partnership's general portfolio, as described herein under "INVESTMENT PROGRAM." Series B Interests will invest in the Partnership's general portfolio, as well as through INCA Latin American Alpha Product, LLC ("**Alpha Product**"), a Delaware limited liability company that will seek to reduce the volatility and enhance the performance in relation to the lower volatility of the Partnership's general portfolio through hedging and alpha-generating strategies, as described herein under "INVESTMENT PROGRAM."

The minimum investment amount is $500,000, and the minimum additional investment amount is $100,000, although, in each case, the General Partner has discretion to accept lesser amounts. Generally, new Limited Partners will be admitted on the first day of each month, and withdrawals may be made at the end of each month (unless the General Partner, in its sole discretion, permits withdrawals at another time) upon 30 days' prior written notice to the General Partner, subject to certain restrictions.

INVESTMENT OBJECTIVE AND STRATEGY

The Partnership's primary objective is to invest the majority of its assets in securities of Latin American companies. To meet its investment objective, the Partnership may invest in securities which trade in one or more Latin American markets, U.S. Dollar- or foreign currency-denominated instruments of Latin American issuers, such as American Depository Receipts ("**ADRs**") or Global Depository Receipts ("**GDRs**"), or in securities of companies which may not trade in a Latin American market, but the majority of whose business is related to Latin America. **No assurance can be given, however, that the Partnership or any particular Series will achieve its objectives, and investment results may vary substantially over time and from period to period.**

FEES AND EXPENSES

In consideration for its services, the Investment Manager receives, with respect to Series A Interests, a 0.3125% quarterly (approximately 1.25% annually) management fee, payable in arrears, based on the Partnership's Net Asset Value (as defined herein) attributable to Series A Interests; and, with respect to Series B Interests, a 0.375% quarterly (approximately 1.5% annually) management fee, payable in arrears, based on the Partnership's Net Asset Value attributable to Series B Interests.

In addition, in consideration for its services, the General Partner receives, with respect to Series A Limited Partners, an annual incentive allocation of 10% of the Partnership's net income, if any, attributable to each Series A Limited Partner (subject to the loss carryforward provision and the hurdle rate as set forth herein); and, with respect to Series B Limited

Partners, an annual incentive allocation of 20% of the Partnership's net income, if any, attributable to each Series B Limited Partner (subject to the loss carryforward provision and the hurdle rate as set forth herein).

See "SUMMARY OF OFFERING AND PARTNERSHIP TERMS".

The Partnership will pay for its organizational and operating expenses, including, but not limited to, all accounting, auditing, tax preparation, legal, administration, research and trading costs. All organizational expenses are being capitalized and amortized over a period of 60 months from the date the Partnership commenced operations. The General Partner and the Investment Manager will pay for their own administrative and overhead expenses incurred in connection with providing services to the Partnership.

RISK FACTORS, CONFLICTS OF INTEREST AND OTHER CONSIDERATIONS

Before purchasing an Interest in the Partnership, you should carefully consider various risk factors and conflicts of interest, as well as suitability requirements, restrictions on transfer and withdrawal of Interests and various legal, tax and other considerations, all of which are discussed elsewhere in this Confidential Private Placement Memorandum (this "**Memorandum**"). Some of these considerations are set forth in the following section under the heading "IMPORTANT GENERAL CONSIDERATIONS." **An investment in the Interests offered by the Partnership should be viewed as a non-liquid investment and involves a high degree of risk. You should consider a subscription to purchase Interests only if you have carefully read this Memorandum.**

The Partnership is not registered as an investment company and is not subject to the investment restrictions, limitations on transactions with affiliates and other provisions of the Investment Company Act of 1940, as amended ("**Investment Company Act**"), in reliance upon Section 3(c)(1) thereunder.

Neither the Investment Manager nor the General Partner is registered as a commodity pool operator under the Commodity Exchange Act ("**CEA**"). The Investment Manager is registered as an investment adviser with the SEC. A copy of Part 2 of the Investment Manager's Form ADV is attached hereto as **Exhibit C**.

You should not construe the contents of this Memorandum as legal, tax or investment advice and, if you acquire an Interest, you will be required to make a representation to that effect. You should review the proposed investment and the legal, tax and other consequences thereof with your own professional advisors. The purchase of an Interest involves certain risks and conflicts of interest between the General Partner, the Investment Manager and the Partnership. See "RISK FACTORS AND CONFLICTS OF INTEREST." The General Partner reserves the right to refuse any subscription for any reason.

In making an investment decision, you must rely on your own examination of the Partnership and the terms of the offering of Interests, including the merits and risks involved. You and your representative(s), if any, are invited to ask questions and obtain additional information from the General Partner and/or Butterfield Fulcrum Group (Cayman) Limited (formerly Butterfield Fund Services (Cayman) Limited) (the "Administrator") concerning the terms and conditions of the offering, the Partnership, and any other relevant matters to the extent the General Partner and/or the Administrator possesses such information or can acquire it without unreasonable effort or expense.

Neither the SEC nor any state securities commission has passed upon the merits of participating in the Partnership, nor has the SEC or any state securities commission passed upon the adequacy or accuracy of this Memorandum. Any representation to the contrary is a criminal offense. The General Partner anticipates that: (i) the offer and sale of the Interests will be exempt from registration under the Securities Act and the various state securities laws; (ii) the Partnership will not be registered as an investment company under the Investment Company Act pursuant to an exemption provided by Section 3(c)(1) thereunder; and (iii) neither the General Partner nor the Investment Manager will be registered as a commodity pool operator under the CEA, based upon an exemption available under Rule 4.13(a)(3) of the CEA. Consequently, you will not be entitled to certain protections afforded by those statutes. The Investment Manager is registered as an investment adviser with the SEC. A copy of Part 2 of the Investment Manager's Form ADV is attached hereto as Exhibit C.

Pursuant to Rule 4.13(a)(3) of the CEA, the Investment Manager is exempt from registration with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator and therefore, unlike a registered commodity pool operator, it is not required to deliver a Disclosure Document (as such term is defined under CFTC rules) and a certified annual report to participants in the pool. The foregoing registration exemption is based on the Partnership's limited commodity trading activity and its undertaking that at all times either: (a) the aggregate initial margin and premiums required to establish commodity interest positions, determined at the time the most recent position was established, will not exceed 5% of the liquidation value of the Partnership's portfolio, after taking into account unrealized profits and losses on any such positions; or (b) the aggregate net notional value of the Partnership's commodity interest positions, determined at the time the most recent position was established, shall not exceed 100% of the liquidation value of the Partnership's portfolio, after taking into account unrealized profits and losses on any such positions.

As a Limited Partner, you may withdraw from the Partnership and receive payment for your Interests subject to certain restrictions, as specified herein and in the Second Amended and Restated Limited Partnership Agreement of the Partnership (as the same may be amended and/or restated from time to time, the "Partnership Agreement"), a copy of which is attached hereto as Exhibit A.

The offering of Interests is made only by delivery of a copy of this Memorandum to the person whose name appears hereon. The offering is made only to potential investors who are Accredited Investors and Qualified Clients (as such terms are defined under federal securities laws), subject to certain exceptions. By accepting

delivery of this Memorandum, you agree not to reproduce or divulge its contents, in whole or in part, and, if you do not purchase any Interests, to return this Memorandum and the exhibits attached hereto to the General Partner or the Administrator.

Notwithstanding any provision in this Memorandum to the contrary, prospective Limited Partners (and their employees, representatives, and other agents) may disclose to any and all persons the U.S. federal income tax treatment and tax structure of the Interests offered hereby. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of the Interests, and does not include information relating to the identity of the issuer, its affiliates, agents or advisors.

There is no public market for the Interests nor is any expected to develop. Even if such a market develops, no distribution, resale or transfer of an Interest will be permitted except in accordance with the provisions of the Securities Act, the rules and regulations promulgated thereunder, any applicable state securities laws and the terms and conditions of the Partnership Agreement. Any transfer of an Interest by a Limited Partner, public or private, will require the consent of the General Partner. Accordingly, if you purchase an Interest, you will be required to represent and warrant that you have read this Memorandum and are aware of and can afford the risks of an investment in the Partnership for an indefinite period of time. You will also be required to represent that you are acquiring the Interest for your own account, for investment purposes only, and not with any intention to resell or transfer all or any part of the Interest. This investment is suitable for you only if you have adequate means of providing for your current and future needs, have no need for liquidity in this investment and can afford to lose the entire amount of your investment.

Although this Memorandum contains summaries of certain terms of certain documents pertaining to the Partnership, you should refer to the actual documents (copies of which are attached hereto or are available from the General Partner or the Administrator) for complete information concerning the rights and obligations of the parties thereto. All such summaries are qualified in their entirety by the terms of the actual documents. No person has been authorized to make any representations or furnish any information with respect to the Partnership or the Interests, other than the representations and information set forth in this Memorandum or other documents or information furnished by the General Partner or the Administrator upon request, as described above.

Certain information contained in this Memorandum constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "seek", "should", "expect", "anticipate", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those set forth under "RISK FACTORS AND CONFLICTS OF INTEREST," actual events or results or the actual performance of the Partnership may differ materially from those reflected or contemplated in such forward-looking statements.

No rulings have been sought from the Internal Revenue Service ("IRS") with respect to any tax matters discussed in this Memorandum. You are cautioned that the views contained herein are subject to material qualifications and subject to possible changes in regulations by the IRS or by the U.S. Congress in existing tax statutes or in the interpretation of existing statutes and regulations.

The information contained herein is current only as of the date hereof, and you should not, under any circumstances, assume that there has not been any change in the matters discussed herein since the date hereof.

SUMMARY OF OFFERING AND PARTNERSHIP TERMS

The following summary is qualified in its entirety by other information contained elsewhere in this Confidential Private Placement Memorandum (this "**Memorandum**") and by the Second Amended and Restated Limited Partnership Agreement (as the same may be amended and/or restated from time to time, the "**Partnership Agreement**") of the Partnership (as defined below), a copy of which is attached to this Memorandum as **Exhibit A**. You should read this entire Memorandum and the Partnership Agreement carefully before making any investment decision regarding the Partnership and should pay particular attention to the information under the heading "RISK FACTORS AND CONFLICTS OF INTEREST." In addition, you should consult your own advisors in order to understand fully the consequences of an investment in the Partnership.

The Partnership

INCA Latin American Fund, LP ("**Partnership**") is a Delaware limited partnership. The Partnership operates as a pooled investment vehicle through which the assets of its investors (each, a "**Limited Partner**" and, collectively, "**Limited Partners**"; and, together with the General Partner (as defined below), "**Partners**") are invested in a wide variety of securities and financial instruments, domestic and foreign, primarily focusing on Latin American companies, as more fully described herein under "INVESTMENT PROGRAM." INCA Latin American Offshore, Ltd. ("**Offshore Feeder**"), a Cayman Islands exempted mutual fund company, invests substantially all of its assets in the Partnership through a master-feeder fund structure. Unless otherwise indicated, the Partnership and the Offshore Feeder shall collectively be referred to as the "**Partnership**".

Management

INCA Management, LLC, a Delaware limited liability company ("**General Partner**"), is the general partner of the Partnership, and is responsible for the management of the Partnership's affairs, and the retention and supervision of all of the service providers to the Partnership. INCA Investments, LLC, a Delaware limited liability company registered as an investment adviser with the U.S. Securities and Exchange Commission ("**SEC**"), is the investment manager of the Partnership ("**Investment Manager**"). A copy of Part 2 of the Investment Manager's Form ADV is attached hereto as **Exhibit C**.

The Investment Manager is responsible for the investment decisions of the Partnership. As the principal member, manager and controlling person of the General Partner and the Investment Manager, Fernando Donayre ("**Principal**") controls all of the Partnership's operations and activities, and is the primary portfolio manager for the Partnership. See "MANAGEMENT."

The Offering

The Partnership is offering limited partnership interests in the Partnership ("**Interests**") to persons who are Accredited Investors (as such term is defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended ("**Securities Act**")) and Qualified Clients (as such term is defined under the Investment Advisers Act of 1940, as amended ("**Advisers Act**")), subject to certain exceptions. Interests represent a percentage interest in the Partnership proportionate to the capital accounts of all Partners.

Marketing Fees and Sales Charges. The General Partner and/or the Investment Manager may sell Interests through broker-dealers, placement agents and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at the General Partner's or the Investment Manager's own expense (except in circumstances involving directed brokerage). In certain cases, the General Partner and/or the Investment Manager reserve the right to deduct a percentage of the amount invested by a Limited Partner in the Partnership to pay sales fees or charges, on a fully disclosed basis, to a broker-dealer, placement agent or other person based upon the capital contribution of the investor introduced to the Partnership by such broker-dealer, agent or other person. Any such sales fees or charges would be assessed against the referred investor and would reduce the amount actually invested by the investor in the Partnership.

Issuance of Interests in Multiple Series

The Interests will be offered in separate series ("**Series**"). The Partnership is currently offering two (2) Series of Interests: "**Series A Interests**" and "**Series B Interests**". Each Series of Interests will have separate rights and obligations, as more fully described

herein.

Series A Interests will invest in the Partnership's general portfolio, as described herein under "INVESTMENT PROGRAM." Series B Interests will invest in the Partnership's general portfolio, as well as through INCA Latin American Alpha Product, LLC ("**Alpha Product**"), a Delaware limited liability company that will seek to reduce the volatility and enhance the performance in relation to the lower volatility of the Partnership's general portfolio through hedging and alpha-generating strategies, as described herein under "INVESTMENT PROGRAM."

The Partnership may offer additional Series of Interests in the future, which may differ from the existing Series with respect to any matters, including, without limitation, fees, withdrawal rights and/or other rights and terms. The terms of such additional Series will be determined by the General Partner, in its sole discretion.

As the context may require, the holders of Series A Interests may be referred to herein as "**Series A Limited Partners**", and the holders of Series B Interests may be referred to herein as "**Series B Limited Partners**". Unless the context otherwise requires, "Interests" shall collectively refer to Series A Interests and Series B Interests, and "Limited Partners" shall collectively refer to Series A Limited Partners and Series B Limited Partners.

How to Subscribe

Attached as **Exhibit B** to this Memorandum are the subscription documents and instructions for subscribing ("**Subscription Documents**"). In order to subscribe for Interests, you must complete the Subscription Documents and return them to Butterfield Fulcrum Group (Cayman) Limited (formerly Butterfield Fund Services (Cayman) Limited) (the "**Administrator**"). You must pay 100% of your investment at the time you subscribe. Payment must be made by wire transfer of immediately available funds. To ensure compliance with applicable laws, regulations and other requirements relating to money laundering, the Administrator and/or the General Partner may require additional information to verify the identity of any person who subscribes for an Interest in the Partnership.

The General Partner, in its sole discretion, may accept securities in-kind as payment of a Limited Partner's investment. If the General Partner consents to a Limited Partner's contribution of securities to the Partnership, the Partnership may, in the General Partner's discretion, assess a special charge against such Limited Partner equal to the actual costs incurred by the Partnership in connection with accepting such contributed securities, including the costs of liquidating such securities or otherwise adjusting the Partnership's portfolio to accommodate such securities. Any investor who contributes securities in lieu of cash to the Partnership should consult with such person's counsel or advisors as to the tax effect of such contribution.

Eligible Investors and Suitability

In order to invest in the Partnership, you must meet certain minimum suitability requirements, including qualifying as an "Accredited Investor" under the Securities Act and a "Qualified Client" under the Advisers Act, unless otherwise determined by the General Partner. The Subscription Documents set forth in detail the definitions of Accredited Investor and Qualified Client. You must check the appropriate places in the Subscription Documents to represent to the Partnership that you are an Accredited Investor and a Qualified Client in order to be able to purchase Interests. The General Partner may reject any person's subscription for any reason or for no reason.

The suitability standards referred to herein represent minimum suitability requirements for persons seeking to invest in the Partnership, and, accordingly, just because you satisfy such standards does not necessarily mean that the Interests are a suitable investment for you.

Entities subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and other tax-exempt entities may purchase Interests. However, investment in the Partnership by such entities requires special consideration. Trustees or administrators of such entities should consult their own legal and tax advisers. See "INVESTMENTS BY U.S. TAX-EXEMPT ENTITIES – ERISA CONSIDERATIONS."

Minimum Investment

The minimum initial investment that will be accepted from a new Limited Partner is $500,000. The minimum additional capital contribution that will be accepted from an existing Limited Partner is $100,000. In each case, the General Partner has discretion to accept lesser amounts.

There is no minimum or maximum aggregate amount of funds that must or may be contributed by all Partners to the Partnership. Limited Partners are not required to make any additional capital contributions to the Partnership. The General Partner, in its sole discretion, can accept or reject any initial subscriptions from prospective Limited Partners and any additional capital contributions from existing Limited Partners.

Admission of Limited Partners

Capital contributions generally will be accepted as of the first day of each month, although the General Partner, in its sole discretion, has the right to admit new Limited Partners and to accept additional funds from existing Limited Partners at any time. Upon such admission or receipt of additional capital contributions, the Interests of the Partners will be readjusted in accordance with their capital accounts.

In connection with an additional capital contribution by an existing Limited Partner, the General Partner may (i) treat such additional capital contribution as a capital contribution with respect to one of such Limited Partner's existing capital accounts or (ii) establish a new capital account to which such capital contribution shall be credited and which shall be maintained for the benefit of such Limited Partner separately from any existing capital account of such Limited Partner. Such separate capital accounts may be maintained for any purpose, in the discretion of the General Partner, including the calculation of the applicable Incentive Allocation and/or Loss Carryforward (each, as defined below). All funds invested in the Partnership by Limited Partners will be held in the Partnership's name and the Partnership will not commingle its funds with any other party.

Management Fee

The Partnership has entered into an investment management agreement ("**Investment Management Agreement**") with the Investment Manager to manage the Partnership's portfolio. In consideration for services provided pursuant to the Investment Management Agreement, the Investment Manager shall receive a management fee, payable quarterly and in arrears, calculated as of the last day of each quarter, equal to: (i) with respect to Series A Interests, 0.3125% (approximately 1.25% annually) of each Series A Limited Partner's share of the Partnership's Net Asset Value (as defined herein) attributable to Series A Interests (the "**Series A Management Fee**"); and (ii) with respect to Series B Interests, 0.375% (approximately 1.5% annually) of each Series B Limited Partner's share of the Partnership's Net Asset Value attributable to Series B Interests (the "**Series B Management Fee**"). Unless the context otherwise requires, the Series A Management Fee and the Series B Management Fee shall be collectively referred to throughout this Memorandum as the "**Management Fee**". A *pro rata* Management Fee will be charged to Limited Partners on any amounts accepted by the General Partner as contributions or withdrawn during a quarter. The Investment Manager, in its sole discretion, may waive or reduce the Management Fee with respect to one or more Limited Partners for any period of time, or agree to apply a different Management Fee for such Limited Partner (all such arrangements in the form of a rebate or otherwise).

Incentive Allocation to the General Partner

As consideration for services pursuant to the Partnership Agreement, the General Partner shall receive an annual incentive allocation at the close of each fiscal year (or other relevant period), equal to, (i) with respect to Series A Limited Partners, ten percent (10%) of the portion of the Partnership's annual (or other relevant period) net income attributable to each Series A Limited Partner (including realized and unrealized gains and net of the Series A Management Fee) (the "**Series A Incentive Allocation**"); and (ii) with respect to Series B Limited Partners, twenty percent (20%) of the portion of the Partnership's annual (or other relevant period) net income attributable to each Series B Limited Partner (including realized and unrealized gains and net of the Series B Management Fee) (the "**Series B Incentive Allocation**").

Unless the context otherwise requires, the Series A Incentive Allocation and the Series B Incentive Allocation shall be collectively referred to throughout this Memorandum as the "**Incentive Allocation**."

The Incentive Allocation shall be subject to a Loss Carryforward ("high watermark") provision and a Hurdle Rate (as defined herein).

The General Partner shall not receive an Incentive Allocation during any year when the Partnership's net profits (including net unrealized gains and losses and net of the Management Fee), does not exceed the hurdle rate ("**Hurdle Rate**"). The Hurdle Rate shall equal five percent (5%), and such rate will be appropriately prorated for amounts held less than one year due to subscriptions and/or withdrawals other than at the beginning or end of a fiscal year. In the event that the rate of return on any capital account does not exceed the Hurdle Rate in any fiscal year or other period, such deficit shall not be carried forward to future fiscal years.

Upon any withdrawal by a Limited Partner, whether voluntary or involuntary, the General Partner shall also receive the Incentive Allocation with respect to the amounts withdrawn. The General Partner shall also receive the Incentive Allocation upon dissolution of a Series (with respect to such Series only) or the Partnership. The Incentive Allocation shall be in addition to the proportionate allocations of income and profits, or losses, to the General Partner and/or its affiliates based upon their capital accounts relative to the capital accounts of all Partners. The General Partner, in its sole discretion, may waive or reduce the Incentive Allocation with respect to any Limited Partner for any period of time, or agree to modify the Incentive Allocation for that Limited Partner. The General Partner may, in its discretion, reallocate a portion of the Incentive Allocation to certain Limited Partners.

Because the Incentive Allocation is made on a Series-by-Series basis, a Limited Partner who invests both in the Series A Interests and the Series B Interests may be subject to an Incentive Allocation with respect to one of those Series, even if the other Series fails to realize any profits or incurs losses. As a result, a Limited Partner may be subject to an Incentive Allocation despite incurring losses, in the aggregate, in the Partnership.

High Water Mark

The Incentive Allocation is subject to what is commonly known as a "high water mark" procedure. That is, if a Limited Partner's capital account has a net loss in any fiscal year (or other period, as applicable), this loss will be recorded and carried forward as to such Limited Partner to future fiscal years (or other periods) (such amount is referred to as the "**Loss Carryforward**"). The General Partner will not receive the Incentive Allocation from such Limited Partner in any future fiscal year (or other period) until the Loss Carryforward amount for such Limited Partner has been fully recovered and the Hurdle Rate has been exceeded (i.e., when the Loss Carryforward amount has been exceeded by the cumulative profits allocable to such Limited Partner for the fiscal years (or other periods) following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Incentive Allocation shall be based on the excess profits (over the Loss Carryforward amount and the Hurdle Rate) as to such Limited Partner, rather than on all profits. The Hurdle Rate shall apply only if a Limited Partner's Loss Carryforward amount has been recovered. The "high water mark" procedure prevents the General Partner from receiving the Incentive Allocation as to profits that simply restore previous losses and is intended to ensure that the Incentive Allocation is based on the long-term performance of an investment in the Partnership.

When a Limited Partner withdraws capital, any Loss Carryforward will be adjusted downward in proportion to the withdrawal. The General Partner may agree with any Limited Partner to apply a different Loss Carryforward provision for such Limited Partner.

Expenses

Organizational Expenses. The Partnership shall pay or reimburse the General Partner, the Investment Manager and/or their affiliates for all expenses related to organizing the Partnership, including, but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees (including blue sky filing fees). The Partnership has been capitalizing and amortizing initial organizational expenses over a period of 60 months from the date the Partnership commenced operations rather than expense the entire amount of the Partnership's organizational expenses in the Partnership's first year of operation, as required by the U.S. generally accepted accounting principles ("**GAAP**"). Such capitalization and amortization may result in the qualification of the Partnership's financial statements.

Operating Expenses. The Partnership shall each pay or reimburse the Investment Manager and the General Partner for (A) all expenses incurred in connection with the ongoing offering of Interests, including, but not limited to, marketing expenses, printing of the Memorandum and exhibits, documentation of performance, (B) all operating expenses of the Partnership such as Management Fees, tax preparation fees, governmental fees and taxes, administrator fees, communications with Partners, and ongoing legal, accounting, auditing, bookkeeping, consulting and other professional fees and expenses, (C) all Partnership trading and investment related costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges), and (D) all fees to protect or preserve any investment held by the Partnership, as determined in good faith by the Investment Manager, and all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Partnership.

Each of the General Partner, the Investment Manager or any of their respective affiliates, in its sole discretion, may from time to time pay for any of the foregoing Partnership expenses. The General Partner and the Investment Manager may elect to be reimbursed for such expenses, or to waive their right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

General Partner's and Investment Manager's Expenses. The Investment Manager and the General Partner will pay for their own general operating and overhead type expenses associated with providing the administrative, supervisory and investment management services pursuant to the Investment Management Agreement and the Partnership Agreement, respectively. However, the General Partner and the Investment Manager may use "soft dollar" commissions by brokerage firms of commissions generated by the Partnership's securities transactions executed through those firms, to pay for some or all of the products and services that they might otherwise have to bear or that otherwise provide benefits to them and their affiliates. See "BROKERAGE PRACTICES" and "RISK FACTORS."

Withdrawals

Limited Partner Withdrawals. A Limited Partner may withdraw all or a portion of its capital allocated to one or more Series in a minimum amount of $50,000 as of the last day of any month (each such date shall be referred to herein as a "**Withdrawal Date**"), upon at least 30 days' prior written notice to the General Partner, and in such other amounts and at such other times as the General Partner may determine in its sole discretion. Unless the General Partner consents, partial withdrawals may not be made if they would reduce a Limited Partner's capital account balance below $500,000. All withdrawals shall be deemed made prior to the commencement of the following month.

The General Partner believes (but cannot guarantee) that the assets of the Partnership will be invested in a manner which would allow the General Partner to satisfy withdrawal requests. The Partnership has the right to pay cash or in-kind, or a combination of both, to a Limited Partner that makes a withdrawal from such Limited Partner's capital account.

If the General Partner in its discretion permits a Limited Partner to withdraw capital other than on a Withdrawal Date, the General Partner may impose an administrative fee to cover the legal, accounting, administrative, brokerage, and any other costs and expenses associated with such withdrawal.

Payments. A Limited Partner who requests a withdrawal of capital that constitutes, together with prior withdrawals within any fiscal year, less than 90% of the value of such Limited Partner's capital account, shall be paid within 30 days after the applicable Withdrawal Date. A Limited Partner who is withdrawing 90% or more of the value of such Limited Partner's capital account in the aggregate within any fiscal year shall be paid 90% of an amount estimated by the General Partner to be the amount to which the withdrawing Limited Partner is entitled (calculated on the basis of unaudited data) within 30 days after the applicable Withdrawal Date. The balance of the amount payable upon such withdrawal shall be paid, without interest, within 15 days after completion of the December 31 audited financial statements for the fiscal year in which the withdrawal occurs. The balance remaining will not be considered to be invested in the Partnership. Upon

withdrawal of all of the capital in its capital account, a Limited Partner shall be deemed to have withdrawn from the Partnership, and upon notice of such withdrawal, a Limited Partner shall not be entitled to exercise any voting rights afforded to Limited Partners under the Partnership Agreement.

The value of the Limited Partner's capital account is determined in accordance with the Partnership Agreement, which is calculated to include original and additional capital contributions and withdrawals by a Limited Partner, and increases or decreases in the Net Asset Value of the Partnership allocable to the withdrawing Limited Partner through the date of withdrawal.

Limitations on Withdrawals. The Partnership may suspend or postpone the payment of any withdrawals from capital accounts (i) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the Partnership's investments impractical or prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Partnership's investments impractical or prejudicial to the Partners; (ii) where any withdrawals or distributions, in the opinion of the General Partner, would result in the violation of any applicable law or regulation; or (iii) for such other reasons or for such other periods as the General Partner may in good faith determine. In the event that Limited Partners, in the aggregate, request withdrawals of 25% or more of the aggregate balances of the Partnership's capital accounts as of any Withdrawal Date, the requested amounts will be reduced to an amount equal to 25% of the aggregate capital account balances of the Partnership and satisfied on a *pro rata* basis, based on the respective amounts of requested withdrawals of capital by each withdrawing Limited Partner. Capital withdrawal requests that are deferred due to such limitation may be revoked by the withdrawing Limited Partner, and if not revoked, will be given priority at subsequent Withdrawal Dates. In the interim, all of the remaining capital in such Limited Partner's capital account (including the capital subject to any such deferred withdrawal request) shall remain subject to the performance of the Partnership.

Required Withdrawals. The General Partner may, in its sole discretion, require a Limited Partner to withdraw any or all of the value of the Limited Partner's capital account on 5 days' notice.

Reserves. The General Partner may cause the Partnership to establish such reserves as it deems necessary for contingent Partnership liabilities, including estimated expenses in connection therewith, which could reduce the amount of a distribution upon withdrawal.

Withdrawals, Resignation and Transfers by General Partner

The General Partner and/or its principals and affiliates may withdraw all or any of the amounts in their capital accounts from time to time without the consent of or notice to any of the Limited Partners. The General Partner may resign as the general partner of the Partnership upon 30 days' written notice to the Limited Partners. Upon such resignation of the General Partner, or upon its bankruptcy or dissolution, the remaining Limited Partners have the right to appoint a substitute general partner; otherwise, the Partnership will be dissolved pursuant to the provisions set forth in the Partnership Agreement. The Partnership Agreement permits the General Partner to appoint additional general partners and to transfer its general partner interest to an affiliate of the General Partner without the consent of Limited Partners.

Determination of Net Asset Value

Net Asset Value is determined in accordance with the Partnership Agreement and is generally equal to the amount by which the value of the Partnership's assets exceeds the amount of its liabilities ("**Net Asset Value**"). The Partnership's Net Asset Value is calculated by the Administrator, based on portfolio valuations provided by the Investment Manager. Net Asset Value calculations are made in accordance with U.S. generally accepted accounting principles ("**GAAP**"), except that the Partnership has elected to capitalize and amortize the organizational and initial offering expenses. Securities and commodities which are listed on a national securities exchange or over-the-counter securities listed on NASDAQ shall be valued at their last sales price on such date or, if no sales occurred on such date, at the "bid" price for a long position and the "ask" price for a short position for such securities or commodities on such date. In the case of securities and commodities not listed on a security exchange or quoted on an over-the-counter

market, but for which there are readily available quotations, such valuation will be based upon price quotations obtained from market makers, dealers or pricing services. Options that are listed on a securities or commodities exchange shall be valued at their last sales prices on the date of determination on the largest securities or commodities exchange (by trading volume) on which such options shall have traded on such date; provided that, if the last sales prices of such options do not fall between the last "bid" and "ask" prices for such options on such date, then the Investment Manager shall value such options at the midpoint between the last "bid" and "ask" prices for such options on such date. Securities, commodities, options or other financial instruments for which no market prices are available, and all other assets of the Partnership, are considered at such value as the Investment Manager may reasonably determine.

The interest of the Partners in profits, losses and increases and decreases in Net Asset Value as of the end of any fiscal period shall be allocated to each Partner in the proportion to which such Partner's capital account bore to the sum of all Partners' capital accounts as of the beginning of the relevant period.

Allocation of Profit and Loss

To determine how the economic gains and losses of the Partnership will be shared, the Partnership Agreement allocates net income or loss (increases and decreases in Net Asset Value) to each Partner's capital account. Net income or loss includes all portfolio gains and losses, whether realized or unrealized, plus all other Partnership items of income (such as interest) and less all Partnership expenses. Generally, net income and net loss for each month (or other period, as the case may be) will be allocated to the Partners in proportion to their capital account balances as of the start of such month (or such other period). Net income and net losses in any New Issues Accounts (as defined below) shall be allocated to those Partners participating in such accounts in proportion to their capital account balances in such accounts. All matters concerning the allocation of profits, gains and losses among the parties (including the taxes thereon) and accounting procedures not expressly provided for by the terms of the Partnership Agreement shall be determined by the General Partner in its sole discretion in consultation with the accountants for the Partnership. Capital account balances will reflect capital contributions, previous allocations of increases and decreases in Net Asset Value, withdrawals and the Incentive Allocation.

Allocation of Taxable Income and Loss

For income tax purposes, all items of taxable income, gain, loss, deduction and credit will be allocated among the Partners at the end of each fiscal year in a manner consistent with their economic interests in the Partnership. In light of the fact that the Partnership does not intend to make distributions, to the extent the Partnership's investment activities are successful, Limited Partners should expect to receive allocations of income and loss, and may incur tax liabilities from an investment in the Partnership without receiving cash distributions from the Partnership with which to pay those liabilities. To obtain cash from the Partnership to pay taxes, if any, Limited Partners may be required to make withdrawals, subject to the limitations in the Partnership Agreement.

Other Memorandum Accounts

To the extent that certain Limited Partners are restricted from participating in any transactions of the Partnership by applicable laws or regulations, or for any other reason determined by the General Partner in good faith, the General Partner may, in its discretion, establish one or more separate memorandum accounts to hold such investments and isolate ownership away from such restricted Limited Partners. Only those Limited Partners who the General Partner determines are eligible shall participate in such accounts. In addition, the General Partner and its affiliates reserve the right to alter any Partnership investment policy or strategy as deemed appropriate from time to time in its discretion without obtaining Limited Partner approval.

New Issues

From time to time, the Partnership may purchase securities that are part of a public distribution. Under rules adopted by the Financial Industry Regulatory Authority ("**FINRA**"), (i) certain persons engaged in the securities, banking or financial services industries (and members of their immediate families) and (ii) certain persons who are affiliated with companies that are current, former or prospective investment banking clients of the Partnership's broker(s) (collectively, "**Restricted Persons**") are restricted from participating in initial public offerings of equity securities ("**New Issues**"), subject to a *de minimis* exemption (see the Partnership's Subscription Documents for a more comprehensive definition of Restricted Person). To the extent necessary to comply with FINRA rules, in addition to the Partnership's regular accounts and any separate memorandum accounts, the General Partner may establish one or more memorandum accounts that are authorized to participate in New Issues (each, a "**New Issues Account**"). Participation in New Issues Accounts shall be limited to (i) those Limited Partners who are not Restricted Persons and (ii) those Limited Partners who are Restricted Persons but only to the extent that such participation by Restricted Persons does not exceed levels permitted under applicable FINRA rules. The General Partner shall be entitled to receive its Incentive Allocation with respect to any profits in the New Issues Account.

In addition, as a matter of fairness to Partners that do not participate in New Issues, a use-of-funds charge may be debited to the capital accounts of those Partners that do participate in New Issues and credited to the capital accounts of all the Partners. The General Partner may calculate such charge, in its discretion, in any manner consistent with applicable FINRA rules, including, debiting amounts equal to interest, (i) on the funds used to purchase the New Issues at the annual rate being paid by the Partnership, or (ii) that would be paid by the Partnership on borrowed funds during the applicable period.

Upon the sale or other disposition of New Issues (including any transfer of the underlying securities in the New Issues Account to the capital accounts of all of the Partners, after such securities no longer constitute New Issues), any profits or losses resulting from securities transactions in the New Issues Account in any fiscal period will be credited or debited to the capital accounts of Limited Partners participating in the New Issues Account in accordance with their interests therein. The returns to Limited Partners on their investments in the Partnership may differ depending upon whether or not they are a Restricted Person.

Reports to Limited Partners

Each Limited Partner will receive the following: (i) annual financial statements of the Partnership audited by an independent certified public accounting firm; (ii) at the discretion of the General Partner, a periodic letter from the General Partner discussing the results of the Partnership; (iii) copies of such Limited Partner's Schedule K-1 to the Partnership's tax returns; and (iv) other reports as determined by the General Partner in its sole discretion. The Partnership shall bear all fees incurred in providing such tax returns and reports.

The General Partner may agree to provide certain Limited Partners with additional information on the underlying investments of the Partnership, as well as heightened access to the General Partner, the Investment Manager and their respective employees for relevant information.

Transferability of Interests

As a Limited Partner, you may not assign or transfer your Interest (except by operation of law) without the consent of the General Partner, which consent may be given or withheld in its sole discretion. No transfer of an Interest by a Limited Partner will be permitted if it would result in the termination of the Partnership for federal income tax purposes. Transfers of Interests are subject to other restrictions set forth in the Partnership Agreement, including compliance with federal and state securities laws.

Due to these limitations on transferability, Limited Partners may be required to hold their Interests indefinitely, unless they withdraw from the Partnership in accordance with the provisions set forth in the Partnership Agreement.

Distributions; Distributions Upon Termination of the Partnership

The Partnership does not expect to make any distributions to Limited Partners from profits or capital, except pursuant to requests for withdrawals and upon termination of the Partnership.

Upon the termination of the Partnership (as further described in the Partnership Agreement), the assets of the Partnership will be liquidated (or distributed) and the proceeds of liquidation will be used to pay off known liabilities, establish reserves for contingent liabilities and expenses of liquidation, and any remaining balance will be applied and distributed in proportion to the respective capital accounts of the Partners.

Side Letters

The Partnership may from time to time enter into letter agreements or other similar agreements (collectively, "**Side Letters**") with one or more Limited Partners which provide such Limited Partners with additional and/or different rights (including, without limitation, with respect to the Management Fee, the Incentive Allocation, withdrawals, access to information, minimum investment amounts and liquidity terms) than such Limited Partners have pursuant to this Memorandum. The General Partner will not be required to notify any or all of the other Limited Partners of any such written agreements or any of the rights and/or terms or provisions thereof, nor will the General Partner be required to offer such additional and/or different rights and/or terms to any or all of the other Limited Partners.

Bank Holding Companies

Limited Partners that are Bank Holding Companies ("**BHC Limited Partners**"), as defined by Section 2(a) of the Bank Holding Company Act of 1956, as amended ("**BHCA**"), are limited to 4.99% of the voting Interest in the Partnership under Section 4(c)(6) of the BHCA. The portion of the Interest in the Partnership held by a BHC Limited Partner in excess of 4.99% of the aggregate outstanding voting Interests of all Limited Partners shall be deemed non-voting Interests in the Partnership. BHC Limited Partners holding non-voting Interests in the Partnership are permitted to vote such Interests (i) on any proposal to dissolve or continue the business of the Partnership under the Partnership Agreement and (ii) on matters with respect to which voting rights are not considered to be "voting securities" under 12 C.F.R. § 225.2(q)(2), including such matters which may "significantly and adversely" affect a BHC Limited Partner (such as amendments to the Partnership Agreement or modifications of the terms of its Interest). Except with regard to restrictions on voting, non-voting Interests are identical to all other Interests held by Limited Partners.

Voting Rights and Amendments

The voting rights of Limited Partners are very limited. Other than as explicitly set forth in the Partnership Agreement, Limited Partners have no voting rights as to the Partnership or its management. Generally, the Partnership Agreement may be amended only with the consent of the General Partner and Limited Partners owning more than 50% in Interests, except that the General Partner may amend the Partnership Agreement without the consent of or notice to any of the Limited Partners if, in the opinion of the General Partner, the amendment does not materially adversely affect any Limited Partner.

Liability of Limited Partners

A Limited Partner's liability to the Partnership is limited to the amount of such Limited Partner's capital account, including the amount it has contributed to the capital of the Partnership. Once an Interest has been paid for in full, the holder of that Interest will have no further obligation at any time to make any loans or additional capital contributions to the Partnership. No Limited Partner shall be personally liable for any debts or obligations of the Partnership. Under the Delaware Revised Uniform Limited Partnership Act ("**Delaware Act**"), when a Limited Partner receives a return of all or any part of such Limited Partner's capital contribution, the Limited Partner may be liable to the Partnership for any sum, not in excess of such return of capital (together with interest), if at the time of such distribution the Limited Partner knew that the Partnership was prohibited from making such distribution pursuant to the Delaware Act.

Brokerage Practices

Portfolio transactions for the Partnership will be allocated by the Investment Manager to brokers on the basis of best execution and in consideration of, among other factors, such brokers' ability to effect transactions, the brokers' facilities, reliability and financial responsibility, and the provision or payment of the costs of research and other related services or property. See "BROKERAGE PRACTICES."

Other Activities of the General

None of the General Partner, the Investment Manager or the Principal is required to manage the Partnership as its sole and exclusive function. Each of them may engage in

Partner, the Investment Manager, the Principal and Affiliates

other business activities including competing ventures and/or other unrelated employment. In addition to managing the Partnership's investments, the General Partner, the Investment Manager, the Principal and their respective affiliates may provide investment advice to other parties and may manage other accounts and/or establish other private investment funds in the future, including those which employ an investment strategy similar to that of the Partnership. See "MANAGEMENT."

Exculpation and Indemnification

Neither the General Partner nor the Investment Manager shall be liable to the Partnership or the Limited Partners for any action or inaction in connection with the business of the Partnership unless such action or inaction is determined to constitute gross negligence or willful misconduct and all appeal rights have been exhausted or time to appeal has lapsed. The Partnership (but not the Limited Partners individually) is obligated to indemnify the General Partner, the Investment Manager and their respective partners, managers, members, officers, employees and affiliates from any claim, loss, damage or expense incurred by such persons relating to the business of the Partnership; *provided* that such indemnity shall not extend to conduct determined to constitute gross negligence or willful misconduct and until all appeal rights have been exhausted or time to appeal has lapsed.

Term

The term of the Partnership shall continue indefinitely until terminated in accordance with the Partnership Agreement. Under the Partnership Agreement, the Partnership may be terminated at the election of the General Partner.

Fiscal Year

The fiscal year of the Partnership shall end on December 31 of each year. However, the fiscal year may be changed at any time by the General Partner, in its sole and absolute discretion.

Legal Counsel

Sadis & Goldberg LLP, New York, New York, acts as legal counsel to the Partnership, the Investment Manager, the General Partner and certain of their affiliates in connection with the offering of Interests and other ongoing matters. Sadis & Goldberg LLP does not represent the Limited Partners, and each Limited Partner is urged to consult with its, his or her own counsel.

Furthermore, if a conflict of interest or dispute arises between the General Partner and the Investment Manager, on the one hand, and the Partnership or any Limited Partner, on the other hand, by investing in the Partnership, the Limited Partners acknowledge that Sadis & Goldberg LLP may act as counsel to the General Partner and the Investment Manager and not counsel to the Partnership or the Limited Partners, notwithstanding the fact that, in certain cases, the fees paid to Sadis & Goldberg LLP are paid through or by the Partnership.

Auditor

Ernst & Young Ltd., Hamilton, Bermuda, acts as the auditor for the Partnership.

Tax Accountants

Kaufman, Rossin & Co., P.A., Miami, Florida, act as the tax accountants for the Partnership.

Administrator

Butterfield Fulcrum Group (Cayman) Limited (formerly Butterfield Fund Services (Cayman) Limited) ("**Administrator**"), Grand Cayman, Cayman Islands, acts as the administrator of the Partnership.

Global Custodian

State Street Bank and Trust Company, Boston, Massachusetts ("**Global Custodian**"), acts as the Partnership's custodian.

Address for Inquiries

You are invited to, and it is highly recommended that you do, meet with the General Partner and/or the Administrator for a further explanation of the terms and conditions of this offering of Interests and to obtain any additional information necessary to verify the information contained in this Memorandum, to the extent the General Partner and/or the Administrator possesses such information or can acquire it without unreasonable effort or expense. Requests for such information should be directed to:

INCA Management, LLC
8950 SW 74th Court, Suite 1601
Miami, Florida 33156
Attention: Fernando Donayre
Telephone: (305) 670-2230
Facsimile: (305) 670-2290
Email: fxd@incaco.com

or

Butterfield Fulcrum Group (Cayman) Limited
(formerly Butterfield Fund Services (Cayman) Limited)
Butterfield House
68 Fort Street
PO Box 609
Grand Cayman KY1-1107
Cayman Islands
Facsimile: (902) 493-7632
Telephone: (902) 493-7000
Email: investorservicescayman@bfgl.com

ROLE OF THE GENERAL PARTNER AND THE INVESTMENT MANAGER

The General Partner of the Partnership is INCA Management, LLC, a Delaware limited liability company that commenced operations on April 1, 2006. The General Partner is responsible for the management of the Partnership's affairs, and the retention and supervision of all of the service providers to the Partnership. Limited Partners do not have any right to participate in the management of the Partnership and have limited voting rights.

The Investment Manager of the Partnership is INCA Investments, LLC, a Delaware limited liability company that commenced operations in February 2004. The Investment Manager is registered as an investment adviser with the SEC. The Investment Manager is responsible for researching, selecting and monitoring investments for the Partnership and making decisions on when and how much to invest with or withdraw from a particular investment.

The General Partner may replace the Investment Manager from time to time in its discretion, or appoint itself as the Investment Manager. As the principal member, manager and controlling person of the General Partner and the Investment Manager, Fernando Donayre controls all of the Partnership's operations and activities, and is the primary portfolio manager for the Partnership.

BACKGROUND OF MANAGEMENT

Fernando Donayre, CPA, CFA

Before founding the Investment Manager in 2004, Mr. Donayre was employed by Zephyr Management, L.P. ("**Zephyr"**) from 1996 through 2003. At Zephyr, he was the sole portfolio manager for the Zephyr Latin America Fund since its inception in 1997. From 1994 through 1996, he was the Director of Research at Globalvest Management during which time it was one of the largest Latin American specialty investment managers in the world. From 1988 through 1994, he was in charge of global equity investments in the Investments Department of FPL Group.

Mr. Donayre is a Chartered Financial Analyst and a Certified Public Accountant. He received a B.S. Degree in Accounting, with a certificate in Latin American Studies, from the University of Florida in 1983, and an M.B.A. Degree in International Business from the University of Florida, Graduate School of Business in 1985. Mr. Donayre is a native of Peru and has lived and traveled extensively in Latin America and the Caribbean. He is a long-time student of the financial history of Latin America and in that respect has published a variety of articles on the subject, including "Investing in Latin America: Good Idea, Bad Time?" in the Journal of Investment (Summer 1994) and "Latin America: History Repeats?" in Benefits and Pension Monitor (Summer 1995).

OTHER ACTIVITIES OF THE GENERAL PARTNER, THE INVESTMENT MANAGER, THE PRINCIPAL AND AFFILIATES

None of the General Partner, the Investment Manager or their managers, members and affiliates is required to manage the Partnership as its sole and exclusive function. The General Partner, the Investment Manager and their managers, members, officers, employees, agents and affiliates may engage in other business activities, and are only required to devote such time to the Partnership as the General Partner or the Investment Manager deems necessary to accomplish the purposes of the Partnership. Similarly, although the Principal expects to devote a significant amount of his time to the business of the General Partner, the Investment Manager and the Partnership, he is only required to devote so much of his time to these entities as he determines in his sole discretion.

In addition to managing the Partnership's investments, the General Partner, the Investment Manager, the Principal and their affiliates may provide investment management and other services to other parties and may manage other accounts and/or establish other private

investment funds in the future (both domestic and offshore), including those which may employ an investment strategy similar to that of the Partnership.

INVESTMENTS BY THE GENERAL PARTNER, THE INVESTMENT MANAGER AND AFFILIATES

Capital contributions by the General Partner, the Investment Manager, the Principal and their respective affiliates will generally be on the same basis as capital contributions made by investors, except that, in the discretion of the General Partner and the Investment Manager, respectively, no Incentive Allocation or Management Fee will be assessed to such persons. The Partnership Agreement and the Investment Management Agreement do not require the General Partner, the Investment Manager, the Principal or such affiliates to maintain any minimum capital account balance.

GLOBAL CUSTODIAN

The Partnership has a global custodial arrangement with State Street Bank and Trust Company and may have a custodial agreement with such other custodian as directed from time to time by the General Partner.

Through these arrangements, the Global Custodian will provide, among other things, the following clearing, custodial and record keeping services: (i) settlement of transactions; (ii) the transfer of record ownership of securities; (iii) the receipt and delivery of securities purchased, sold, borrowed and loaned; (iv) financing of transactions through margin loans and compliance with margin and maintenance requirements; (v) custody of securities and funds; (vi) tendering securities in connection with tender offers, mergers or other corporate reorganizations; and (vii) maintenance of accounts and records for each transaction.

The Global Custodian is a service provider to the Partnership and is not responsible for the preparation of this document or the activities of the Partnership and therefore accepts no responsibility for any information contained in this document. The Global Custodian will not participate in the Partnership's investment decision-making process.

AUDITOR

The auditor for the Partnership is Ernst & Young Ltd., Hamilton, Bermuda.

TAX ACCOUNTANTS

Kaufman, Rossin & Co., P.A., Miami, Florida, act as the tax accountants for the Partnership.

ADMINISTRATOR

Pursuant to an administration agreement ("**Administration Agreement**"), the Partnership has appointed Butterfield Fulcrum Group (Cayman) Limited (formerly Butterfield Fund Services (Cayman) Limited) as the Partnership's administrator.

Butterfield Fulcrum is a leading, independent administrator for the alternative investment industry. The Administrator is a Cayman Islands company that is licensed as a Mutual Fund Administrator in the Cayman Islands. It is an indirect wholly owned subsidiary of Butterfield Fulcrum Group Limited. The registered office of the Administrator is: Butterfield House, 68 Fort Street, P.O. Box 609, George Town, Grand Cayman KY1-1107, Cayman Islands.

Pursuant to the Administration Agreement, the Administrator is responsible, under the ultimate supervision of the Partnership's General Partner, for certain matters pertaining to the administration of the Partnership, including: (i) maintaining the Partnership's accounts, (ii) calculating the Partnership's Net Asset Value, (iii) maintaining the Partnership's principal records, (iv) communicating with Limited Partners, (v) accepting the subscriptions of new Limited Partners, (vi) processing withdrawals of the Interests, and (vii) ensuring compliance with anti-money laundering laws and regulations. For its services, the Administrator receives a fee from the Partnership.

The Administration Agreement is governed by the laws of the Cayman Islands and is subject to termination by the Administrator or by the Partnership upon sixty (60) days' written notice or, under certain circumstances, shorter notice. Under the Administration Agreement, the Partnership agrees to indemnify and hold harmless the Administrator and its affiliated persons and delegates, as well as their respective officers, directors, employees and agents for, and to defend and hold each such person harmless from, any and all taxes, claims, demands, actions, suits, judgments, liabilities, losses, damages, costs, charges, counsel fees (on a solicitor and his own client basis), fines, assessments,

amounts paid in settlement and expenses imposed on, incurred by, or asserted against the person which may arise out of or in connection with the Administration Agreement. The Administrator or any other indemnified person will not be indemnified for their own gross negligence, willful default or fraud.

The Administrator is not responsible for valuing the Partnership's investments, monitoring any investment restrictions of the Partnership, determining compliance by the Partnership with its investment restrictions, the Partnership's trading activities, the management or performance of the Partnership, or the accuracy or adequacy of this Memorandum. In addition, the Administrator does not assume any liability to any person or entity, including investors, except as specifically provided in the Administration Agreement. The Administrator may delegate certain services and share information concerning the Partnership and its investors with its various non-United States affiliates, subject to applicable confidentiality provisions.

LEGAL COUNSEL

Sadis & Goldberg LLP, New York, New York, acts as legal counsel to the Partnership, the Investment Manager, the General Partner and certain of their affiliates in connection with the offering of Interests and other ongoing matters. Sadis & Goldberg LLP does not represent the Limited Partners, and each Limited Partner is urged to consult with its, his or her own counsel.

Furthermore, if a conflict of interest or dispute arises between the General Partner and the Investment Manager, on the one hand, and the Partnership or any Limited Partner, on the other hand, by investing in the Partnership, the Limited Partners acknowledge that Sadis & Goldberg LLP may act as counsel to the General Partner and the Investment Manager and not counsel to the Partnership or the Limited Partners, notwithstanding the fact that, in certain cases, the fees paid to Sadis & Goldberg LLP are paid through or by the Partnership.

INTRODUCTION

The Partnership has the authority to invest and trade in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions, whether publicly traded or privately placed, including, but not limited to, common and preferred stocks, bonds and other debt securities, convertible securities, shorted securities, limited partnership interests, mutual fund shares, options, warrants, commodities, futures, derivatives (including swaps, forward contracts and structured instruments), currencies, monetary instruments and cash and cash equivalents. The Partnership may also sell short securities that the Investment Manager believes to be overvalued.

The following is a general description of the principal types of investments which the Investment Manager currently contemplates making for the Partnership, certain trading techniques that it may employ, the investment criteria that it plans to apply, and the guidelines that it has established with respect to the composition of its investment portfolio. The following description is merely a summary, and you should not assume that any descriptions of the specific activities in which the Partnership may engage are intended in any way to limit the types of investment activities which the Partnership may undertake or the allocation of Partnership capital among such investments.

INVESTMENT OBJECTIVE

The Partnership's primary objective is to invest the majority of its assets in securities of Latin American companies. To meet its investment objective, the Partnership may invest in securities which trade in one or more Latin American markets, U.S. Dollar- or foreign currency-denominated instruments of Latin American issuers, such as American Depository Receipts ("**ADRs**") or Global Depository Receipts ("**GDRs**"), or in securities of companies which may not trade in a Latin American market, but the majority of whose business is related to Latin America. **No assurance can be given, however, that the Partnership or any particular Series will achieve its objectives, and investment results may vary substantially over time and from period to period.**

INVESTMENT STRATEGY

Series A Interests will invest in the Partnership's general portfolio, as described herein. Series B Interests will invest in the Partnership's general portfolio, as well as through INCA Latin American Alpha Product, LLC, a Delaware limited liability company that will seek to reduce the volatility and enhance the performance in relation to the lower volatility of the Partnership's general portfolio through hedging and alpha-generating strategies, as described herein.

In carrying out the Partnership's investment objective, the Investment Manager intends to focus on companies that it believes have a reasonable expectation of producing above-average returns. The Partnership intends to purchases securities that the Investment Manager believes to be undervalued in relation to a company's assets, earnings, or growth potential. The Investment Manager may analyze certain financial measures before investing the Partnership's assets in a company, such as the company's cash position, gross and net working capital, tangible book value, historical and expected cash flows, its valuation relative to its growth and to that of its industry, and forecasts and projections for the relevant industry group. The Investment Manager will, at times, gather information about a company from consultants, analysts, competitors, suppliers and/or customers that may help the effectiveness of the analysis performed.

The common characteristics of securities which may be purchased by the Partnership include those issued by companies which the Investment Manager believes have strong balance sheets and cash flows. Certain securities may also be the subject of universal pessimism (contrarian), and, hence, the Investment Manager may consider such securities to be a potential value security. The Investment Manager intends to invest in companies

without regard to market capitalization or market sector.

ALPHA PRODUCT

The Alpha Product will sell short securities which the Investment Manager believes to be overvalued. The securities that the Alpha Product intends to sell short may include, but are not limited to, individual stocks, ADRs, GDRs and exchange-traded funds ("**ETFs**"). Such hedging transactions may not always achieve their intended effect and may also offset and/or limit the potential gains that could have been achieved by participating solely in the Partnership's general portfolio.

In addition, the Alpha Product may make short-term oriented investments that may, in the Investment Manager's opinion, profit from event-driven special situations in a Latin American security. Such special situations may arise from a change in the economic or political prospects of a country, a change in the competitive dynamics of an industry, and/or a change in the future prospects of a company.

The Alpha Product may engage in special investment strategies, including, but not limited to, the use of arbitrage strategies which the Investment Manager believes may present a good opportunity. Arbitrage opportunities generally arise during corporate mergers, leveraged buyouts and/or takeovers.

OTHER FEATURES OF THE PARTNERSHIP'S INVESTMENT STRATEGY

Set forth below is certain additional information on some other features of the Partnership's investment program:

Concentration. Although the Investment Manager will generally seek to limit the position sizing of its investments, the Investment Manager believes that in order to sustain superior investment results, it may be necessary to concentrate the Partnership's portfolio from time to time in investments it believes will produce high returns. Thus, the Partnership may have limited diversification. There is no limitation to the concentration or diversification that the Partnership may have.

Options. The Investment Manager may utilize derivative securities, primarily options. The Investment Manager may purchase and write put and call options that are traded on national securities exchanges or over-the-counter markets, as well as on electronic communications networks ("**ECNs**"). Options can be used in many ways, such as to increase market exposure, to reduce overall market exposure (i.e., for hedging purposes), to increase the portfolio's current income, or to reduce the cost basis of a new position. The Partnership may also utilize certain options, such as various types of index or "market basket" options, in an effort to hedge against certain market related risks, as the Investment Manager deems appropriate. The Investment Manager believes that the use of options and other derivatives should help reduce risk and enhance the Partnership's investment performance.

Fixed Income Securities. The Investment Manager may invest in fixed income securities (e.g., bonds) as part of the strategic operations of the Partnership. The Investment Manager may take advantage of special investment opportunities in the high yield and convertible segments of the fixed income market. The Investment Manager considers these investments to be equity substitutes, with the expectation of providing both current income and capital appreciation. The Investment Manager may also seek opportunities in government-issued fixed income securities as deemed appropriate.

Event-Driven Investments. The Partnership may invest in companies based upon certain situations or events, including (but not limited to) spin-offs, mergers and acquisitions, rights offerings, restructurings and bankruptcies. The Investment Manager believes that many such special situations and events carry a high probability of indiscriminate selling or neglect of valuable assets for reasons other than a lack of investment merits.

Occasionally, the Partnership may engage in arbitrage transactions that the Investment Manager believes represent an exceptional risk/reward opportunity. Risk arbitrage opportunities generally arise during corporate mergers, leveraged buyouts or takeovers.

Frequently the stock of the company being acquired will trade at a significant discount to the announced deal price. This discount compensates investors for the time value of money and the risk that the transaction may be canceled. If the discount is significantly greater than the Investment Manager's assessment of the underlying risk, the strategy will be implemented. As with options and fixed income securities, the Investment Manager intends to use event-driven investments as a tactical, opportunistic strategy and not as part of the Partnership's normal operations.

Other Investments. The Investment Manager may also invest some of the Partnership's assets in short-term United States Government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable the Partnership to make investments quickly and to serve as collateral with respect to certain of its investments. If the Investment Manager believes that a defensive position is appropriate because of expected economic or business conditions or the outlook for security prices, or the Investment Manager determines that opportunities for investing are unattractive, a greater percentage of Partnership assets may be invested in such obligations. The Partnership may also engage in securities lending activities. From time to time, in the sole discretion of the Investment Manager, cash balances in the Partnership's brokerage account may be placed in a money market fund.

DESCRIPTION OF INVESTMENT PROCESS

Investment Identification. The Investment Manager's investment ideas will be generated from a wide variety of sources, including industry contacts, trade and financial publications, trade shows, investment conferences and stock screens. Company analyses will begin with review of public filings (10-K's, 10-Q's, 8-K's, 13-G's, etc.) and relevant research analyst reports. Particular attention will be paid to a company's balance sheet, cash per share, gross and net working capital per share, and tangible book value per share. Stock price valuation will be assessed from a variety of standpoints in addition to the criteria noted above, including sales and earnings history and outlook, historical and expected cash flows, comparison with competing and related companies and general investor sentiment.

Relationship with Portfolio Companies. Although the Investment Manager generally does not intend to take an active role in the affairs of the companies in which the Partnership may have a position, it will be the policy of the Partnership to take such steps as are necessary to protect its economic interests. The Investment Manager reserves the option to accept a role on the board of directors of any company in which the Partnership holds securities, if the opportunity presents itself.

Portfolio Evaluation. Once an investment opportunity is determined to be attractive as a stand-alone investment or as part of an equity pair, the Investment Manager will evaluate the effect of adding that investment to the Partnership's portfolio. In doing so, the Investment Manager will seek to minimize the market-related portfolio volatility, as well as the risk of a capital loss.

Investment and Portfolio Monitoring. The Investment Manager will monitor the Partnership's positions to ensure that the investment thesis behind each position is intact. The Investment Manager will also monitor trading prices so that profits may be taken as trading and intrinsic values converge or losses can be minimized in the event of a significant shift in an investment's fundamental premise. The Investment Manager will further monitor investment positions in view of the Partnership's portfolio as a whole in order to manage risk.

DEVELOPMENT AND RISKS OF INVESTMENT MANAGER'S TRADING STRATEGY

The development of a trading strategy is a continuous process, and the Partnership's trading strategy and methods may therefore be modified from time to time. The Partnership's trading methods are confidential and the descriptions of them in this Memorandum are not exhaustive. The Partnership's trading strategies may differ from those used by the Investment Manager and its affiliates with respect to other accounts they manage. Trading decisions require the exercise of judgment by the Investment Manager. The Investment Manager may, at times, decide not to make certain trades, thereby foregoing participation in price movements, which would have yielded profits or avoided losses. Limited Partners cannot be assured that the strategies or methods utilized by the Investment Manager will result in profitable trading for the Partnership.

The Partnership's investment program entails substantial risks, and there can be no assurance that its investment objectives will be achieved. The practices of options trading, short selling and other investment techniques employed by the Partnership can, in certain circumstances, maximize the adverse impact to which the Partnership's investment portfolio may be subject.

BROKERAGE ARRANGEMENTS

The Investment Manager is responsible for the placement of the portfolio transactions of the Partnership and the negotiation of any commissions paid on such transactions. Portfolio securities normally are purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the "bid" and the "ask" price. The Investment Manager will not commit to provide any level of brokerage business to any broker. The Investment Manager may utilize the services of one or more brokers who will execute and/or clear the Partnership's transactions.

Securities transactions for the Partnership are executed through brokers selected by the Investment Manager in its sole discretion and without the consent of the Partnership. In placing portfolio transactions, the Investment Manager will seek to obtain the best execution for the Partnership, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; clearance; settlement; reputation; on-line pricing; block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; on-line access to computerized data regarding clients' accounts; performance measurement data; the quality, comprehensiveness and frequency of available research and related services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other brokers satisfying the Investment Manager's other selection criteria. The Investment Manager is not required to weigh any of these factors equally. Since commission rates are negotiable, the Investment Manager's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in the Partnership being charged higher transaction costs than it could otherwise obtain.

SOFT DOLLAR ARRANGEMENTS

The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager's clients.

The Investment Manager is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if the Investment Manager determines such prices or commissions are reasonable in relation to the overall services provided. The Investment Manager is not required to weigh any of these factors equally. The information, products and services received are in addition to and not in lieu of services required to be performed by the Investment Manager and the General Partner, and the Management Fee and Incentive Allocation are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by the Partnership may be utilized by the Investment Manager and the General Partner and their affiliates in connection with their investment services for other clients and, likewise, research services provided by broker-dealers used for transactions of other clients may be utilized by the Investment Manager and the General Partner in performing their services for the Partnership. Since commission rates in the United States are negotiable, the Investment Manager's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in the Partnership being charged higher transaction costs than it could otherwise obtain. Nonetheless, the Investment Manager's decision on which brokers to utilize will be driven by a concerted striving for "best execution."

The Investment Manager may use "soft dollars" generated by the Partnership to pay for research and brokerage related services and expenses. Section 28(e) ("**Section 28(e)**") of the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the manager in the performance of investment decision-making responsibilities. These services and expenses may take the form of economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, consultations, general reports and other reasonable expenses determined by the Investment Manager. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. All soft dollar arrangements made by the Partnership shall be consistent with Section 28(e) or shall be with respect to services the expenses of which would otherwise be required to be paid by the Partnership pursuant to the Partnership Agreement.

REFERRAL OF INVESTORS AND SALES CHARGES

The Investment Manager may also direct some Partnership brokerage business to brokers who refer prospective investors to the Partnership. Because such referrals, if any, are likely to benefit the Investment Manager, the General Partner and their affiliates but will provide an insignificant (if any) benefit to Limited Partners, the Investment Manager will have a conflict of interest with the Partnership when allocating Partnership brokerage business to a broker who has referred investors to the Partnership. To prevent Partnership brokerage commissions from being used to pay investor referral fees, the Investment Manager will not allocate Partnership brokerage business to a referring broker unless the Investment Manager determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Partnership.

The General Partner and/or the Investment Manager may sell Interests through broker-dealers, placement agents and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at the General Partner's or the Investment Manager's own expense (except in circumstances involving directed brokerage). In certain cases, the General Partner reserves the right to deduct a percentage of the amount invested by a Limited Partner in the Partnership to pay sales fees or charges, on a fully disclosed basis, to a broker-dealer or placement agent based upon the capital contribution of the investor introduced to the Partnership by such broker-dealer or agent. Any such sales fees or charges would be assessed against the referred investor and would reduce the amount actually invested by the investor in the Partnership.

ALLOCATION OF INVESTMENT OPPORTUNITIES

The Investment Manager may at times determine that certain investments will be suitable for acquisition by the Partnership and by other accounts managed by the Investment Manager, possibly including the Investment Manager's own accounts or accounts of an affiliate. If that occurs, and the Investment Manager is not able to acquire the desired aggregate amount of such investments on terms and conditions which the Investment Manager deems advisable, the Investment Manager will endeavor to allocate *pro rata* the limited amount of such investments acquired among the various accounts unless the Investment Manager determines otherwise, in which case the Investment Manager shall allocate in good faith to those accounts for which the Investment Manager considers them to be suitable. The Investment Manager may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which such investments are consistent with the investment policies and strategies of the various accounts involved.

AGGREGATION OF ORDERS

The Investment Manager may aggregate purchase and sale orders of investments held by

the Partnership with similar orders being made simultaneously for other accounts or entities if, in the Investment Manager's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Partnership based on an evaluation that the Partnership will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for the Partnership will be effected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at the Investment Manager's sole discretion, and the Partnership may be charged or credited, as the case may be, with the average transaction price.

RISK FACTORS AND CONFLICTS OF INTEREST

An investment in the Partnership (and any Series thereof) involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that (i) the investment strategy of the Partnership or any particular Series will prove successful, or (ii) investors will not lose all or a portion of their investment in the Partnership (or any particular Series).

References in this section to the Partnership shall include each Series of the Partnership, as appropriate.

You should consider the Partnership as a supplement to an overall investment program and should only invest if you are willing to undertake the risks involved. In addition, investors who are subject to income tax should be aware that an investment in the Partnership is likely (if the Partnership is successful) to create taxable income or tax liabilities in excess of cash distributions to pay such liabilities. You should therefore bear in mind the following risk factors and conflicts of interest before purchasing an Interest:

PARTNERSHIP RISKS

Dependence Upon the General Partner, the Investment Manager and Fernando Donayre. The Partnership's success will depend on the management of the Investment Manager, the General Partner and on the skill and acumen of Fernando Donayre, who serves as the Investment Manager's primary portfolio manager for the Partnership. If Mr. Donayre should die, become incompetent or disabled (i.e., unable, by reason of disease, illness or injury) the Partnership's ability to select attractive investments and manage its portfolio could be severely impaired.

As a Limited Partner, you should be aware that you will have no right to participate in the management of the Partnership, and you will have no opportunity to select or evaluate any of the Partnership's investments or strategies. Accordingly, you should not invest in the Partnership unless you are willing to entrust all aspects of the management of the Partnership and its investments to the discretion of the General Partner and the Investment Manager.

Limited Liquidity of Interests. An investment in the Partnership involves substantial restrictions on liquidity and its Interests are not freely transferable. There is no market for the Interests in the Partnership, and no market is expected to develop. Additionally, transfers are subject to the consent of the General Partner, which consent may be granted or withheld in the General Partner's sole discretion. Consequently, Limited Partners will be unable to withdraw or liquidate their Interests except by withdrawing from the Partnership in accordance with the Partnership Agreement. Limited Partners may be unable to liquidate their investment promptly in the event of an emergency or for any other reason. Although a Limited Partner may attempt to increase its liquidity by borrowing from a bank or other institution, Interests may not readily be accepted as collateral for a loan. In addition, the transfer of an Interest as collateral or otherwise to achieve liquidity may result in adverse tax consequences to the transferor.

Lack of Registration. The Interests have neither been registered under the Securities Act nor under the securities laws of any state and, therefore, are subject to transfer restrictions. In connection with your purchase of an Interest, you must represent that you are purchasing the Interest for investment purposes only and not with a view toward resale or distribution. Neither the Partnership nor the General Partner has any plans nor has assumed any obligation to register the Interests. Accordingly, the Interests may not be transferred without documentation acceptable to the General Partner, which may include an opinion of counsel to the Partnership that the transfer will not involve a violation of the registration requirements of the Securities Act. These restrictions on transfer are in addition to those found in the Partnership Agreement. Ordinarily, this means that transfers will be restricted to instances of death, gift or passage by operation of law.

Withdrawal of Capital. A Limited Partner's ability to withdraw funds from the Partnership is restricted in accordance with the withdrawal provisions contained in this Memorandum under "SUMMARY OF OFFERING AND PARTNERSHIP TERMS – Withdrawals" and the withdrawal provisions contained in the Partnership Agreement.

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

Impact of Side Letters. The Partnership may from time to time enter into letter agreements or other similar agreements (collectively, "**Side Letters**") with one or more Limited Partners which provide such Limited Partners with additional and/or different rights (including, without limitation, with respect to the Management Fee, the Incentive Allocation, withdrawals, access to information, minimum investment amounts and liquidity terms) than such Limited Partners have pursuant to this Memorandum. For example, certain Limited Partners may have the right to withdraw their Interests on very short notice in certain circumstances, including, but not limited to, a decline in the performance of the Partnership in excess of specified thresholds.

Accordingly, should the Partnership experience a decline in performance over a period of time, a Limited Partner who is party to a Side Letter that permits less notice and/or different withdrawal times may be able to withdraw its Interests prior to other Limited Partners. The General Partner will not be required to notify any or all of the other Limited Partners of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the General Partner be required to offer such additional and/or different rights and/or terms to any or all of the other Limited Partners. The General Partner may enter into such Side Letters with any party as the General Partner may determine (with the consent of the Investment Manager, as applicable) in its absolute discretion at any time. The other Limited Partners will have no recourse against the Partnership, the General Partner and/or any of their affiliates in the event that certain Limited Partners receive additional and/or different rights and/or terms as a result of such Side Letters. As a result, the General Partner may face potential conflicts of interest if it manages the assets of the Partnership in accordance with such risk parameters in order to preserve the investments of such Limited Partners.

General Partner's Right to Dissolve the Partnership or Expel Limited Partner. The General Partner has the right to dissolve the Partnership at any time upon 30 days' notice to the Limited Partners. Accordingly, there is a risk that if the Partnership's assets become depleted and, as a result, the Management Fee and Incentive Allocation become minimal, the General Partner may elect to dissolve the Partnership and distribute its remaining assets. The General Partner also has the right to expel a Limited Partner at any time, with or without cause, upon at least five (5) days' notice. Such mandatory withdrawal or expulsion could result in adverse tax and/or economic consequences to affected Limited Partners. No person will have any obligation to reimburse any portion of a Limited Partner's losses -- upon dissolution, expulsion, withdrawal or otherwise.

Concentration of Investments. The Investment Manager's investment program contemplates a highly focused investment portfolio which, in light of investment considerations, market risks and other factors, it believes will provide the best opportunity for attractive risk-adjusted returns in the value of the Partnership's assets. The Partnership Agreement does not limit the amount of the Partnership's assets that may be invested in a single company, security, country, industry, sector or asset class, and the Investment Manager does not subject the portfolio to any formal policies regarding diversification. The concentration of the Partnership's portfolio in any manner described above would subject the Partnership to a greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual industry or sector.

Operating Deficits. The expenses of operating the Partnership (including the Management Fee) may exceed its income, thereby requiring that the difference be paid out of the

Partnership's capital, reducing the Partnership's investments and potential for profitability.

No Distributions. The General Partner does not intend to make distributions to the Limited Partners, but intends instead to reinvest substantially all Partnership income and gain, if any. Cash that might otherwise be available for distribution will also be reduced by payment of Partnership obligations, payment of Partnership expenses (including fees payable and expense reimbursements to the General Partner and the Investment Manager) and establishment of appropriate reserves. As a result, if the Partnership is profitable, Limited Partners in all likelihood will be credited with Partnership net income, and will incur the consequent income tax liability (to the extent that they are subject to income tax), even though Limited Partners receive little or no Partnership distributions.

Investment Expenses. Although the Investment Manager's investment program currently contemplates low turnover, nonetheless, the investment expenses (e.g., expenses related to the investment and custody of the Partnership's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other Partnership fees may, in the aggregate, constitute a high percentage relative to other investment entities. The Partnership will bear these costs regardless of its profitability.

Incentive Allocation. The Incentive Allocation creates an incentive for the Investment Manager, an affiliate of the General Partner, to effect transactions in securities that are riskier or more speculative than would be the case in the absence of such an allocation. Since the Incentive Allocation is calculated on a basis, which includes unrealized appreciation of the Partnership's assets, such allocation may be greater than if it were based solely on realized gains. In addition, because the Incentive Allocation is made on a Series-by-Series basis, a Limited Partner who invests both in the Series A Interests and the Series B Interests may be subject to an Incentive Allocation with respect to one of those Series, even if one or more other Series fails to realize any profits or incurs losses. As a result, a Limited Partner may be subject to an Incentive Allocation despite incurring losses, in the aggregate, in the Partnership.

Supervision of Trading Operations. The Investment Manager, with assistance from the Global Custodian, intends to supervise and monitor trading activity in the Partnership's account to ensure compliance with the Partnership's objectives. Despite the Investment Manager's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in the Partnership account.

Broad Discretionary Power to Choose Investments and Strategies. The Investment Management Agreement gives the Investment Manager broad discretionary power to decide what investments the Partnership will make and what strategies it will use. While the Investment Manager currently intends to use the strategies described in the "INVESTMENT PROGRAM," it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable.

No Participation in Management. Except as provided in the Investment Management Agreement, the management of the Partnership's operations is vested solely in the General Partner. The Limited Partners have no right to take part in the conduct or control of the business of the Partnership. In connection with the management of the Partnership's business, each of the General Partner, the Investment Manager and the Principal will devote only such time to Partnership matters as it, in its sole discretion, deems appropriate.

Limitation of Liability and Indemnification of the General Partner, the Investment Manager and Affiliates. The Partnership Agreement provides that the General Partner (and in certain cases its members, managers, officers, employees, agents and affiliates) shall be indemnified against, and shall not be liable for, any loss or liability incurred in connection with the affairs of the Partnership, so long as such loss or liability arose from acts performed in good faith and not found to constitute gross negligence or willful misconduct and all appeal rights have been exhausted or time to appeal has lapsed. The Investment Management Agreement also provides similar protections to the Investment Manager. Therefore, a Limited Partner may have a more limited right of action against the General Partner and the Investment Manager (and certain of their respective affiliates) than a Limited Partner would have had absent these provisions in the Partnership Agreement and the

Investment Management Agreement. **It is the policy of the SEC that indemnification for violations of securities laws is against public policy and therefore unenforceable.**

No Minimum Size of Partnership. The Partnership may continue operations without attaining or maintaining any particular level of capitalization. At low asset levels, the Partnership may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Partnership operates for a period with substantial capital, investors' withdrawals could diminish the Partnership's assets to a level that does not permit the most efficient and effective implementation of the Partnership's investment program. As a result of losses or withdrawals, the Partnership may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Investment Manager.

Liability of a Limited Partner for the Return of Capital Contributions. If the Partnership should become insolvent, the Partners may be required to return any property distributed to them at the time the Partnership was insolvent, and forfeit their capital accounts.

Delayed Schedule K-1s. The General Partner will endeavor to provide a Schedule K-1 to each Limited Partner for any given calendar year prior to April 15 of the following year. In the event that the Schedule K-1 is not available by such date, a Limited Partner may have to request an extension of time to file or may have to pay taxes based on an estimated amount.

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

MARKET RISKS

Latin America. The majority, if not all, of the Partnership's capital will be invested in securities of the markets related to Latin America, which includes South America, Mexico, Central America and the Caribbean. Such investments are therefore subject to the market risks associated with investing in Latin American countries. The major markets of Latin America are generally considered to be "emerging markets." Investment in these markets potentially entails greater risks than investment in developed markets. Such risks include settlement delays, automatic buy-in procedures in the event of failed trades, and delivery of securities prior to receipt of payment. Also, the property laws in certain of these markets may be largely untested, securities may be thinly traded, and the markets may be more affected by adverse economic and political developments. Most of the countries of Latin America have experienced severe persistent inflation and high interest rates, and have very high levels of sovereign debt. These conditions can undermine efforts to move toward stable and sustained economic growth. In addition, the Partnership will invest in Latin American countries which are considered to be frontier markets. Investments in frontier markets are generally considered to be higher risk investments than those in emerging market countries.

Small Companies. The Investment Manager's investment program contemplates that a portion of the Partnership's portfolio may be invested in small and/or unseasoned companies with small market capitalization. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Partnership may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Investment Manager are extremely competitive and each involves a degree of risk. The Partnership will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of the Partnership substantially depends upon the Investment Manager correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Partnership cannot guarantee that the Investment Manager will be successful in accurately predicting price and interest rate movements.

Partnership's Investment Activities. The Partnership's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Investment Manager. Such factors include a wide range of economic, political, technological, competitive and other conditions (including acts of terrorism or war), which may affect investments in general, or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Partnership to realize profits. As a result of the nature of the Partnership's investing activities, it is possible that the Partnership's financial performance may fluctuate substantially from period to period.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the Investment Manager, the General Partner and/or their affiliates, certain principals or employees of the Investment Manager, the General Partner and/or their affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Partnership will not be free to act upon any such information. Due to these restrictions, the Partnership may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. The Investment Manager selects investments for the Partnership, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Investment Manager by the issuers or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and sometimes seeks independent corroboration when the Investment Manager considers it is appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Investments in Undervalued Securities and Other Assets. The Investment Manager's investment program contemplates that a substantial portion of the Partnership's portfolio will be invested in securities and other assets that the Investment Manager believes to be deeply undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Partnership's investments may not adequately compensate for the business and financial risks assumed. Such investments include bonds and other fixed income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. It is likely that a major economic recession could disrupt severely the market for such investments and severely impact on their value. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Partnership may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Partnership's funds would be committed to the investments made, thus possibly preventing the Partnership from investing in other

opportunities.

Volatility of Currency Prices. The profitability of the Partnership's portfolio depends, in part, upon the Investment Manager correctly assessing the future price movements of currencies. However, price movements of currencies are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. Governments from time to time intervene in certain markets in order to influence prices directly. The Partnership cannot guarantee that the Investment Manager will be successful in accurately predicting currency price and interest rate movements.

Short Sales. The Investment Manager's investment program contemplates that a portion of the Partnership's portfolio may be invested, from time to time, in selling securities short. Although the Investment Manager may sell short a variety of assets, such as bonds and currencies, it expects most short trades to be in equity securities. Short selling involves the sale of a security that the Partnership does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the Partnership must borrow securities from a third party lender. The Partnership subsequently returns the borrowed securities to the lender by delivering to the lender securities it previously owned or by purchasing securities in the open market. The Partnership must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the Partnership a fee for the use of the Partnership's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Partnership may be subject to substantial losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Options and Other Derivative Instruments. The Investment Manager may invest, from time to time, in options and derivative instruments, including buying and writing puts and calls on some of the securities held by the Partnership, in an attempt to supplement income derived from those securities. The prices of many derivative instruments, including many options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities, currencies or other assets underlying them. The Partnership is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument or asset at the exercise price.

If a put or call option purchased by the Partnership were permitted to expire without being sold or exercised, the Partnership would lose the entire premium it paid for the option. The

risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to the Partnership at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by the Partnership at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing "uncovered" options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Partnership of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Hedging Transactions. Investments in financial instruments such as forward contracts, options and interest rate swaps, caps and floors, and other derivatives are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, in interest rates and in the equity markets or sectors thereof. Although it retains the flexibility to utilize hedges in any of these general ways, the Investment Manager currently plans to focus on two types of hedges: (i) low or no cost hedges (i.e., those in which the Investment Manager believes that the Partnership can earn a profit or incur minimal cost while lowering overall portfolio risk); and (ii) protection against catastrophic risks. However, any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Partnership to hedge against a fluctuation at a price sufficient to protect the Partnership's assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying instruments or assets. Accordingly, options on highly volatile instruments or assets may be more expensive than options on other instruments or assets and of limited utility in hedging against fluctuations in their prices.

The success of hedging transactions is dependent on the Investment Manager's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Market or Interest Rate Risk. The Partnership may invest, from time to time, in fixed income securities and instruments. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If the Partnership holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Partnership's performance. However, if the Partnership has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Partnership.

Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and mortgage-backed securities, contain a provision that allows the issuer to "call" (i.e., redeem) all or part of the issue before the bond's maturity date. The issuer usually retains this right to

refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Partnership is exposed to reinvestment rate risk – the Partnership will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Maturity Risk. In certain situations, the Partnership may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, the Partnership will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a fixed income security due to inflation, as measured in terms of purchasing power. For example, if the Partnership purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, the Partnership is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Investments in Non-U.S. Investments. The Partnership may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs, GDRs, ETFs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.

- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.

- Foreign securities and other assets often trade in currencies other than the U.S. Dollar, and the Partnership may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Partnership's Net Asset Value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. Dollar relative to these other currencies may cause the value of the Partnership's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the Partnership's foreign currency holdings. If the Partnership enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Partnership enters forward contracts for the purpose of increasing return, it may sustain losses.

Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Risks Associated with ADRs. The Partnership may purchase ADRs, which are certificates evidencing ownership of shares of a non-U.S. issuer, acting as alternatives to directly purchasing the underlying non-U.S. securities in their national markets and currencies. Such investments are subject to many of the risks associated with investing directly in non-U.S. securities. These risks include the political and economic risks of the underlying issuer's country, as well as, in the case of depositary receipts traded on non-U.S. markets, foreign exchange risk. ADRs may be sponsored or unsponsored. Unsponsored ADRs are established without the participation of the issuer. In addition, unsponsored ADRs may involve higher expenses, may not carry pass-through voting or other shareholder rights, and may be less liquid. The performance of ADRs may be different from the performance of the ordinary shares of the non-U.S. issuers to which they relate.

Risks Associated with ETFs. There are events that can trigger sharp, and sometimes adverse, price movements in ETFs that are not related to movements of the market in general. Not limited to, but among these, are surprise dividends, changes to regular dividend amounts, announcements of rights offerings and possible surprise revisions to net asset values. In addition, the Investment Company Act of 1940, as amended ("**Investment Company Act**"), places certain restrictions on the percentage of ownership that a private investment fund, such as the Partnership, may have in an ETF.

Currency Control. It is sometimes the case that emerging and frontier market governments alter the exchange rate policy of a currency without advance notice. While the Investment Manager will seek to assess the political sentiment on this topic on an ongoing basis in an effort to preempt a change in policy, such foresight is not always possible.

Emerging and Frontier Markets. In addition to risks generally associated with trading securities, the Investment Manager may invest in emerging and frontier markets which are subject to significant risks due to the general lack of infrastructure in their legal, judicial, regulatory and settlement systems. Investors in emerging and frontier market securities are subject to uncertainty regarding their rights and legal recourse. Investing in emerging and frontier market securities exposes the Partnership to higher risk/reward parameters.

Political and Economic Risks of Emerging and Frontier Markets. Many emerging nations and frontier markets are undergoing rapid institutional change, involving the restructuring of economic, political, financial and legal systems in ways that are not always simple to interpret. In such nations, there is an increased risk of political instability and diplomatic or economic events, which might adversely affect trading activities, and the enforceability of contractual obligations. Regulatory and tax environments are subject to rapid or frequent change without review or appeal in even the most stable common law jurisdictions. Many emerging and frontier markets suffer from underdeveloped capital markets, corporate governance, tax codes and clearing and settlement arrangements. The Investment Manager will remain abreast of regulatory developments in markets where it invests and, as such, attempt to mitigate these risks accordingly.

Exchange Rate Fluctuations. 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. The Partnership intends to value its holdings and to make distributions in U.S. Dollars. Thus, changes in currency exchange rates adverse to the U.S. Dollar may affect adversely the value of such holdings. Among the factors that may affect currency values are trade balances, the appropriateness of interest rates, the shape of the yield curve, the degree of central bank independence and credibility, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Investment Manger will monitor these risks and will opportunistically hedge currency exposure.

Risk of Default or Bankruptcy of Third Parties. The Partnership may engage in transactions in securities, commodities, financial instruments and other assets that involve counterparties. Under certain conditions, the Partnership could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, instruments and/or assets were to become illiquid. In addition, the Partnership could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Partnership does business, or to which securities,

instruments and/or assets have been entrusted for custodial purposes.

REGULATORY RISKS

Strategy Restrictions. Certain institutions may be restricted from directly utilizing investment strategies of the type the Partnership may engage in. Such institutions, including entities subject to ERISA, should consult their own advisers, counsel and accountants to determine what restrictions may apply and whether an investment in the Partnership is appropriate.

Trading Limitations. For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Partnership to loss. Also, such a suspension could render it impossible for the Investment Manager to liquidate positions and thereby expose the Partnership to potential losses relating thereto.

Limited Regulatory Oversight by SEC and CFTC. Although the Investment Manager is registered as an investment adviser with the SEC, the Partnership is not registered as an "investment company" under the Investment Company Act. In addition, neither the General Partner nor the Investment Manager is registered as a commodity pool operator pursuant to an exemption provided under Section 4.13(a)(3) of the CEA. Consequently, Limited Partners will not benefit from some of the protections afforded by these statutes.

Tax Risk. The tax aspects of an investment in the Partnership are complicated and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. The Partnership is not intended and should not be expected to provide any tax shelter, but is organized as a limited partnership to permit any distributions it might make to be made without being taxed as dividends. You should review the section entitled "TAXATION" for a more complete discussion of certain of the tax risks inherent in the acquisition of Interests.

Tax-Exempt Entities. Certain prospective Limited Partners may be subject to federal and state laws, rules and regulations that may regulate their participation in the Partnership, or their engaging, directly or indirectly through an investment in the Partnership, in investment strategies of the types that the Partnership utilizes from time to time. In particular, tax-exempt organizations should consider the applicability to them of the provisions relating to "unrelated business taxable income." Investments in the Partnership by entities subject to ERISA and other tax-exempt entities require special consideration. See "INVESTMENTS BY U.S. TAX-EXEMPT ENTITIES – ERISA CONSIDERATIONS" and "TAXATION – Tax-Exempt Investors."

CONFLICTS OF INTEREST

No Obligation of Full-Time Service. Neither the Investment Manager, the General Partner nor Mr. Donayre has any obligation to devote its full time to the business of the Partnership. They are only required to devote such time and attention to the affairs of the Partnership as they decide is appropriate, and they may engage in other activities or ventures, including competing ventures and/or unrelated employment, which result in various conflicts of interest between such persons and the Partnership. See "MANAGEMENT."

Advisory Services to Others. In addition to managing the Partnership's investments, the General Partner, the Investment Manager, Mr. Donayre and their affiliates may provide investment management services to other persons, including other private investment funds that may employ an investment program and strategy substantially similar to that used by the Partnership ("**Affiliated Funds**"). The trades made by Affiliated Funds or other client accounts that may be managed by the Investment Manager or its principals or affiliates in the future may compete with trades for the Partnership's account, and the Investment Manager or its principals or affiliates may decide to invest the funds of these accounts or clients rather than the assets of the Partnership in a particular security or strategy. In addition, the Investment Manager and/or such other persons will determine the allocation of

funds from the Partnership and such other accounts and clients to investment strategies and techniques on whatever basis they decide is appropriate. Nonetheless, in the event that certain securities, instruments and other assets are suitable for acquisition by the Partnership and by other accounts managed by the Investment Manager or its principals or affiliates, and the Investment Manager or such other persons are not able to acquire the desired aggregate amount of such securities, instruments and other assets on terms and conditions which they deem advisable, the Investment Manager and such persons will endeavor in good faith to allocate the limited amount of such investment opportunities among the various accounts for which they consider to be suitable.

In addition, the Investment Manager and such other persons will determine the allocation of funds from the Partnership and such other accounts or clients to investment strategies and techniques on whatever basis they consider appropriate or desirable in their sole and absolute discretion.

Diverse Limited Partners. The Limited Partners may include taxable and tax-exempt entities and persons or entities resident of or organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the General Partner or the Investment Manager that may be more beneficial for one type of Limited Partner than for another type of Limited Partner. In making such decisions, the General Partner and the Investment Manager intend to consider the investment objectives of the Partnership as a whole, not the investment objectives of any Limited Partner individually.

Use of Third Party Marketers. The General Partner and/or the Investment Manager may enter into fee sharing arrangements with third party marketers or solicitors who refer investors to the Partnership. Such third party marketers may have a conflict of interest in advising prospective investors whether to purchase or withdraw Interests.

Personal Trading by the General Partner, the Investment Manager and Affiliates. The General Partner, the Investment Manager and their principals and affiliates may make trades and investments for their own accounts. In these accounts, any such person may use trading and investment methods that are similar to, or substantially different from, the methods used by them to direct the Partnership's account. Although the Investment Manager has a policy that employees not trade in securities which are purchased by the Partnership, it is possible that the personal trades of employees of the Investment Manager may compete with trades of the Partnership. The records of these personal accounts will not be made available to Limited Partners.

Lack of Separate Representation. Neither the Partnership Agreement nor any of the agreements, contracts and arrangements between the Partnership, on the one hand, and the General Partner and/or the Investment Manager, on the other hand, were or will be the result of arm's-length negotiations. The attorneys, accountants and others who have performed services for the Partnership in connection with this offering, and who will perform services for the Partnership in the future, have been and will be selected by the General Partner. No independent counsel has been retained to represent the interests of prospective investors or Limited Partners, and the Partnership Agreement has not been reviewed by any attorney on their behalf. You are therefore urged to consult your own counsel as to the terms and provisions of the Partnership Agreement and all other related documents.

Soft Dollars and Directed Brokerage. The General Partner and the Investment Manager may be offered non-monetary benefits or "soft dollars" by brokers to induce the General Partner or the Investment Manager to engage such brokers to execute certain transactions on behalf of the Partnership. These soft dollars may take the form of research and other related services regarding investments and may be available for use by the General Partner, the Investment Manager or their affiliates in connection with transactions in which the Partnership does not participate. Brokers may also solicit or refer investors to invest in the Partnership. The availability of these benefits may influence the General Partner or the Investment Manager to select one broker rather than another to perform services for the Partnership. The General Partner and the Investment Manager intend to use reasonable efforts so that either the fees and costs for services provided to the Partnership by such brokers are reasonable in relation to the fees and costs charged by other equally capable

brokers not offering such services or that the Partnership also will benefit from the services.

Valuation of Assets. The Administrator will calculate the Net Asset Value of the Partnership and the Limited Partners' capital accounts. Any securities, commodities, options, other instruments and other assets held by the Partnership for which there is no clear valuation (e.g., no quoted prices), investments in other asset classes, and all other assets of the Partnership for which a valuation methodology is not specified, are assigned a value as reasonably determined by the General Partner, in consultation with the Investment Manager and such industry professionals and other third parties as the General Partner deems appropriate. The General Partner and the Investment Manager each have a conflict of interest in that the General Partner will receive a higher Incentive Allocation, and the Investment Manager will receive a higher Management Fee, if the securities are given a favorable valuation. See "SUMMARY OF PARTNERSHIP TERMS – Determination of Net Asset Value."

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Offerees should read this entire Memorandum and the Partnership Agreement and consult with their own advisors before deciding to purchase Interests.

INVESTMENTS BY U.S. TAX-EXEMPT ENTITIES – ERISA CONSIDERATIONS

Limited Partners that are U.S. tax-exempt entities, including, but not limited to, charities, foundations, pension trusts, Keogh Plans and individual retirement accounts ("**IRAs**"), are subject to U.S. federal income tax on UBTI (as defined under "TAXATION – Tax-Exempt Investors" herein). As discussed under "TAXATION – Tax-Exempt Investors", U.S. tax-exempt Limited Partners should expect that some of their income from the Partnership will be classified as UBTI by reason of the Partnership's use of debt financing to acquire investments. Prospective U.S. tax-exempt Limited Partners should consult with and rely solely upon their own tax advisors on this issue.

An investment of employee benefit plan assets in the Partnership may raise additional issues under ERISA and the U.S. Internal Revenue Code of 1986, as amended ("**Code**"). Certain of these issues are described below.

GENERAL FIDUCIARY MATTERS

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan (as defined herein) and prohibit certain transactions involving the assets of a Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of a Plan, or the management or disposition of the assets of a Plan or who renders investment advice for a fee or other compensation to a Plan, is generally considered to be a fiduciary of such Plan.

In considering an investment in the Partnership of a portion of the assets of any employee benefit plan (including a "Keogh" plan) subject to the fiduciary and prohibited transaction provisions of ERISA or the Code or similar provisions under applicable state law (collectively, a "**Plan**"), a fiduciary should determine, in light of the high risks and limited liquidity inherent in an investment in the Partnership, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA or similar law relating to a fiduciary's duties to the Plan. Furthermore, absent an exemption, the fiduciaries of a Plan should not purchase Interests with the assets of any Plan, if the General Partner or any affiliate thereof is a fiduciary or other "party in interest" or "disqualified person" (collectively, a "**party in interest**") with respect to the Plan.

PLAN ASSETS

Regulations promulgated under ERISA by the U.S. Department of Labor ("**Plan Asset Regulations**") generally provide that when a Plan subject to Title I of ERISA or Section 4975 of the Code acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by "benefit plan investors" is not "significant" or that the entity is an "operating company," in each case as defined in the Plan Asset Regulations. For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be "significant" if they own, in the aggregate, less than 25%, directly or indirectly, of the value of any class of such entity's equity, excluding equity interests held by persons (other than a benefit plan investor) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof. For purposes of this 25% test ("**Benefit Plan Investor Test**"), "benefit plan investors" include employee benefit plans subject to the provisions of Part 4 of Title I of ERISA, and plans subject to Section 4975 of the Code, including "Keogh" plans and IRAs. The following are not included in the definition of a benefit plan investor: pension plans maintained by foreign corporations, governmental plans, and certain church plans. Thus, absent satisfaction of another exception under the Plan Asset Regulations, if 25% or more of the value of any class of Interests of the Partnership were owned by benefit plan investors, an undivided interest in each of the underlying assets of the Partnership would be deemed to be "plan assets" of any Plan subject to Title I of ERISA or Section 4975 of the Code that invested in the Partnership.

The Interests will not constitute "publicly offered" securities or securities issued by an investment company registered under the Investment Company Act and it is not expected that the Partnership will qualify as an "operating company" under the Plan Asset Regulations. Consequently, the General Partner intends to use reasonable effort either to prohibit plans subject to Title I of ERISA or Section 4975 of the Code from investing in the Partnership or to provide that investment by benefit plan investors in the Partnership will not be "significant" for purposes of the Plan Asset Regulations by limiting equity participation by benefit plan investors in the Partnership to less than 25% of the value of any class of Interests in the Partnership as described above. However, each Plan fiduciary should be aware that even if the Benefit Plan Investor Test were met at the time a Plan acquires Interests in the Partnership, the exemption could become unavailable at a later date as a result, for example, of subsequent transfers or withdrawals of Interests in the Partnership, and that Interests held by benefit plan investors may be subject to mandatory withdrawal in such event in order for the Partnership to continue to meet the Benefit Plan Investor Test.

Furthermore, there can be no assurance that notwithstanding the reasonable efforts of the Partnership, the Partnership will satisfy the Benefit Plan Investor Test, that the structure of particular investments of the Partnership will otherwise satisfy the Plan Asset Regulations or that the underlying assets of the Partnership will not otherwise be deemed to include ERISA plan assets.

PLAN ASSET CONSEQUENCES

If the assets of the Partnership were deemed to be "plan assets" under ERISA, (i) the prudence and other fiduciary responsibility standards of ERISA would extend to investments made by the Partnership and (ii) certain transactions in which the Partnership might seek to engage could constitute "prohibited transactions" under ERISA and the Code. If a prohibited transaction occurs for which no exemption is available, the General Partner and any other fiduciary that has engaged in the prohibited transaction could be required (i) to restore to the Plan any profit realized on the transaction and (ii) to reimburse the Plan for any losses suffered by the Plan as a result of the investment. In addition, each party in interest involved could be subject to an excise tax equal to 15% of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100%. Plan fiduciaries that decide to invest in the Partnership could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Partnership or as co-fiduciaries for actions taken by or on behalf of the Partnership or the General Partner. With respect to an IRA that invests in the Partnership, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiaries, could cause the IRA, to lose its tax-exempt status.

The General Partner has the power to take certain actions to avoid having the assets of the Partnership characterized as plan assets including, without limitation, the right to refuse a subscription and the right to require a Limited Partner to reduce the size of its Interest in the Partnership or withdraw entirely from the Partnership. While the General Partner does not expect that it will need to exercise such power, it cannot give any assurance that such power will not be exercised.

Each Plan fiduciary should consult its own legal advisors concerning the considerations discussed above before making an investment in the Partnership.

U.S. TREASURY CIRCULAR 230 NOTICE

The following notice is based on the Treasury Regulations ("Regulations") promulgated under the Code governing practice before the Internal Revenue Service ("IRS"): (i) 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; (ii) any such advice is written to support the promotion or marketing of the transactions described herein (or in any such opinion of counsel); and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

INTRODUCTION

The following is a summary of certain aspects of the taxation of the Partnership and its Partners, which should be considered by a potential purchaser of an Interest in the Partnership. A complete discussion of all tax aspects of an investment in the Partnership is beyond the scope of this Memorandum. The following summary is only intended to identify and discuss certain salient issues.

This summary of certain tax considerations applicable to the Partnership is considered to be a correct interpretation of existing laws and regulations in force on the date of this Memorandum. No assurance can be given that changes in existing laws or regulations or their interpretation will not occur after the date of this Memorandum or that any such future guidance or interpretation will not be applied retroactively.

The following summary is not intended as a substitute for careful tax planning. The tax matters relating to the Partnership are complex and are subject to varying interpretations. Moreover, the effect of existing income tax laws and of proposed changes in income tax laws on Partners will vary with the particular circumstances of each Partner. Accordingly, each prospective investor must consult with and rely solely on his or her professional tax advisors with respect to the tax results of his or her investment in the Partnership. In no event will the General Partner, its affiliates, counsel or other professional advisors be liable to any Limited Partner for any federal, state, local or other tax consequences of an investment in the Partnership, whether or not such consequences are as described below.

CLASSIFICATION OF THE PARTNERSHIP

Under the provisions of the Code and the Regulations promulgated thereunder, as in effect on the date of this Memorandum, so long as the Partnership complies with the Partnership Agreement, the Partnership should be classified for U.S. federal income tax purposes as a partnership and not as an association taxable as a corporation.

The Partnership has not sought and will not seek a ruling from the IRS with respect to its status as a partnership. If the Partnership should be classified as an association taxable as a corporation, the taxable income of the Partnership would be subject to corporate income taxation when recognized by the Partnership; and distributions from the Partnership to the Limited Partners would be treated as dividend income when received by the Limited Partners to the extent of the current or accumulated earnings and profits of the Partnership.

Certain partnerships may be taxable as corporations for U.S. federal income tax purposes under the publicly traded partnership rules set forth in the Code and the Regulations, and the Partnership may not qualify for one of the safe harbors under the Regulations if the Partnership has more than 100 Partners. The Partnership expects that under the facts and circumstances test set forth in the Regulations, the Interests will not be readily tradable on a secondary market (or the substantial equivalent thereof), and therefore, the Partnership will not be treated as a publicly traded partnership under the Regulations. It is assumed in the

following discussion of tax considerations that the Partnership will be treated as a partnership for U.S. federal income tax purposes.

TAXATION OF PARTNERSHIP OPERATIONS

As a partnership, the Partnership is not itself subject to U.S. federal income tax but will file an annual partnership information return with the IRS. Each Limited Partner is required to report separately on his or her income tax return his or her distributive share of the Partnership's net long-term capital gain or loss, net short-term capital gain or loss, net ordinary income, deductions and credits. The Partnership may utilize a variety of investment and trading strategies, which produce both short-term and long-term capital gain (or loss), as well as ordinary income (or loss). The Partnership will send annually to each Limited Partner a form showing his or her distributive share of the Partnership items of income, gain, loss, deduction or credit.

Each Limited Partner will be subject to tax, and liable for such tax, on his or her distributive share of the Partnership's taxable income regardless of whether the Limited Partner has received or will receive any distribution of cash from the Partnership. Thus, in any particular year, a Limited Partner's distributive share of taxable income from the Partnership (and, possibly, the taxes imposed on that income) could exceed the amount of cash, if any, such Limited Partner received or is entitled to withdraw from the Partnership.

Under Section 704 of the Code, a Limited Partner's distributive share of any Partnership item of income, gain, loss, deduction or credit is governed by the Partnership Agreement unless the allocation provided by the Partnership Agreement does not have "substantial economic effect." The Regulations promulgated under Section 704(b) of the Code provide certain "safe harbors" with respect to allocations, which, under the Regulations, will be deemed to have substantial economic effect. The validity of an allocation which does not satisfy any of the "safe harbors" of these Regulations is determined by taking into account all facts and circumstances relating to the economic arrangements among the Partners. While no assurance can be given, the allocations provided by the Partnership Agreement should have substantial economic effect and should be sustained under the facts and circumstances test. However, if it were determined by the IRS or otherwise that the allocations provided in the Partnership Agreement with respect to a particular item do not have substantial economic effect, each Limited Partner's distributive share of that item would be determined for tax purposes in accordance with that Limited Partner's Interest in the Partnership, taking into account all facts and circumstances.

Cash distributions and withdrawals, to the extent they do not exceed a Limited Partner's basis in his or her Interest in the Partnership, should not result in taxable gain to that Limited Partner, but reduce the tax basis in the Interest by the amount distributed or withdrawn. Cash distributed to a Limited Partner in excess of the basis of his or her Interest is generally taxable either as capital gain or ordinary income, depending on the circumstances. A distribution of property other than cash generally will not result in taxable income or loss to the Limited Partner to whom it is distributed until such time that the property is sold.

In the event a Limited Partner withdraws all of the capital in its capital account from the Partnership, the General Partner will have the discretion to specially allocate an amount of the Partnership's taxable gains or losses to the withdrawing Partner to the extent that the Partner's capital account exceeds, or is less than, its federal income tax basis in its Interest. However, there can be no assurances that the IRS will accept such a special allocation. If the special allocation were to be successfully challenged by the IRS, the Partnership's taxable gains or losses allocable to the remaining Partners would be increased.

Section 465 of the Code limits certain taxpayers' losses from certain activities to the amount they are "at risk" in the activities. Taxpayers subject to the "at risk" rules are individuals, S corporations and certain other closely-held corporations. The activities subject to the "at risk" limitations are all activities except the holding of real estate. A Partner subject to the "at risk" rules will not be permitted to deduct in any year losses arising from his interest in the Partnership to the extent the losses exceed the amount he is considered to have "at risk" in the Partnership at the close of that year.

A taxpayer is considered to be "at risk" in any activity to the extent of his cash contribution to the activity, his basis in other property contributed to the activity and his personal liability for repayments of amounts borrowed for use in the activity. With respect to amounts borrowed for use in the activity, the taxpayer is not considered to be "at risk" even if he is personally liable for repayment if the borrowing was from a person who has an "interest" in the activity other than an interest as a creditor. Even if a taxpayer is personally liable for repayment of amounts borrowed for use in the activity, and even if the amount borrowed is borrowed from a person whose only interest in the activity is an interest as a creditor, a taxpayer will not be considered "at risk" in the activity to the extent his investment in the activity is protected against loss through guarantees, stop loss agreements, or other similar arrangements.

Each Limited Partner will be at risk initially for the amount of his capital contribution. A Partner's amount "at risk" will be increased by his distributive share of income from the Partnership and will be decreased by his distributive share of losses from the Partnership and distributions to him. If a Partner's amount "at risk" decreases to zero, he can take no further losses until he has an "at risk" amount to cover the losses. A Partner is subject to a recapture of losses previously allowed to the extent that his amount "at risk" is reduced below zero (limited to loss amounts previously allowed to the Partner over any amounts previously recaptured). The potential recapture effects of distributions of Partnership debts, if any, are uncertain, and the ultimate interpretation of the new recapture mechanism may have adverse effects upon a Limited Partner.

All securities held by the Partnership will be marked-to-market at the end of each accounting period and the net gain or loss from marking to market will be reported as income or loss for financial statement presentation and capital account maintenance purposes. This treatment differs from the general tax rule applicable to many securities transactions that a transaction does not result in gain or loss until it is closed by an actual sale or other disposition. The divergence between such accounting and tax treatments frequently may result in substantial variation between financial statement income (or loss) and taxable income (or loss) reported by the Partnership.

LIMITATIONS ON LOSSES AND DEDUCTIONS

The Code provides several limitations on a Limited Partner's ability to deduct his or her share of Partnership losses and deductions. Certain of these limitations, such as the "passive activity loss" rules, likely will not be applicable to the Partnership's operations. To the extent that the Partnership has interest expense, a non-corporate Limited Partner will likely be subject to the "investment interest expense" limitations of Section 163(d) of the Code. Investment interest expense is interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment. The deduction for investment interest expense is limited to the taxpayer's net investment income for the taxable year; i.e., the excess of investment income over investment expenses. Excess investment interest expense that is disallowed is not lost permanently but may be carried forward to succeeding years subject to the Section 163(d) limitation. Net capital gain (i.e., net long-term capital gain over net short-term capital loss) on property held for investment and qualified dividends are only included in investment income to the extent the taxpayer elects to subject some or all of such gain or dividend income to taxation at ordinary income tax rates. The Section 163(d) limitations will apply at the Partner level with regard to the Partner's distributive share of the Partnership's interest expense. Whether all or any portion of the Partnership's operations constitutes a trade or business rather than investment activity is a question of fact. As the Partnership's operations may encompass a variety of strategies, the Partnership cannot predict to what extent its operations will constitute a trade or business. If the Partnership is treated as engaged in a trade or business by reason of being deemed a trader, a non-corporate Limited Partner's share of the Partnership's interest expense would retain its character as investment interest subject to the Section 163(d) investment income limitation, but the allowable investment interest deduction would be deducted "above the line" in determining adjusted gross income and therefore would be fully deductible, rather than being treated as an itemized deduction.

Section 265 (a)(2) of the Code disallows any deduction for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of purchasing or carrying tax-exempt obligations. The IRS has announced that such purpose will be deemed to exist with respect

to indebtedness incurred to finance a "portfolio investment", and that a limited partnership interest will be regarded as a "portfolio investment". Therefore, if the Partnership holds tax-exempt obligations, the IRS might take the position that all or part of the interest paid by such Limited Partner in connection with the purchase of his or her Interest should be viewed as incurred to enable such Limited Partner to continue carrying tax-exempt obligations, and that such Limited Partner should not be allowed to deduct all or a portion of such interest.

Under Section 67 of the Code, for non-corporate Limited Partners certain miscellaneous itemized deductions are allowable only to the extent they exceed a "floor" amount equal to 2% of the taxpayer's adjusted gross income. To the extent that the Partnership's operations do not constitute a trade or business within the meaning of Section 162 and other provisions of the Code, a non-corporate Limited Partner's distributive share of the Partnership's investment expenses, other than investment interest expense, would be deductible only as miscellaneous itemized deductions, subject to the 2% floor. Moreover, investment expenses that are miscellaneous itemized deductions are also not deductible by a non-corporate taxpayer in calculating its alternative minimum tax liability.

Capital losses generally may be deducted only to the extent of capital gains, except for non-corporate taxpayers who are allowed to deduct $3,000 of excess capital losses per year against ordinary income. Corporate taxpayers may carry back unused capital losses for three years and may carry forward such losses for five years; non-corporate taxpayers may not carry back unused capital losses but may carry forward unused capital losses indefinitely.

Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Partnership's hands.

In the case of "Section 1256 contracts", the Code generally applies a "mark-to-market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 contract includes certain regulated futures contracts, certain foreign currency forward contracts, and certain options contracts.

Under these rules, Section 1256 contracts held by the Partnership at the end of each taxable year of the Partnership are treated for federal income tax purposes as if they were sold by the Partnership for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "marking to market"), together with any gain or loss resulting from actual sales of Section 1256 contracts, must be taken into account by the Partnership in computing its taxable income for such year. If a Section 1256 contract held by the Partnership at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark-to-market" rules.

Capital gains and losses from such Section 1256 contracts generally are characterized as short-term capital gains or losses to the extent of 40% thereof and as long-term capital gains or losses to the extent of 60% thereof. Such gains and losses will be taxed under the general rules described above.

The Code allows a taxpayer to elect to offset gains and losses from positions that are part of a "mixed straddle". A "mixed straddle" is any straddle in which one or more but not all positions are Section 1256 contracts. The Partnership may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions.

Section 1259 of the Code requires that the Partnership recognize gain on the constructive sale of any appreciated financial position in stock, a partnership interest, or certain debt instruments. A constructive sale of an appreciated financial position occurs if, among other things, the Partnership enters into (1) a short sale of the same or substantially identical property (a transaction commonly known as a "short sale against the box"), (2) an offsetting notional principal contract with respect to the same or substantially identical property, or (3) a futures or forward contract to deliver the same or substantially identical property. Exceptions to the foregoing apply to certain transactions closed within 30 days after the close of the taxable year if the underlying appreciated financial position remains "unhedged" for at least

60 days thereafter, and to transactions involving certain contracts to sell stock, debt instruments, or partnership interests if the contract settles within one year. Future Regulations will determine the extent to which the constructive sale provision will apply to other commonly encountered transactions, such as identified hedging or straddle transactions under Sections 1092, 1221 and 1256 of the Code and "collar" transactions.

The IRS may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Partnership as "straddles" for federal income tax purposes. The application of the "straddle" rules in such a case could affect a Partner's holding period for the securities involved and may defer the recognition of losses with respect to such securities. In addition, if either of the Partner's positions in such a transaction is an "appreciated financial position", application of the "straddle" rules may trigger a constructive sale of that position under the rules described above.

Section 1258 of the Code recharacterizes capital gain from a "conversion transaction" as ordinary income, with certain limitations. Conversion transactions are defined as transactions in which substantially all the expected return is attributable to the time value of money and either: (a) the transaction consists of the acquisition of property by the taxpayer and a substantially contemporaneous agreement to sell the same or substantially identical property in the future; (b) the transaction qualifies as a "straddle" (within the meaning of Section 1092(c) of the Code); (c) the transaction is one that was marketed or sold to the taxpayer on the basis that it would have the economic characteristics of a loan but the interest-like return would be taxed as capital gain; or (d) the transaction is described as a conversion transaction in the Regulations. The amount of gain so recharacterized will not exceed the amount of interest that would have accrued on the taxpayers' net investment for the relevant period at a yield equal to 120% of the "applicable rate".

The Treasury Department has issued Regulations that could cause the Partnership to recognize taxable income from its investments in certain ISDA contracts ("**Swap Agreements**") before cash is received by the Partnership from such Swap Agreements.

A Partner who contributes appreciated securities to the Partnership may recognize gain at such time pursuant to Code Section 721(b).

TAX-EXEMPT INVESTORS

If the Partnership derives income which would be considered "unrelated business taxable income" (as defined in Section 512 of the Code) ("**UBTI**"), if derived directly by a Limited Partner that is an organization exempt from tax under Sections 401 or 501(a) of the Code, such Limited Partner's allocable share of the Partnership's income would be subject to tax. A tax-exempt organization which is subject to tax on its allocable share of the Partnership's UBTI, including an IRA, may also be subject to the alternative minimum tax with respect to items of tax preference which enter into the computation of UBTI.

UBTI is generally the excess of gross income from any unrelated trade or business conducted by an exempt organization (or by a partnership of which the exempt organization is a member) over the deductions attributable to such trade or business. UBTI generally does not include dividends, interest, annuities, royalties and gain or loss from the disposition of property other than stock in trade or property held primarily for sale to customers in the ordinary course of a trade or business.

While UBTI itself is taxable, the receipt of UBTI by a tax-exempt entity generally has no effect upon that entity's tax-exempt status or upon the exemption from tax of its other income. However, for certain types of tax-exempt entities, the receipt of any UBTI may have extremely adverse consequences. In particular, for charitable remainder trusts (as defined under Section 664 of the Code), the receipt of any taxable income from UBTI during a taxable year will result in the imposition of an excise tax equal to the amount of such UBTI.

A tax-exempt organization under Section 501 (a) of the Code (and an IRA) also includes in its UBTI its "unrelated debt-financed income" (and its allocable share of the "unrelated debt-financed income" of any partnership in which it invests) pursuant to Section 514 of the Code. In general, unrelated debt-financed income consists of: (i) income derived by a tax-exempt

organization (directly or through a partnership) from income producing property with respect to which there is "acquisition indebtedness" at any time during the taxable year; and (ii) gains derived by a tax-exempt organization (directly or through a partnership) from the disposition of property with respect to which there is "acquisition indebtedness". Such income and gains derived by a tax-exempt organization from the ownership and sale of debt-financed property are taxable in the proportion to which such property is financed by "acquisition indebtedness" during the relevant period of time.

A Limited Partner that is a tax-exempt organization (or an IRA) should expect to be subject to tax on the proportion of its distributive share of the Partnership's income which is unrelated debt-financed income. In addition, to the extent a tax-exempt organization borrows money to finance its investment in the Partnership, such organization would be subject to tax on the portion of its income which is unrelated debt-financed income even though such income may constitute an item otherwise excludable from UBTI, such as dividends, interest or capital gains.

The Partnership and certain transactions executed by the Partnership may be subject to tax shelter disclosure registration and listing requirements under applicable U.S. tax laws and regulations.

OTHER TAXES

Partners may be subject to other taxes, such as the alternative minimum tax, state and local income taxes, and estate, inheritance or intangible property taxes that may be imposed by various jurisdictions. Each prospective investor should consider the potential consequences of such taxes on an investment in the Partnership. It is the responsibility of each prospective investor to become satisfied as to the legal and tax consequences of an investment in the Partnership under state law, including the laws of the state(s) of his or her domicile and residence, by obtaining advice from his or her own tax advisors, and to file all appropriate tax returns that may be required.

Income received by the Partnership from sources within non-U.S. countries may be subject to withholding and other taxes imposed by such countries. Each Partner may be entitled either to deduct (as an itemized deduction) his or her proportionate share of the non-U.S. taxes of the Partnership in computing his or her taxable income or to use the amount as a foreign tax credit against his or her U.S. federal income tax liability, subject to limitations. Generally, a credit for non-U.S. taxes is subject to the limitation that it may not exceed the taxpayer's U.S. tax attributable to his or her non-U.S. source taxable income. With respect to partners who are U.S. Persons (as defined herein), certain currency fluctuation gains, including fluctuation gains from non-U.S.-dollar-denominated debt securities, receivables and payables, will be treated as ordinary income derived from U.S. sources; Partnership gains from the sale of securities also will be treated as derived from U.S. sources. The limitation on the foreign tax credit is applied separately to non-U.S. source passive income (as defined for purposes of the foreign tax credit), including the non-U.S. source passive income realized by the Partnership. The foreign tax credit limitation rules do not apply to certain electing individual taxpayers who have limited creditable non-U.S. taxes and no non-U.S. source income other than passive investment-type income. The foreign tax credit generally is eliminated with respect to non-U.S. taxes withheld on income and gain if the Partnership fails to satisfy minimum holding period requirements with respect to the property giving rise to the income and gain.

TAX ELECTIONS; RETURNS; TAX AUDITS

If the General Partner determines that the Partnership is treated as a securities trader for federal income tax purposes, the General Partner may cause the Partnership to elect to "mark-to-market" its securities at the end of each taxable year, in which case such securities would be treated for federal income tax purposes as though sold for fair market value on the last business day of such taxable year. Such an election under Code Section 475(f) would apply to the taxable year for which it was made and all subsequent taxable years unless revoked with the consent of the IRS. If the Partnership were to make such an election, a portion of the Partnership's gains and losses would be considered ordinary income or loss, rather than capital gain or loss. Since for federal income tax purposes capital losses

generally may be deducted only against capital gains, a Limited Partner may be unable to deduct capital losses realized from other investments and transactions in a taxable year against his share of the Partnership's income.

The Code provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death); *provided* that a partnership election has been made pursuant to Section 754 of the Code. Under the Partnership Agreement, the General Partner, in its sole discretion, may cause the Partnership to make such an election. Any such election, once made, cannot be revoked without the IRS's consent.

Additionally, Section 734 of the Code provides for a mandatory basis adjustment on distributions by partnerships with substantial built-in losses, which could cause the Partnership to decrease the basis of its remaining assets in such circumstances.

The General Partner will decide how to report partnership items on the Partnership's tax returns. Since the Partnership may engage in transactions whose treatment for tax purposes is not clear, there is a risk that a claim of tax liability could be asserted against the Partnership or its Partners. In the event the income tax returns of the Partnership are audited by the IRS, the tax treatment of Partnership income and deductions generally is determined at the partnership level in a single proceeding rather than by individual audits of the Partners. As the "Tax Matters Partner", the General Partner has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. In addition, the Tax Matters Partner has the authority to bind certain Partners to settlement agreements and the right on behalf of all Partners to extend the statute of limitations relating to the Partners' tax liabilities with respect to Partnership items.

It is possible that the Partnership and/or certain transactions executed by the Partnership would be subject to tax shelter disclosure registration and listing requirements under applicable U.S. tax laws and regulations.

The Foreign Account Tax Compliance Act ("**FATCA**"), which was added to the Code in 2010, provides that each U.S. Person that is a shareholder of a "passive foreign investment company" (generally, any investment company organized under the laws of a foreign jurisdiction) is required to file an annual information return containing such information as the IRS may require. As of the date hereof, the IRS has not yet released the revised version of Form 8621 on which this return is to be filed or provided guidance as to what information will be required, particularly where, as in the Partnership's case, Limited Partners would own such interests indirectly through their ownership of Interests in the Partnership.

The FATCA provides that a 30% withholding tax will be imposed on payments of U.S. -source dividend and interest (and certain other items of U.S.-source income) to certain foreign entities and persons beginning on January 1, 2014, and, beginning on January 1, 2015 with regard to other "withholdable payments" (including gross proceeds from the sale of property that give rise to U.S. -source interest or dividends), unless the affected taxpayer enters into an agreement with the IRS to provide specified taxpayer-related information, under procedures that have not yet been established by the IRS. It is unclear how this requirement will apply, if at all, to the Partnership and its Limited Partners. Limited Partners are encouraged to consult with their own tax advisors regarding the possible applicability of the FATCA on their investment in the Partnership.

OTHER MATTERS

A Limited Partner may, with the consent of the General Partner, contribute securities to the capital of the Partnership. However, a Limited Partner's contribution of appreciated securities may be taxable under Section 721(b) of the Code.

The Partnership may incur certain expenses in connection with its organization and the marketing of the Interests. Amounts paid or incurred to organize the Partnership may be amortized, for tax purposes, over a period of 180 months from the date the Partnership commenced operations. Amounts paid or incurred to market interests in a partnership (marketing and syndication expenses) are not deductible.

SPECIAL CONSIDERATIONS FOR PARTNERS THAT ARE NOT U.S. PERSONS

A "**U.S. Person**" is (a) a citizen or resident of the United States, (b) a corporation, partnership, or other entity organized under the laws of the United States, any state, or the District of Columbia, other than a partnership that is not treated as a U.S. Person under the Regulations, (c) an estate whose income is subject to United States income tax, regardless of its source, or (d) a trust 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, to the extent provided in the Regulations, certain trusts in existence on August 20, 1996, and treated as U.S. Persons prior to such date, that elect to be treated as U.S. Persons.

The Partnership does not anticipate to conduct a trade or business in the United States, or to invest in securities the income from which is treated for U.S. federal income tax purposes as arising from a U.S. trade or business. Assuming that the Partnership complies with certain rules and procedures pertaining to the conduct of its affairs (including the assumptions indicated above), it is anticipated that the income of the Partners that are not U.S. Persons will not be subject to regular U.S. federal income taxes on the basis of net income. Offshore investors will be directly or indirectly subject to U.S. withholding taxes on some of their income, including fixed or determinable annual or periodical income, such as dividend income, considered to be from U.S. sources. Generally, capital gains and qualified interest, such as portfolio interest (as defined in Section 871(h) of the Code), should not be subject to U.S. withholding tax. The U.S. withholding tax rate is generally 30%. Although capital gains from the sale of securities should generally not be subject to U.S. withholding tax, gains realized upon the sale of certain securities classified as United States real property interests within the meaning of Section 897 of the Code may be subject to U.S. income and withholding taxes. For example, if the Partnership owns greater than 5% of the stock in certain U.S. utilities and other U.S. corporations that are United States real property interests, gains realized upon sales of such stock may be subject to U.S. income and withholding taxes.

STATE TAXATION

In addition to the federal income tax consequences described above, prospective investors should consider potential state tax consequences of an investment in the Partnership. No attempt is made herein to provide a discussion of such state tax consequences. State laws often differ from federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Partner's distributive share of the taxable income or loss of the Partnership generally will be required to be included in determining his or her reportable income for state tax purposes in the jurisdiction in which he or she is a resident. Each prospective investor must consult his or her own tax advisors regarding such state tax consequences.

FUTURE TAX LEGISLATION

Future amendments to the Code, other legislation, new or amended Regulations, administrative rulings or guidance by the IRS, or judicial decisions may adversely affect the federal income tax aspects of an investment in the Partnership, with or without advance notice, and retroactively or prospectively.