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CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

CALIGAN PARTNERS ONSHORE LP

a Delaware Limited Partnership

January 2022

CALIGAN PARTNERS ONSHORE LP

DIRECTORY

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CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

CALIGAN PARTNERS ONSHORE LP

Caligan Partners Onshore LP (the “**Fund**”) is currently offering the Interests described in this Confidential Private Placement Memorandum (this “**Memorandum**”) to certain qualified investors that, if accepted, will become limited partners of the Fund (the “**Limited Partners**”).

Prospective investors should carefully read this Memorandum in its entirety. However, the contents of this Memorandum should not be considered to be investment, legal or tax advice, and each prospective investor should consult with its own counsel and advisers as to all matters concerning an investment in the Fund.

There will be no public offering of the Interests. No offer to sell (or solicitation of an offer to buy) is being made in any jurisdiction in which such offer or solicitation would be unlawful.

This Memorandum has been prepared for the information of the person to whom it has been delivered (the “**Recipient**”) by or on behalf of the Fund, and may not be reproduced or used for any other purpose. By accepting this Memorandum, the Recipient agrees (i) not to reproduce or distribute this Memorandum, in whole or in part, without the prior written consent of the Fund or its authorized representatives, (ii) to return this Memorandum to the Fund or its authorized representatives upon request and (iii) not to disclose any information contained in this Memorandum or any other information relating to the Fund, including Fund performance and financial statements, to any person who is not a trustee, manager, officer, employee, auditor, agent, attorney, financial adviser or other professional adviser responsible for matters relating to the Fund or who otherwise has a need to know such information in connection with such person’s responsibilities with respect to the Recipient and who is under an obligation to keep such information confidential, except to the extent such information is in the public domain (other than as a result of any action or omission of the Recipient or permitted person to whom the Recipient has disclosed such information). Notwithstanding anything in this Memorandum to the contrary, each investor (and each employee, representative or other agent of such investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the Fund and the Master Fund and (ii) any of the Fund’s or the Master Fund’s transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to such investor relating to such tax treatment and tax structure, it being understood that “tax treatment” and “tax structure” do not include the name or the identifying information of (i) the Fund or the Master Fund, or (ii) the parties to a transaction.

This Memorandum is accurate as of its date in all material respects, and no representation or warranty is made as to its continued accuracy after such date. None of the Fund or any of its authorized representatives has any obligation to update this Memorandum at any time in the future. Information contained in this Memorandum is subject to modification, supplementation and amendment at any time and from time to time. Each investor will be required to acknowledge that it made an independent decision to invest in the Fund and that it is not relying on the Fund, the General Partner, the Administrator, the Investment Manager or any other person or entity (other than such investor’s own advisers) with respect to the legal, tax, financial, risk or other considerations involved in an investment in the Fund. Past performance is no guarantee of future results.

Each prospective or current investor, when making its decision to subscribe for an Interest or making a subsequent investment decision with respect to the Fund, can rely only on information included in the Fund

Documents or the Investment Manager's Form ADV (irrespective of any other information furnished to such investor).

The Interests are suitable only for sophisticated investors (i) that do not require immediate liquidity for their investments, (ii) for which an investment in the Fund does not constitute a complete investment program and (iii) that fully understand and are willing and able to assume the risks of an investment in the Fund. Each subscriber for Interests will be required to represent that it is acquiring the Interests for its own account, for investment purposes only and not with a view toward distributing or reselling the Interests in whole or in part. There is no established secondary market for the Interests, and none is expected to develop.

The Interests are subject to limited liquidity and significant restrictions on transferability and resale. Investors will be required to bear the financial risks of an investment in the Fund for an indefinite period of time. Investment in the Fund involves the risk of loss of the entire value of an investor's investment in the Fund.

The Interests have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws or the laws of any other jurisdiction and, therefore, cannot be resold, reoffered or otherwise transferred unless they are so registered or an exemption from registration is available. The Interests will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder and other exemptions of similar effect under U.S. state laws and the laws of other jurisdictions where the offering will be made.

The Interests have not been filed with, registered, approved by or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or any other governmental agency, regulatory authority or national securities exchange of any country or jurisdiction. No such agency, authority or exchange has passed upon the accuracy or adequacy of this Memorandum or the merits of an investment in the Interests offered hereby. Any representation to the contrary is a criminal offense.

Neither the Fund nor the Master Fund has been or will be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Company Act"). Consequently, the Fund will not be required to adhere to certain restrictions and requirements under the Company Act, and investors will not be afforded the protections of the Company Act.

While the Master Fund (and the Fund, through the Master Fund) may trade commodity interests, the General Partner, with respect to the Fund and the Master Fund, is exempt from registration with the U.S. Commodity Futures Trading Commission (the “CFTC”) as a commodity pool operator (a “CPO”) pursuant to CFTC Rule 4.13(a)(3). Therefore, unlike a registered CPO, the General Partner is not required to deliver a CFTC disclosure document to prospective Limited Partners, nor is it required to provide Limited Partners with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The General Partner, with respect to the Fund and the Master Fund, qualifies for the exemption under CFTC Rule 4.13(a)(3) on the basis that, among other things, (i) each Limited Partner is an “accredited investor”, as defined under SEC rules; (ii) the Interests are exempt from registration under the Securities Act and are offered and sold without marketing to the public in the United States; (iii) participations in the Fund and the Master Fund are not marketed as or in a vehicle for trading in the commodity futures or commodity options markets; and (iv) at all times that the Master Fund (or the Fund, through the Master Fund) establishes a commodity interest or security futures position, either (a) the aggregate initial margin and premiums required to establish such positions will not exceed 5% of the liquidation value of the Fund’s or the Master Fund’s portfolio, respectively; or (b) the aggregate net notional value of such positions will not exceed 100% of the liquidation value of the Fund’s or the Master Fund’s portfolio, respectively.

The Master Fund is a regulated mutual fund for the purposes of the Mutual Funds Act (As Revised) of the Cayman Islands (the “Mutual Funds Act”). The Master Fund is registered with the Cayman Islands Monetary Authority (the “Monetary Authority”) pursuant to section 4(3) of that law. Such registration does not imply that the Monetary Authority or any other governmental body has commented on or approved the terms or merits of this Memorandum or passed judgment on the offering of Interests hereunder. (See “Regulatory Matters — Cayman Islands Mutual Funds Act”.)

Registration of the Master Fund by the Monetary Authority does not constitute an obligation of the Monetary Authority to any investor as to the performance or creditworthiness of the Master Fund. Furthermore, in registering the Master Fund, the Monetary Authority shall not be liable for any losses or default of the Master Fund or for the correctness of any opinions or statements expressed in any prospectus or offering document.

The Master Fund is not hereby offering any securities and, accordingly, this Memorandum is not to be regarded as having been authorized or issued by the Master Fund. The Master Fund does not have an offering document or equivalent document. A copy of the Master Fund Partnership Agreement is available on request from the Investment Manager.

Whenever in this Memorandum the General Partner, the Investment Manager, their affiliates or any other person is permitted or required to make a decision (i) in its “discretion” or under a grant of similar authority or latitude, such person may consider such interests and factors as it desires, including its own interests, or (ii) in its “good faith” or under another express standard, such person will act under such express standard.

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CALIGAN PARTNERS ONSHORE LP

SUMMARY OF TERMS

The following is a summary of the principal terms of the Fund. This summary is qualified in its entirety by the more detailed information set forth in this Memorandum, any Supplement to this Memorandum, the Partnership Agreement and the Master Fund Partnership Agreement, each of which is available upon request from, or may be inspected upon reasonable notice at the office of, the Investment Manager, and each Limited Partner's Subscription Agreement (collectively, the "**Fund Documents**"). This summary should be read in conjunction with such detailed information. In the event that any information in this Memorandum contradicts information set forth in any other Fund Document, the applicable Fund Document will control.

THE FUNDS:

The Fund

The Fund is a Delaware limited partnership formed on October 26, 2021 to operate as a private investment fund primarily for the benefit of taxable U.S. investors and certain tax-exempt U.S. investors. The Fund expects to commence operations on or about January 3, 2022.

The Master Fund

To effect its investment objective, the Fund will invest all of its investable assets through a "master-feeder" fund structure in Caligan Partners Master Fund LP (the "**Master Fund**"), an exempted limited partnership established for an unlimited duration and registered with the Registrar of Exempted Limited Partnerships in the Cayman Islands under the laws of the Cayman Islands on November 12, 2021.

As the Fund conducts all of its investing and trading activities through, and invests all of its investable assets in, the Master Fund, references to the term "Master Fund" as used in this Memorandum in the context of the Master Fund's portfolio, investment program and related risks should be understood to mean the Master Fund, any other vehicle through which the Master Fund makes investments or enters into transactions, and, indirectly through its investment in the Master Fund, the Fund.

The Offshore Fund

Caligan Partners Offshore LP (the "**Offshore Fund**") is an exempted limited partnership established for an unlimited duration under the laws of the Cayman Islands on November 12, 2021 to operate as a private investment fund for the benefit of non-U.S. investors and certain tax-exempt U.S. investors. The Offshore Fund follows an investment program substantially similar to that of the Fund and will invest all of its investable assets in the Master Fund.

The Investment Manager reserves the right to vary the structure of the aforementioned entities for tax, regulatory, operational and other similar reasons.

INVESTMENT PROGRAM:

The Master Fund’s core strategy is to invest in a concentrated portfolio of high return, complex equity situations in life sciences and technology, primarily in North America and Western Europe, where the Investment Manager believes that active engagement can drive significant upside. The Investment Manager targets portfolio companies that it believes (i) have compelling entry valuations relative to their underlying assets, (ii) are overlooked by the broader investment community due to complexity or size, (iii) have become dislocated due to technical imbalances between supply and demand and/or (iv) the outcome of which can be influenced by the Investment Manager’s expertise and experience. The Investment Manager’s investment team (the “**Investment Team**,” “**we**” or “**our**”) will seek to influence the outcomes of those situations wherever possible, including seeking board representation or engaging with management teams and board of directors in non-public forums. The Investment Manager believes that the Fund has a competitive advantage because of the Investment Team’s industry relationships, knowledge of specialized structures, experience in complex equity investments that require stakeholder engagement, and proprietary access to investment opportunities. (See “Investment Program”.)

The descriptions set forth in this Memorandum of specific strategies in which the Master Fund may engage or specific investments the Master Fund may make should not be understood to limit in any way the Master Fund’s investment activities. The Master Fund may engage in any investment strategy and make any investment, including any not described in this Memorandum, that the Investment Manager considers appropriate to pursue the Master Fund’s investment objective. The Master Fund’s investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Master Fund will be achieved. (See “Certain Risk Factors”).

MANAGEMENT:

The Investment Manager

Caligan Partners LP (the “**Investment Manager**”), a Delaware limited partnership formed on August 21, 2017, serves as the investment manager of the Fund. The Investment Manager also serves as the investment manager of the Master Fund and the Offshore Fund. David Johnson (the “**Principal**”), as the managing member of Caligan Partners GP LLC, a Delaware limited liability company that serves as the general partner of the Investment Manager, controls the Investment Manager.

The General Partner

Caligan Partners Fund GP LLC (the “**General Partner**”, and together with the Limited Partners, the “**Partners**”), a Delaware limited liability company formed on October 26, 2021 and registered as a foreign company in the Cayman Islands, serves as the general partner of the Fund, the Offshore Fund and the Master Fund. The Principal, as the managing member of the General Partner, controls the General Partner. The General Partner has ultimate responsibility for decisions relating to management and operations made on behalf of the Fund, the Offshore Fund and the Master Fund and the investment decisions made on behalf of the Master Fund.

INVESTMENT BY THE PRINCIPAL:

The Principal, together with members of his immediate family and any trust or other entity established for the benefit of any such person, directly or through the General Partner will invest the majority of his liquid net worth in the Fund or the Offshore Fund and related co-investment vehicles controlled by the Investment Manager. Other Investment Manager-Related Investors may also invest in the Fund or the Offshore Fund.

“**Investment Manager-Related Investor**” means the Principal and any other member, partner, affiliate or employee of the General Partner or the Investment Manager, any member of the immediate family of any such person, and any trust or other entity established for the benefit of any such person that invests directly or indirectly in the Fund or the Offshore Fund.

OFFERING OF INTERESTS:

The Fund may admit new Limited Partners and accept capital contributions as of the first day of each month or such other day as the General Partner may determine in its sole discretion (each, a “**Subscription Date**”).

USE OF PROCEEDS:

The proceeds from the sale of Interests will be available for the Fund’s investment program, after the payment of the Fund’s organizational, offering and operational expenses.

THE INTERESTS:

The Fund is currently offering, pursuant to this Memorandum, class A limited partnership interests in the Fund (“**Class A Interests**”), class Founders – A limited partnership interests in the Fund (“**Class Founders – A Interests**”), class B limited partnership interests in the Fund (“**Class B Interests**”) and class Founders – B limited partnership interests in the Fund (“**Class Founders – B Interests**”, together with Class A Interests, Class Founders – A, Class B Interests and such other interests in the Fund as the Fund may establish from time to time, the “**Interests**”) to certain qualified investors that, if accepted, will become Limited Partners.

Class Founders – A Interests and Class Founders – B Interests will only be offered to certain early investors in the Fund generally referred to as “founder” investors. Class A Interests and Class Founders – A Interests will have identical rights and privileges, except that Class Founders – A Interests will be subject to a different Management Fee rate and Incentive Allocation rate (at the Master Fund level). Class B Interests and Class Founders – B Interests will have identical rights and privileges, except that Class Founders – B Interests will be subject to a different Management Fee rate and Incentive Allocation rate (at the Master Fund level).

The Fund, in the General Partner’s sole discretion, may establish additional classes of Interests (each class of Interests of the Fund, a “**Class of Interests**”) and the General Partner may enter into Side Letter Agreements that provide for different or additional terms than those of the Interests described in this Memorandum the effect of which is to provide an investor with more favorable treatment than other holders of the same Class of Interests, including, by way of example, different Management Fee rates, Incentive Allocation rates (at the Master Fund level), Early Withdrawal Amounts, information rights and withdrawal rights. The General Partner may establish new Classes of Interests and enter into Side Letter Agreements without providing notice to, or receiving consent from, the Limited Partners. The General Partner may, in its sole discretion, determine the terms of such Classes of Interests and Side Letter Agreements. (See “Other Activities of Management; Potential Conflicts of Interest — Side Letter Agreements”.)

INITIAL AND ADDITIONAL CAPITAL CONTRIBUTIONS:

The minimum initial capital contribution for each subscriber is \$5,000,000. A Limited Partner may make additional capital contributions to the Fund in amounts of at least \$1,000,000. All subscriptions for Interests are irrevocable. The General Partner in its sole discretion may accept capital contributions of lesser amounts or establish different minimums or reject any capital contribution, in whole or in part, for any reason or no reason. Each capital contribution will be

deemed to create a separate capital account in the Fund (a “**Capital Account**”) for purposes of determining the withdrawal rights and Incentive Allocation terms applicable to such capital contribution. If a Limited Partner makes multiple capital contributions and thus holds multiple Capital Accounts, withdrawal rights and Incentive Allocations will be determined independently with respect to each Capital Account held by the Limited Partner. Unless the context indicates otherwise, references to “Capital Accounts” in the context of withdrawal rights and Incentive Allocations should be understood to refer to a particular Capital Account and not the aggregate Capital Accounts of a Limited Partner.

SALES CHARGES:

There will be no sales charges payable to the Investment Manager, its affiliates or the Fund in connection with the offering of Interests. However, the Investment Manager, its affiliates and/or the Fund may enter into agreements with placement agents providing for one-time or ongoing payments from the Investment Manager, its affiliates or the Fund based upon the amount of a Limited Partner’s capital contributions or the Management Fees and/or Incentive Allocations borne by a Limited Partner that was introduced to the Fund by the placement agent. Any amounts paid by the Fund to any placement agent will reduce the Management Fees and/or Incentive Allocations otherwise payable or allocable in respect of the Interests held by any Limited Partner that was introduced to the Fund by such placement agent.

MANAGEMENT FEE:

The Fund will pay to the Investment Manager a fee for its services (the “**Management Fee**”) for each fiscal quarter equal to a quarter of the result of the applicable Management Fee Rate multiplied by the balance of each Capital Account of a Limited Partner as of the end of such fiscal quarter (before taking into account the estimated accrued Incentive Allocation, if any). The Fund will calculate and pay the Management Fee in arrears but will amortize the Management Fee monthly over the fiscal quarter for which such Management Fee is paid.

“**Management Fee Rate**” means 1.5% per annum for Class A Interests, 1.25% per annum for Class Founders – A Interests and for Class B Interests, and 1% for Class Founders – B Interests.

The Fund will pay the Management Fee within 10 days of the last day of each fiscal quarter.

The Management Fee will be prorated for any withdrawal by a Limited Partner that is effective other than as of the first day of a fiscal quarter.

In the sole discretion of the Investment Manager, the Management Fee may be waived, reduced or calculated differently with respect to the

Capital Account(s) of any Limited Partner, including any Investment Manager-Related Investor. The General Partner's Capital Account will not be debited with any Management Fee.

EXPENSES:

Expenses of the Fund

The Fund will bear its own expenses and its pro rata share of the Master Fund's expenses and any trading vehicle's expenses, including the following: (i) the Management Fee; (ii) expenses related to the research, due diligence and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments, including the following: brokerage, prime brokerage and futures commission merchant fees, commissions and expenses; expenses relating to short sales; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings; fees and expenses of proxy research and voting services (including proxy solicitors, investment bankers, public relations experts, and costs associated with producing and distributing analyses and other materials); any compensation paid to individuals (other than individuals that are employees or partners of the Investment Manager and its affiliates) considered for nomination, nominated and/or appointed, to the board of a company in which the Fund is or was invested (including any compensation paid in relation to serving in such capacity) and any related expenses (including costs incurred in connection with recruiting such persons), it being understood that, to the extent that such an individual is appointed to the board of such a company, it is generally expected that such compensation would not be considered an expense of the Fund and would be borne by such company; fees and expenses of third-party professionals, including consultants, investment bankers, attorneys and accountants; fees and expenses of experts or other consultants engaged to assist with an investment or prospective investment; investment; research-related travel expenses (which are travel expenses incurred by the Investment Manager, the General Partner or their affiliates related to the purchase or sale of, or due diligence regarding, the Fund's investments, whether or not such investments are consummated, including lodging and meals); and the costs of any litigation or investigation involving activities of the Fund, the Master Fund or any trading vehicle; (iii) organizational and reorganizational expenses; and (iv) operational expenses, including the following: fees and expenses relating to information technology hardware, software or other technology (including costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including reporting obligations), facilitate and manage the order execution of Securities by

the Master Fund or any trading vehicle or otherwise manage the Fund, the Master Fund or any trading vehicle, such as Bloomberg terminals, portfolio management systems, risk management systems and order management systems; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses; fees and expenses of third-party professionals, including consultants, valuation service providers, attorneys and accountants; third-party audit and tax preparation expenses; 100% of the cost of insurance, including premiums for cybersecurity insurance and liability insurance covering the General Partner, the Investment Manager and the members, partners, officers, employees and agents of any of them; fees and expenses (including director registration fees) of the General Partner's and any trading vehicle's directors and officers (including any Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer); costs of preparing and distributing reports and notices; taxes; expenses incurred in connection with negotiating and complying with provisions of any Side Letter Agreement; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Fund, the Master Fund or any trading vehicle, including any governmental, regulatory, licensing, filing or registration fees or taxes (including fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); expenses incurred in connection with the offering and sale of the Interests and other similar expenses related to the Fund (excluding fees payable to any placement agent); extraordinary expenses, including the following: indemnification expenses; fees and expenses incurred in connection with any tax audit by any taxing authority, including any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding up or termination of the Fund, the Master Fund or any trading vehicle.

Generally, all expenses borne by the Fund, other than the Management Fee and any expenses that the General Partner determines should be allocated to a particular Partner or Partners (*e.g.*, Investor-Related Taxes), will be debited to all of the Capital Accounts on a pro rata basis in accordance with their Partnership Percentages. To the extent that expenses to be borne by the Fund are paid by the General Partner or the Investment Manager, the Fund will reimburse such party for such expenses.

The Fund does not have a pre-determined limit on its ordinary or extraordinary operating expenses. The Fund's actual annual operating

expenses are disclosed in the Fund's year-end audited financial statements, which are provided to each Limited Partner.

Organizational and Offering Expenses

Certain of the Fund's organizational and initial offering expenses may, for accounting purposes, be amortized by the Fund for up to a 60-month period. Amortization of such expenses over a period that is up to 60 months is a divergence from U.S. generally accepted accounting principles ("GAAP"), which might, in certain limited circumstances, result in a qualification of the Fund's annual audited financial statements. If the Fund amortizes its expenses but terminates before such expenses are fully amortized, the unamortized portion of the organizational expenses will be debited against the Fund's assets at that time. If a Limited Partner withdraws all or any portion of the balance in its Capital Account(s) prior to the end of the 60-month period during which the Fund is amortizing expenses, the General Partner may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being withdrawn and reduce withdrawal proceeds by the amount of such accelerated expenses.

MASTER FUND SERIES CAPITAL ACCOUNTS:

The Master Fund will establish a capital account for each of the Fund, the Offshore Fund and the General Partner, and, to track the investments, Incentive Allocation and expenses attributable to each Limited Partner and limited partner in the Offshore Fund, the Master Fund will establish series capital accounts (each, a "**Series Capital Account**") within the capital accounts of the Master Fund that correspond to each Limited Partner's Capital Account and each capital account held by limited partners in the Offshore Fund.

ALLOCATION OF GAINS AND LOSSES:

General

The net asset value of the Fund will be equal to the excess of the value of the Fund's assets over the value of its liabilities as determined in accordance with the Partnership Agreement. Because all of the investable assets of the Fund will be invested in the Master Fund, appreciation and depreciation of the Fund's net asset value will be primarily based on appreciation and depreciation of the Master Fund's net assets. At the end of each Accounting Period,* each Capital Account will generally be adjusted by crediting (in the case of net capital appreciation) or debiting (in the case of net capital depreciation) the net

* "**Accounting Period**" means the period commencing, in the case of the initial Accounting Period, upon the commencement of the Fund and, in the case of each subsequent Accounting Period, immediately after the end of the immediately preceding Accounting Period and ending at the close of business on the first to occur of (i) the last day of each month, (ii) the date immediately prior to the effective date of the admission of a new Partner or the effective date of an additional capital contribution from a Partner, (iii) the date immediately prior to the effective date of a Partner's withdrawal of all or a portion of a Capital Account or a distribution from a Capital Account, and (iv) any other date the General Partner determines, in its sole discretion.

capital appreciation or net capital depreciation for such Accounting Period, as the case may be, (i) attributable to the Fund's interest in the Master Fund, in the same amounts as net capital appreciation and net capital depreciation of the Master Fund are credited or debited to the Series Capital Account corresponding to such Capital Account (after accounting for any Incentive Allocation made by the Master Fund with respect to such Series Capital Account), and (ii) with respect to any net capital appreciation or net capital depreciation for such Accounting Period attributable to any other assets, liabilities or expenses of the Fund, in proportion to the respective Partnership Percentages of the Capital Accounts.

The "**Partnership Percentage**" with respect to each Capital Account, as of the beginning of each Accounting Period, is the result (expressed as a percentage) of the balance of such Capital Account divided by the aggregate balances of the Capital Accounts of all Partners. The sum of the Partnership Percentages of all Capital Accounts is equal to 100 percent. A Partner's Partnership Percentage is equal to the sum of the Partnership Percentages for all of its Capital Accounts.

Liabilities will be determined using GAAP, applied on a consistent basis; *except* that the General Partner may, in its sole discretion, establish reserves and holdbacks for estimated accrued expenses, liabilities or contingencies, including general reserves and holdbacks for unspecified contingencies (even if such reserves or holdbacks are not required by GAAP).

For purposes of determining allocations, including calculating the Incentive Allocation and the balance in a Series Capital Account's Loss Recovery Account, any Investor-Related Taxes related to a Limited Partner will be deemed distributed from the Capital Account(s) of such Limited Partner to such Limited Partner and will not be deemed to be expenses that reduce net capital appreciation, increase net capital depreciation or increase the balance of the Loss Recovery Account.

"**Investor-Related Tax**" means any tax withheld from the Fund or the Master Fund or paid over by the Fund or the Master Fund, in each case, directly or indirectly, with respect to or on behalf of a Partner or a direct or indirect beneficial owner of the Master Fund, and interest, penalties and/or any additional amounts with respect thereto, including (i) a tax that is determined based on the status, action or inaction (including the failure of a Partner or a direct or indirect beneficial owner of the Master Fund to provide information to eliminate or reduce withholding or other taxes) of a Partner or a direct or indirect beneficial owner of the Master Fund, or (ii) an "imputed underpayment" within the meaning of Section 6225 of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**") and any other similar tax, attributable to a

Partner or a direct or indirect beneficial owner of the Master Fund, as determined by the General Partner in its sole discretion.

Restricted and Limited Participation

In the event the General Partner determines that, based upon tax or regulatory considerations (such as a Limited Partner's eligibility to participate in profits and losses attributable to "new issues", as defined under FINRA Rule 5130), or for any other reasons as to which the General Partner and any Partner agree, such Partner should not participate (or should be limited in its participation) in the net capital appreciation and net capital depreciation, if any, attributable to any Security, type of Security or any other transaction (indirectly through the Master Fund), the General Partner may allocate such net capital appreciation or net capital depreciation only to the Capital Accounts of Partners to which such considerations or reasons do not apply (or may allocate to the Partner to which such considerations or reasons apply, the portion of such net capital appreciation or net capital depreciation attributable to such Partner's limited participation in such Security, type of Security or other transaction (indirectly through the Master Fund)). If any of the considerations or reasons described above apply, then the General Partner may establish a separate memorandum account in which only the Partners having an interest in such Security, type of Security or transaction (indirectly through the Master Fund) will have an interest and the net capital appreciation and net capital depreciation for each such memorandum account will be separately calculated.

INCENTIVE ALLOCATION:

Generally, at the end of each Fiscal Year, the net capital appreciation tentatively allocated to a Series Capital Account corresponding to a Limited Partner's Capital Account for such Fiscal Year, after reduction by an amount equal to the amount of the Management Fee debited to such Capital Account corresponding to such Series Capital Account for such Fiscal Year and any other expenses of the Fund (other than Investor-Related Taxes) corresponding to such Series Capital Account for such Fiscal Year, will be reallocated as follows: (i) first, 100% to such Series Capital Account until the balance in the Loss Recovery Account (as defined below) maintained on the books and records of the Fund for such Series Capital Account is equal to zero; (ii) second, 100% to such Series Capital Account until such Series Capital Account has been allocated an amount equal to the Hurdle (as defined below) for such Fiscal Year or shorter period and any amount of the Hurdle not allocated to such Series Capital Account in prior years; (iii) third, 100% to the Master Fund capital account of the General Partner, in its capacity as general partner of the Master Fund, until the aggregate amount allocated to the General Partner pursuant to this clause (iii) on account of such Series Capital Account (in the aggregate, including

allocations from prior years) equals the Incentive Allocation Rate of the sum of the amounts allocated pursuant to clause (ii) and this clause (iii) (in the aggregate, including allocations from prior years); and (iv) fourth, the Incentive Allocation Rate to the Master Fund capital account of the General Partner, in its capacity as general partner of the Master Fund, and the remainder to such Series Capital Account (amounts allocated to the General Partner pursuant to clause (iii) and this clause (iv), the “**Incentive Allocation**”).

“**Incentive Allocation Rate**” means 20% for a Series Capital Account corresponding to Class A Interests, 17.5% for a Series Capital Account corresponding to Class Founders – A Interests and Class B Interests, and 15% for a Series Capital Account corresponding to Class Founders – B Interests. Any Incentive Allocation attributable to net capital appreciation of the Fund will be allocated to the Master Fund capital account of the General Partner, in its capacity as general partner of the Master Fund.

“**Hurdle**” shall mean, with respect to a Series Capital Account corresponding to a Limited Partner’s Capital Account for any Fiscal Year, the amount by which such Series Capital Account would have appreciated in such Fiscal Year had it achieved an annual rate of return on its opening balance in such Fiscal Year (adjusted for interim year contributions, distributions and withdrawals) equal to 7%. The calculation of the Hurdle is done on an annual basis and is a cumulative calculation (*i.e.*, a Series Capital Account will be allocated accrued but unallocated Hurdle from prior years before the General Partner is allocated an Incentive Allocation). The Hurdle shall be prorated for partial Fiscal Years.

The Master Fund maintains a memorandum account for each Series Capital Account that tracks the losses that must be recouped before an Incentive Allocation can be made with respect to such Series Capital Account (*i.e.*, the “high water mark” of such Series Capital Account) (a “**Loss Recovery Account**”). The balance in each Series Capital Account’s Loss Recovery Account is adjusted at the end of each Fiscal Year to reflect the aggregate net capital depreciation with respect to such Series Capital Account, if any, and is adjusted as necessary to account for net capital appreciation and intra-year withdrawals and distributions. Solely for purposes of determining an adjustment to the balance of a Series Capital Account’s Loss Recovery Account, net capital appreciation and net capital depreciation for any applicable period will be calculated by taking into account the amount of the Management Fee, if any, debited to the Capital Account corresponding to such Series Capital Account or and any other expenses of the Fund (other than Investor-Related Taxes) corresponding to such Series

Capital Account for such period. Additional capital contributions do not affect the balance of any Loss Recovery Account. The Incentive Allocation is not made with respect to a Series Capital Account until the balance of such Series Capital Account's Loss Recovery Account has been reduced to zero.

The Incentive Allocation will be determined separately with respect to each Capital Account established for a Limited Partner. Accordingly, it is possible that an Incentive Allocation may be made with respect to one Series Capital Account even though another Series Capital Account corresponding to a different Capital Account held by the same Limited Partner has not appreciated, or has depreciated in value during the same period.

For the avoidance of doubt, the Incentive Allocation will be allocated at the Master Fund level and no Incentive Allocation will be allocated at the Fund level.

In the sole discretion of the General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to the Capital Account(s) of any Limited Partner, including any Investment Manager-Related Investor.

WITHDRAWALS:

Voluntary Withdrawals by Limited Partners

Subject to the limitations on withdrawals set forth herein, each Limited Partner may, as of the last day of each fiscal quarter (each such date, and any other day on which a withdrawal is permitted or required by the General Partner, a “**Withdrawal Date**”), upon at least 90 days’ prior written notice to the Administrator, withdraw up to (i) for Limited Partners holding Class A Interests and Class Founders – A Interests, 25% of the balance in each Capital Account of such Limited Partner eligible for withdrawal as of such date (such limitation on withdrawal, the “**Class A Investor-Level Gate**”) and (ii) for Limited Partners holding Class B Interests and Class Founders – B Interests, 12.5% of the balance in each Capital Account of such Limited Partner eligible for withdrawal as of such date (such limitation on withdrawal, the “**Class B Investor-Level Gate**”, and together with the Class A Investor-Level Gate, each an “**Investor-Level Gate**”); *except* that Limited Partners holding Class B Interests and Class Founders – B Interests will have no right to withdraw any portion of the balance in a Capital Account until the last day of the applicable Lock-Up Period; *provided, further*, that withdrawal proceeds from a Capital Account corresponding to Class A Interests and Class Founders – A Interests withdrawn prior to the last day of the applicable Lock-Up Period will be reduced by an amount equal to 5% of the amount requested to be withdrawn (the amount of such reduction, the “**Early Withdrawal**

Amount”). Early Withdrawal Amounts will be retained by the Master Fund and will be allocated to the accounts of the continuing investors in the Fund and the Master Fund. The General Partner may, in its sole discretion, reduce or waive the Early Withdrawal Amount with respect to any Limited Partner.

“**Lock-Up Period**” means, with respect to any capital contribution for Class A Interests and Class Founders – A Interests, the period commencing on the Subscription Date of such capital contribution and ending on the last day of the fourth full fiscal quarter following such Subscription Date and with respect to any capital contribution for Class B Interests and Class Founders – B Interests, the period commencing on the Subscription Date of such capital contribution and ending on the last day of the eighth full fiscal quarter following such Subscription Date.

A withdrawal notice will be irrevocable unless the General Partner, in its sole discretion, permits the withdrawal notice to be revoked; *provided, however*, that prior to any revocation that is less than 65 days prior to the applicable fiscal quarter end, the General Partner will consult with counsel to the Fund to ensure that such revocation will not cause the Fund or the Master Fund to be treated as a “publicly traded partnership” taxable as a corporation for U.S. federal tax purposes.

Withdrawals in Excess of the Investor-Level Gate

A Limited Partner seeking to withdraw more than the amount permitted by the Investor-Level Gate with respect to a Capital Account may submit a withdrawal request for such amount, and such withdrawal (i) with respect to Limited Partners subject to the Class A Investor-Level Gate, will be effected in stages so that 25% of the entire balance of each such Capital Account will be withdrawn as of the initial Withdrawal Date and the remaining amount of such withdrawal request will be satisfied over successive Withdrawal Dates (until the request is satisfied in full) in amounts up to 33⅓%, 50% and 100%, respectively (such 25%, 33⅓%, 50% and 100% amounts, the “**Class A Applicable Percentage**” for a particular Withdrawal Date), of the then-current balance of each such Capital Account as of each such subsequent Withdrawal Date (prior to reduction by any Incentive Allocation attributable to the amount withdrawn as of each such Withdrawal Date) and (ii) with respect to Limited Partners subject to the Class B Investor-Level Gate, will be effected in stages so that 12.5% of the entire balance of each such Capital Account will be withdrawn as of the initial Withdrawal Date and the remaining amount of such withdrawal request will be satisfied over successive Withdrawal Dates (until the request is satisfied in full) in amounts up to 25%, 37.5%, 50%, 62.5%, 75%, 87.5% and 100%, respectively (such 12.5%, 25%, 37.5%, 50%, 62.5%,

75%, 87.5% and 100% amounts, the “**Class B Applicable Percentage**” for a particular Withdrawal Date, and together with the Class A Applicable Percentage, each an “**Applicable Percentage**”), of the then-current balance of each such Capital Account as of each such subsequent Withdrawal Date (prior to reduction by any Incentive Allocation attributable to the amount withdrawn as of each such Withdrawal Date).

A Limited Partner may request to withdraw amounts in excess of what is permitted by the Investor-Level Gate by submitting a single withdrawal request for such amount or submitting withdrawal requests for successive Withdrawal Dates for the Applicable Percentage applicable to each such successive Withdrawal Date. If a Limited Partner withdraws less than the Applicable Percentage as of any Withdrawal Date, then the Applicable Percentage for the next Withdrawal Date on which the Limited Partner requests a withdrawal will be reset to 25% or 12.5%, as applicable.

For the avoidance of doubt, any appreciation or depreciation of the net asset value of the Fund over the period during which a withdrawal request is effected will increase or decrease, as applicable, the balance of each Capital Account to which the Applicable Percentage will be applied.

Capital not withdrawn from the Fund by virtue of restrictions imposed by the Investor-Level Gate will remain invested in the Fund, and, therefore, will remain subject to the risks of the Fund and subject to the Management Fee, the Incentive Allocation and the expenses of the Fund until the effective date of its withdrawal from the Fund.

Withdrawals by the General Partner and the Principal

The General Partner and the Principal may make withdrawals from their Capital Accounts on the same terms that apply to Limited Partners holding Class B Interests; *except* that the General Partner may at any time withdraw a portion of its Capital Account equal to the amount of the aggregate Incentive Allocations allocated to it at the Master Fund level (as adjusted for any appreciation or depreciation thereon); *provided, however*, that prior to any withdrawal not made as of the last day of a fiscal quarter upon at least 65 days’ prior written notice, the General Partner will consult with counsel to the Fund to ensure that such withdrawal will not cause the Fund or the Master Fund to be treated as a “publicly traded partnership” taxable as a corporation for U.S. federal tax purposes.

Key Person Event

The General Partner will promptly notify all Limited Partners upon the occurrence of any of the following events and circumstances: (i) the death of the Principal; (ii) the Principal is unable, by reason of illness or injury, to substantially perform his functions for the Investment Manager and any of its affiliates for 90 consecutive days; and (iii) the Principal, for any reason other than death, illness or injury, ceases to be actively involved in the day-to-day management of the Fund (a “**Key Person Event**”). During the period commencing upon the date that notice of the Key Person Event is provided to the Limited Partners and ending on the 45th day following such date (the “**Key Person Suspension Period**”), withdrawals may not be made so as to facilitate an orderly transition in the management of the Fund’s affairs. Each Limited Partner may as of the last day of the fiscal quarter in which the Key Person Suspension Period ends, upon at least 30 days’ prior written notice to the Administrator, withdraw all or a portion of the balance in each Capital Account of such Limited Partner without being subject to any Lock-Up Period or the Investor-Level Gate.

The Master Fund will liquidate portfolio positions in a commercially reasonable manner in order to meet withdrawal requests made in connection with a Key Person Event. To ensure that the liquidation of portfolio positions under such circumstances does not adversely affect non-withdrawing Limited Partners and non-withdrawing limited partners of the Offshore Fund, the Fund may suspend withdrawals temporarily or wind up the Fund. Until such withdrawal requests are satisfied, the withdrawing Limited Partners will remain subject to the risks of the Master Fund’s portfolio.

The Fund will distribute withdrawal proceeds payable in connection with a Key Person Event on the terms set forth in this Memorandum for regular withdrawals, except that no Early Withdrawal Amount will be imposed and neither the Investor-Level Gate nor any Lock-Up Period will apply with respect to such withdrawals.

Payment of Withdrawal Proceeds

Subject to the limitations on withdrawal described herein, the Fund will pay withdrawal proceeds without interest and within 30 days after the applicable Withdrawal Date; *except* that if a Limited Partner elects to withdraw the entire balance of each Capital Account of such Limited Partner eligible for withdrawal, the Fund may hold back from the withdrawal proceeds payable in respect of the last applicable Withdrawal Date an amount equal to 5% or less of the aggregate estimated withdrawal proceeds payable in respect of such election (computed on the basis of unaudited data as of such Withdrawal Date). The Fund will pay the Limited Partner’s balance (subject to audit

adjustments and without interest) as soon as practicable after the issuance of the audit of the Fund's books for the Fiscal Year in which the last applicable Withdrawal Date occurs. If a Limited Partner holds any other Capital Account that is not eligible for withdrawal, the General Partner may, in its sole discretion, pay such Limited Partner more than 95% of the aggregate estimated withdrawal proceeds (computed on the basis of unaudited data as of relevant Withdrawal Date) attributable to the fully withdrawn Capital Account(s), and in the event of an audit adjustment that exceeds the amount held back (or if no amount was held back), the General Partner may debit such Limited Partner's remaining Capital Accounts with the amount of the audit adjustment to the extent the amount held back was less than the audit adjustment or no amount was held back. Withdrawal proceeds payable to a withdrawing Limited Partner will be reduced by any applicable Early Withdrawal Amount and any Incentive Allocation allocable with respect to the withdrawn capital. If a Limited Partner has more than one Capital Account, withdrawal proceeds will be paid on a "first-in, first-out" basis.

In the sole discretion of the General Partner, the Fund may make distributions in cash or in kind (to the extent that the Fund receives an in-kind distribution from the Master Fund), or in a combination thereof, in connection with a voluntary or required withdrawal of funds from the Fund by a Partner. In each case, each asset selected by the General Partner, in its sole discretion, to be distributed in kind to any withdrawing Partner may be allocated to such withdrawing Partner in such amounts as determined by the General Partner, in its sole discretion. In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment or participation notes (or similar derivative instruments), which provide a return with respect to certain Securities owned by the Master Fund. Each special purpose vehicle will bear its own expenses. (See "Certain Risk Factors — Risks Relating to the Structure of the Fund — In-Kind Distributions" and "Other Terms of the Partnership Agreement — Distributions".) In the sole discretion of the General Partner, the Fund may make distributions in cash or in kind (to the extent that the Fund receives an in-kind distribution from the Master Fund), or in a combination thereof, at any time to all of the Partners in accordance with their respective Partnership Percentages. The General Partner may, in its sole discretion, choose which assets of the Fund to distribute in kind.

Notwithstanding the foregoing, if a Partner that is subject to the provisions of ERISA and/or the prohibited transaction provisions of Section 4975 of the Internal Revenue Code informs the Investment

Manager that the holding of a particular asset to be distributed in kind could result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code with respect to such Partner, then the Fund will not distribute such asset in kind to the Partner and will instead sell such asset at the Partner's sole expense at the price the Investment Manager is able to obtain for such asset (which might not be fair market value) and distribute the proceeds to the Partner.

Suspension

The General Partner may suspend the determination of the net asset value of the Fund and the balance of each Capital Account, withdrawal rights, in whole or in part, and/or the payment of withdrawal proceeds in respect of voluntary withdrawals:

- (i) during any period when any stock exchange or over-the-counter market on which the Master Fund's investments are quoted, traded or dealt in is closed, other than for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended;
- (ii) during the existence of any state of affairs as a result of which, in the opinion of the General Partner, in its capacity as general partner of the Master Fund, disposal of the Master Fund's assets, or the determination of the net asset value of the Master Fund, is not reasonably practicable or is reasonably expected to be prejudicial to the non-withdrawing Limited Partners or the Fund as a whole;
- (iii) during the existence of any state of affairs as a result of which disposal of a portion of the Master Fund's assets deemed significant by the General Partner, in its capacity as general partner of the Master Fund, is restricted under applicable U.S. or non-U.S. securities laws or regulations;
- (iv) during any breakdown in the means of communication normally employed in determining the price or value of the Master Fund's assets or liabilities, or of current prices in any financial market as aforesaid, or when for any other reason the prices or values of any assets or liabilities of the Master Fund cannot reasonably be promptly and accurately ascertained;
- (v) during any period when withdrawals would cause a breach or default under any covenant in any agreement entered into by

the Master Fund, including an agreement for borrowing or other financing agreement;

- (vi) during any period when the transfer of funds involved in the realization or acquisition of any investments cannot, in the opinion of the General Partner, in its capacity as general partner of the Master Fund, be effected at normal rates of exchange; or
- (vii) during the period in which the Master Fund is winding down its business.

The Master Fund Partnership Agreement provides that the General Partner, in its capacity as general partner of the Master Fund, may suspend the determination of the net asset value of the Master Fund and the net asset value of each capital account of the Master Fund, withdrawal rights, in whole or in part, and/or the payment of withdrawal proceeds in respect of voluntary withdrawals in circumstances and on terms similar to those listed above.

The General Partner will provide written notice to each affected Limited Partner of a suspension of the determination of the net asset value of the Fund, the determination of the balance of its Capital Account(s), withdrawal rights and/or payment of withdrawal proceeds. Upon the determination by the General Partner that the condition giving rise to a suspension has ceased to exist and no other condition under which suspension is authorized exists, such suspension will be lifted and written notice will be sent to the affected Limited Partners regarding the lifting of such suspension and the next date as of which Limited Partners may withdraw all or a portion of the balance in a Capital Account.

Upon a suspension of withdrawal rights, all pending withdrawal requests will be automatically revoked, and no requests subsequently received will be accepted until such time as the General Partner permits Limited Partners to submit withdrawal requests in anticipation of lifting the suspension.

Required Withdrawals

The General Partner may, in its sole discretion, require any Limited Partner to withdraw all or a portion of the balance in its Capital Account(s) at any time without prior notice, for any reason or no reason. A Limited Partner that is required to withdraw all or a portion of the balance in its Capital Account(s) will be treated for all purposes and in all respects as a Limited Partner that has given notice to voluntarily withdraw all or a portion of the balance in its Capital

Account(s), except that no Early Withdrawal Amount will be imposed and neither the Investor-Level Gate nor any Lock-Up Period will apply with respect to such withdrawal.

The General Partner may, in its sole discretion, modify or waive any or all of the withdrawal terms with respect to any Limited Partner, including any Investment Manager-Related Investor; *provided* that prior to any such modification or waiver, the General Partner will consult with counsel to the Fund to ensure that such modification or waiver will not cause the Fund or the Master Fund to be treated as a “publicly traded partnership” taxable as a corporation for U.S. federal tax purposes.

**LIMITATIONS ON
TRANSFERABILITY:**

Without the written consent of the General Partner, which may be given or withheld in its sole discretion, a Limited Partner may not directly, indirectly or synthetically transfer, pledge, assign, hypothecate, sell, convey, exchange, reference under a derivatives contract or any other arrangement or otherwise dispose of or encumber all or any portion of its Interest to any other person (each, a “**Transfer**”), except by operation of law. With the consent of the General Partner, which may be given or withheld in its sole discretion, a Limited Partner may make a Transfer (i) in circumstances in which the tax basis of the Interest in the hands of the transferee is determined, in whole or in part, by reference to its tax basis in the hands of the transferor, (ii) to members of such Partner’s immediate family (brothers, sisters, spouse, parents and children), or (iii) as a distribution from a qualified retirement plan or an individual retirement account. The General Partner may permit other Transfers under such other circumstances and conditions as it, in its sole discretion, deems appropriate; *provided, however*, that prior to any such other Transfer, the General Partner will consult with counsel to the Fund to ensure that such Transfer will not cause the Fund to be treated as a “publicly traded partnership” taxable as a corporation for U.S. federal tax purposes. Any attempted Transfer not made in accordance with the foregoing, to the fullest extent permitted by applicable law, will be null and void ab initio.

FISCAL YEAR:

The fiscal year of each of the Fund and the Master Fund ends on December 31 of each year, or such other date as the General Partner may determine in its sole discretion (the “**Fiscal Year**”).

TAXATION:

U.S. Tax Aspects

The Fund intends to operate as a partnership and not as an association or a publicly traded partnership taxable as a corporation for Federal tax purposes. Accordingly, the Fund generally does not expect to be subject to Federal income tax, and each Limited Partner will be

required to report on its own annual tax return such Limited Partner's distributive share of the Fund's taxable income or loss.

Taxation of the Master Fund

There is, at present, no direct taxation in the Cayman Islands and interest, dividends and gains payable to the Master Fund will be received free of all Cayman Islands taxes. The Master Fund is registered as an exempted limited partnership pursuant under Cayman Islands law. The Master Fund has received an undertaking from the Financial Secretary of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law that thereafter is enacted in the Cayman Islands imposing any tax or duty to be levied on profits, income or on gains or appreciation, or any tax in the nature of estate duty or inheritance tax, will apply to any property comprised in or any income arising under the Master Fund, or to the limited partners thereof, in respect of any such property or income.

ERISA:

Entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), may purchase Interests. Investment in Interests by entities subject to ERISA requires special consideration. Trustees or administrators of such entities are urged to carefully review the matters discussed in this Memorandum. In particular, the Master Fund may utilize leverage in connection with its trading activities and may engage in certain other activities, which could give rise to "unrelated business taxable income". The Fund does not intend to permit investments by Benefit Plan Investors to equal or exceed 25% (or such greater percentage as may be specified in regulations promulgated by the DOL) of the value of any class of equity interests in the Fund or the Master Fund. (See "ERISA Considerations".)

SUITABILITY REQUIREMENTS:

Each Limited Partner generally must be (i) an "accredited investor", as defined in Regulation D under the Securities Act, and (ii) either a "qualified purchaser", as defined in the Company Act, or a "knowledgeable employee", as defined under Rule 3c-5 of the Company Act, and must meet other suitability requirements. Interests may not be purchased by non-resident aliens, foreign corporations, foreign partnerships, foreign trusts or foreign estates, all as defined in the Internal Revenue Code. Such investors may, however, be eligible to invest in the Offshore Fund. The Fund's subscription agreement (the "**Subscription Agreement**") contains representations and questionnaires relating to these qualifications.

The General Partner may, in its sole discretion, decline to accept the capital contribution of any prospective investor for any reason.

REPORTS:

Within 90 days after the last day of each Fiscal Year or as soon as reasonably practicable thereafter, the Fund will prepare and make available electronically via e-mail or any secure internet delivery site to each Limited Partner the audited financial statements of the Fund. The Fund will also make available electronically via e-mail or any secure internet delivery site to each Limited Partner periodic unaudited performance information, no less frequently than quarterly. Copies of such reports are available upon request from the Investment Manager and Limited Partners may inspect such reports, upon reasonable notice, at the offices of the Investment Manager.

All financial reports will be prepared in accordance with GAAP (except as otherwise noted herein). Copies of such reports are available upon request from the Investment Manager and Limited Partners may inspect such reports, upon reasonable notice, at the offices of the Investment Manager.

Within 90 days of the last day of each tax year of the Fund or as soon as reasonably practicable thereafter, the Fund will prepare and make available, or cause its accountants to prepare and make available, to each Partner and, to the extent necessary, to each former Partner (or its legal representatives), a report setting forth in sufficient detail such information as will enable such Partner or former Partner (or such Partner's legal representatives) to prepare its U.S. federal income tax return in accordance with the laws, rules and regulations then prevailing.

TERMINATION:

The Fund will be dissolved and its affairs will be wound up in accordance with the Partnership Agreement. (See "Other Terms of the Partnership Agreement — Term and Dissolution".)

The Master Fund will be terminated, wound up and dissolved in accordance with the Master Fund Partnership Agreement or otherwise pursuant to a formal liquidation under the ELP Act or any other applicable bankruptcy or insolvency regime. (See "Other Terms of the Master Fund Partnership Agreement — Term and Dissolution" and "Other Terms of the Master Fund Partnership Agreement — Winding Up and Liquidation".)

SUBSCRIPTION FOR INTERESTS:

Persons interested in subscribing for Interests will be furnished, and will be required to complete and return to the Administrator with a copy to the General Partner, a Subscription Agreement and items relating thereto as outlined in the subscription documents.

INVESTMENT PROGRAM

Investment Objective

The Investment Manager intends to employ a disciplined approach to idea generation, investment research, portfolio construction and risk management to a concentrated equity portfolio of idiosyncratic risks. The Master Fund seeks to generate attractive risk-adjusted returns for its investors while minimizing the risk of principal impairment in any individual investment. To achieve this objective, the Investment Manager intends to actively engage with the boards and management teams of the companies that it invests in to drive changes that will improve long-term earnings power.

The Investment Manager intends to assemble the Master Fund's investment portfolio, at any given time, with 7-10 companies in the life sciences and technology sector. The Investment Manager intends to hold investments for 9 to 18 months from the initial investment, though the Investment Manager may pursue investments with maturities shorter or longer than that range. The Master Fund will invest primarily in North America and Western Europe. The Master Fund will invest primarily in public securities.

Continuing with its investment strategy and process that the Investment Manager has developed to date, the Investment Manager intends on implementing a well-defined, data driven, disciplined investment strategy to maximize returns for investors. We believe that the Master Fund's investment process can be summarized into four key steps:

- 1) Identifying and researching key themes that we believe will generate actionable, differentiated investment opportunities that meet the absolute and risk-adjusted return criteria of the Master Fund;
- 2) Performing in-depth due diligence on the opportunities that our thematic trend screening has identified, including performing detailed financial analysis and engaging with the entire ecosystem that surrounds a portfolio company including customers, competitors, and ex-employees;
- 3) Setting specific return and liquidity parameters for the investment, sizing the investment relative to the current portfolio, understanding the investment's contribution to the risk of the portfolio, and incorporating and removing the investment cost-efficiently from the portfolio; and
- 4) Vigorously managing the risk of the portfolio at any given time and seeking to assure that both individual investments and the aggregate portfolio stay within the risk framework of the Investment Manager.

Idea Generation and Investment Sourcing

The Investment Manager will source investment opportunities through its internal idea generation process, its network of current and former corporate executives, non-traditional sources of ideas, including long-only investors, and relationships with other members of the financial services community.

The Investment Team intends to evaluate each investment opportunity in light of certain key criteria, which are expected to include, without limitation:

- *Margin of Safety*. The Investment Team's financial analysis will focus on the impact to portfolio companies in the event of a significant contraction or stagnation in economic growth. The

Investment Manager expects to invest in instruments that demonstrate the potential for a significant degree of capital repayment over the Fund's life even in scenarios of low or contracting growth.

- *Low Creation Multiples.* The Investment Manager believes that initial valuation is the biggest driver of total return for any investment; expected returns decrease as valuations increase and vice versa. With any investment opportunity, the Investment Team evaluates the creation multiple of its investment, relative to its cash flow generation and its historical valuation levels, to maximize expected returns.
- *Quantifiable, Asymmetric Return Profiles.* The Investment Team evaluates each potential investment in the context of its potential return relative to its historical return, its historical volatility, its expected or implied volatility, and the Investment Team's most conservative downside case. The Investment Manager expects to target opportunities which meet the Master Fund's absolute return thresholds and display gross return to risk profiles of at least three times.
- *Investment Team Edge.* The Investment Team approaches each opportunity with a healthy degree of skepticism that financial markets efficiently price in all available information. The Investment Team expects that it will be able to identify and quantify the reasons for mispricing in any opportunity.
- *Proper Incentive Alignment.* The Investment Manager believes that some of the best predictors of outcomes in complex situations are the way in which actors are incentivized. The Investment Manager believes in fully understanding the incentives of management teams when investing in any situation. The Investment Team seeks investment opportunities where its investment sits alongside holders who have control of, or influence over, the investment outcome.

Investment Process

The Investment Manager will maintain a disciplined approach throughout the investment process to maintain consistency of standards, criteria, and procedures. After identifying an investment opportunity that meets the Master Fund's investment criteria and is consistent with the investment themes that the Master Fund is pursuing at the time, the Investment Team will perform a thorough financial, legal, tax, regulatory, and structural analysis on the instrument.

The Investment Team may examine and review proprietary and publicly available information, such as SEC filings, statutory accounts, industry research reports, broker/dealer research, court records, investor presentations, earnings transcripts, to build a complete financial profile of the portfolio company. The Investment Team may seek to engage the management team to ask more pointed questions about the issuer's financial prospects.

The Investment Team will also review the tax consequences of the investment. We may also perform or oversee a regulatory and structural analysis of the instrument.

The Investment Team will then build the financial models that underpin its decision making based on the earnings power of each investment. We intend for assumptions, based on the analysis performed above, in a base case scenario to be conservative and for a downside case scenario to be punitive without being unrealistic. We expect that investments in the portfolio will have the potential to show substantial return of capital over the Master Fund's investment horizon in the downside scenario.

To maintain the integrity of the investment process for liquid investments, the Investment Team will set guidelines for each investment that the Investment Team will follow so as to maintain the desired net long exposure of the portfolio or govern sales when investment parameters are achieved.

Portfolio Investments

The assets of the Master Fund may be invested, directly or indirectly, on margin or otherwise, in interests commonly referred to as securities, other financial instruments issued by, entered into by or referenced to U.S. or non-U.S. entities and other assets, including capital stock; shares of beneficial interest; partnership interests and similar financial instruments; bonds, notes and debentures (whether subordinated, convertible or otherwise); currencies; commodities; physical and intangible assets; interest rate, currency, commodity, equity and other derivative products, including (i) futures contracts (and options thereon) relating to stock indices, currencies, U.S. government securities and securities of non-U.S. governments, other financial instruments and all other commodities, (ii) swaps, options, swaptions, warrants, caps, collars, floors and forward rate agreements, (iii) spot and forward currency transactions and (iv) agreements relating to or securing such transactions; repurchase and reverse repurchase agreements; accounts and notes receivable and payable held by trade or other creditors; trade acceptances; contract and other claims; executory contracts; participations; mutual funds, exchange-traded funds and similar financial instruments; money market funds; obligations of the United States or any non-U.S. government, or any country, state, governmental agency or political subdivision thereof; commercial paper; certificates of deposit; bankers' acceptances; choses in action; trust receipts; and any other obligations and instruments or evidences of indebtedness of whatever kind or nature that exist now or are hereafter created (all such items being called herein "**Securities**"); in each case, of any person, whether or not publicly traded or readily marketable.

Leverage and Borrowing

Leverage for Investment Purposes

The Master Fund has the authority to borrow, trade on margin, utilize derivatives and otherwise obtain leverage from brokers, banks and others on a secured or unsecured basis. The Master Fund may utilize leverage to the extent deemed appropriate by the Investment Manager, and the amount of leverage utilized by the Master Fund may be significant. The Master Fund has no pre-determined limitations on the amount of leverage to be deployed in connection with the Master Fund's investment program. In the event this changes, the overall leverage of the Master Fund will depend on the investment strategies employed by the Master Fund and specific market opportunities.

Borrowing for Cash Management Purposes

The Master Fund may borrow for cash management purposes, such as to satisfy withdrawal requests. To facilitate such borrowings, the Master Fund may, among other things, enter into a credit facility with a service provider to the Master Fund or a third-party credit institution.

Risk Management

The Investment Team will set risk guidelines for the Master Fund's investment portfolio, including, but not limited to, gross and net leverage, value at risk limits, and position sizes as a percentage of net asset value. The Investment Manager intends that risk is captured appropriately, reported transparently, and vigorously mitigated.

Trading Vehicles

The Master Fund may effect one or more of the foregoing strategies either directly by purchasing Securities or indirectly, for tax, regulatory or other reasons, by investing through one or more trading vehicles organized by the Investment Manager.

Changes in the Investment Program

Subject to applicable law and any express restrictions set forth in this Memorandum or the Master Fund Partnership Agreement, the Investment Manager may change the Master Fund's investment strategy or policy at any time.

The descriptions set forth in this Memorandum of specific strategies in which the Master Fund may engage or specific investments the Master Fund may make should not be understood to limit in any way the Master Fund's investment activities. The Master Fund may engage in any investment strategy and make any investment, including any not described in this Memorandum, that the Investment Manager considers appropriate to pursue the Master Fund's investment objective. The Master Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Master Fund will be achieved. (See "Certain Risk Factors".)

MANAGEMENT

The Investment Manager

As discussed above, the Investment Manager serves as the investment manager of the Fund, the Master Fund and the Offshore Fund. The Investment Manager commenced operations on or about September 2018.

The General Partner

As discussed above, the General Partner serves as the general partner of the Fund and the Master Fund.

Personnel of the General Partner

Set forth below is biographical information of the Principal and other personnel of the General Partner:

David Johnson

Please see the biographical information as set forth in the section of this Memorandum entitled, “Personnel of the Investment Manager”.

Robert Laman

Please see the biographical information as set forth in the section of this Memorandum entitled, “Personnel of the Investment Manager”.

Tiffany Crowley

Please see the biographical information as set forth in the section of this Memorandum entitled, “Personnel of the Investment Manager”.

The address of the Principal and other personnel of the General Partner for the purpose of this Memorandum is the address of the General Partner, as set forth in the section of this Memorandum entitled, “Directory”.

Regulatory Status of the Investment Manager and the General Partner

Advisers Act Regulation

The Investment Manager is currently registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) and the General Partner is included in Item 7.A. of the Investment Manager’s Form ADV as an “advisory affiliate” of the Investment Manager. Additional information about the Investment Manager and the General Partner is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

CFTC Regulation

The Investment Manager is exempt from registration with the CFTC as a commodity trading advisor (a “**CTA**”). The General Partner, with respect to the Fund and the Master Fund, has claimed an exemption from registration with the CFTC as a CPO pursuant to CFTC Rule 4.13(a)(3) and, accordingly, is not subject to certain regulatory requirements with respect to the Fund and the Master Fund (which are intended to provide certain regulatory safeguards to investors) that would otherwise be applicable absent such an exemption. In accordance with such exemption, at all times that the Master Fund (or the Fund, through the Master Fund) establishes a commodity interest or security futures position, either (a) the aggregate initial margin and premiums required to establish such positions will not exceed 5% of the liquidation value of

the Fund's or the Master Fund's portfolio, respectively; or (b) the aggregate net notional value of such positions will not exceed 100% of the liquidation value of the Fund's or the Master Fund's portfolio, respectively.

Personnel of the Investment Manager

Set forth below is biographical information of the Principal and other personnel of the Investment Manager:

David Johnson

David Johnson is the Founder and Managing Partner of the Investment Manager. He manages the growth and strategic direction of the firm and is responsible for formulating the Fund's investment objectives and strategies. Mr. Johnson has a controlling interest in the General Partner and the firm.

Previously, Mr. Johnson was a Managing Director at The Carlyle Group ("**Carlyle**"), where he was employed from 2010 to 2017. At Carlyle, Mr. Johnson was involved in many of the firm's strategic initiatives and sat on investment committees for a number of different funds that invested in both equity and credit. Prior to joining Carlyle, Mr. Johnson worked for 6 years at Morgan Stanley, where he was a Vice President in the Principal Investments area. In this role, Mr. Johnson served as a director of SeaChange Maritime Limited, and an observer of numerous boards of public and prior companies.

Mr. Johnson currently serves on the board of directors for Liquidia Corp. (LQDA), a biopharmaceutical company that specializes in the treatment of Pulmonary Hypertension. Mr. Johnson has also recently served on the board of AMAG Pharmaceuticals from 2019 to 2020 where he joined following the settlement of an activist campaign, oversaw the replacement of the management team followed by a sale of the company. He has formerly served on the Executive Committee for the Harvard College Fund, has served as Chair of the Finance & Investment Committee for the Riley's Way Foundation, and is a member of the board of directors of the Children's Scholarship Fund.

Mr. Johnson received his A.B. in Applied Mathematics, cum laude, from Harvard College in 2004 and a S.M. in Applied Mathematics from Harvard College in 2004.

Robert Laman

Robert Laman joined the Investment Manager in April 2018 as Partner and Chief Operating Officer. Before joining Caligan, Mr. Laman was a Consultant for Mantle Ridge LP, a large-cap activist investment firm led by Paul Hilal. Prior to Mantle Ridge, Mr. Laman was an associate at Pershing Square Capital Management, an activist fund led by Bill Ackman, where he served for 6 years on their Marketing and Investor Relations Team.

Mr. Laman received a B.A. in Biology from Boston University in 2006.

Tiffany Crowley

Tiffany Crowley joined the Investment Manager as Partner, Chief Financial Officer ("**CFO**") and Chief Compliance Officer ("**CCO**") in 2021. Before joining the Investment Manager, Ms. Crowley served as the CFO and CCO of Center Lake Capital Management LLC, a technology focused long/short equity investment firm. Prior to Center Lake, Ms. Crowley was a Controller at P2 Capital Partners LLC, a strategic equity investment firm, where she was responsible for fund accounting, operations, and compliance of the firm.

Prior to that, Ms. Crowley was an Assurance Senior at Ernst & Young focusing on financial statement audits of hedge funds. She began her career at Berdon LLP, a mid-size public accounting firm .

Ms. Crowley received a B.B.A. in Accounting from Baruch College in 2010 and is a Certified Public Accountant in New York.

The address of the Principal and other personnel of the Investment Manager for the purpose of this Memorandum is the address of the Investment Manager, as set forth in the section of this Memorandum entitled, “Directory”.

Investment Management Agreements

The General Partner, as general partner of the Fund and the Master Fund, has appointed the Investment Manager pursuant to an investment management agreement with each of the Fund and the Master Fund (each, an “**Investment Management Agreement**”), subject to the control of and review by the General Partner, among other things, to invest the assets of the Fund and the Master Fund in a manner consistent with the investment objective, approach and restrictions described in this Memorandum. The Investment Management Agreements are substantially similar, except with respect to fees, which will be paid as described in this Memorandum.

Each Investment Management Agreement will remain in effect until December 31, 2022, and will automatically renew from year to year thereafter, except that it may be terminated by any party upon at least 90 days’ prior written notice by the terminating party to the other party.

The Fund will exculpate and indemnify each Indemnified Person in accordance with the exculpation and indemnification provisions of the Partnership Agreement. (See “Other Terms of the Partnership Agreement”.) Under the Investment Management Agreement with the Master Fund, the Master Fund will exculpate and indemnify each Indemnified Person on terms substantially similar to the terms set forth in the exculpation and indemnification provisions of the Partnership Agreement.

CERTAIN RISK FACTORS

Prospective Limited Partners should carefully consider the risks involved in an investment in the Fund, including those discussed below. Additional or new risks not addressed below may affect the Fund. The following list of risk factors cannot be and is not intended to be exhaustive. Prospective Limited Partners should consult their own legal, tax and financial advisers about the risks of an investment in the Fund. The following risk factors and other relevant risks could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Risks Relating to Private Investment Funds Generally

Legal and Regulatory Environment for Private Investment Funds and their Managers

The legal and regulatory environment worldwide for private investment funds (such as the Fund) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Master Fund to pursue its investment program and the value of investments held by the Master Fund. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Master Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Fund and the Limited Partners' investments therein. In addition, the Investment Manager may, in its sole discretion, cause the Fund or the Master Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in the Master Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Limited Partners.

Systemic Risk

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearinghouses, banks, securities firms and exchanges with which the Master Fund interacts, as well as the Master Fund, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Master Fund and on the markets for the Securities in which the Master Fund seeks to invest.

Risks Relating to Management

No Operating History

Each of the Fund, the Master Fund and the General Partner is a newly formed entity and does not have any operating history upon which prospective Limited Partners can evaluate their anticipated performance. The investment professionals of the Investment Manager have been using investment strategies similar to some of the investment strategies described herein for several years. However, there can be no assurance that the Fund or the Investment Manager will be successful.

Dependence on the Investment Manager

The success of the Fund is dependent upon the ability of the Investment Manager to manage the Master Fund and effectively implement the Master Fund's investment program. The Fund's governing documents do not permit the Limited Partners to participate in the management and affairs of the Fund. If the Investment Manager were to lose the services of the Principal or the Fund or any of the Other Accounts managed by the Investment Manager were to incur substantial losses, the Investment Manager might not

be able to provide the same level of service to the Fund as it has in the past or continue operations. (See “Certain Risk Factors — Risks Relating to Management — Retention and Motivation of Employees” and “Certain Risk Factors — Risks Relating to Management — Effect of Substantial Losses or Withdrawals”.) The loss of the services of the Investment Manager could have a material adverse effect on the Fund and the Limited Partners’ investments therein.

Dependence on Service Providers

The Fund is also dependent upon its counterparties and the businesses that are not controlled by the Investment Manager that provide services to the Fund or the Master Fund (the “**Service Providers**”). Examples of Service Providers include the Administrator, a Prime Broker, Legal Counsel and the Auditors. Errors are inherent in the business and operations of any business, and although the Investment Manager will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the Fund and the Limited Partners’ investments therein.

As the Fund and the Master Fund have no employees, the Fund and the Master Fund are reliant on the performance of the Service Providers. Each Limited Partner’s relationship in respect of its Interests is with the Fund only. Accordingly, absent a direct contractual relationship between the investor and the relevant Service Provider, no Limited Partner will have any contractual claim against any Service Provider for any reason related to its services to the Fund or the Master Fund. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Fund or the Master Fund, as the case may be, by the relevant Service Provider is, prima facie, the Fund or the Master Fund, as the case may be.

Retention and Motivation of Employees

The success of the Fund is dependent upon the talents and efforts of highly skilled individuals employed by the Investment Manager and the Investment Manager’s ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that the Investment Manager’s investment professionals will continue to be associated with the Investment Manager throughout the life of the Fund, and the failure to attract or retain such investment professionals could have a material adverse effect on the Fund and the Limited Partners’ investments therein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of the Investment Manager’s investment professionals could be replaced.

Investment and Due Diligence Process

Before making investments, the Investment Manager will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Investment Manager may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, the Investment Manager will rely on the resources reasonably available to it, which in some circumstances, whether or not known to the Investment Manager at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

Increased Regulatory Oversight

Increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to private investment funds and their managers may impose administrative burdens on the Investment Manager, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the Investment Manager's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

Effect of Substantial Losses or Withdrawals

If, due to extraordinary market conditions or other reasons, the Fund and other private investment funds managed by the Investment Manager were to incur substantial losses or were subject to an unusually high level of withdrawals, the revenues of the Investment Manager may decline substantially. Such losses and/or withdrawals may hamper the Investment Manager's ability to (i) retain employees, (ii) provide the same level of service to the Fund as it has in the past, and (iii) continue operations.

Increasing Assets Under Management

The rates of return achieved by trading advisers or managers often diminish as the assets under their management increases. The Investment Manager has not agreed to limit the amount of capital it will manage.

Risks Relating to the Structure of the Fund

Significant Fees and Expenses

The fees and expenses of the Fund may be significant. The Fund must generate sufficient income to offset such fees and expenses to avoid a decrease in the net asset value of the Fund.

Absence of Regulatory Oversight Over the Fund and the Master Fund

The Fund and the Interests are not expected to be registered under the securities laws of any country. In particular, the Fund will not be registered as an investment company under the Company Act, and, therefore, will not be required to adhere to the restrictions and requirements under the Company Act. Accordingly, the provisions of the Company Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of securities, prohibit the investment companies from engaging in certain transactions with its affiliates and regulate the relationship between advisers and investment companies) are not applicable.

The Master Fund is regulated as a mutual fund under the Mutual Funds Act. However, registration under the Mutual Funds Act does not involve an examination of the merits of the Master Fund or supervision of the investment performance of the Master Fund by the Cayman Islands government or the Monetary Authority.

Liability of the Fund, the Master Fund and Separate Classes

Each of the Fund and the Master Fund is a single legal entity and there is no limited recourse protection for any Class of Interests. Generally, creditors of the Fund may enforce claims against all assets of the Fund, but not against assets of the Master Fund, and creditors of the Master Fund may enforce claims against all assets of the Master Fund, but not against assets of the Fund. However, all assets of the Fund, including its interest in the Master Fund, may be available to meet all liabilities of the Fund, and all assets of the Master Fund may be available to meet all liabilities of the Master Fund, even if, in either case, the liability relates to a particular Capital Account, Series Capital Account, or Class of Interests of the Fund or the Master Fund, as the case may be (e.g., new issues and any corresponding hedge positions). Thus, for example, in the event that the assets attributable to Capital Accounts participating in a Security were completely depleted by losses or liabilities, a creditor could enforce a claim against the assets of the Fund which would be borne by the other Capital Accounts that did not participate in the investment or transaction. In addition, in order to facilitate investments or financing, the Fund may guarantee certain obligations of the Master Fund or one or more of its affiliates. In such circumstances all of the assets of the guarantor generally will be available to satisfy the guaranty obligation. Such arrangements may expose the Fund to an increased risk of loss.

Effect of Substantial Withdrawals

Substantial withdrawals could be triggered by a number of events, including unsatisfactory performance, events in the markets, a significant change in personnel or management of the Investment Manager, removal or replacement of the Investment Manager as the investment manager of the Fund, legal or regulatory issues that investors perceive to have a bearing on the Fund or the Investment Manager, or other events. Actions taken to meet substantial withdrawal requests from the Fund (as well as similar actions taken simultaneously by investors of the Offshore Fund and any Other Accounts) could result in prices of Securities held by the Fund decreasing and in Fund expenses increasing (e.g., transaction costs and the costs of terminating agreements). The overall value of the Fund also may decrease because the liquidation value of certain assets may be materially less than their cost or mark-to-market value. The Master Fund may be forced to sell its more liquid positions, which may cause an imbalance in the portfolio that could have a material adverse effect on the remaining Limited Partners. Substantial withdrawals could also significantly restrict the Master Fund's ability to obtain financing or transact with derivatives counterparties needed for its investment strategies, which would have a further material adverse effect on the Fund's performance. The Fund and the Investment Manager generally will not disclose to Limited Partners the amount of pending withdrawals or withdrawal requests and are under no obligation to make any such disclosure.

Limited Liquidity

An investment in the Fund has limited liquidity because Limited Partners will generally have only limited rights to withdraw capital from the Fund or transfer their Interests, and the Fund has the right to suspend withdrawals, as described herein. Limited Partners must be prepared to bear the financial risks of an investment in the Fund for an indefinite period of time.

Access to Information and Effect on Withdrawals

Because of the wide range of potential investments, potentially rapid shifts in the concentration of investments among types of Securities or strategies, the inherent complexity of many of the Master Fund's investment strategies and other factors, prospective Limited Partners and Limited Partners will not have sufficient information to analyze or evaluate in detail the specific risks and potential returns of the Master

Fund's investment program prospectively. The Investment Manager generally will not provide detailed information about the Master Fund's portfolio or any advance notice of anticipated changes in the composition of the Master Fund's portfolio, nor will the Investment Manager provide information to prospective Limited Partners as to how the Master Fund voted proxies. Furthermore, in response to questions and requests and in connection with due diligence meetings and other communications, the Fund and the Investment Manager may provide additional information to certain Limited Partners and prospective Limited Partners that is not distributed to other Limited Partners and prospective Limited Partners. Such information may affect a prospective Limited Partner's decision to invest in the Fund, and Limited Partners (which may include personnel and affiliates of the Investment Manager) may be able to act on such additional information and withdraw their Interests potentially at higher values than other investors. Any such withdrawals may result in reduced liquidity for other investors and, in order to meet larger or more frequent withdrawals, the Fund may need to maintain a greater amount of cash and cash-equivalent investments than it would otherwise maintain, which may reduce the overall performance of the Fund. Each Limited Partner is responsible for asking such questions as it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by the Investment Manager and the Fund is sufficient for its needs and must accept the foregoing risks.

Delayed Schedules K-1

The Fund will provide final Schedules K-1 to the Limited Partners within 90 days of the last day of each tax year of the Fund or as soon as reasonably practicable thereafter. Limited Partners may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local levels.

Identity of Beneficial Ownership; Withholding on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (which might in the future include payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Master Fund has registered with the Service and generally will be required to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equityholders). Investors should consult their own tax advisers regarding the possible implications of these rules on their investment in the Fund.

Governmental Entity Investors

Governmental entities, including pension plans maintained by governmental agencies and instrumentalities, may invest in the Fund. Such investors may be subject to laws that affect the applicability or enforcement of certain terms generally governing the Fund. For example, exculpation, indemnification, confidentiality, choice of law and choice of venue provisions may be applied differently with respect to such investors. In addition, investment in the Fund by certain governmental entities may subject the Fund and/or the Investment Manager to increased regulatory burdens and public disclosures about the Fund, its investors and its activities.

In-Kind Distributions

Although the Fund does not intend to make distributions in kind, under certain circumstances a withdrawing Limited Partner may receive Securities (to the extent received by the Fund from the Master Fund) in lieu of, or in combination with, cash. Such distributions may include interests in one or more special purpose vehicles holding Securities owned by the Master Fund, or participations therein. To the extent a withdrawing Limited Partner is distributed interests in special purpose vehicles, such withdrawing Limited

Partner will continue to be at risk with respect to the Fund's business. The value of the Securities distributed in kind may increase or decrease before they are sold either by the withdrawing Limited Partner, if received directly, or by the Investment Manager or its affiliates, if held through a special purpose vehicle. In either case, the withdrawing Limited Partner will incur transaction costs in connection with the sale of any such Securities and, in the case of interests in a special purpose vehicle, will bear a proportionate share of the operating and other expenses borne by such vehicle. Securities distributed in kind may not be readily marketable. The risk of loss and delay in liquidating these Securities will be borne by the Limited Partner, with the result that such Limited Partner may ultimately receive less cash than it would have received on the date of withdrawal if it had been paid in cash. Furthermore, to the extent that a withdrawing Limited Partner receives interests in special purpose vehicles, such withdrawing Limited Partner will generally have no voting rights or any control over when and at what price the Securities in which such vehicles have an interest are sold.

Risks Relating to the Operations and Investment Activities of the Master Fund

Systems and Operational Risks Generally

The Master Fund depends on the Investment Manager to develop and implement appropriate systems for the Master Fund's activities. The Master Fund relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain Securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Master Fund's activities. In addition, the Master Fund relies on information systems to store sensitive information about the Master Fund, the Investment Manager, their affiliates and the Limited Partners. Certain of the Master Fund's and the Investment Manager's activities will be dependent upon systems operated by third parties, including prime brokers, the Administrator, market counterparties and other service providers, and the Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by the Investment Manager, prime brokers, the Administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Master Fund's operations may cause the Master Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Cybersecurity Risk

As part of its business, the Investment Manager processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Master Fund and personally identifiable information of the Limited Partners. Similarly, service providers of the Investment Manager, the Fund or the Master Fund, especially the Administrator, may process, store and transmit such information. The Investment Manager has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Manager may be susceptible to compromise, leading to a breach

of the Investment Manager's network. The Investment Manager's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Investment Manager to the Limited Partners may also be susceptible to compromise. Breach of the Investment Manager's information systems may cause information relating to the transactions of the Master Fund and personally identifiable information of the Limited Partners to be lost or improperly accessed, used or disclosed.

The service providers of the Investment Manager, the Fund and the Master Fund are subject to the same electronic information security threats as the Investment Manager. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Master Fund and personally identifiable information of the Limited Partners may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Investment Manager's or the Fund's proprietary information may cause the Investment Manager or the Master Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Valuation of Assets and Liabilities

The Master Fund's assets and liabilities are valued periodically and at least on a quarterly basis in accordance with the valuation policy of the Investment Manager as adopted by the General Partner (the "**Valuation Policy**"), which is based on GAAP. A copy of the Valuation Policy is available upon request. The valuation of any asset or liability involves inherent uncertainty. The value of a Security determined in accordance with the Valuation Policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions could have an impact on the net asset value of the Fund if the judgments of the General Partner, in its capacity as general partner of the Master Fund, regarding the appropriate valuation should prove to be incorrect.

GAAP Net Asset Value Divergence

Due to GAAP requirements, the net asset value of the Fund for purposes of GAAP-compliant financial reporting may diverge from the net asset value of the Fund for all other purposes, including for purposes of allocating gains and losses among the Limited Partners, which, as described in this Memorandum, is relevant to, among other things, determining the balance of each Capital Account, calculating the Management Fee and the Incentive Allocation, and calculating the amounts payable by the Fund in respect of a withdrawal by or distribution to a Limited Partner. Net asset value divergence may occur, for example, in connection with the amortization of the organizational and initial offering expenses of the Fund, the measuring of fair value (as a result of Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") 820), or the recognition or unrecognition of uncertain tax positions (as a result of FASB ASC 740). The General Partner and/or any manager or officer of the General Partner may permit deviations from GAAP where they consider it to be appropriate, acting always in accordance with applicable, laws, regulations and rules applicable to the Fund and the Master Fund.

Counterparty Risk

The Master Fund expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Master Fund to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Master Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the Master Fund's trading activities, create losses, preclude the Master Fund from engaging in certain transactions or prevent the Master Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Master Fund's business due to the Master Fund's reliance on such counterparties.

The Master Fund may effect transactions in the "over-the-counter" or "OTC" derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, the Master Fund enters into a contract directly with dealer counterparties which may expose the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). In addition, the Master Fund may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if the Master Fund had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that the Master Fund post collateral.

If there is a default by a counterparty, the Master Fund under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Master Fund being less than if the Master Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Master Fund's Securities from such counterparty or the payment of claims therefor may be significantly delayed and the Master Fund may recover substantially less than the full value of the Securities entrusted to such counterparty.

Collateral that the Master Fund posts to its counterparties that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, the Master Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, the Master Fund may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Master Fund's assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Master Fund and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Master Fund's Securities from or the payment of claims therefor by such counterparty and a loss to the Master Fund, which could be material.

Competition; Availability of Investments

Certain markets in which the Master Fund may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Investment Manager will be able to identify or successfully pursue attractive investment opportunities in such environments.

Volatility Risk

The Master Fund's investment program may involve the purchase and sale of relatively volatile Securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such Securities and/or markets can adversely affect the value of investments held by the Master Fund.

Credit Ratings

In general, the credit rating assigned by a nationally recognized rating agency to a Security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such Securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. The Master Fund may incur losses if it makes investments based on credit ratings that subsequently change in a way not favorable to the Master Fund's investment objective.

Co-Investments with Third Parties

The Master Fund may co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of the Master Fund or is in a position to take (or block) action in a manner contrary to the Master Fund's investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

Significant Positions in Securities; Regulatory Requirements

In the event the Master Fund acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Master Fund may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Master Fund and the Investment Manager. Any such requirements may impose additional costs on the Master Fund and may delay the acquisition or disposition of the securities or the Master Fund's ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit the Master Fund's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a Security. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether

the applicable position limits have been exceeded. To the extent that the Master Fund's position limits were aggregated with an affiliate's position limits, the effect on the Master Fund and resulting restriction on its investment activities may be significant. If at any time positions managed by the Investment Manager were to exceed applicable position limits, the Investment Manager would be required to liquidate positions, which might include positions of the Master Fund, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Master Fund might have to forego or modify certain of its contemplated trades.

In addition, if the Master Fund, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the Master Fund may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the Master Fund will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

As noted herein, the Master Fund, acting either alone or as part of a group, may acquire a "control" position in an issuer's securities. This may subject the Master Fund to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Commodity Interest Trading Limit

The Investment Manager currently operates the Master Fund subject to the CFTC Rule 4.13(a)(3) de minimis exemption (the "**4.13(a)(3) Exemption**"). While the 4.13(a)(3) Exemption provides relief from certain CFTC reporting and recordkeeping requirements, it generally requires the Master Fund to, among other things, have de minimis levels of commodity interest trading. Accordingly, the Master Fund will operate with significant restrictions upon its trading of the instruments that are restricted under the 4.13(a)(3) Exemption, such as commodity futures, security futures options thereon and certain swaps. As a substitute for such instruments, the Master Fund may trade other instruments that are not restricted under the 4.13(a)(3) Exemption. As a result, the Master Fund may incur higher transaction costs or effect a less optimal hedge than it would otherwise be able to if it were not operated subject to the 4.13(a)(3) Exemption.

Litigation Risk

Some of the tactics that the Investment Manager may use involve litigation. The Master Fund could be a party to lawsuits either initiated by it, or by a company in which the Master Fund invests, other shareholders of such company, or U.S. federal, state and non-U.S. governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of the Master Fund.

Exposure to Material Non-Public Information

From time to time, the Investment Manager may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Master Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an

initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Currency Exchange Exposure

The Master Fund may invest in Securities denominated in currencies other than the U.S. dollar. The Master Fund, however, values its Securities in U.S. dollars. The Master Fund may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that Securities suitable for hedging currency or market shifts will be available at the time when the Master Fund wishes to use them, or that hedging techniques employed by the Master Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Master Fund's positions denominated in currencies other than the U.S. dollar will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Risks Relating to Investment Strategies

Risk of Loss

No guarantee or representation is made that the Master Fund's investment program, including the Master Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.

No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the Investment Manager (or investments otherwise made by the investment professionals of the Investment Manager) are not necessarily indicative of their future performance.

Activist Investing

The success of the Master Fund's activist investment strategy depends upon, among other things: (i) the Investment Manager's ability to properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) the Master Fund's ability to acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) the Master Fund's ability to avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) the willingness of the management of such portfolio companies and other security holders to respond positively to the Investment Manager's proposals; and (v) favorable movements in the market price of any such portfolio company's securities in response to any actions taken by such portfolio company. There can be no assurance that any of the foregoing will occur.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or investors of the subject company, which may result in litigation and may erode, rather than increase, the value of the subject company; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in the prices of securities; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the Master Fund and such regulatory agencies may

independently investigate the participants in a transaction, including the Master Fund, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of investors and others with an interest in the subject company. Some investors may have interests which diverge significantly from those of the Master Fund, and some of those parties may be indifferent to the proposed changes. Moreover, securities that the Investment Manager believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe the Investment Manager anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow the Master Fund to dispose of all or any of their securities therein or to realize any increase in the price of such securities.

Event-Driven

The success of the Master Fund's event-driven investment strategy depends upon the Investment Manager's ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Investment Manager had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Master Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of the Master Fund's operations may be expected to fluctuate from period to period. Accordingly, Limited Partners should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Long/Short

The success of the Master Fund's long/short investment strategy depends upon the Investment Manager's ability to identify and purchase Securities that are undervalued and identify and sell short Securities that are overvalued. The identification of investment opportunities in the implementation of the Master Fund's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Master Fund's positions were to fail to converge toward, or were to diverge further from values expected by the Investment Manager, the Master Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Master Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with

the Investment Manager's long/short strategies may become outdated and inaccurate as market conditions change.

Long-Term

The success of the Master Fund's long-term investment strategy depends upon the Investment Manager's ability to identify and purchase Securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the Master Fund may forego value in the short-term or temporary investments in order to be able to avail the Master Fund of additional and/or longer-term opportunities in the future. Consequently, the Master Fund may not capture maximum available value in the short-term, which may be disadvantageous, for example, for Limited Partners who withdraw all or a portion of their Capital Accounts before such long-term value may be realized by the Master Fund.

Proxy Contests and Unfriendly Transactions

The Master Fund may purchase securities of a company that is the subject of a proxy contest on the expectation that new management will be able to improve the company's performance or effect a sale or liquidation of its assets so that the price of the company's securities will increase. If the incumbent management of the company is not defeated or if new management is unable to improve the company's performance or sell or liquidate the company, the market price of the company's securities will typically fall, which may cause the Master Fund to suffer a loss.

In addition, where an acquisition or restructuring transaction or proxy fight is opposed by the subject company's management, the transaction often becomes the subject of litigation. Such litigation involves substantial uncertainties and may impose substantial cost and expense on the company participating in the transaction.

Leverage and Borrowing

Leverage for Investment Purposes

The use of leverage will allow the Master Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Master Fund's portfolio. The effect of the use of leverage by the Master Fund in a market that moves adversely to its investments could result in substantial losses to the Master Fund, which would be greater than if the Master Fund were not leveraged.

Borrowing for Cash Management Purposes

The Master Fund has the authority to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which the Master Fund can borrow will affect the operating results of the Master Fund.

Collateral

The instruments and borrowings utilized by the Master Fund to leverage investments may be collateralized by all or a portion of the Master Fund's portfolio. Accordingly, the Master Fund may pledge or charge its Securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the Securities pledged or charged to brokers to secure

the Master Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call", pursuant to which the Master Fund must either deposit additional funds or Securities with the broker or suffer mandatory liquidation of the pledged or charged Securities to compensate for the decline in value. The banks and dealers that provide financing to the Master Fund can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Master Fund may have similar rights. There can be no assurance that the Master Fund will be able to secure or maintain adequate financing.

Costs

Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Master Fund's portfolio.

Lending of Portfolio Securities

The Master Fund may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Master Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Diversification and Concentration

The Investment Manager may select investments that are concentrated in a limited number or types of Securities. In addition, the Master Fund's portfolio may become significantly concentrated in Securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Master Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such Securities.

Lack of Control

The Master Fund may invest in debt instruments and equity securities of companies that it does not control, which the Master Fund may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such Securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Master Fund does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Master Fund's interests. In addition, the Master Fund may share control over certain investments with co-investors, which may make it more difficult for the Master Fund to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Hedging Transactions

The Master Fund may utilize Securities for risk management purposes in order to: (i) protect against possible changes in the market value of the Master Fund's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Master Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any Securities; (iv) enhance or preserve returns, spreads or gains on any Security in the Master Fund's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Master Fund's Securities; (vii) protect against any increase in the price of any Securities the Master Fund anticipates purchasing at a later date; or (viii) act for any other reason that the Investment Manager deems appropriate. The Master Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Investment Manager may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Discretion of the Investment Manager; New Strategies and Techniques

While the Investment Manager will generally seek to employ the representative investment strategies and techniques discussed herein, the Investment Manager (subject to the policies and control of the General Partner, in its capacity as general partner of the Master Fund) has considerable discretion in the types of Securities the Master Fund may trade and has the right to modify the investment strategies and techniques of the Master Fund without the consent of the Limited Partners. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Fund. In addition, any new investment strategy or technique developed by the Master Fund may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Master Fund.

Risks Relating to Methods of Analysis

Fundamental Analysis

Certain trading decisions made by the Investment Manager may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Master Fund's trading strategies, the Master Fund may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Manager misinterprets the meaning of certain data, the Master Fund may incur losses.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions

The success of the Master Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Master Fund's investments. Volatility or illiquidity could impair the Master Fund's profitability or result

in losses. The Master Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Master Fund’s strategies.

Potential Interest Rate Increases

The United States has experienced a sustained period of historically low interest rate levels. In recent years, however, short-term and long-term interest rates have risen. The uncertainty of the U.S. and global economy, changes in U.S. government policy, and changes in the federal funds rate, increase the risk that interest rates will remain volatile in the future. Sustained future interest rate volatility may cause the value of the fixed income securities held by the Master Fund to decrease, which may result in substantial withdrawals from the Fund that, in turn, force the Master Fund to liquidate such securities at disadvantageous prices negatively impacting the performance of the Master Fund.

Discontinuation of LIBOR

It is expected that the U.S. dollar London Interbank Offered Rate (“**LIBOR**”), which is commonly used as a reference rate within various financial contracts (any such rate, a “**Reference Rate**”), will not be published after June 30, 2023 (other than the one-week and two-month tenors, which will not be published after the year 2021). **In anticipation of the end of LIBOR, the United States and other countries are currently working to replace LIBOR with alternative Reference Rates.** The Secured Overnight Financing Rate (“**SOFR**”) is the Reference Rate formally recommended by the Alternative Reference Rates Committee (the “**ARRC**”). The ARRC and regulators have stated that any party choosing another Reference Rate should do so carefully. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which the Master Fund is a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the Master Fund and its counterparties. With respect to financial contracts to which the Master Fund is a party, any such contract that has a maturity that extends beyond June 2023 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or which have other curative mechanisms available, such as safe harbor legislation adopted in the State of New York to permit the replacement of LIBOR with the rates recommend by ARRC in contracts governed by New York law) may need to be renegotiated, the process of which will consume resources of the Master Fund and may result in disputes among counterparties, the result of which may be adverse to the Master Fund. Regulators have encouraged market participants to cease entering new contracts that use U.S. Dollar LIBOR as a reference

rate as soon as practicable, and in any event by December 31, 2021. As a result, U.S. Dollar LIBOR's liquidity and usefulness will likely diminish as new use comes to an end; and investors should expect that the Master Fund will be a party to SOFR-based contracts in the near-future, and certainly after December 31, 2021. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which the Master Fund is a party may adversely affect the performance of the Master Fund.

Rise of High-Frequency Trading

In recent years, high-frequency trading has increased, which has raised questions about the impact high-frequency trading has on financial markets generally. Though the increase in high-frequency trading has been correlated with increased market liquidity, this purported liquidity may be illusory and high-frequency trading may be the cause of reductions in true liquidity and certain instances of extreme volatility. Opponents of high-frequency trading argue that it exploits the work of active traders, has reduced the number of active traders and has resulted in increased execution costs. The effects of high-frequency trading on specific trades or markets generally may adversely affect the Master Fund's ability to effect its trading strategy.

MiFID II

The package of European Union market infrastructure reforms known as “**MiFID II**”, increased regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, over time, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Other regulatory changes, such as an increase in the scope of commodities and commodity derivatives regulation, including position limits and regulatory position management powers could, over time, similarly lead to liquidity reduction and/or an increase in costs and spreads in the European commodities markets.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of the Investment Manager to execute the investment program.

Sanctions

The Master Fund's operations are or may become subject to economic sanctions laws and regulations of various jurisdictions. At any given time, whether under applicable law, by contractual commitment or as a voluntary risk management measure, the Master Fund may be required, or elect, to comply with various sanctions programs, including the Specially Designated Nationals and Blocked Persons List and Sectoral Sanctions programs administered by OFAC, the sanctions regimes administered by subsidiary organs of the United Nations Security Council, the Sanctions Orders of the Cayman Islands (including as extended to the Cayman Islands by Order of the government of the United Kingdom from time to time), and the Restrictive Measures adopted by the European Union. Some sanctions that may apply to the Master Fund

prohibit or restrict dealings with particular identified persons. Other potentially applicable sanctions programs broadly prohibit or restrict dealings in certain countries or territories or with individuals and entities located in such countries or territories. In addition to such current sanctions, additional sanctions may be imposed in the future. Such sanctions may be imposed with little or no advance warning or “safe harbor” for compliance and may be ambiguous, including as to the scope of financial activities that regulators may ultimately deem to be covered by the sanctions.

Sanctions may negatively impact the Master Fund’s ability to effectively implement its investment strategy and have a material adverse impact on the Master Fund’s investment program. Sanctions may adversely affect the Master Fund in various ways, including by preventing or inhibiting the Master Fund, or the Investment Manager on the Master Fund’s behalf, from making certain investments, forcing the Master Fund to divest from investments previously made, and leading to substantial reductions in the revenues, profits and value of companies in which the Master Fund has invested. In addition, if the Master Fund or the Investment Manager, were to violate or be deemed in violation of any such sanction, it could face significant legal and monetary penalties. Depending on the scope and duration of a particular sanctions program, compliance by the Master Fund may result in a material adverse effect on the Fund and the Limited Partners’ investments therein.

Assumption of Catastrophe Risks

The Master Fund may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Master Fund invests (or has a material negative impact on the operations of the Investment Manager or the Service Providers), the risks of loss can be substantial and could have a material adverse effect on the Fund and the Limited Partners’ investments therein. Furthermore, any such event may also adversely impact one or more individual Limited Partners’ financial condition, which could result in substantial withdrawal requests by such Limited Partners as a result of their individual liquidity situations and irrespective of Fund performance. (See “Certain Risk Factors — Risks Relating to the Structure of the Fund — Effect of Substantial Withdrawals”.)

Coronavirus Risks

In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, was first identified in the human population. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and “shelter-in-place” or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle to contain the virus and its variants. The short-term and long-term impact of COVID-19 on the operations of the Investment Manager and the performance of the Fund is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Fund.

Risks Relating to Specific Sectors and Types of Companies

Micro-, Small- and Medium-Capitalization Companies

Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger “blue-chip” companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue-chip” companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

Life Sciences Sector

The focus of the Master Fund on companies in the life sciences sector means that the Master Fund’s performance will be closely tied to and affected by events occurring in the life science sector, including potential changes in government policies or regulatory requirements. Certain factors affecting companies in the life sciences sector may include, but are not limited to: certain companies that manufacture and/or market life science products may have limited operating histories, making it difficult to assess the likelihood of such products’ commercial success; certain companies in the life sciences sector may not have sufficient management or marketing personnel with appropriate scientific or medical training in order to adequately product or market their products, which may slow or impede the revenue stream generated by such products; and the prices at which securities in a life sciences company are acquired by the Master Fund will often be based, in part, on sales projections with respect to the underlying products, which projections may prove to be inaccurate. Certain life sciences companies in which the Master Fund has invested may also experience adverse impacts from: unanticipated delays in research and development efforts; previous preclinical testing or clinical trial results that ultimately are not indicative of future clinical trial results; errors in the conduct of clinical trials; adverse safety findings regarding drugs; clinical trial results that do not support submission of a marketing approval application for drug product candidates; intellectual property considerations; reliance on third-party manufacturers, collaborators, and clinical research organizations who may fail to perform according to agreed specifications; inability to control the development of out-licensed drug compounds or drug candidates; inability of collaborators to develop and commercialize product candidates; inability to maintain or obtain adequate product liability and other insurance coverage; adverse impact of technological advances and competition; inability to compete against third parties with greater resources; changes in pricing and reimbursements in the markets in which they compete; excessive leverage; limitations on their ability to incur additional indebtedness and incur liens on their assets restricting their ability to obtain additional capital when needed; cost of goods sold remaining high enough that it is difficult to achieve profitability; third-party payors for drugs or diagnostics rescinding or modifying their contracts or reimbursement policies or delaying payments; inability to expand as expected outside the United States; failure to receive reimbursement for a drug or diagnostic under changing Medicare rules; failure of physicians to prescribe a drug or diagnostic to the extent anticipated; inability to obtain inputs necessary to the manufacture of a drug or diagnostic at the anticipated cost; failure of information technology and telecommunications systems that are critical to their business; failure to appropriately handle or dispose of biological and hazardous materials; misplaced reliance on third-party distributors; difficulties in integrating legacy companies from a merger or acquisition; inability to recruit talented personnel, including scientists; and changes in government policies or regulatory requirements of various federal and state agencies.

Technology Sector

The Master Fund invests in the Securities of issuers in the technology sector, which investments involve substantial risks. These risks include but are not limited to: (i) the fact that certain companies in the portfolio of the Master Fund may have limited operating histories; (ii) rapidly changing technologies and products which may quickly become obsolete; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; (iii) scarcity of management, engineering and marketing personnel with appropriate technological training; (iv) the possibility of lawsuits related to technological patents; (v) changing investors' sentiments and preferences with regard to technology sector investments (which are generally perceived as risky) with their resultant effect on the price of underlying Securities; and (vi) volatility in the U.S. stock markets affecting the prices of technology company Securities, which may cause the performance of the Master Fund to experience substantial volatility.

Investment and Trading Out of Sector

The Master Fund may trade in regions other than the life sciences sector and the technology sector, including for hedging purposes and/or on an opportunistic basis. Although out-of-sector positions are not expected to represent core positions, the profit or loss from those positions could have a material impact on the Master Fund's performance.

Risks Relating to Specific Investments

American Depositary Receipts and Global Depositary Receipts

American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Bankruptcy Claims

The Master Fund's investments include debt and equity of financially distressed companies. In the event that the issuer files for bankruptcy protection, the Master Fund will likely be unable to sell its claims without realizing a significant loss and may be unable to recover current interest on such claims during the course

of the bankruptcy case. The markets in U.S. bankruptcy claims are generally not regulated by U.S. federal securities laws or the SEC. To the extent debt investment is unsecured (*i.e.*, has no collateral securing repayment), such claims may have a lower priority than secured claims (which have first recourse to the collateral securing such claim). In addition, the debt of an issuer in bankruptcy may be adversely affected by an erosion of the issuer's business and overall value. Accordingly, there can be no guarantee that a debtor will be able to satisfy all of its liabilities or that the Master Fund will be able to recover the entire amount of its bankruptcy claim.

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to appear and be heard, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Master Fund (in its role as a creditor). Furthermore, there are instances where creditors lose their priority under Title 11 of the United States Code (the “**Bankruptcy Code**”) (*i.e.*, are equitably subordinated) if, for example, they have engaged in misconduct that harms other creditors. In those cases where the Master Fund is found to have engaged in such misconduct, the Master Fund may lose its priority.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, the approval of the plan by creditors and confirmation of the plan by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Master Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the issuer may not be able to reorganize and may be required to sell its assets either as a going concern or as part of a liquidation. As a result, even in those circumstances where the Master Fund may recover the entire amount of its bankruptcy claim, the Master Fund may be adversely impacted by any costs incurred by the Master Fund in representing its interests in a debtor's bankruptcy case.

U.S. bankruptcy law permits the classification of “substantially similar” claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Master Fund's influence with respect to a class of securities can be lost by virtue of the size of its claim relative to the claims of the entire class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for certain taxes) may impair the recovery of an investment in a bankruptcy claim.

The Master Fund intends to invest some of its assets in Securities of issuers domiciled, or assets located, globally. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

The Investment Manager, on behalf of the Master Fund, may elect to serve on creditors' committees, equityholders' committees or other groups to ensure preservation or enhancement of the Master Fund's positions as a creditor or equityholder. A member of any such committee or group may owe a fiduciary duty and be subject to certain obligations to all members the committee represents and/or to other similarly

situated parties. The Investment Manager may resign from that committee or group for any reason, including, for example, if the Investment Manager concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Master Fund. In such case, the Master Fund may not realize the benefits, if any, of participation on the committee or group. In addition, if the Master Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

The Master Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser. Additionally, the claim may be disallowed or subordinated if the bankruptcy court determines that the seller engaged in inequitable conduct that harmed other creditors.

Reorganizations can be contentious and adversarial, and it is by no means unusual for participants to use the threat of litigation and to engage in litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Master Fund.

Business Development Companies

Investments in closed-end funds that elect to be treated as business development companies (“BDCs”) may be subject to a high degree of risk. BDCs typically invest in small and medium-sized private and certain public companies that may not have access to public equity markets for capital raising. As a result, a BDC’s portfolio typically will include a substantial amount of securities purchased in private placements, and its portfolio may carry risks similar to those of a private equity or venture capital fund. Securities that are not publicly registered may be difficult to value and may be difficult to sell at a price representative of their intrinsic value. Small and medium-sized companies also may have fewer lines of business so that changes in any one line of business may have a greater impact on the value of their stock than is the case of a larger company. Some BDCs invest substantially, or even exclusively, in one sector or industry group and therefore carry risk of that particular sector or industry group. To the extent a BDC focuses its investments in a specific sector, the BDC will be susceptible to adverse conditions and economic or regulatory occurrences affecting the specific sector or industry group, which tends to increase volatility and result in higher risk. Investments in BDCs are subject to various risks, including management’s ability to meet the BDC’s investment objective, and to manage the BDC’s portfolio when the underlying securities are redeemed or sold, during periods of market turmoil and as investors’ perceptions regarding a BDC or its underlying investments change. BDC shares are not redeemable at the option of the BDC shareholder and, as with shares of other closed-end funds, they may trade in the secondary market at a discount to their net asset value. BDCs generally qualify as “regulated investment companies” under the U.S. federal tax laws and, provided they distribute all of their income in the time and manner as required by the tax law and satisfy certain diversification and source of income requirements, generally will not pay U.S. federal income taxes.

Certain BDCs in which the Master Fund may invest may employ the use of leverage in their portfolios through borrowings or the issuance of preferred stock. While leverage often serves to increase the yield of a BDC, this leverage also subjects the BDC to increased risks, including the likelihood of increased

volatility and the possibility that the BDC's common share income will fall if the dividend rate on any preferred shares or the interest rate on any borrowings rises.

The Master Fund may be limited by provisions of the Company Act that generally limit the amount the Master Fund can invest in any one BDC to 3% of the BDC's total outstanding stock. As a result, the Master Fund may be required to hold a smaller position in a BDC than it would absent this restriction. The Master Fund will indirectly bear its proportionate share of any management and other operating expenses, and of any performance based or incentive fees, charged by the BDCs in which it invests, in addition to the expenses paid by the Master Fund.

Closed-End Funds

Investments in closed-end funds are non-redeemable and are subject to the same risks as other publicly traded equity securities. There may be no public market for units of closed-end funds, which often trade at a discount from their net asset values.

Commodities

Factors affecting Commodities Prices

The values of commodities which underlie the commodity futures contracts and other types of financial instruments are generally affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, regulatory developments, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. The Master Fund and the Investment Manager have no control over the factors that affect the price of commodities. Accordingly, the value of the Master Fund's investments could change substantially and in a rapid and unpredictable manner.

Agricultural Commodities

Agricultural commodities are particularly sensitive to changes in, among other things, climate, crop and livestock health, world political events, government action (including export and import restrictions and embargoes), international and regional trade contracts, labor contracts, transportation systems and crop predictions. Significant production declines and volume decreases of agricultural commodities can occur as a result of, among other things, hurricanes, tornadoes, floods, fires and other natural disasters. In addition, agricultural commodities are subject to price volatility as a result of disruptions relating to the facilities necessary to produce, transport, store and deliver the agricultural commodity. As a result, the net assets of the Master Fund may be affected by such factors.

Precious Metals

Prices of precious metals (e.g., gold, silver, platinum and palladium) are affected by factors such as cyclical economic conditions, political events, and monetary policies of various governments and countries. In addition, certain precious metals are geographically concentrated, and events in those parts of the world in which such concentration exists may affect their values. Gold and other precious metals are also subject to governmental action for political reasons. The markets for precious metals are volatile and there may be sharp fluctuations in prices even during period of rising prices.

Energy

Markets for energy-related commodities, including electricity, coal, natural gas, crude oil and other petroleum products, can be susceptible to substantial price fluctuations over short periods of time and are particularly affected by political events, natural disasters, exploration and development success or failure, and technological changes. In addition, significant short-term price volatility can be caused by the inability to store electricity, tariff regulation and consumer advocacy.

Storage of Physical Commodities

Commodities held in storage are subject to a risk of loss in the event of bankruptcy of the storage facility, or physical damage to the storage facility and its contents. Physical loss of stored commodities may be the result of insurable or uninsurable risks. The Investment Manager may choose not to purchase insurance for insurable risks based on its assessment of the cost of the insurance compared to the risks insured. Even if the physical commodities owned by the Master Fund are insured, certain events such as terrorist attacks or extreme weather events may not be covered by such insurance.

Cash Commodities

Contracts governing the purchase and sale of specific physical commodities (known as “cash commodities”) for immediate or deferred delivery may differ from each other with respect to terms such as quantity, grade, mode of shipment, terms of payment, penalties and risk of loss. There is no limit on daily price movements of cash commodities and banks, brokerage firms, and dealers in cash commodities are not required to continue to make markets in any commodity. Lastly, the CFTC does not comprehensively regulate cash transactions, which are subject to the risk of the foregoing entities’ failure, inability or refusal to perform with respect to such contract.

Convertible Securities

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by the Master Fund is called for redemption, the Master Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Master Fund’s ability to achieve its investment objective.

Currencies

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Master Fund are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Debt Securities

Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Market Making by Dealers

The value of the Master Fund's fixed-income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in fixed-income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased, relative to market size. This reduction in dealer inventories may be attributable to regulatory changes, such as capital requirements, and is expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair the Master Fund's profitability or result in losses.

Interest Rate Risk

Changes in interest rates can affect the value of the Master Fund's investments in fixed-income instruments. Increases in interest rates may cause the value of the Master Fund's debt investments to decline. The Master Fund may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Prepayment Risk

The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors, including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, “premium” securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and “discount” securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

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

Zero-Coupon and Deferred Interest Bonds

Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High-Yield

Bonds or other fixed-income securities that are “higher yielding” (including non-investment grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer’s inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer’s assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the Master Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

The Master Fund may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Corporate Debt

Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, the Master Fund may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (*e.g.*, the principal owed to the Master Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Master Fund may experience substantial losses.

Mezzanine Debt

Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of the Master Fund to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company of the Master Fund or similar event, the Master Fund's debt investment therein will be subject to fraudulent conveyance, subordination and preference laws.

Stressed Debt

Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt

Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

Troubled Origination

When financial institutions or other entities that are insolvent or in serious financial difficulty originate debt, the standards by which such instruments were originated, the recourse to the selling institution, or the standards by which such instruments are being serviced or operated may be adversely affected.

Sovereign Debt

Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued (“**Sovereign Debt**”), including securities that the Investment Manager believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer’s (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer’s ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

Equitable Subordination

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). If the Master Fund engages in such conduct, the Master Fund may be subject to claims from creditors of an obligor that debt held by the Master Fund should be equitably subordinated.

Derivative Instruments

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Master Fund may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on the Master Fund.

Regulation in the Derivatives Industry

There are many rules related to derivatives that may negatively impact the Master Fund, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter (“**OTC**”) instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional “know your counterparty” obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Investment Manager and the Master Fund, and increase the amount of time that the Investment Manager spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Master Fund.

These rules are operationally and technologically burdensome for the Investment Manager and the Master Fund. These compliance obligations require employee training and use of technology, and there are operational risks borne by the Master Fund in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the Master Fund forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants (“**FCMs**”)), as the use of other parties may be more efficient for the Master Fund from a regulatory perspective. However, this could limit the Master Fund’s trading activities, create losses, preclude the Master Fund from engaging in certain transactions or prevent the Master Fund from trading at optimal rates and terms.

Many of these requirements were implemented under legislation intended to reform the U.S. financial regulatory system, the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or “**EMIR**”), and similar regulations globally. In the United States, regulatory responsibility for derivatives is divided between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over “security-based swaps” and the CFTC has regulatory authority over “swaps”. EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps, that are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have the most significant impact on the Master Fund:

Reporting

Most swap transactions have become subject to anonymous “real time reporting” requirements, meaning that information relating to transactions entered into by the Master Fund will become visible to the market in ways

that may impair the Master Fund's ability to enter into additional transactions at comparable prices or could enable competitors to "front run" or replicate the Master Fund's strategies.

Central Clearing

In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives, including EMIR, are underway to require certain derivatives to be cleared through central clearinghouses. In the United States, clearing mandates affect certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for the Master Fund in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Master Fund would be exposed under non-cleared derivatives), the Master Fund could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the Master Fund may not be able to hedge its risks or express an investment view as well as it would have been able to had it used customizable derivatives available in the over-the-counter markets. The Master Fund may have to split its derivatives portfolio between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the counter positions, and which could lead to increased costs.

Another risk is that the Master Fund may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Master Fund's FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Master Fund to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Master Fund. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Master Fund to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Master Fund. In addition,

clearinghouses may not allow the Master Fund to portfolio-margin its positions, which may increase the Master Fund's costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the Master Fund would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the Master Fund's FCM, subjecting the Master Fund to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations, leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

Swap Execution Facilities

In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms such as swap execution facilities ("SEFs"), which require the Master Fund to subject itself to regulation by these venues and subject the Master Fund to the jurisdiction of the CFTC. CFTC rules governing the operation of SEFs continue to evolve; the SEC has yet to finalize rules related to security-based SEFs.

The EU regulatory framework governing derivatives is set not only by EMIR but also MiFID II. Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues.

It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the Master Fund to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

Margin Requirements for Non-Cleared Swaps

Rules issued by U.S., EU and other regulators globally (the "**Margin Rules**") impose various margin requirements on all swaps that are not centrally cleared, including the establishment of minimum amounts of initial margin that must be posted, and, in some cases, the mandatory segregation of initial margin with a third-party custodian. Although the Margin Rules are intended to increase the stability of the derivatives market, the overall amount of margin that the Master Fund will be required to post to swap counterparties may increase by a material amount, and as a result the Master Fund may not

be able to deploy capital as effectively. Additionally, to the extent the Master Fund is required to segregate initial margin with a third-party custodian, additional costs will be incurred by the Master Fund.

Call and Put Options

The Master Fund may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (*i.e.*, the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

Uncovered option writing (*i.e.*, selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Index or Index Options

The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Master Fund will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Index Futures

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Master Fund also is subject to the Investment Manager's ability to correctly predict movements in the direction of the market.

Credit Default Swaps

Credit default swaps can be used to implement the Investment Manager's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Master Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Master Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Master Fund may also buy credit default protection with respect to a referenced entity if, in the Investment Manager's judgment, there is a high likelihood of credit deterioration. In such instance, the Master Fund will pay a premium regardless of whether there is a credit event.

Futures Contracts

The value of futures contracts depends upon the price of the Securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Master Fund's positions trade or of its clearinghouses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Master Fund from promptly liquidating unfavorable positions and subject the Master Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Non-U.S. Futures Transactions

Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally “linked” to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the Master Fund may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the time the foreign option contract is liquidated or exercised.

Forward Contracts

The Master Fund may enter into forward contracts and options thereon, including non-deliverable forwards. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Master Fund. In its forward trading, the Master Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Master Fund trades. Master Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Investment Manager may order trades for the Master Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Master Fund to the risk of loss.

Contracts for Differences

Contracts for differences (“CFDs”) are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument’s value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. As is the case with trading any financial instrument, there is the risk of loss associated with trading a CFD. There may be

liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the posting of additional margin. CFDs also carry counterparty risk, *i.e.*, the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Master Fund's obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Master Fund's financial risk.

Failure to Enter into Offsetting Trade

To the extent the Master Fund invests in a futures contract or long option, unless an offsetting trade is made, the Master Fund would be required to take physical delivery of the commodity underlying the future or option. To the extent the Investment Manager fails to enter into such offsetting trade prior to the expiration of the contract, the Master Fund may suffer a loss since neither the Master Fund nor the Investment Manager has the operational capacity to accept physical delivery of commodities.

Exotic Options

Exotic options are typically, but not always, traded over-the-counter. OTC contracts may not trade in a liquid market and pricing may be opaque. The illiquidity of these markets can be exacerbated in times of market stress. The Master Fund may incur substantial costs entering into and exiting positions that could have a material impact on performance. Exotic options may be subject to a higher degree of pricing risk as demonstrated by instances in which different counterparties in the market employ different valuation and pricing methodologies to the same exotic option. Because exotic options can often be highly customised, there is lower visibility with respect to the pricing and valuation of these instruments. Exotic options may be subject to high levels of price volatility. For example, in the case of barrier options, as the price of the asset underlying the option trades closer to a barrier level, the delta of the option (*i.e.*, the ratio of the change in the price of the underlying asset to the corresponding change in the price of the option) and the gamma of the option (*i.e.*, the rate of change of the delta with respect to the underlying asset's price) may become very high. Exotic options may be subject to higher levels of model risk than commonly traded options because standard models are not able to adequately capture or predict the risks associated with the exotic options. Exotic options may be "path dependent". This means that their terminal value (at exercise or expiration) depends upon the value of the underlying asset, not only at the time of exercise or expiration, but also at prior points in time. In this sense, the option's terminal value depends upon the "path" taken by the underlying asset over the life of the option. For example, a barrier option's value at expiration depends upon both the value of the underlying asset at expiration and whether the past value of the underlying asset ever satisfied a barrier condition. In contrast, a vanilla option (*e.g.*, a call option) is not path dependent. Its value at exercise or expiration depends on the value of the underlying asset only at that point in time. The

additional features incorporated by exotic options require additional judgments regarding the likelihood of certain conditions being satisfied, any one of which can result in loss if made incorrectly. An OTC option may be closed out only with the counterparty, although either party may engage in an offsetting transaction that puts that party in the same economic position as if it had closed out the option with the counterparty; however, the exposure to counterparty risk may differ. OTC options generally involve greater credit and counterparty risk than exchange-traded options.

Distressed Obligations

The obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems (including companies involved in bankruptcy or other reorganization and liquidation proceedings) are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the risk that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Master Fund's investments in any Security. Obligations in which the Master Fund invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets collateralizing the Master Fund's investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which the Master Fund invests, the Master Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Master Fund's investments may not compensate the Limited Partners adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new Security the value of which will be less than the purchase price to the Master Fund of the Security in respect of which such distribution was made.

Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. The Master Fund also may be exposed to

risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Exchange-Traded Funds

Exchange-traded funds (“**ETFs**”) are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying Securities they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying Securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF’s expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Master Fund’s expenses (*e.g.*, Management Fees and operating expenses), Limited Partners may also indirectly bear similar expenses of an ETF.

Illiquid Securities

Certain Securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such Securities. Valuation of such Securities may be difficult or uncertain because there may be limited information available about the issuers of such Securities. The market prices, if any, for such Securities tend to be volatile and may not be readily ascertainable, and the Master Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid Securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of Securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Master Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Master Fund may be required to hold such Securities despite adverse price movements. Even those markets which the Investment Manager expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Initial Public Offerings

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Fund’s Interests.

Mutual Fund Investments

Investments in open-end as well as closed-end mutual funds generally involve the payment of duplicative fees through the indirect payment of a portion of the expenses, including advisory fees, of such mutual funds. Investments in mutual funds will be valued at the net asset values provided by those funds (which may in certain circumstances be unaudited valuations). Such investments may cause the expense of investing in the Fund to be greater than an investment in other investment vehicles.

PIPE Transactions

Private investments in public companies whose stocks are quoted on stock exchanges or which trade in the over-the-counter securities market, a type of investment commonly referred to as a “**PIPE**” transaction, may be entered into with smaller capitalization public companies, which will entail business and financial risks comparable to those of investments in the publicly-issued securities of smaller capitalization companies, which may be less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE transactions will generally result in the Master Fund acquiring either restricted stock or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. The Master Fund’s ability to dispose of securities acquired in PIPE transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the U.S. federal securities laws. There can be no guarantee that there will be an active or liquid market for the stock of any small capitalization company due to the possible small number of stockholders. As a result, even if the Master Fund is able to have securities acquired in a PIPE transaction registered or sell such securities through an exempt transaction, the Master Fund may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of the Master Fund’s investments.

Preferred Stock

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer’s capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer’s board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer’s common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Private Equity Investments

Risk of Early Stage Companies

Investments in the private equity of companies at an early stage of development involves a high degree of business and financial risk. Early-stage companies with little or no operating

history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Control Issues

Although the Investment Manager may seek protective provisions, including, possibly, board representation, in connection with certain of its private equity investments, to the extent the Master Fund takes minority positions in companies in which it invests, the Investment Manager may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies.

Highly Leveraged Companies

Investments in private equity of highly leveraged companies involve a high degree of risk. The use of leverage may increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event any such company cannot generate adequate cash flow to meet debt service, the Master Fund may suffer a partial or total loss of capital invested in the company, which, depending on the size of the Master Fund's investments, could adversely affect the return on the capital of the Master Fund.

Repurchase and Reverse Repurchase Agreements

In a reverse repurchase transaction, the Master Fund "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Master Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Master Fund involves certain risks. For example, if the seller of securities to the Master Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Master Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Master Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Master Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Master Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Restricted Securities

Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (*e.g.*, under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they

may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by the Master Fund. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Special Purpose Acquisition Companies

A special purpose acquisition company (a “SPAC”) is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company’s value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in “blank check” companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be comprised of hedge funds (at least at inception). The Master Fund may invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a business combination. In such circumstances, there may be limited basis for the Master Fund to evaluate the possible merits or risks of such SPAC’s investment in any particular target business. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

Structured Notes

Structured notes, variable rate mortgage-backed and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market’s perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

Undervalued Securities

The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments

involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed.

Unlisted Securities

Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

When-Issued and Forward Commitment Securities

The purchase of securities on a "when-issued" basis involves a commitment by the Master Fund to purchase or sell securities at a future date (typically one or two months later). No income accrues on securities that have been purchased on a when-issued basis prior to delivery to the Master Fund. When-issued securities may be sold prior to the settlement date. If the Master Fund disposes of the right to acquire a when-issued security prior to its acquisition, it may incur a gain or loss. In addition, there is a risk that securities purchased on a when-issued basis may not be delivered to the Master Fund. In such cases, the Master Fund may incur a loss.

Risks Relating to Non-U.S. Investments and Non-U.S. Jurisdictions

Non-U.S. Exchanges

The Master Fund may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. Securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Non-U.S. Investments

Investing in the Securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in Securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Master Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Master Fund may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Master Fund's rights in such markets. For example, Securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments

are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the Master Fund under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Dependence on Developing Countries

The level of commodity prices can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. In particular, recent growth in industrial production and gross domestic product has made many developing countries, particularly China, disproportionately large users of commodities and has increased the extent to which commodity prices are dependent on the markets of those developing countries. Political, economic and other developments that affect these developing countries may affect the level of certain commodities and, thus, the value of the Master Fund's investments. Because certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers, political, economic and supply-related events in those countries could have a disproportionate impact on the prices of commodity futures contracts and other types of financial instruments in which the Master Fund will invest. Events affecting the prices of commodities tend to affect prices worldwide, regardless of the location of the event.

VALUATION

The Master Fund's assets and liabilities are valued periodically and at least on a quarterly basis in accordance with the Investment Manager's valuation policies and procedures, as the same may be amended from time to time, as adopted by the General Partner (the "**Valuation Policy**"), which is based on GAAP. All values assigned to such assets and liabilities are final and conclusive as to all of the Partners.

Investments that the Fund maintains in the Master Fund will be valued at the net asset value reported by the Master Fund.

In accordance with the Valuation Policy, the following valuation principles will be followed when valuing the Master Fund's assets and liabilities:

- (i) any Security that is quoted or listed on any securities exchange or similar electronic system and regularly traded thereon will be valued based on its last traded price on the close of the relevant date of determination or, if no trades occurred on such day, at the closing bid price if held long by the Master Fund and at the closing offer price if sold short by the Master Fund, as of the relevant date of determination, and as adjusted in such manner as the General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), in its sole discretion, thinks fit, and where prices are available on more than one exchange or system for a particular Security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange that constitutes the principal market, or, in the absence of a principal market, the most advantageous market for such Security or the one which the General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), in its sole discretion, determines provides a reasonable criteria for ascribing a value to such Security;
- (ii) any Security that is not listed on an exchange but for which external pricing sources (such as dealer quotes or independent pricing services) may be available will be valued taking into consideration, among other factors, other external pricing sources, recent trading activity or other information that, in the opinion of the General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), may not have been reflected in pricing obtained from external sources. Long positions generally will be marked to mid-market or lower while short positions generally will be marked to mid-market or higher (subject to the discretion of the General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), to mark such positions differently if and when deemed appropriate);
- (iii) Securities that are not listed on an exchange, are not traded over-the-counter and for which external pricing sources are not readily available will be valued at fair value based on a relative value assessment process that incorporates current market conditions and prices of Securities of other relevant issuers where data are more readily available, adjusting for relative differences in terms and capital structures or other information as the General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), deems relevant;
- (iv) where Securities are not quoted in an active market, a valuation technique such as a valuation model or comparison to recent transaction prices may be employed to establish the transaction price that would be applicable in an arm's length exchange. Valuation techniques used are those commonly

used by market participants to price similar instruments where applicable, and make use of market input, rather than the specific input of the General Partner, in its capacity as general partner of the Master Fund, or the Investment Manager;

- (v) over-the-counter derivatives will be valued taking into consideration, among other factors, the mark-to-market provided by the dealer with whom the Master Fund establishes the position, the mark-to-market and market price history, historic and implied volatilities and correlations, valuations obtained from reputable dealers in similar derivatives where available, and any underlying reference security, among other factors, may be considered when practical to determine fair value;
- (vi) money market loans, deposits, repurchase and reverse repurchase agreements and other financing arrangements entered into for financing purposes may be approximated by cost plus accrued interest;
- (vii) any value (whether of a security or cash) denominated other than in U.S. dollars will be converted into U.S. dollars as of the close of business on the relevant date of determination; and
- (viii) Securities for which no market prices are readily available generally will be carried on the books of the Master Fund at fair value (which may be approximated by cost, unless the General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), believes there is reliable, relevant information available on which fair value can be determined).

The General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), may use methods of valuing Securities other than those set forth herein if it believes the alternate method is preferable in determining the fair value of such Securities, acting always in accordance with laws, regulations and rules applicable to the Fund and the Master Fund. In particular, the General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), may take account of significant events and/or after hours trading activities, if, in the judgment of the General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), they have materially altered such valuation.

The General Partner, in its capacity as general partner of the Fund, has delegated to the Administrator the calculation of the net asset value of the Fund and the net asset value of the Capital Accounts.

The accounts of the Fund and the Master Fund are maintained in U.S. dollars in accordance with GAAP. Assets and liabilities denominated in other currencies are translated at the rates of exchange in effect at the relevant date of determination and translation adjustments are reflected in the results of operations. Portfolio transactions and income and expenses are translated at the rates of exchange in effect at the time of each transaction.

Notwithstanding anything to the contrary herein, the Valuation Policies and procedures are subject to change and may be revised from time-to-time. The Fund will provide notice to all Limited Partners of any material changes to the Valuation Policy.

OTHER ACTIVITIES OF MANAGEMENT; POTENTIAL CONFLICTS OF INTEREST

The Investment Manager, the General Partner and their affiliates will be subject, and the Fund will be exposed, to a number of actual and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on the Fund and the Limited Partners' investments therein. However, the existence of an actual or potential conflict of interest does not mean that it will be acted upon to the detriment of the Fund. When a conflict of interest arises, the Investment Manager will endeavor to ensure that the conflict is resolved fairly and in an equitable manner that is consistent with its fiduciary duties to the Fund. The Investment Manager has in place policies and procedures that it believes are reasonably designed to identify and resolve actual and potential conflicts of interest. Unless the context indicates otherwise, references in this section to conflicts of interest that may apply to the Investment Manager should be understood to apply to the Investment Manager and its affiliates.

Prospective Limited Partners should understand that (i) the relationships among the Fund, the Other Accounts, the Investment Manager and its affiliates are complex and dynamic and (ii) as the Investment Manager's, the General Partner's and the Fund's businesses change over time, the Investment Manager, the General Partner and their affiliates may be subject, and the Fund may be exposed, to new or additional conflicts of interest. There can be no assurance that this Memorandum addresses or anticipates every possible current or future conflict of interest that may arise or that is or may be detrimental to the Fund or the Limited Partners. *Prospective Limited Partners should consult with their own advisers regarding the possible implications on their investment in the Fund of the conflicts of interest described in this Memorandum.*

Other Activities of the Investment Manager and its Affiliates

Conflicts of interest may arise from the fact that the Investment Manager, the General Partner and their affiliates may in the future provide investment management services to clients other than the Master Fund, including investment funds, managed accounts, proprietary accounts and other investment vehicles (collectively, "**Other Accounts**", and together with the Fund, the "**Accounts**" and each, an "**Account**"). The Master Fund will not typically have an interest in any Other Accounts.

Other Accounts may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of the Master Fund, or may compete with or have interests adverse to the Master Fund. Such conflicts could affect the prices and availability of Securities in which the Master Fund invests. Even if an Other Account has investment objectives, programs or strategies that are similar to those of the Master Fund, the Investment Manager may give advice or take action with respect to the investments held by, and transactions of, the Other Accounts that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by, and transactions of, the Master Fund for a variety of reasons, including differences between the investment strategy, financing terms, regulatory treatment and tax treatment of the Other Accounts and the Master Fund. As a result, the Master Fund and an Other Account may have substantially different portfolios and investment returns. Conflicts of interest may also arise when the Investment Manager makes decisions on behalf of the Master Fund with respect to matters where the interests of the Investment Manager or one or more Other Accounts differs from the interests of the Master Fund.

Liquidation of Assets of Other Accounts and Other Classes

The Investment Manager, the General Partner and their affiliates may provide investment management services to Other Accounts (including managed accounts and investment funds formed for a single investor or group of affiliated investors (each such fund, a “**Fund of One**”)) that may have investment objectives, programs or strategies that are similar to those of the Master Fund, which could result in significant overlapping positions among the Master Fund and such Other Accounts. In addition, such Other Accounts may have different or additional terms than those of the Interests described in this Memorandum, including different fees, information rights and liquidity rights (including the right to wind down and terminate a managed account or Fund of One without cause). Additional information may affect an investor’s decision to invest additional capital in, to remain invested in, to withdraw from or to terminate an Other Account. Any such withdrawals or terminations could cause any such Other Account to liquidate its positions ahead of the Master Fund, which may have a material adverse effect on the Fund and the Limited Partners’ investments therein. (See “Certain Risk Factors — Risks Relating to the Structure of the Fund — Effect of Substantial Withdrawals”.) Similarly, to the extent that the Fund establishes Classes of Interests with different liquidity rights, certain Limited Partners may be able to act on information before any Limited Partner that has less frequent liquidity rights. (See “Certain Risk Factors — Risks Relating to the Structure of the Fund — Access to Information and Effect on Withdrawals”.)

Lack of Exclusivity

The Investment Manager, its affiliates and personnel will devote as much of their time to the activities of the Master Fund as they deem necessary and appropriate. The Investment Manager, its affiliates and personnel will not be restricted from forming Other Accounts, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with the Master Fund and/or may involve substantial time and resources of the Investment Manager, its affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of the Investment Manager, its affiliates and personnel will not be devoted exclusively to the business of the Master Fund but will be allocated between the business of the Master Fund and the management of Other Accounts and businesses.

From time to time, the Principal and employees of the Investment Manager may serve as directors or advisory board members of certain portfolio companies or other entities. In connection with such services, such persons may receive directors’ fees or other similar compensation attributable to such employees’ services.

Investments by the Principal and Employees of the Investment Manager in the Fund and Other Accounts

The Principal and employees of the Investment Manager may choose to personally invest, directly and/or indirectly, in the Fund, the Offshore Fund or the Master Fund. Such investors may be in possession of information relating to the Fund that is not available to other Limited Partners and prospective Limited Partners. The Principal and employees of the Investment Manager are not required to keep any minimum investment in the Fund and may invest in Other Accounts. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to the Limited Partners. Investments by the Principal and employees of the Investment Manager in the Fund and/or Other Accounts (including the Offshore Fund and the Master Fund) could incentivize the Principal and employees of the Investment Manager to increase or decrease the risk profile of the Fund.

Investments in Securities by Investment Manager Personnel

The Code of Ethics of the Investment Manager places restrictions on personal trades by employees, including that they disclose their personal Securities holdings and transactions to the Investment Manager on a periodic basis, and requires that employees pre-clear certain types of personal Securities transactions.

The Investment Manager, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Master Fund. These activities may adversely affect the prices and availability of other Securities held by or potentially considered for purchase by the Master Fund.

Allocations of Trades and Investment Opportunities

It will be the policy of the Investment Manager to allocate investment opportunities to the Master Fund and to any Other Accounts on a fair and equitable basis, to the extent practical and in accordance with the Master Fund's or Other Accounts' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with an Account's objectives; (ii) the potential for the proposed investment to create an imbalance in an Account's portfolio; (iii) the liquidity requirements of an Account; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit an Account's ability to participate in a proposed investment; and (vi) the need to re-size risk in an Account's portfolio.

The Investment Manager will have no obligation to purchase or sell a Security for, enter into a transaction on behalf of, or provide an investment opportunity to, the Master Fund or Other Accounts solely because the Investment Manager purchases or sells the same Security for, enters into a transaction on behalf of, or provides an opportunity to, an Other Account or the Master Fund if, in its reasonable opinion, such Security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Master Fund or the Other Account.

In particular, when the Master Fund is ramping up its investment or trading strategies, it may receive larger allocations of certain Securities than the Other Accounts in order to obtain its desired risk and portfolio size. Conversely, when Other Accounts ramp up their investment and trading strategies, the Master Fund may receive reduced or no allocations of certain Securities.

Co-Investments

The Investment Manager and its affiliates may, from time to time, offer one or more Limited Partners or investors in Other Accounts and/or other third-party investors the opportunity to co-invest with the Master Fund in particular investments. The Investment Manager and its affiliates are not obligated to arrange co-investment opportunities, and no Limited Partner will be obligated to participate in such an opportunity. The Investment Manager and its affiliates have sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular Limited Partner and may allocate co-investment opportunities instead to investors in Other Accounts or to third parties. If the Investment Manager determines that an investment opportunity is too large for the Master Fund and the Other Accounts, the Investment Manager and its affiliates may, but will not be obligated to, make proprietary investments therein. The Investment Manager or its affiliates may receive fees and/or allocations from co-investors, which may differ as among co-investors and also may differ from the allocations borne by the Master Fund and fees borne by the Fund.

Allocation of Expenses Among Accounts and Co-Investors

The Investment Manager seeks to fairly allocate expenses among the Accounts, including the Master Fund, and any co-investors. Generally, Accounts and co-investors that own an investment will share in expenses related to such investment, including expenses originally charged solely to any Account. However, it is not always possible or reasonable to allocate or re-allocate expenses to a co-investor, depending upon the circumstances surrounding the applicable investment (including the timing of the investment) and the financial and other terms governing the relationship of the co-investor to the Accounts with respect to the investment, and, as a result, there may be occasions where co-investors do not bear a proportionate share of such expenses. In addition, where a potential investment is contemplated but ultimately not consummated, potential co-investors generally will not share in any expenses related to such potential investment, including expenses borne by any Account with respect to such potential investment.

Order Aggregation and Average Pricing

If the Investment Manager determines that the purchase or sale of a Security is appropriate with regard to the Master Fund and any Other Accounts, the Investment Manager may, but is not obligated to, purchase or sell such a Security on behalf of such Accounts with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Account will receive the average price, with transaction costs generally allocated pro rata based on the size of each Account's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Manager. In the event of a partial fill, allocations may be modified on a basis that the Investment Manager deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Investment Manager. As a result, certain trades in the same Security for one Account (including an Account in which the Investment Manager and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Cross Trades

The Investment Manager may determine that it would be in the best interests of the Master Fund and one or more Other Accounts to transfer a Security from one Account to another (each such transfer, a "**Cross Trade**") for a variety of reasons, including tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction. If the Investment Manager decides to engage in a Cross Trade, the Investment Manager will determine that the trade is in the best interests of both of the Accounts involved and take steps to ensure that the transaction is consistent with the Investment Manager's duty to seek best execution for each of those Accounts.

The Investment Manager generally intends to execute Cross Trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two fund clients may occur as an "internal cross", where the Investment Manager instructs the custodian for the Accounts to book the transaction at the price determined in accordance with the Valuation Policy. If the Investment Manager effects an internal cross, the Investment Manager will not receive any fee in connection with the completion of the transaction.

Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in an Account by the General Partner, the Investment Manager or its personnel, the General Partner and the Investment Manager will comply with the requirements of Section 206(3) of the Advisers Act. In connection with principal transactions, Cross Trades, related-party transactions and other transactions and relationships involving potential conflicts of interest, the General Partner (in its capacity as general partner of the Fund, the Offshore Fund and the Master Fund) is authorized to select one or more persons who are not affiliated with the Investment Manager to serve on a committee, which is authorized, on behalf of the Master Fund and the Limited Partners and, if desired by the General Partner, the investors in any other feeder fund in the Master Fund, to approve or disapprove, to the extent required by applicable law or deemed advisable by the General Partner, such transactions and conflicts of interest. Such committee may approve of such transactions prior to or contemporaneous with, or ratify such transactions subsequent to, their consummation. In no event will any such transaction be entered into unless it complies with applicable law. The person(s) so selected may be exculpated and indemnified by the Fund. Any decision of such committee will be binding on all Limited Partners.

Trade Errors

Trade errors involving transactions in any account directly or indirectly held by the Master Fund or any derivatives contract or other similar agreement of the Master Fund and/or any trading vehicle (each, a “**Trade Error**”) may occur. Trade Errors include: (i) the placement of orders (either purchases or sales) in excess of, or less than, the amount of Securities the account intended to trade; (ii) the sale of a Security when it should have been purchased; (iii) the purchase of a Security when it should have been sold; (iv) the purchase or sale of the wrong Security; and (v) the purchase or sale of a Security for the wrong account and the post-settlement discovery of such purchase or sale. Trades implemented as a result of faulty data, systems, coding, modeling or analysis, trades that are properly executed but result in losses, errors committed by other persons (including brokers and custodians), or that are otherwise caused by human error other than those specifically described above, are not considered Trade Errors. The loss of an investment opportunity is not considered a Trade Error.

Such errors may result in losses or gains. The Investment Manager will use reasonable efforts to detect such errors prior to settlement and promptly correct them. To the extent that an error is caused by a counterparty, such as a broker-dealer, the Investment Manager will use reasonable efforts to recover any losses associated with such error from the counterparty.

Pursuant to the exculpation and indemnification provided by the Master Fund to the Investment Manager and its affiliates and personnel, the Investment Manager and its affiliates and personnel will generally not be liable to the Master Fund for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud of such person, and the Master Fund will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Master Fund, absent bad faith, gross negligence, willful misconduct or actual fraud of such person. As a result of these provisions, the Master Fund (and not the Investment Manager) will benefit from any gains resulting from Trade Errors and other errors and will be responsible for any losses (including additional trading costs) resulting from Trade Errors and other errors, absent bad faith, gross negligence, willful misconduct or actual fraud of the relevant person. The Investment Manager will not offset any such gains and losses resulting from Trade Errors and other errors unless the underlying transactions constitute a single transaction or closely related series of transactions. The Investment Manager will reimburse the Master Fund for losses for which the

Investment Manager is responsible under the exculpation provisions. Given the potentially large volume of transactions executed by the Investment Manager on behalf of the Master Fund, investors should assume that Trade Errors and other errors will occur and that, to the extent permitted by applicable law and under the Fund Documents, the Master Fund will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Investment Manager's personnel.

Proxy Voting Policy

In compliance with Rule 206(4)-6 under the Advisers Act, the Investment Manager has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**"), in a prudent and diligent manner that will serve the applicable Account's best interest and is in line with each Account's investment objectives.

The Investment Manager may take into account all relevant factors, as determined by the Investment Manager in its discretion, including: (i) the impact on the value of the securities or instruments owned by the relevant Account and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

In limited circumstances, the Investment Manager may refrain from voting Proxies where the Investment Manager believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its Accounts. Generally, Limited Partners and Accounts may not direct the Investment Manager's vote in a particular solicitation.

Conflicts of interest may arise between the interests of the Accounts on the one hand and the Investment Manager or its affiliates on the other hand. If the Investment Manager determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, the Investment Manager will vote in accordance with its Proxy voting policies and procedures. Limited Partners may obtain a copy of the Investment Manager's Proxy voting policies and its Proxy voting record upon request.

Master-Feeder Structure

The use of a "master-feeder" structure presents certain conflicts of interest. For example, different tax considerations applicable to the Fund and other feeder funds that invest in the Master Fund may result in the Master Fund structuring or disposing of an investment in a manner or at a time that is more advantageous (or disadvantageous) for tax purposes to one feeder fund or its investors. In selecting and structuring investments appropriate for the Master Fund, the Investment Manager will consider the investment and tax objectives of the feeder funds of the Master Fund and their direct and indirect beneficial owners as a whole, not the investment, tax or other objectives of any Limited Partner or other beneficial owner individually.

Side Letter Agreements

The General Partner, and in certain cases the Investment Manager, will have the discretion to waive or modify the application of, or grant special or more favorable rights with respect to, any provision of this Memorandum or the Fund Documents to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favorable rights, the General Partner may create additional Classes of Interests for certain Limited Partners that provide for, among other things, (i) greater transparency into the Master Fund's portfolio, (ii) different or more favorable withdrawal rights, such as more frequent withdrawals or shorter withdrawal notice periods, (iii) greater information than may be provided to other Limited Partners, (iv) different fee or incentive compensation terms, (v) more favorable

transfer rights and (vi) key-person notifications. Certain such waivers, modifications or grants of special or more favorable rights may also be effected by the General Partner, and, in certain cases, the Investment Manager, through agreements (“**Side Letter Agreements**”). Although certain Limited Partners may invest in the Fund with different material terms, the General Partner and the Investment Manager generally will only offer such terms if they believe other Limited Partners of the Fund will not be materially disadvantaged.

The Investment Manager Could Have Different Compensation Arrangements with Other Accounts

The Investment Manager could be subject to a conflict of interest because varying compensation arrangements among the Fund and Other Accounts could incentivize the Investment Manager to manage the Fund and such Other Accounts differently. These and other differences could make the Fund less profitable to the Investment Manager than certain Other Accounts.

Valuation

The Master Fund’s assets and liabilities are valued in accordance with the Valuation Policy. In making valuation determinations, the Investment Manager may be deemed subject to a conflict of interest, especially with respect to illiquid Securities, as the valuation of such assets and liabilities affects its compensation and the compensation of the General Partner. There is no guarantee that the value determined with respect to a particular asset or liability by the Investment Manager will represent the value that will be realized by the Master Fund on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment.

Incentive Allocation

The General Partner will receive the performance-based Incentive Allocation in connection with the management of the Master Fund. The Incentive Allocation is not the product of an arm’s-length negotiation with any third party, and, because the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Master Fund’s assets, it may be greater than if such compensation were based solely on realized gains.

The Incentive Allocation may give rise to potential conflicts of interest, including the following:

Allocation of Investment Opportunities

The Incentive Allocation may create an incentive for the Investment Manager, an affiliate of the General Partner, to direct the best investment ideas to, or to allocate or sequence trades in favor of, (i) Accounts with performance compensation arrangements over Accounts that are not charged, or from which the General Partner or the Investment Manager will not receive (e.g., because the Account is below its high water mark), performance compensation, and (ii) Accounts from which the General Partner or the Investment Manager will receive a greater performance compensation over Accounts from which the General Partner or the Investment Manager will receive lesser performance compensation.

Valuation

The Incentive Allocation may create an incentive for the Investment Manager to provide biased valuations, especially with respect to illiquid Securities.

Risk

The Incentive Allocation may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect.

Timing and Realization of Investments

The Incentive Allocation may create an incentive for the Investment Manager to time investments, and the realization of investments, so as to maximize the Incentive Allocation rather than the return of the Master Fund.

Due to a recent change in U.S. tax laws, there could be an incentive for the Investment Manager to cause the Master Fund to hold Securities for longer than three years in order for the General Partner to be taxed at “long-term capital gain” tax rates with respect to related gains underlying the Incentive Allocation, although certain other taxable U.S. investors can achieve long-term capital gain tax rates on Securities held for longer than one year, and the holding period does not generally have relevance for the tax treatment of investors who are not subject to U.S. income taxation or are “C” corporations. This dichotomy creates a potential conflict between the interests of the General Partner and the interests of other investors in the Master Fund.

Ancillary Fees Earned by the Investment Manager

The Investment Manager and its affiliates may, but ordinarily do not expect to, earn fees and other income (“**Ancillary Fees**”) from services provided or related to portfolio investments or in connection with portfolio investments or prospective portfolio investments, such as, without limitation, advisory fees, due diligence fees, structuring fees, servicing fees, break-up fees or any similar fees except for directors’ fees, which the Investment Manager and its affiliates expect to earn. The Investment Manager and its affiliates will keep any profits, commissions, fees or other income earned by them in connection with any such activities.

Selection of Broker-Dealers and Counterparties

The Investment Manager may be subject to conflicts relating to its selection of brokers, dealers and counterparties on behalf of the Master Fund. Portfolio transactions for the Master Fund will be allocated to brokers, dealers and counterparties on the basis of numerous factors and not necessarily lowest pricing. Brokers, dealers and counterparties may provide other services that are beneficial to the Investment Manager or Other Accounts, but not necessarily beneficial to the Master Fund. (See “Brokerage Practices — Factors Considered in Selecting Broker-Dealers”.)

Service Providers

Conflicts of interest may arise from the fact that any Service Provider or any affiliate of a Service Provider may provide services to, or have business, financial, personal or other relations with (i) other private funds with investment programs similar to that of the Master Fund or (ii) the Investment Manager or any of its affiliates. Any Service Provider or any affiliate of a Service Provider may be an investor in the Fund, a source of investment opportunities or a co-investor or commercial counterparty or entity in which the Investment Manager has an investment.

It is customary for a Service Provider to charge different rates or have different terms for different types of services. Based on the types of services used by the Investment Manager and its affiliates as compared to the types of services used by the Fund or the Master Fund and the terms of such services, a Service Provider may enter into an arrangement with the Investment Manager or its affiliates that provides for more favorable rates or terms than an arrangement with the Fund or the Master Fund.

Placement Agents

Placement agents that may solicit investors on behalf of the Fund are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. This conflict applies as well to nominees that are compensated by the Fund and/or the Investment Manager in connection with the investment of their clients' assets in the Fund.

BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers

The Investment Manager has complete discretion in deciding which Securities are bought and sold, the amount and price of those Securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

Portfolio transactions for the Master Fund will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Investment Manager and/or certain Accounts, but not beneficial to all Accounts. Subject to the Investment Manager's duty to seek best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Investment Manager may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Master Fund by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. The Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Manager nor the Master Fund separately compensates any broker or dealer for any of these other services.

The Investment Manager maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Soft Dollars

From time to time, the Investment Manager may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Master Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Manager will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Investment Manager believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by the Master Fund may be used by the Investment Manager to service one or more Other Accounts, including Accounts that may not have paid for the soft dollar benefits. The Investment Manager will not seek to allocate soft dollar benefits to Accounts in proportion to the soft dollar credits the Accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Manager (*i.e.*, a "mixed use" item), the Investment Manager will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of

the Investment Manager's allocation of the costs of such benefits and services between those that primarily benefit the Investment Manager and those that primarily benefit the Accounts.

When the Investment Manager uses brokerage commissions (or markups or markdowns) generated by any Accounts to obtain research or other products or services, the Investment Manager receives a benefit because it does not have to produce or pay for such products or services. While the Investment Manager is obligated to seek best execution for each Account, the fact that the Investment Manager can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer based on the Investment Manager's interests, to the exclusion of another broker-dealer that offers business terms that are also favorable to one or more Accounts.

At least annually, the Investment Manager considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Investment Manager make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Capital Introduction

From time to time, brokers (including the Prime Broker) may assist the Fund in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of the Investment Manager may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the Fund may encounter representatives of the Investment Manager. Brokers may also provide other services, including consulting services relating to technology and office space. Although neither the Investment Manager nor the Fund compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence the Investment Manager in deciding whether to use such broker in connection with brokerage, financing and other activities of the Master Fund. Subject to its obligation to seek best execution, the Investment Manager may consider referrals of investors to the Fund in determining its selection of brokers. However, the Investment Manager will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

Custody

The Investment Manager will be deemed to have custody of client funds and Securities because it will have the authority to obtain client funds or Securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account.

The Investment Manager will be subject to Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). However, it will not be required to comply (or will be deemed to have complied) with certain requirements of the Custody Rule with respect to the Fund because it will comply with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that the Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular

inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its Fiscal Year.

The Prime Broker is a “qualified custodian” as such term is defined in the Custody Rule. The Investment Manager will maintain client assets in compliance with the Custody Rule.

Additional Brokerage Costs and Turnover

Additional costs could be incurred in connection with the Master Fund’s non-U.S. investment activities. Non-U.S. brokerage commissions generally are higher than brokerage commissions in the United States. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions.

PRIME BROKER AND CUSTODIAN

General

Morgan Stanley & Co. (“**Morgan Stanley**” or the “**Prime Broker**”) serves as prime broker and custodian for the Master Fund and will clear (generally on the basis of payment against delivery) the securities transactions for the Master Fund which are effected through other brokerage firms. The Prime Broker is regulated in the conduct of its brokerage business by the SEC and FINRA.

The Prime Broker receives reasonable and customary fees calculated and is reimbursed for all out-of-pocket expenses, which fees and expenses are paid out of the assets of the Master Fund.

The General Partner or the Investment Manager may, without prior notice to, or receiving consent from, the Limited Partners, select additional or different brokers in the future to act as prime brokers for the Master Fund and have no obligation to continue to use Morgan Stanley.

Morgan Stanley

The Master Fund has appointed Morgan Stanley to provide prime brokerage services to the Master Fund pursuant to a prime brokerage agreement (the “**Morgan Stanley Agreement**”). The prime brokerage services provided by Morgan Stanley may include executing, clearing and settling transactions, extending margin and securities lending to the Master Fund, and providing custodial services for U.S. and non-U.S. securities.

Morgan Stanley may hold the investments and other assets of the Master Fund with a sub-custodian, depository or clearing agent, including a person connected with Morgan Stanley. Consistent with general brokerage laws of the United States applicable to Morgan Stanley, certain assets of the Master Fund are not required to be segregated and in the event of Morgan Stanley’s insolvency, may not be recoverable in full.

Assets held as collateral by Morgan Stanley are deemed pledged to Morgan Stanley and may be re-hypothecated or otherwise used by Morgan Stanley for its own purposes to the extent permitted under general brokerage laws applicable to Morgan Stanley.

The Morgan Stanley Agreement provides that Morgan Stanley will have no liability to the Master Fund in connection with the execution, clearing, handling, purchasing or selling of securities, commodities or other property or assets, or other action, except in the event of gross negligence or willful misconduct on Morgan Stanley’s part. The Master Fund will indemnify Morgan Stanley and its related entities from any and all actual losses, claims, damages, liabilities, taxes, other taxes and expenses incurred by Morgan Stanley in connection with the Morgan Stanley Agreement, except for actions taken or omitted to be taken by Morgan Stanley which are a result of, or constitute, willful misconduct, fraud or gross negligence.

The Morgan Stanley Agreement may be terminated upon certain events of default.

INDEPENDENT AUDITORS

Ernst & Young (the “**Auditors**”) has been retained as the independent auditors of the Fund and the Master Fund to provide auditing and related services. The Fund is not obligated to retain the Auditors and the General Partner may, without prior notice to, or receiving consent from, the Limited Partners, engage other suitably qualified persons, firms or entities to provide auditing and related services. The Auditors receive reasonable and customary fees agreed on a commercial arms’-length basis at market rates, which fees are paid out of the assets of the Fund and the Master Fund, respectively.

THE ADMINISTRATOR

The Fund and the Master Fund have entered into an agreement (the “**Administration Agreement**”) with Northern Trust Hedge Fund Services LLC and Northern Trust Global Fund Services Cayman Limited (the “**Administrator**”) pursuant to which the Fund and the Master Fund have engaged the Administrator to perform certain administrative services on their behalf.

The Administrator is responsible for, among other things: (i) maintaining the register of Limited Partners and generally performing all actions related to subscriptions and transfers of Interests; (ii) reviewing and, subject to approval by the General Partner, accepting subscriptions for Interests and accepting payment therefor; (iii) computing monthly net asset value for and disseminating the net asset value of the Capital Accounts in accordance with the Partnership Agreement and the Master Fund Partnership Agreement; (iv) performing certain acts related to withdrawals; (v) keeping such books and records as set forth in the Administration Agreement; and (vi) performing certain other services necessary in connection with the administration of the Fund and the Master Fund.

The Administration Agreement generally provides that each of the Fund and the Master Fund, severally but not jointly, will indemnify the Administrator for any claim or liability incurred by the Administrator in connection with the conduct of the business of the Fund or the Master Fund, as applicable, under the Administration Agreement, so long as the conduct of the Administrator or its agents and affiliates giving rise to such claims or liabilities did not constitute gross negligence (as interpreted in accordance with the laws of the State of Delaware), willful misconduct, fraud or breach of the Administration Agreement.

The Administrator receives a reasonable and customary annual fee agreed on a commercial arms’-length basis at market rates and is reimbursed for all out-of-pocket expenses, which fee and expenses are paid out of the assets of the Fund or the Master Fund, as applicable.

The Administration Agreement may be terminated at any time without penalty by any of the parties upon at least 60 days’ prior written notice, although it may be terminated on shorter notice under certain circumstances as described in the Administration Agreement.

Neither the Fund nor the Master Fund is obligated to retain the Administrator and the General Partner may, without prior notice to, or receiving consent from, the Limited Partners, engage other persons, firms or entities to provide administrative services.

TAX ASPECTS

The following is a summary of certain aspects of the income taxation of the Fund and its Limited Partners which should be considered by a prospective Limited Partner. The Fund has not sought a ruling from the Internal Revenue Service (the “**Service**”) or any other Federal, state or local agency with respect to any of the tax issues affecting the Fund, nor has it obtained an opinion of counsel with respect to any tax issues.

This summary of certain aspects of the Federal income tax treatment of the Fund is based upon the Internal Revenue Code of 1986, as amended (the “**Internal Revenue Code**”), judicial decisions, Treasury Regulations (the “**Regulations**”) and rulings in existence on the date hereof, all of which are subject to change. This summary does not discuss the impact of various proposals to amend the Internal Revenue Code which could change certain of the tax consequences of an investment in the Fund. This summary also does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the Federal income tax laws, such as insurance companies.

EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT WITH ITS OWN TAX ADVISOR IN ORDER TO FULLY UNDERSTAND THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND.

In addition to the particular matters set forth in this section, tax-exempt organizations should review carefully those sections of the Memorandum regarding liquidity and other financial matters to ascertain whether the investment objectives of the Fund are consistent with their overall investment plans. Each prospective tax-exempt Limited Partner is urged to consult its own counsel regarding the acquisition of Interests.

Legislative Tax Proposals

The discussion that follows this paragraph is a summary of certain aspects of the Federal income tax treatment of the Fund and is based upon the Internal Revenue Code, judicial decisions, Regulations and rulings in existence on January 1, 2022. The House of Representatives has passed a bill that would substantially amend the Internal Revenue Code, which could change certain of the tax consequences of an investment in the Fund. In particular, such bill would increase the tax rates applicable to certain levels of income and limit or defer the deductibility of certain expenses. It is not possible to predict the extent to which any of these or other provisions will be enacted and, if enacted, what their final form will be. Many of the proposed changes may be effective for taxable years beginning after 2021. Any of the current proposals which are enacted could change the tax consequences described herein of an investment in the Fund. Prospective investors should consult their own tax advisors regarding the status of these proposed changes and the effect, if any, on their investment in the Fund.

Tax Treatment of Fund Operations

Classification of the Fund. The Fund intends to operate as a partnership for Federal tax purposes that is not a publicly traded partnership taxable as a corporation. If it were determined that the Fund should be taxable as a corporation for Federal tax purposes (as a result of changes in the Internal Revenue Code, the Regulations or judicial interpretations thereof, a material adverse change in facts or otherwise), the taxable income of the Fund would be subject to corporate income tax when recognized by the Fund; distributions of such income, other than in certain redemptions of Interests, would be treated as dividend income when received by the Partners to the extent of the current or accumulated earnings and profits of the Fund; and Partners would not be entitled to report profits or losses realized by the Fund.

The Master Fund intends to operate as a partnership for Federal tax purposes and not as an entity taxable as a corporation. Unless otherwise indicated, references in the following discussion to the tax consequences of Fund investments, activities, income, gain and loss, include the direct investments, activities, income, gain and loss of the Fund, and those indirectly attributable to the Fund as a result of its being a member of the Master Fund.

As a partnership, the Fund generally is not itself subject to Federal income tax (see, however, “Tax Elections; Returns; Tax Audits” below). The Fund files an annual partnership information return with the Service which reports the results of operations. Each Partner is required to report separately on its income tax return its distributive share of the Fund’s net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income or loss. Each Partner is taxed on its distributive share of the Fund’s taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

Allocation of Profits and Losses. Under the Partnership Agreement, the Fund’s net capital appreciation or net capital depreciation for each accounting period is allocated among the Partners and to their capital accounts without regard to the amount of income or loss actually recognized by the Fund for Federal income tax purposes. The Partnership Agreement provides that items of income, deduction, gain, loss or credit recognized by the Fund for each fiscal year generally are to be allocated for income tax purposes among the Partners pursuant to the principles of Regulations issued under Sections 704(b) and 704(c) of the Internal Revenue Code, based upon amounts of the Fund’s net capital appreciation or net capital depreciation allocated to each Partner’s capital account for the current and prior fiscal years. There can be no assurance, however, that the particular methodology of allocations used by the Fund will be accepted by the Service. If such allocations are successfully challenged by the Service, the allocation of the Fund’s tax items among the Partners may be affected.

Under the Partnership Agreement, the General Partner has the discretion to allocate specially an amount of the Fund’s ordinary income and/or capital gain (including short-term capital gain) and deductions, ordinary loss and/or capital loss (including long-term capital loss) for Federal income tax purposes to a withdrawing Partner to the extent that the Partner’s capital account exceeds, or is less than, as the case may be, its Federal income tax basis in its partnership interest. In the case of a Partner (including the General Partner) making a partial withdrawal, the General Partner has the discretion to specially allocate an amount of the Fund’s ordinary income and/or capital gain (including short-term capital gain) for Federal income tax purposes to such Partner to the extent the portion withdrawn exceeds such Partner’s Federal income tax basis in its partnership interest. Under the Master Fund partnership agreement, the Master Fund may specially allocate ordinary income and/or capital gain to a partner of the Master Fund to the extent it receives a distribution in excess of its adjusted tax basis in the Master Fund. There can be no assurance that, if the Master Fund or the General Partner makes any such special allocations, the Service will accept such allocations. If such allocations are successfully challenged by the Service, the Fund’s or the Master Fund’s tax items allocable to the remaining Partners would be affected.

Tax Elections; Returns; Tax Audits. The Internal Revenue Code generally 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. Under the Partnership Agreement, the General Partner, in its sole discretion, may cause the Fund to make such an election. Any such election, once made, cannot be revoked without the Service’s consent. The actual effect of any such election may depend upon whether the Master Fund

also makes such an election. As a result of the complexity and added expense of the tax accounting required to implement such an election, the General Partner presently does not intend to make such election.

The General Partner decides how to report the partnership items on the Fund's tax returns. In certain cases, the Fund may be required to file a statement with the Service disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Partners are required under the Internal Revenue Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Fund's items have been reported. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally is determined at the limited partnership level in a single proceeding rather than by individual audits of the Partners. The General Partner, or such other person designated by the General Partner to serve as the Fund's partnership representative in the event of an audit by the Service, has considerable authority to make decisions affecting the tax treatment of all Partners, including extending the statute of limitations with respect to Fund items and settling any such audit.

An audit adjustment to the Fund's tax return for any tax year (a "**Prior Year**") could result in a tax liability (including interest and penalties) imposed on the Fund for the year during which the adjustment is determined (the "**Current Year**"). The tax liability generally is determined by using the highest tax rates under the Internal Revenue Code applicable to U.S. taxpayers although the Fund may be able to use a lower rate to compute the tax liability by taking into account (to the extent it is the case and the implementing rules permit) that the Fund has certain tax-exempt and foreign partners. Alternatively, the Fund may be able to elect with the Service to pass through such adjustments for any year to the partners who participated in the Fund for the Prior Year, in which case each Prior Year participating partner, and not the Fund, would be responsible for the payment of any tax deficiency, determined after including its share of the adjustments on its tax return for that year. If such an election is made by the Fund, interest on any deficiency will be at a rate that is 2 percentage points higher than the otherwise applicable interest rate on tax underpayments. If such an election is not made, Current Year partners may bear the tax liability (including interest and penalties) arising from audit adjustments at significantly higher rates and in amounts that are unrelated to their Prior Year economic interests in the partnership items that were adjusted. Similar principles apply to audits of the Master Fund. A pass-through election may be effected through partnership tiers, whereby each partnership in the chain generally may choose to either pay the tax directly or push it out to its own partners (*e.g.*, from the Master Fund to the Fund and then to the Fund's Prior Year participating partners).

Mandatory Basis Adjustments. The Fund is generally required to adjust its tax basis in its assets in respect of all Partners in cases of partnership distributions that result in a "substantial basis reduction" (*i.e.*, in excess of \$250,000) in respect of the Fund's property. The Fund is also required to adjust its tax basis in its assets in respect of a transferee, in the case of a sale or exchange of an interest, or a transfer upon death, when there exists immediately after the transfer a "substantial built-in loss" (*i.e.*, in excess of \$250,000) in respect of partnership property or the transferee would be allocated a loss of more than \$250,000 upon a disposition of all of the Fund's assets at fair market value. For this reason, the Fund will require (i) a Partner who receives a distribution from the Fund in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death) and (iii) any other Partner in appropriate circumstances to provide the Fund with information regarding its adjusted tax basis in its Interest. The Master Fund has a similar tax basis adjustment obligation with respect to distributions by, and sales or transfers of interests in, the Master Fund.

Tax Consequences to a Withdrawing Limited Partner

A Limited Partner receiving a cash liquidating distribution from the Fund, in connection with a complete withdrawal from the Fund, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Limited Partner and such Limited Partner's adjusted tax basis in its partnership interest. Such capital gain or loss will be short-term, long-term or some combination of both, depending upon the timing of the Limited Partner's contributions to the Fund. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Fund's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Fund will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income. A Limited Partner receiving a cash nonliquidating distribution will recognize income in a similar manner only to the extent that the amount of the distribution exceeds such Limited Partner's adjusted tax basis in its partnership interest.

As discussed above, the Partnership Agreement provides that the General Partner may specially allocate items of Fund ordinary income and/or capital gain (including short-term capital gain) and deductions, ordinary loss and/or capital loss (including long-term capital loss) to a withdrawing Partner to the extent its capital account would otherwise exceed or be less than, as the case may be, its adjusted tax basis in its partnership interest. Such a special allocation of income or gain may result in the withdrawing Partner recognizing ordinary income and/or capital gain, which may include short-term capital gain, in the Partner's last taxable year in the Fund, thereby reducing the amount of long-term capital gain recognized during the tax year in which it receives its liquidating distribution upon withdrawal. Such a special allocation of deduction or loss may result in the withdrawing Partner recognizing ordinary loss and/or capital loss, which may include long-term capital loss, in the Partner's last taxable year in the Fund, thereby reducing the amount of short-term capital loss recognized during the tax year in which it receives its liquidating distribution upon withdrawal.

Distributions of Property. A partner's receipt of a distribution of property from a partnership is generally not taxable. However, under Section 731 of the Internal Revenue Code, a distribution consisting of marketable securities generally is treated as a distribution of cash (rather than property) unless the distributing partnership is an "investment partnership" within the meaning of Section 731(c)(3)(C)(i) and the recipient is an "eligible partner" within the meaning of Section 731(c)(3)(C)(iii). The Fund will determine at the appropriate time whether it qualifies as an "investment partnership." Assuming it so qualifies, if a Limited Partner is an "eligible partner," which term should include a Limited Partner whose contributions to the Fund consisted solely of cash, the rule treating a distribution of property as a distribution of cash would not apply.

Tax Treatment of Fund Investments

In General. The Master Fund expects to act as an investor, and not as a dealer, with respect to its securities transactions. An investor is a person who buys and sells securities for its own account. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation.

Generally, the gains and losses realized by an investor on the sale of securities are capital gains and losses. Capital gains and losses recognized by the Fund may be long-term or short-term depending, in general,

upon the length of time the Fund maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. The application of certain rules relating to short sales, to so-called “straddle” and “wash sale” transactions and to Section 1256 Contracts (defined below) may serve to alter the treatment of the Fund’s securities positions.

The Fund may also realize ordinary income and losses with respect to its transactions. The Fund may hold debt obligations with “original issue discount.” In such case the Fund would be required to include amounts in taxable income on a current basis even though receipt of such amounts may occur in a subsequent year. The Fund may also acquire debt obligations with “market discount.” Upon disposition of any such obligation, the Fund generally would be required to treat the gain realized as ordinary income to the extent of the market discount that accrued during the period that the Fund held the debt obligation. In addition, in some cases, dividend income can be imputed to the holder of certain equity interests or equity derivative instruments, such as options or convertible debt, as a result of an adjustment by the issuing corporation to the exercise or conversion ratio or as a result of other corporate action which has the effect of increasing a holder’s interest in the earnings and profits or assets of the issuing corporation.

The income tax rate for corporations is 21%. Capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

The maximum ordinary income tax rate for individuals is 37%¹ and, in general, the maximum individual income tax rate for “Qualified Dividends”² and long-term capital gains is 20% (unless the taxpayer elects to be taxed at ordinary rates - see “Limitation on Deductibility of Interest and Short Sale Expenses” below). The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of \$3,000. Capital losses of an individual taxpayer may generally be carried forward to succeeding tax years to offset capital gains and then ordinary income (subject to the \$3,000 annual limitation). (See, however, “Limitation on Deductibility of Net Losses” below.)

An individual may be entitled to deduct up to 20% of such individual’s “qualified business income” each year. However, it is not anticipated that income from the Fund will constitute qualified business income, except to the extent of certain ordinary income dividends received from real estate investment trusts or income from investments, if any, in partnerships conducting certain trades or businesses.

In addition, individuals, estates and trusts are subject to a Medicare tax of 3.8% on net investment income (“NII”) (or undistributed NII, in the case of estates and trusts) for each such taxable year, with such tax applying to the lesser of such income or the excess of such person’s adjusted gross income (with certain

¹ The maximum rate for ordinary income for individuals is scheduled to increase to 39.6% in 2026.

² A “Qualified Dividend” is generally a dividend from certain domestic corporations, and from certain foreign corporations that are either eligible for the benefits of a comprehensive income tax treaty with the United States or are readily tradable on an established securities market in the United States. Shares must be held for certain holding periods in order for a dividend thereon to be a Qualified Dividend.

adjustments) over a specified amount.³ NII includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is generally anticipated that net income and gain attributable to an investment in the Fund will be included in an investor's NII subject to this Medicare tax. However, the calculation of NII for purposes of the Medicare tax and taxable income for purposes of the regular income tax may be different. Furthermore, the Medicare tax and the regular income tax may be due in different taxable years with respect to the same income.⁴ The application of the tax (and the availability of particular elections) is quite complex. Investors are urged to consult their tax advisers regarding the consequences of these rules in respect of their investments.

Section 1256 Contracts. In the case of Section 1256 Contracts, the Internal Revenue 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 and certain other contracts. Under these rules, Section 1256 Contracts held by the Fund at the end of each taxable year of the Fund are treated for Federal income tax purposes as if they were sold by the Fund 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 Fund in computing its taxable income for such year. If a Section 1256 Contract held by the Fund 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.

With certain exceptions, 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. If an individual taxpayer incurs a net capital loss for a year, the portion thereof, if any, which consists of a net loss on Section 1256 Contracts may, at the election of the taxpayer, be carried back three years. Losses so carried back may be deducted only against net capital gain to the extent that such gain includes gains on Section 1256 Contracts. A Section 1256 Contract does not include any "securities futures contract" or any option on such a contract, other than a "dealer securities futures contract" (see "Certain Securities Futures Contracts").

Certain Securities Futures Contracts. Generally, a securities futures contract is a contract of sale for future delivery of a single security or a narrow-based security index. Any gain or loss from the sale or exchange of a securities futures contract (other than a "dealer securities futures contract") is treated as gain or loss from the sale or exchange of property that has the same character as the property to which the contract

³ The amount is \$250,000 for married individuals filing jointly, \$125,000 for married individuals filing separately, \$200,000 for other individuals and the dollar amount at which the highest income tax bracket for estates and trusts begins.

⁴ For instance, a U.S. investor in the equity of a PFIC (as defined below) or controlled foreign corporation ("CFC") will generally include its share of the PFIC's or CFC's income in its net investment income upon distribution to such investor, even though the income may be included in the gross income of such investor for regular income tax purposes when recognized by the PFIC or CFC (as applicable) under the PFIC or CFC rules described below, which would require such U.S. investor to keep separate sets of records to track the basis and income inclusion for both regular income tax purposes and net investment income tax purposes. Certain U.S. persons may be able to elect to include their share of such PFIC's or CFC's income in its net investment income when the income is recognized by such PFIC or CFC, consistent with the inclusion of such income under the PFIC and CFC rules. Such an election with respect to a PFIC or a CFC is irrevocable once made. The Fund may make such an election in respect of the equity interest in certain foreign corporations in which the Master Fund invests.

relates has (or would have) in the hands of the taxpayer. If the underlying security would be a capital asset in the taxpayer's hands, then gain or loss from the sale or exchange of the securities futures contract would be capital gain or loss. Capital gain or loss from the sale or exchange of a securities futures contract to sell property (*i.e.*, the short side of a securities futures contract) generally will be short-term capital gain or loss.

A "dealer securities futures contract" is treated as a Section 1256 Contract. A "dealer securities futures contract" is a securities futures contract, or an option to enter into such a contract, that (1) is entered into by a dealer (or, in the case of an option, is purchased or granted by the dealer) in the normal course of its trade or business activity of dealing in the contracts and (2) is traded on a qualified board of trade or exchange.

Mixed Straddle Election. The Internal Revenue Code allows a taxpayer to elect to offset gains and losses from positions which 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. Pursuant to Temporary Regulations, the Fund may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions. The mixed straddle account rules require a daily "marking to market" of all open positions in the account and a daily netting of gains and losses from positions in the account. At the end of a taxable year, the annual net gains or losses from the mixed straddle account are recognized for tax purposes. The application of the Temporary Regulations' mixed straddle account rules is not entirely clear. Therefore, there is no assurance that a mixed straddle account election by the Fund will be accepted by the Service.

Short Sales. 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 Fund's hands. Except with respect to certain situations where the property used to close a short sale has a long-term holding period on the date the short sale is entered into, gains on short sales generally are short-term capital gains. A loss on a short sale will be treated as a long-term capital loss if, on the date of the short sale, "substantially identical property" has been held by the Fund for more than one year. In addition, these rules may also terminate the running of the holding period of "substantially identical property" held by the Fund.

Gain or loss on a short sale will generally not be realized until such time that the short sale is closed. However, if the Fund holds a short sale position with respect to stock, certain debt obligations or partnership interests that has appreciated in value and then acquires property that is the same as or substantially identical to the property sold short, the Fund generally will recognize gain on the date it acquires such property as if the short sale were closed on such date with such property. Similarly, if the Fund holds an appreciated financial position with respect to stock, certain debt obligations or partnership interests and then enters into a short sale with respect to the same or substantially identical property, the Fund generally will recognize gain as if the appreciated financial position were sold at its fair market value on the date it enters into the short sale. The subsequent holding period for any appreciated financial position that is subject to these constructive sale rules will be determined as if such position were acquired on the date of the constructive sale.

Effect of Straddle Rules on Limited Partners' Securities Positions. The Service may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Fund as "straddles" for Federal income tax purposes. Investors should consult their tax advisors regarding the application of the "straddle" rules to their investment in the Fund.

Limitation on Deductibility of Interest and Short Sale Expenses. For noncorporate taxpayers, Section 163(d) of the Internal Revenue Code limits the deduction for “investment interest” (*i.e.*, interest or short sale expenses for “indebtedness properly allocable to property held for investment”). Investment interest is not deductible in the current year to the extent that it exceeds the taxpayer’s “net investment income,” consisting of net gain and ordinary income derived from investments in the current year less certain directly connected expenses (other than interest or short sale expenses). For this purpose, Qualified Dividends and long-term capital gains are excluded from net investment income unless the taxpayer elects to pay tax on such amounts at ordinary income tax rates.

For purposes of this provision, the Fund’s activities (other than certain activities that are treated as “passive activities” under Section 469 of the Internal Revenue Code) will be treated as giving rise to investment income for a noncorporate Limited Partner, and the investment interest limitation would apply to a noncorporate Limited Partner’s share of the interest and short sale expenses attributable to the Fund’s operation. Such noncorporate Limited Partner would be denied a deduction for all or part of that portion of its distributive share of the Fund’s ordinary losses attributable to interest and short sale expenses unless it had sufficient investment income from all sources including the Fund. A Limited Partner that could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry forward such losses to future years, subject to the same limitation. The investment interest limitation would also apply to interest paid by a noncorporate Limited Partner on money borrowed to finance its investment in the Fund. Potential investors are advised to consult with their own tax advisors with respect to the application of the investment interest limitation in their particular tax situations.

Limitation on Deductibility of Business Interest Expense. Section 163(j) of the Internal Revenue Code limits the deduction of business interest expense attributable to a trade or business generally to the sum of the taxpayer’s (x) business interest income and (y) 30% of adjusted taxable income relating to a trade or business (calculated by excluding business interest expense and business interest income).

“Business interest expense” includes, among other items, substitute interest payments made in connection with a securities lending or repurchase agreement that is not entered into in connection with the ordinary course of the taxpayer’s trade or business. Any business interest expense not deductible pursuant to the foregoing limitation is treated as business interest expense of the taxpayer that carries forward to succeeding taxable years, subject to the same limitation.

The determination of what constitutes business interest expense in respect of a partnership’s operations is determined at the partnership level. Under recently issued Regulations, direct noncorporate partners for whom the investment interest rules apply in respect of their interest in a partnership (see “Limitation on Deductibility of Interest and Short Sale Expenses” above) generally will not be subject to the business interest expense limitations determined by that partnership, other than with respect to business interest expense passed through by an underlying partnership, if any, that is engaged in certain trades or businesses.

As described above, the Fund does not expect to be a trader in securities. Nevertheless, this limitation will still be applicable to corporate Limited Partners.

Potential investors are advised to consult with their own tax advisors with respect to the application of the business interest expense limitation to their particular tax situations.

Deductibility of Fund Investment Expenditures and Certain Other Expenditures. Investment expenses (*e.g.*, investment advisory fees) of an individual, trust or estate are not deductible. For taxable years beginning after 2025, such expenses would be deductible only to the extent they exceed 2% of adjusted gross income, would be further restricted in their deductibility for individuals with an adjusted gross income in excess of a specified amount and would not be deductible in calculating alternative minimum tax liability.

Pursuant to Temporary Regulations issued by the Treasury Department, these limitations on deductibility will likely apply to a noncorporate Limited Partner's share of certain expenses of the Master Fund and the Fund, including the Management Fee, the fee paid to the Administrator and payments made on certain derivative instruments.

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, noncorporate Limited Partners should consult their tax advisors with respect to the application of these limitations.

The Fund may elect to deduct organizational expenses for tax purposes over a fixed period of 180 months.

A Limited Partner will not be allowed to deduct syndication expenses, including placement fees paid by such Limited Partner or the Fund. Any such amounts will be included in the Limited Partner's adjusted tax basis for its Interest.

Application of Rules for Income and Losses from Passive Activities. The Internal Revenue Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the Fund's investment and trading activity generally will not constitute income or loss from a passive activity. Therefore, passive losses from other sources generally could not be deducted against a Limited Partner's share of such income and gain from the Fund. Income or loss attributable to certain activities of the Fund, including investments in partnerships engaged in certain trades or businesses, may constitute passive activity income or loss.

Limitation on Deductibility of Net Losses. In the case of a noncorporate taxpayer, any net business loss for any taxable year beginning during the period 2021 through 2026 may not be used to offset nonbusiness income in excess of \$250,000 (\$500,000 in the case of a married couple filing jointly). Inasmuch as the Fund does not expect to be a trader, a noncorporate Limited Partner's trade or business losses incurred during a year outside of the Fund (other than capital loss) generally could not be deducted against its share of the Fund's net income for such year. Even if the Fund is not considered to be a trader, any ordinary trading losses incurred by a partnership in which the Fund invests will be subject to the same limitations when allocated to a noncorporate Limited Partner.

Application of Basis and "At Risk" Limitations on Deductions. The amount of any loss of the Fund that a Limited Partner is entitled to include in its income tax return is limited to its adjusted tax basis in its Interest as of the end of the Fund's taxable year in which such loss occurred. Generally, a Limited Partner's adjusted tax basis for its Interest is equal to the amount paid for such Interest, increased by the sum of (i) its share of the Fund's liabilities, as determined for Federal income tax purposes, and (ii) its distributive share of the Fund's realized income and gains, and decreased (but not below zero) by the sum of (i) distributions

(including decreases in its share of Fund liabilities) made by the Fund to such Limited Partner and (ii) such Limited Partner's distributive share of the Fund's realized losses and expenses.

Similarly, a Limited Partner that is subject to the "at risk" limitations (generally, noncorporate taxpayers and closely held corporations) may not deduct losses of the Fund to the extent that they exceed the amount such Limited Partner has "at risk" with respect to its Interest at the end of the year. The amount that a Limited Partner has "at risk" will generally be the same as its adjusted basis as described above, except that it will generally not include any amount attributable to liabilities of the Fund or any amount borrowed by the Limited Partner on a non-recourse basis.

Losses denied under the basis or "at risk" limitations are suspended and may be carried forward in subsequent taxable years, subject to these and other applicable limitations.

Passive Foreign Investment Companies. The Fund may invest in foreign corporations which are passive foreign investment companies ("PFICs") for Federal income tax purposes. A foreign corporation is considered a PFIC if (i) 75% or more of its gross income for the taxable year is "passive" or (ii) the average percentage of assets (by value) held by it during the taxable year which produce passive income, or which are held for the production of passive income, is at least 50%. As a result of the Fund's investment in a PFIC, Limited Partners would be subject to income taxation with respect to their share of income attributable to the PFIC under one of three complex methods designed to eliminate the benefit of any tax deferral that might otherwise be available as a result of an investment in a PFIC.

Under the "interest charge" method, a Limited Partner is generally liable for tax (at ordinary income rates) plus an interest charge reflecting the deemed deferral of tax liability on the income arising when the Fund pledges or sells its PFIC shares, or an option to buy (including a right to convert into) PFIC shares which may be treated as PFIC stock, at a gain, receives certain distributions from the PFIC or when the Limited Partner's indirect interest in the PFIC is reduced. Under a second option, if the Fund makes an election to have the PFIC treated as a qualified electing fund ("QEF"), which election does not apply to an option, Limited Partners would generally be taxed currently on their proportionate share of the ordinary earnings and net long-term capital gains of the PFIC whether or not the earnings or gains are distributed. However, PFIC expenses, if any, that are properly capitalized will not be deductible for purposes of calculating the income included as a result of the QEF election. If the PFIC realizes a net loss in a particular year, under the QEF rules, that loss will not pass through to the Limited Partners nor will it be netted against the income of any other PFIC with respect to which a QEF election has been made. Moreover, the loss also cannot be carried forward to offset income of the PFIC in subsequent years. A Limited Partner should also note that under the QEF rules, it may be taxed on income related to unrealized appreciation in the PFIC's assets attributable to periods prior to the Fund's investment in the PFIC if such amounts are recognized by the PFIC after the Fund acquires PFIC shares. Moreover, any net short-term capital gains of the PFIC will not pass through as capital gains, but will be taxed as ordinary income.

In order for the Fund to be eligible to make a QEF election, the PFIC would have to agree to provide certain information to the Fund on an annual basis. Limited Partners that are tax exempt should consult their own tax advisors concerning the tax consequences of being a partner in a partnership that makes the QEF election with respect to an investment in a PFIC. Under the third alternative, the Fund generally will have the option to elect to mark its PFIC stock to market at the end of every year, provided the PFIC stock is considered "marketable" under applicable definitions. All such mark to market gains and losses (to the extent allowed) will be considered ordinary. Under Regulations, it is unlikely that any PFIC shares that the Fund would

invest in would be considered “marketable” unless the PFIC shares were regularly traded on a regulated securities exchange.

Other “Anti-Deferral” Provisions. Whether or not the PFIC provisions are applicable, pursuant to the “controlled foreign corporation” provisions of the Internal Revenue Code, investments by the Fund in certain foreign corporations may, in certain circumstances, cause a Limited Partner to (i) recognize taxable income prior to the Fund’s receipt of distributable proceeds or (ii) recognize ordinary taxable income that would otherwise have been treated as long-term or short-term capital gain.

U.S. Withholding Taxes

Certain interest, dividends and “dividend equivalent payments” received by the Master Fund from sources within the United States may be subject to withholding taxes imposed by the United States. The Limited Partners will be informed by the Fund as to their proportionate share of the U.S. taxes paid by the Master Fund, if any, which they will be required to include in their income. The Limited Partners should be entitled to claim an unrestricted credit or refund for their share of such U.S. taxes in computing their own Federal income tax liability.

In order to avoid a U.S. withholding tax of 30% on certain payments (which might in the future include payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Master Fund has registered with the Service and generally will be required to identify and report information with respect to certain direct and indirect U.S. account holders (including debtholders and equityholders). Limited Partners should consult their own tax advisors regarding the possible implications of these rules on their investment in Interests.

Reporting Requirements

Regulations generally impose an information reporting requirement on a U.S. person’s direct and indirect contributions of cash or property to a foreign partnership such as the Master Fund where, (i) immediately after the contribution, the U.S. person owns (directly, indirectly or by attribution) at least a 10% interest in the foreign partnership or (ii) the value of the cash and/or property transferred during the twelve-month period ending on the date of the contribution by the transferor (or any related person) exceeds \$100,000. Under these rules, a Limited Partner will be deemed to have transferred a proportionate share of the cash and property contributed by the Fund to the Master Fund. Furthermore, if a U.S. person was required to report a transfer to a foreign partnership of appreciated property under the first sentence of this paragraph, and the foreign partnership disposes of the property while such U.S. person remains a direct or indirect partner, that U.S. person must report the disposition by the partnership. However, a Limited Partner will not be required to file information returns with respect to the events described in this paragraph if the Fund complies with the reporting requirements. The Fund intends to file the required reports with the Service so as to relieve the Limited Partners of these reporting obligations.

Regulations also generally impose a reporting requirement on any U.S. Limited Partner which, at any time during the taxable year of the Master Fund, owns (indirectly or by attribution) more than 50% of the capital or profits of the Master Fund. The General Partner will notify any Limited Partner who owns the requisite indirect interest in the Master Fund and will assist such person in meeting their reporting obligations.

The foregoing discussion is only a brief summary of certain information reporting requirements. Substantial penalties may apply if the required reports are not made on time. Partners are strongly urged to consult their own tax advisors concerning these reporting requirements as they relate to their investment in the Fund.

Foreign Taxes

It is possible that certain dividends and interest directly or indirectly received by the Fund from sources within foreign countries will be subject to withholding taxes imposed by such countries. In addition, the Fund or the Master Fund may also be subject to capital gains taxes in some of the foreign countries where they purchase and sell securities. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. It is impossible to predict in advance the rate of foreign tax the Fund will directly or indirectly pay since the amount of the Fund's assets to be invested in various countries is not known.

The Partners will be informed by the Fund as to their proportionate share of the foreign taxes paid by the Fund and the Master Fund, which they will be required to include in their income. The Limited Partners generally will be entitled to claim either a credit (subject to the limitations discussed below and provided that, in the case of dividends, the foreign stock is held for the requisite holding period) or, if they itemize their deductions, a deduction (subject to the limitations, if any, generally applicable to deductions) for their share of such foreign taxes in computing their Federal income taxes. A Limited Partner that is tax exempt will not ordinarily benefit from such credit or deduction.

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the Partner's Federal tax (before the credit) attributable to its total foreign source taxable income. A Limited Partner's share of the Fund's dividends and interest from non-U.S. securities generally will qualify as foreign source income. Generally, the source of gain and loss realized upon the sale of personal property, such as securities, will be based on the residence of the seller. In the case of a partnership, the determining factor is the residence of the partner. Thus, absent a tax treaty to the contrary, the gains and losses from the sale of securities allocable to a Partner that is a U.S. resident generally will be treated as derived from U.S. sources (even though the securities are sold in foreign countries). For purposes of the foreign tax credit limitation calculation, investors entitled to the reduced tax rates on Qualified Dividends and long-term capital gains described above (see "Tax Treatment of Fund Investments – In General"), must adjust their foreign tax credit limitation calculation to take into account the preferential tax rate on such income to the extent it is derived from foreign sources. Certain currency fluctuation gains, including fluctuation gains from foreign currency denominated debt securities, receivables and payables, will also be treated as ordinary income derived from U.S. sources.

The limitation on the foreign tax credit generally is applied separately to foreign source passive income, such as dividends and interest. In addition, for foreign tax credit limitation purposes, the amount of a Partner's foreign source income is reduced by various deductions that are allocated and/or apportioned to such foreign source income. One such deduction is interest expense, a portion of which will generally reduce the foreign source income of any Partner who owns (directly or indirectly) foreign assets. For these purposes, foreign assets owned by the Fund will be treated as owned by the investors in the Fund and indebtedness incurred by the Fund will be treated as incurred by investors in the Fund.

Because of these limitations, Limited Partners may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Fund. In addition, a foreign tax credit generally will

not be available to offset the Medicare tax on NII. The foregoing is only a general description of the foreign tax credit under current law. Moreover, since the availability of a credit or deduction depends on the particular circumstances of each Partner, Limited Partners are advised to consult their own tax advisors.

Unrelated Business Taxable Income

Generally, an exempt organization is exempt from Federal income tax on its passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership in which it is a partner.

This general exemption from tax does not apply to the “unrelated business taxable income” (“**UBTI**”) of an exempt organization. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived (either directly or through partnerships) from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the organization’s exempt purpose or function. Separate calculations are made for each unrelated trade or business of the exempt organization, with losses incurred during taxable years beginning after 2017 usable only against the applicable unrelated trade or business and not against all UBTI generally. With respect to its investments, if any, in partnerships engaged in a trade or business, the Fund’s income (or loss) from these investments may constitute UBTI.

UBTI also includes “unrelated debt-financed income,” which generally consists of (i) income derived by an 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 an exempt organization (directly or through a partnership) from the disposition of property with respect to which there is “acquisition indebtedness” at any time during the twelve-month period ending with the date of such disposition.

The Fund may incur “acquisition indebtedness” with respect to certain of its transactions, such as the purchase of securities on margin. Based upon a published ruling issued by the Service which generally holds that income and gain with respect to short sales of publicly traded stock does not constitute income from debt financed property for purposes of computing UBTI, the Fund will treat its short sales of securities as not involving “acquisition indebtedness” and therefore not resulting in UBTI.⁵ To the extent the Fund recognizes income (*i.e.*, dividends and interest) from securities with respect to which there is “acquisition indebtedness” during a taxable year, the percentage of such income which will be treated as UBTI generally will be based on the percentage which the “average acquisition indebtedness” incurred with respect to such securities is of the “average amount of the adjusted basis” of such securities during the taxable year.

To the extent the Fund recognizes gain from securities with respect to which there is “acquisition indebtedness” at any time during the twelve-month period ending with the date of their disposition, the percentage of such gain which will be treated as UBTI will be based on the percentage which the highest amount of such “acquisition indebtedness” is of the “average amount of the adjusted basis” of such securities during the taxable year. In determining the unrelated debt-financed income of the Fund, an allocable portion of deductions directly connected with the Fund’s debt-financed property is taken into

⁵ Moreover, income realized from option writing and futures contract transactions generally would not constitute UBTI.

account. Thus, for instance, a percentage of losses from debt-financed securities (based on the debt/basis percentage calculation described above) would offset gains treated as UBTI.

Since the calculation of the Fund's "unrelated debt-financed income" is complex and will depend in large part on the amount of leverage, if any, used by the Fund from time to time,⁶ it is impossible to predict what percentage of the Fund's income and gains will be treated as UBTI for a Limited Partner which is an exempt organization. With respect to losses incurred during taxable years beginning after 2017, an exempt organization's share of the income or gains of the Fund which is treated as UBTI may not be offset by losses of the exempt organization either from the Fund or otherwise, unless such losses are treated as attributable to the same unrelated trade or business.

To the extent that the Fund generates UBTI, the applicable Federal tax rate for such a Limited Partner generally would be either the corporate or trust tax rate depending upon the nature of the particular exempt organization. An exempt organization may be required to support, to the satisfaction of the Service, the method used to calculate its UBTI. The Fund will be required to report to a Partner which is an exempt organization information as to the portion, if any, of its income and gains from the Fund for each year which will be treated as UBTI. The calculation of such amount with respect to transactions entered into by the Fund is highly complex, and there is no assurance that the Fund's calculation of UBTI will be accepted by the Service.

In general, if UBTI is allocated to an exempt organization such as a qualified retirement plan or a private foundation, the portion of the Fund's income and gains which is not treated as UBTI will continue to be exempt from tax, as will the organization's income and gains from other investments which are not treated as UBTI. Therefore, the possibility of realizing UBTI from its investment in the Fund generally should not affect the tax-exempt status of such an exempt organization.⁷ However, a charitable remainder trust will be subject to a 100% excise tax on any UBTI under Section 664(c) of the Internal Revenue Code. A title-holding company will not be exempt from tax if it has certain types of UBTI. Moreover, the charitable contribution deduction for a trust under Section 642(c) of the Internal Revenue Code may be limited for any year in which the trust has UBTI. A prospective investor should consult its tax advisor with respect to the tax consequences of receiving UBTI from the Fund. (See "ERISA Considerations.")

Certain Issues Pertaining to Specific Exempt Organizations

Private Foundations. Private foundations and their managers are subject to excise taxes if they invest "any amount in such a manner as to jeopardize the carrying out of any of the foundation's exempt purposes." This rule requires a foundation manager, in making an investment, to exercise "ordinary business care and prudence" under the facts and circumstances prevailing at the time of making the investment, in providing for the short-term and long-term needs of the foundation to carry out its exempt purposes. The factors which a foundation manager may take into account in assessing an investment include the expected rate of

⁶ The calculation of a particular exempt organization's UBTI would also be affected if it incurs indebtedness to finance its investment in the Fund. An exempt organization is required to make estimated tax payments with respect to its UBTI.

⁷ Certain exempt organizations which realize UBTI in a taxable year will not constitute "qualified organizations" for purposes of Section 514(c)(9)(B)(vi)(I) of the Internal Revenue Code, pursuant to which, in limited circumstances, income from certain real estate partnerships in which such organizations invest might be treated as exempt from UBTI. A prospective tax-exempt Limited Partner should consult its tax advisor in this regard.

return (both income and capital appreciation), the risks of rising and falling price levels, and the need for diversification within the foundation's portfolio.

In order to avoid the imposition of an excise tax, a private foundation may be required to distribute on an annual basis its "distributable amount," which includes, among other things, the private foundation's "minimum investment return," defined as 5% of the excess of the fair market value of its nonfunctionally related assets (assets not used or held for use in carrying out the foundation's exempt purposes), over certain indebtedness incurred by the foundation in connection with such assets. It appears that a foundation's investment in the Fund would most probably be classified as a nonfunctionally related asset. A determination that an interest in the Fund is a nonfunctionally related asset could conceivably cause cash flow problems for a prospective Limited Partner which is a private foundation. Such an organization could be required to make distributions in an amount determined by reference to unrealized appreciation in the value of its interest in the Fund. Of course, this factor would create less of a problem to the extent that the value of the investment in the Fund is not significant in relation to the value of other assets held by a foundation.

In some instances, an investment in the Fund by a private foundation may be prohibited by the "excess business holdings" provisions of the Internal Revenue Code. For example, if a private foundation (either directly or together with a "disqualified person") acquires more than 20% of the capital interest or profits interest of the Fund, the private foundation may be considered to have "excess business holdings." If this occurs, such foundation may be required to divest itself of its interest in the Fund in order to avoid the imposition of an excise tax. However, the excise tax will not apply if at least 95% of the gross income from the Fund is "passive" within the applicable provisions of the Internal Revenue Code and Regulations. There can be no assurance that the Fund will meet such 95% gross income test.

A substantial percentage of investments of certain "private operating foundations" may be restricted to assets directly devoted to their tax-exempt purposes. Otherwise, generally, rules similar to those discussed above govern their operations.

With certain exceptions, tax-exempt organizations which are private foundations are subject to a 1.39% Federal excise tax on their "net investment income." A private foundation will be required to make payments of estimated tax with respect to this excise tax.

Private Colleges and Universities. Net investment income of certain private colleges and universities is subject to a 1.4% tax. Such income is calculated in the same manner in which private foundations calculate their net investment income.

Qualified Retirement Plans. Employee benefit plans subject to the provisions of ERISA, Individual Retirement Accounts and Keogh Plans should consult their counsel as to the implications of such an investment under ERISA and the Internal Revenue Code. (See "ERISA Considerations.")

Endowment Funds. Investment managers of endowment funds should consider whether the acquisition of an Interest is legally permissible. This is not a matter of Federal law, but is determined under state statutes. It should be noted, however, that under the Uniform Prudent Management of Institutional Funds Act, which has been adopted, in various forms, by a large number of states, participation in investment partnerships or similar organizations in which funds are commingled and investment determinations are made by persons other than the governing board of the endowment fund is allowed.

Certain Clubs and Trusts. Social clubs, voluntary employees' beneficiary associations and supplemental unemployment benefit trusts that are exempt from Federal income taxation under Sections 501(c)(7), (c)(9) and (c)(17), respectively, of the Internal Revenue Code are subject to special UBTI rules. These rules generally require such tax-exempt organizations to characterize income that would not otherwise be treated as UBTI (including income earned by the Fund) as UBTI. Such tax-exempt organizations are advised to consult their tax advisors concerning these rules and their application to this investment.

Excise Tax on Certain Reportable Transactions

A tax-exempt entity (including a state or local government or its political subdivision) may be subject to an excise tax equal to the greater of (i) one hundred percent (100%) of the net income or (ii) seventy five percent (75%) of the proceeds, attributable to certain "reportable transactions", including "listed transactions", in which it participates. Under Regulations, these rules should not apply to a tax-exempt investor's Interest if such investor's tax-exempt status does not facilitate the Fund's participation, if any, in such transactions, unless otherwise provided in future guidance. Tax-exempt investors should discuss with their own advisors the applicability of these rules to their investment in the Fund. (See "Tax Shelter Reporting Requirements" below.)

Certain Reporting Obligations

Certain U.S. persons ("potential filers") that own (directly or indirectly) more than 50% of the capital or profits of the Fund may be required to file FinCEN Form 114 (an "**FBAR**") with respect to the Fund's investments in foreign financial accounts. Failure to file a required FBAR may result in civil and criminal penalties. Potential filers should consult with their own advisors as to whether they are obligated to file an FBAR with respect to an investment in the Fund.

Tax Shelter Reporting Requirements

The Regulations require the Fund to complete and file Form 8886 ("Reportable Transaction Disclosure Statement") with its tax return for any taxable year in which the Fund participates in a "reportable transaction." Additionally, each Partner treated as participating in a reportable transaction of the Fund is generally required to file Form 8886 with its tax return (or, in certain cases, within 60 days of the return's due date). If the Service designates a transaction as a reportable transaction after the filing of a taxpayer's tax return for the year in which the Fund or a Partner participated in the transaction, the Fund and/or such Partner may have to file Form 8886 with respect to that transaction within 90 days after the Service makes the designation. The Fund and any such Partner, respectively, must also submit a copy of the completed form with the Service's Office of Tax Shelter Analysis. The Fund intends to notify the Partners that it believes (based on information available to the Fund) are required to report a transaction of the Fund, and intends to provide such Limited Partners with any available information needed to complete and submit Form 8886 with respect to the Fund's transactions. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request.

A Partner's recognition of a loss upon its disposition of an interest in the Fund could also constitute a "reportable transaction" for such Partner, requiring such Partner to file Form 8886.

A significant penalty is imposed on taxpayers who participate in a “reportable transaction” and fail to make the required disclosure. The maximum penalty is \$10,000 for natural persons and \$50,000 for other persons (increased to \$100,000 and \$200,000, respectively, if the reportable transaction is a “listed transaction”). Investors should consult with their own advisors concerning the application of these reporting obligations to their specific situations.

State and Local Taxation

In addition to the Federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local 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 Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident. To the extent the Fund is engaged in a trade or business, including through the acquisition of an interest in a partnership that is itself engaged in a trade or business, a Partner’s share of the Fund’s income from that trade or business that is sourced to a particular jurisdiction may cause such Partner to be taxed in that jurisdiction and may cause such Partner to file tax returns in such jurisdiction. Prospective investors should consult their tax advisors with respect to the availability of a credit for any such tax in the jurisdiction in which that Partner is a resident.

The tax laws of various states and localities limit or eliminate the deductibility of itemized deductions for certain taxpayers. These limitations will likely apply to a Partner’s share of some or all of the Fund’s and the Master Fund’s expenses, including interest expense. Prospective investors are urged to consult their tax advisors with respect to the impact of these provisions on the deductibility of certain itemized deductions, including interest expense, on their tax liabilities in the jurisdictions in which they are resident.

One or more states may impose reporting requirements on the Fund and/or its Partners in a manner similar to that described above in “Tax Shelter Reporting Requirements.” Investors should consult with their own advisors as to the applicability of such rules in jurisdictions which may require or impose a filing requirement.

The Fund does not expect to be subject to the New York City unincorporated business tax, which is not imposed on a partnership which purchases and sells securities for its “own account.” (This exemption may not be applicable to the extent a partnership in which the Fund invests conducts a business in New York City.) By reason of a similar “own account” exemption, it is also expected that a nonresident individual Partner should not be subject to New York State personal income tax with respect to his share of income or gain realized directly by the Fund.

Individual Limited Partners who are residents of New York State and New York City should be aware that the New York State and New York City personal income tax laws limit the deductibility of itemized deductions and interest expense for individual taxpayers at certain income levels. These limitations would likely apply to a Limited Partner’s share of some or all of the Fund’s expenses. Prospective Limited Partners are urged to consult their tax advisors with respect to the impact of these provisions and the Federal limitations on the deductibility of certain itemized deductions and investment expenses on their New York State and New York City tax liability.

For purposes of the New York State corporate franchise tax and the New York City general corporation tax, a corporation generally is treated as doing business in New York State and New York City, respectively, and is subject to such corporate taxes as a result of the ownership of a partnership interest in a partnership which does business in New York State and New York City, respectively.⁸ Each of the New York State and New York City corporate taxes are imposed, in part, on the corporation's taxable income or capital allocable to the relevant jurisdiction by application of the appropriate allocation percentages. Moreover, a non-New York corporation which does business in New York State may be subject to a New York State license fee. A corporation which is subject to New York State corporate franchise tax solely as a result of being a limited partner in a New York partnership may, under certain circumstances, elect to compute its New York State corporate franchise tax by taking into account only its distributive share of such partnership's income and loss. There is currently no similar provision in effect for purposes of the New York City general corporation tax.

Regulations under both the New York State corporate franchise tax and the New York City general corporation tax, however, provide an exception to this general rule in the case of a "portfolio investment partnership", which is defined, generally, as a partnership which meets the gross income requirements of Section 851(b)(2) of the Internal Revenue Code. New York State (but not New York City) has adopted regulations that also include income and gains from commodity transactions described in Section 864(b)(2)(B)(iii) as qualifying gross income for this purpose. The Fund's qualification as such a portfolio investment partnership must be determined on an annual basis and, with respect to a taxable year, the Fund may not qualify as a portfolio investment partnership.

New York State imposes a quarterly withholding obligation on certain partnerships with respect to partners that are individual non-New York residents or corporations (other than "S" corporations). Accordingly, the Fund may be required to withhold on the distributive shares of New York source partnership income allocable to such partners to the extent such income is not derived from trading in securities for the Fund's own account.

A trust or other unincorporated organization which by reason of its purposes or activities is exempt from Federal income tax is generally also exempt from New York State and New York City personal income tax. A nonstock corporation which is exempt from Federal income tax is generally presumed to be exempt from New York State corporate franchise tax and New York City general corporation tax. New York State imposes a tax with respect to such exempt entities on UBTI (including unrelated debt-financed income) at a rate which is currently equal to 9%. There is no New York City tax on the UBTI of an otherwise exempt entity.

Each prospective Partner should consult its tax advisor with regard to the New York State and New York City tax consequences of an investment in the Fund.

⁸ New York State (but not New York City) generally exempts from corporate franchise tax a non-New York corporation which (i) does not actually or constructively own a 1% or greater limited partnership interest in a partnership doing business in New York and (ii) has a tax basis in such limited partnership interest not greater than \$1 million.

ERISA CONSIDERATIONS

The following summary of certain aspects of ERISA is based upon ERISA, judicial decisions, U.S. Department of Labor (“**DOL**”) regulations and rulings in existence on the date hereof. This summary is general in nature and does not address every ERISA issue that may be applicable to the Fund, the Master Fund or a particular investor. Accordingly, each prospective investor should consult with its own counsel in order to understand the ERISA issues affecting the Fund, the Master Fund and the investor.

General

Persons who are fiduciaries with respect to a U.S. employee benefit plan or trust within the meaning of and subject to the provisions of ERISA (an “**ERISA Plan**”), an individual retirement account or a Keogh plan subject solely to the provisions of the Internal Revenue Code* (an “**Individual Retirement Fund**”) should consider, among other things, the matters described below before determining whether to invest in the Fund (and thus the Master Fund).

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. In determining whether a particular investment is appropriate for an ERISA Plan, DOL regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan’s portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan’s purposes, the risk and return factors of the potential investment, including the fact that the returns may be subject to U.S. federal tax as UBTI, the portfolio’s composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan’s funding objectives, and the limitation on the rights of Limited Partners to withdraw all or a portion of the balance in their Capital Accounts or to transfer their Interests. Before investing the assets of an ERISA Plan in the Fund (and thus the Master Fund), a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Fund (and thus the Master Fund) may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

Plan Assets Defined

ERISA and applicable DOL regulations describe when the underlying assets of an entity in which “benefit plan investors”, as defined in Section 3(42) of ERISA and any regulations promulgated thereunder (“**Benefit Plan Investors**”), invest are treated as “plan assets” for purposes of ERISA. Under ERISA, the term Benefit Plan Investors is defined to include an “employee benefit plan” that is subject to the provisions of Title I of ERISA, a “plan” that is subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code, and entities the assets of which are treated as “plan assets” by reason of investment therein by Benefit Plan Investors.

* References hereinafter made to ERISA include parallel references to the Internal Revenue Code.

Under ERISA, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan's assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. However, when an ERISA Plan acquires an "equity interest" in an entity that is neither: (a) a "publicly offered security"; nor (b) a security issued by an investment fund registered under the Company Act, then the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an "operating company"; or (ii) the equity participation in the entity by Benefit Plan Investors is limited.

Under ERISA, the assets of an entity will not be treated as "plan assets" if Benefit Plan Investors hold less than 25% (or such greater percentage as may be specified in regulations promulgated by the DOL) of the value of each class of equity interests in the entity. Equity interests held by a person with discretionary authority or control with respect to the assets of the entity and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of an entity will be treated as "plan assets" for purposes of ERISA. The Benefit Plan Investor percentage of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the DOL takes the position that a withdrawal of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests), thus triggering an application of the Benefit Plan Investor percentage of ownership test at the time of the withdrawal.

Limitation on Investments by Benefit Plan Investors

It is the current intent of the General Partner to monitor the investments in each of the Fund and the Master Fund to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% (or such greater percentage as may be specified in regulations promulgated by the DOL) of the value of any class of equity interests in each of the Fund and the Master Fund so that assets of neither the Fund nor the Master Fund will be treated as "plan assets" under ERISA. Equity interests held by the General Partner or its affiliates (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of the Fund or the Master Fund will be treated as "plan assets" for the purpose of ERISA. If the assets of the Fund were treated as "plan assets" of a Benefit Plan Investor, the Investment Manager would be a "fiduciary" (as defined in ERISA and the Internal Revenue Code) with respect to each such Benefit Plan Investor and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. Similarly, if the assets of the Master Fund were treated as "plan assets" of a Benefit Plan Investor, the Investment Manager would be a "fiduciary" (as defined in ERISA and the Internal Revenue Code) with respect to each such Benefit Plan Investor and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. In such circumstances, the Fund and/or the Master Fund, as appropriate, would be subject to various other requirements of ERISA and the Internal Revenue Code. In particular, the Fund (and/or the Master Fund, as appropriate) would be subject to rules restricting transactions with "parties in interest" and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Internal Revenue Code unless the Fund (and/or the Master Fund, as appropriate) obtained appropriate exemptions from the DOL allowing the Fund (and/or the Master Fund, as appropriate) to conduct its operations as described herein. As described above under "Withdrawals – Required Withdrawals", the General Partner may, in its sole discretion, require any Limited Partner to withdraw all or any portion of the balance in its Capital Account(s), including to ensure compliance with the percentage limitation on investment in the Fund by Benefit Plan Investors as set forth above. Similar compulsory withdrawal terms apply to investors in the Master Fund. The General Partner reserves the right, however,

to waive the percentage limitation on investment in the Fund (and indirect investment in the Master Fund) by Benefit Plan Investors and thereafter to comply with ERISA.

Representations by Plans

An ERISA Plan proposing to invest in the Fund (and thus the Master Fund) will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Fund's and the Master Fund's investment objectives, policies and strategies, and that the decision to invest plan assets in the Fund (and thus the Master Fund) was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA.

Whether or not the assets of the Fund or the Master Fund are treated as “plan assets” for purposes of ERISA, an investment in the Fund (and thus the Master Fund) by an ERISA Plan is subject to ERISA. Accordingly, fiduciaries of ERISA Plans should consult with their own counsel as to the consequences under ERISA of an investment in the Fund (and thus the Master Fund).

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

Certain prospective ERISA Plan and Individual Retirement Fund investors may currently maintain relationships with the General Partner or other entities that are affiliated with the General Partner. Each of such entities may be deemed to be a party in interest to, and/or a fiduciary of, any ERISA Plan or Individual Retirement Fund to which any of the General Partner or its affiliates provides investment management, investment advisory or other services. ERISA prohibits ERISA Plan assets to be used for the benefit of a party in interest and also prohibits an ERISA Plan fiduciary from using its position to cause the ERISA Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Similar provisions are imposed by the Internal Revenue Code with respect to Individual Retirement Funds. ERISA Plan and Individual Retirement Fund investors should consult with counsel to determine if participation in the Fund (and thus the Master Fund) is a transaction that is prohibited by ERISA or the Internal Revenue Code.

Eligible Indirect Compensation

The disclosures set forth in this Memorandum constitute the Investment Manager's good faith efforts to comply with the disclosure requirements of Form 5500, Schedule C and allow for the treatment of its compensation as eligible indirect compensation.

Future Regulations and Rulings

The provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. The discussion of ERISA contained herein is, of necessity, general and may be affected by future publication of regulations and rulings. Potential investors should consult with their legal advisers regarding the consequences under ERISA of the acquisition and ownership of Interests.

OTHER REGULATORY MATTERS

Company Act Regulation

Neither the Fund nor the Master Fund is registered as an investment company under the Company Act. The Fund complies with Section 3(c)(7) of the Company Act, which permits private investment companies (such as the Fund) to sell their interests, on a private placement basis, to an unlimited number of investors that are “qualified purchasers”, as defined under the Company Act.

Cayman Islands Mutual Funds Act

The Master Fund is regulated as a mutual fund under the Mutual Funds Act. The Monetary Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Act entails the filing of prescribed details and audited accounts annually with the Monetary Authority. The Monetary Authority may, at any time, instruct the Master Fund to have its accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. Failure to comply with these requests by the Monetary Authority may result in substantial fines on the part of the General Partner and may result in the Monetary Authority applying to the court to have the Master Fund wound up.

The Master Fund will not, however, be subject to supervision in respect of its investment activities or the constitution of the Master Fund’s portfolio by the Monetary Authority or any other governmental authority in the Cayman Islands, although the Monetary Authority does have power to investigate the activities of the Master Fund in certain circumstances. Neither the Monetary Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms of this document or the merits of an investment in the Fund. There is no investment compensation scheme in the Cayman Islands available to investors.

The Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Monetary Authority include the power to require the substitution of the General Partner, in its capacity as general partner of the Master Fund, to appoint a person to advise the Master Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Master Fund. There are other remedies available to the Monetary Authority, including the ability to cancel the registration of the Master Fund and to apply to the court for approval of other actions.

The Monetary Authority has a discretionary power to impose substantial fines upon the Master Fund, in connection with any breaches by the Master Fund of prescribed provisions on the Mutual Funds Act, and upon any officer of the Master Fund who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by the Master Fund, the Master Fund will bear the costs of such fine and any proceedings.

The Master Fund and the General Partner, in its capacity as general partner of the Master Fund, or any of its or their agents domiciled in the Cayman Islands, may be compelled to provide information, including, but not limited to, information relating to the investor, and where applicable the investor’s beneficial owners and controllers, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; *e.g.*, by the Monetary Authority, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Act (As Revised), or by the Tax Information Authority,

under the Tax Information Authority Act (As Revised) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws will not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Master Fund, the General Partner, in its capacity as general partner of the Master Fund and any of its or their agents, may be prohibited from disclosing that the request has been made.

Cayman Islands Data Protection Act

The Data Protection Act (As Revised) (the “**DPA**”) includes legal requirements for the Master Fund based on internationally accepted principles of data privacy, as described in greater detail in the Privacy Notice attached to the Subscription Agreement.

The Master Fund will be characterized as a data controller in respect of personal data. The Master Fund’s affiliates and/or delegates, such as the Administrator and the Investment Manager, may act as data processors (or data controllers in their own right in some circumstances).

Oversight of the DPA is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPA by the Master Fund could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

Anti-Money Laundering Regulations

Identity Verification

In order to comply with laws and regulations aimed at the prevention of money laundering and terrorist financing, the Fund is required to adopt and maintain anti-money laundering procedures and, accordingly, the Fund, or the Administrator on the Fund’s behalf, may require subscribers to provide evidence to verify their identity, the identity of their beneficial owners and controllers (where applicable), and the source of funds.

The Fund, and the Administrator on the Fund’s behalf, may request such information as is necessary to verify the identity of any Limited Partner (including any subscriber or a transferee) and the identity of their beneficial owners and controllers (where applicable). Such information may include the Limited Partner’s anti-money laundering policies and procedures, background and identification documentation relating to its directors, trustees, settlors and beneficial owners, and audited financial statements, if any. Where the circumstances permit, the Fund, or the Administrator on the Fund’s behalf, may be satisfied that full due diligence may not be required at subscription where a relevant exemption applies under applicable law. However, detailed verification information may be required prior to the payment of any withdrawal proceeds or any transfer of an Interest. The Fund, and the Administrator on the Fund’s behalf, may not confirm acceptance of a subscription until such time as the Fund or the Administrator has received documentation verifying the subscriber’s identity, the identity of its beneficial owners and controllers (where applicable), and source of funds, to its satisfaction.

In the event of delay or failure by a subscriber or Limited Partner to produce any information required for verification purposes, the Fund, or the Administrator on the Fund’s behalf, may (i) refuse to accept or delay the acceptance of a subscription; (ii) in the case of a transfer of Interests, refuse to consent to the relevant transfer of Interests; or (iii) cause the withdrawal of any such Limited Partner from the Fund.

The Fund, and the Administrator on the Fund’s behalf, also may refuse to make any withdrawal or distribution payment to a Limited Partner if the General Partner or the Administrator suspects or is advised

that the payment of withdrawal proceeds or distribution amounts to such Limited Partner may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Administrator with any applicable laws or regulations.

The Monetary Authority has a discretionary power to impose substantial administrative fines upon the Master Fund in connection with any breaches by the Master Fund of prescribed provisions of the Anti-Money Laundering Regulations (As Revised) of the Cayman Islands, as amended and revised from time to time (the “**AML Regulations**”), and upon the General Partner and/or any officer of the General Partner of the Master Fund who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by the Master Fund, the Master Fund will bear the costs of such fine and any associated proceedings.

Freezing Accounts

Each of the General Partner and the Administrator reserves the right, and the Fund may be obligated, pursuant to any applicable anti-money laundering, counter terrorist or proliferation financing laws or the laws, regulations, and Executive Orders administered by the U.S. Department of Treasury’s Office of Foreign Assets Control (“**OFAC**”), or other laws or regulations in any relevant jurisdiction (collectively, “**AML/OFAC Obligations**”), to “freeze the account” of a subscriber or Limited Partner, either by (i) rejecting the capital contribution of a subscriber or Limited Partner; (ii) segregating the assets in the account in compliance with applicable laws or regulations; (iii) declining any withdrawal request of a Limited Partner; (iv) suspending payment of withdrawal proceeds to a Limited Partner; and/or (v) refusing to make any distribution to a Limited Partner. The Fund may be required to report such action and to disclose the subscriber’s or Limited Partner’s identity to OFAC or other applicable governmental and regulatory authorities.

Sanctions and Required Representations

The Fund is subject to laws that restrict it from dealing with certain persons, including persons that are located or domiciled in sanctioned jurisdictions. Accordingly, each subscriber and Limited Partner (including any transferee) will be required to make such representations to the Fund as the Fund, the Investment Manager or the Administrator will require in connection with applicable AML/OFAC Obligations, including representations to the Fund that, to the best of its knowledge, such subscriber or Limited Partner (and (i) any person controlling or controlled by the subscriber or Limited Partner; (ii) if the subscriber or Limited Partner is a privately held entity, any person having a beneficial interest in the subscriber or Limited Partner; (iii) if required under Cayman Islands law, such persons having a beneficial interest in the subscriber or Limited Partner as determined under Cayman Islands law; (iv) any person for whom the subscriber or Limited Partner is acting as agent or nominee in connection with the investment; and (v) any authorized persons in respect of such subscriber or Limited Partner) is not (a) a country, territory, individual or entity named on an OFAC list, any list maintained under EU, UK (as the latter are extended to the Cayman Islands by statutory instrument) and/or Cayman Islands legislation or any similar list maintained under applicable law (“**Sanctions Lists**”); (b) dealing with any third party named on any Sanctions List; (c) operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United Nations, the European Union, the United Kingdom or the Cayman Islands; or (d) a person or entity prohibited under the programs administered by OFAC or any other similar economic and trade sanctions program. Where a Limited Partner is named on any of the Sanctions Lists, the Fund may be required to cease any further dealings with the Limited Partner’s interest in the Fund until such sanctions are lifted or a license is sought under applicable law to continue dealings.

Each subscriber and Limited Partner (including any transferee) will also be expected to represent to the Fund that, to the best of its knowledge, such subscriber or Limited Partner (and (i) any person controlling or controlled by the subscriber or Limited Partner; (ii) if the subscriber or Limited Partner is a privately held entity, any person having a beneficial interest in the subscriber or Limited Partner; (iii) if required under Cayman Islands law, such persons having a beneficial interest in the subscriber or Limited Partner as determined under Cayman Islands law; (iv) any person for whom the subscriber or Limited Partner is acting as agent or nominee in connection with the investment; and (v) any authorized persons in respect of such subscriber or Limited Partner) is not a politically exposed person,* or any family member** or close associate*** of a politically exposed person. Any subscriber or Limited Partner (including any transferee) that cannot make such representations may be subject to enhanced due diligence and the Fund may decline to accept any subscription or process any transfer in such circumstances.

Each subscriber and Limited Partner (including any transferee) will also be required to represent to the Fund that, to the best of its knowledge, such subscriber or Limited Partner (and (i) any person controlling or controlled by the subscriber or Limited Partner; (ii) if the subscriber or Limited Partner is a privately held entity, any person having a beneficial interest in the subscriber or Limited Partner; (iii) if required under Cayman Islands law, such persons having a beneficial interest in the subscriber or Limited Partner as determined under Cayman Islands law; (iv) any person for whom the subscriber or Limited Partner is acting as agent or nominee in connection with the investment; and (v) any authorized persons in respect of such subscriber or Limited Partner) is not a shell bank**** (or a bank organized or chartered under the laws of any non-Cayman Islands country or territory that is designated as non-cooperative (or other comparable term, such as “High-Risk Jurisdiction subject to a Call for Action”) with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as FATF). Further, if such subscriber or Limited Partner is a non-U.S. banking institution (a “**Non-U.S. Bank**”) or if such subscriber or Limited Partner receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Non-U.S. Bank, such subscriber or Limited Partner must represent to the Fund that: (i) the Non-U.S. Bank has a fixed address, other than solely an electronic address, in a country in which the Non-U.S. Bank is authorized to conduct banking activities; (ii) the Non-U.S. Bank employs one or more individuals on a full-time basis; (iii) the Non-U.S. Bank maintains operating records related to its banking activities; (iv) the Non-U.S. Bank is subject to inspection by the banking authority that licensed the Non-U.S. Bank to conduct banking activities; and (v) the Non-U.S. Bank does not provide banking

* For these purposes, the term “**politically exposed person**” means (a) a person who is or has been entrusted with prominent public functions by a foreign (non-Cayman Islands) country, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executive of a state-owned corporation, and important political party official; (b) a person who is or has been entrusted domestically (in the Cayman Islands) with prominent public functions, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executives of a state-owned corporation and important political party official; and (c) a person who is or has been entrusted with a prominent function by an international organization like a member of senior management, such as a director, a deputy director and a member of the board or equivalent functions.

** For these purposes, the term “**family member**” includes the spouse, parent, sibling or child of a politically exposed person.

*** For these purposes, the term “**close associate**” means any natural person who is known to hold the ownership or control of a legal instrument or person jointly with a politically exposed person, or who maintains some other kind of close business or personal relationship with a politically exposed person, or who holds the ownership or control of a legal instrument or person which is known to have been established to the benefit of a politically exposed person.

**** For these purposes, the term “**shell bank**” means any institution that accepts currency for deposit and that (a) has no physical presence in the jurisdiction in which it is incorporated or in which it is operating, as the case may be, and (b) is unaffiliated with a regulated financial group that is subject to consolidated supervision.

services to any other Non-U.S. Bank that does not have a physical presence in any country and that is not a regulated affiliate.

Such subscriber or Limited Partner will also be required to represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly derived from activities that may contravene applicable laws and regulations, including any applicable anti-money laundering laws and regulations.

Each subscriber and Limited Partner must notify the Fund promptly in writing should it become aware of any change in the information set forth in its representations.

Required Reporting

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands, if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Act (As Revised) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report will not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Pursuant to the AML Regulations, the Master Fund must designate natural persons to act as Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer (collectively, the “**AML Officers**”) of the Master Fund. The General Partner, in its capacity as general partner of the Master Fund, has ensured that natural persons have been designated to perform the AML Officer roles in accordance with Cayman Islands law. Subscribers and Limited Partners may obtain details (including contact details) of the current AML Officers of the Master Fund, by contacting Tiffany Crowley using the contact information set forth in the section of this Memorandum entitled, “Directory”.

Delegation

Where permitted by applicable law, and subject to certain conditions, the Fund may rely upon a suitable person for the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) or may otherwise delegate the maintenance of such procedures to a suitable person.

NEW ISSUES

Certain Limited Partners may not share or may be limited in their participation in profits and losses attributable to “new issues”, as defined under the rules of the U.S. Financial Industry Regulatory Authority (“**FINRA**”). Under applicable FINRA rules, certain persons (including persons associated with a broker-dealer, portfolio managers, executive officers and directors of public companies and certain family members of such persons) may be “restricted” with respect to their participation in new issues. The General Partner reserves the right to vary its policy with respect to the allocation of profits and losses attributable to new issues as it deems appropriate for the Fund as a whole, in light of, among other things, existing interpretations of, and amendments to, the applicable FINRA rules and practical considerations, including administrative burdens and principles of fairness and equity.

OTHER TERMS OF THE PARTNERSHIP AGREEMENT

The following outline summarizes certain material provisions of the First Amended and Restated Limited Partnership Agreement of the Fund, as the same may be amended from time to time (the “**Partnership Agreement**”), that are not discussed elsewhere in this Memorandum. This outline is only a summary and is not definitive. Each prospective Limited Partner should carefully read the Partnership Agreement in its entirety.

Liability of Limited Partners

The debts, obligations and liabilities of the Fund, whether arising in contract, tort or otherwise, will be solely the debts, obligations and liabilities of the Fund, and a Limited Partner will not be obligated personally for any such debt, obligation or liability of the Fund solely by reason of being a Limited Partner; *except* that a Limited Partner will be obligated to contribute to the Fund any amounts required under the Delaware Revised Uniform Limited Partnership Act (6 Del. C. § 17-101 et seq.), as amended (the “**Act**”), or the Partnership Agreement.

Management of the Fund

The management of the Fund will be vested exclusively in the General Partner.

Except as authorized by the General Partner, the Limited Partners, in their capacities as such, will not take part in the management or control of the Fund, transact any business in the Fund’s name or have the power to sign documents for or otherwise bind the Fund.

Term and Dissolution

The term of the Fund began on the date the Certificate of Limited Partnership of the Fund was filed, and will continue until cancellation of the Certificate of Limited Partnership of the Fund. The Fund will be dissolved and its affairs will be wound up upon, among other things, the determination by the General Partner that the Fund should be dissolved. To the fullest extent permitted by applicable law, each Limited Partner will waive its right to seek judicial dissolution under Section 17-802 of the Act. Upon a determination to dissolve the Fund, all pending voluntary withdrawal requests will be automatically revoked and voluntary withdrawal requests and distributions in respect of pending voluntary withdrawals may not be made.

Winding Up and Liquidation

Such period of time as determined by the General Partner in its reasonable discretion will be allowed for the orderly winding up and liquidation of the assets of the Fund and the discharge of liabilities to creditors so as to enable the Fund to seek to minimize potential losses upon such liquidation.

Capital Accounts

The General Partner will establish a separate Capital Account on the books of the Fund for each capital contribution made by a Partner; *except* that a single Capital Account may be established for all capital contributions made by the General Partner. The opening balance of a Capital Account will be the amount of the capital contribution made thereto. Each such Capital Account will be adjusted as described below. At the beginning of each Accounting Period, the balance of each Capital Account will be (A) decreased by the following amounts: (1) the amount of any withdrawals (including any Early Withdrawal Amounts retained in connection with such withdrawals) made from such Capital Account relating to the immediately preceding Withdrawal Date; and (2) the amount of any distributions effective as of such date made from

such Capital Account; and (B) increased by the amount of any Early Withdrawal Amounts and similar amounts retained by the Master Fund that are allocated to the Fund's capital account in the Master Fund in connection with any withdrawal of funds from the Master Fund. At the end of each Accounting Period, the balance of each Capital Account will be increased or decreased by the amount credited or debited to such Capital Account to account for net capital appreciation, net capital depreciation and other adjustments as provided in the Partnership Agreement. At the end of each Accounting Period, the balance of each Capital Account of each Limited Partner will be decreased by the following amounts: (A) the amount of the Management Fee amortized or paid in respect of such Capital Account for such Accounting Period; and (B) the amount of the Incentive Allocation allocated by the Master Fund in respect of such Capital Account for such Accounting Period. At the beginning of each Accounting Period, the balance of the Capital Account of the General Partner will be increased by the amount of any capital contributions to the Fund made by the General Partner as of the first day of such Accounting Period.

Capital Accounts established for a Partner may be consolidated if the corresponding Series Capital Accounts have zero balance in their loss recovery accounts and are otherwise subject to the same terms.

Equitable Adjustments

The General Partner has the authority to make equitable adjustments to any Capital Account of any Partner in order to (i) take into account any change to the Internal Revenue Code or regulations promulgated thereunder that requires a withholding or other adjustment to any Capital Account of any Partner, (ii) take into account any other change in any law, rule or regulation, (iii) properly reflect the economic arrangement of the Partners as previously disclosed to them, or (iv) avoid any inequitable result for any Partner. In the exercise of such authority, the General Partner may adjust the determination and allocation among the Capital Accounts of the Partners of such financial or tax items as the General Partner may deem necessary or advisable, as set forth in the Partnership Agreement.

Distributions

In the sole discretion of the General Partner, the Fund may make distributions in cash or in kind (to the extent that the Fund receives an in-kind distribution from the Master Fund), or in a combination thereof, in connection with a voluntary or required withdrawal of funds from the Fund by a Partner. In each case, the assets to be distributed in kind to any withdrawing Partner may be allocated to such withdrawing Partner in such amounts, as determined by the General Partner, in its sole discretion. In the sole discretion of the General Partner, the Fund may make distributions in cash or in kind (to the extent that the Fund receives an in-kind distribution from the Master Fund), or in a combination thereof, at any time to all of the Partners in accordance with their respective Partnership Percentages.

The General Partner may, in its sole discretion, choose which assets of the Fund to distribute in kind. If a distribution is made in kind, immediately prior to such distribution, the General Partner will determine the fair value of the assets distributed in accordance with the Valuation Policy and adjust the Capital Accounts of all Partners upwards or downwards to reflect the difference between the book value and the fair value thereof, as if such gain or loss had been recognized upon an actual sale of such assets and allocated to such Capital Accounts. Each such distribution will reduce the Capital Account(s) of the distributee Partner by the fair value thereof (net of any liabilities attached thereto that are assumed by such Partner). In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment or participation notes (or similar derivative instruments), which provide a return with respect to certain Securities owned by the Master Fund. Each special purpose vehicle will bear its own expenses.

Exculpation

The Partnership Agreement provides that, subject to the exception described below, none of the General Partner, the Investment Manager, each of their respective affiliates, and the members, partners, managers, officers, employees and legal representatives (*e.g.*, executors, guardians and trustees) of any of them, including persons formerly serving in such capacities (each, an “**Indemnified Person**”) will be liable to any Partner or the Fund for any costs, losses, claims, damages, liabilities, expenses (including reasonable legal and other professional fees and disbursements), judgments, fines or settlements (collectively, “**Indemnified Losses**”) arising out of, related to or in connection with any act or omission (including any act, omission or alleged act or omission constituting or alleged to constitute negligence) of such Indemnified Person taken, or omitted to be taken, in connection with the Fund or the Partnership Agreement, except for any Indemnified Losses arising out of, related to or in connection with any act or omission that is found by a court of competent jurisdiction upon entry of a final judgment rendered and unappealable or not timely appealed (“**Judicially Determined**”) to be primarily attributable to the bad faith, gross negligence, willful misconduct or actual fraud of such Indemnified Person. In addition, subject to the exception described below, no Indemnified Person will be liable to any Partner or the Fund for any Indemnified Losses arising out of, related to or in connection with any act or omission taken, or omitted to be taken, by any broker of the Master Fund or agent of the Fund if such broker or agent was not selected, engaged or retained by such Indemnified Person directly or on behalf of the Fund or the Master Fund, as applicable, in violation of the standard of care set forth above. Any Indemnified Person may consult with counsel, accountants, investment bankers, financial advisers, appraisers and other specialized, reputable, professional consultants in respect of affairs of the Fund and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such persons; *provided, however*, that such persons were selected in accordance with the standard of care set forth above.

Indemnification

The Partnership Agreement provides that, subject to the exception described below, the Fund will indemnify each Indemnified Person from and against any and all Indemnified Losses suffered or sustained by such Indemnified Person by reason of any act, omission or alleged act or omission (including any act, omission or alleged act or omission constituting or alleged to constitute negligence) arising out of, related to or in connection with the Fund or the Partnership Agreement, or any and all actual or threatened claims, demands, actions, suits or proceedings (whether civil, criminal, administrative or investigative), including any formal or informal inquiries and “sweep” examinations in connection with the Fund (“**Proceedings**”), in which an Indemnified Person may be involved, as a party or otherwise, arising out of, related to or in connection with such Indemnified Person’s service to or on behalf of, or management of the affairs or assets of, the Fund, or which relate to the Fund, except for any Indemnified Losses that are Judicially Determined to be primarily attributable to the bad faith, gross negligence, willful misconduct or actual fraud of such Indemnified Person. Subject to the exception described below, the Fund will also indemnify each Indemnified Person from and against any and all Indemnified Losses suffered or sustained by such Indemnified Person by reason of any acts, omissions or alleged acts or omissions of any broker of the Master Fund or agent of the Fund; *provided, however*, that such broker or agent was not selected, engaged or retained by such Indemnified Person directly or on behalf of the Fund or the Master Fund, as applicable, in violation of the standard of care set forth above. The termination of a Proceeding by settlement or upon a plea of *nolo contendere*, or its equivalent, will not, of itself, create a presumption that such Indemnified Person’s acts, omissions or alleged acts or omissions were primarily attributable to the bad faith, gross negligence, willful misconduct or actual fraud of such Indemnified Person. Expenses (including legal and other professional fees and disbursements) incurred in any Proceeding may, with the consent of the General

Partner, be paid by the Fund as incurred in advance of the final disposition of such Proceeding upon receipt of an undertaking by or on behalf of such Indemnified Person to repay such amount if it will ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Fund.

The provisions of the Partnership Agreement will not be construed so as to provide for the exculpation or indemnification of any Indemnified Person for any liability (including liability under U.S. federal securities laws, which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but will be construed so as to effectuate such provisions to the fullest extent permitted by applicable law.

Amendments to the Partnership Agreement; Voting and Consent

The Partnership Agreement may be amended at any time by the consent of the Partners that hold greater than 50% of the Voting Percentages of the Partners that are entitled to vote on or consent to a matter (“**Majority-in-Interest**”) and the consent of the General Partner, which may be given or withheld in its sole discretion; *except* that:

- (i) without the consent of a Majority-in-Interest, the General Partner may amend the Partnership Agreement to: (A) reflect a change in the name of the Fund; (B) make any change that, in the good faith judgment of the General Partner, is necessary or advisable to qualify the Fund as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or non-U.S. jurisdiction, or ensure that each of the Fund and the Master Fund will not be treated as an association taxable as a corporation or as a “publicly traded partnership” taxable as a corporation for U.S. federal tax purposes; (C) make any change that, in the good faith judgment of the General Partner, does not adversely affect the Limited Partners in any material respect; (D) make any change that is necessary or desirable to cure any ambiguity, to correct or supplement any provision in the Partnership Agreement that would be inconsistent with any other provision in the Partnership Agreement, or to make any other provision with respect to matters or questions arising under the Partnership Agreement that will not be inconsistent with the provisions of the Partnership Agreement, in each case so long as such change does not, in the good faith judgment of the General Partner, adversely affect the Limited Partners in any material respect; (E) correct any printing, stenographic or clerical error or effect changes of an administrative or ministerial nature that do not increase the authority of the General Partner in any material respect or, in the good faith judgment of the General Partner, adversely affect the Limited Partners in any material respect; (F) make any change that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any U.S. federal, state or non-U.S. governmental entity, so long as such change is made in a manner that minimizes any adverse effect on the Limited Partners; (G) prevent the Fund from in any manner being deemed an “investment company” subject to the provisions of the Company Act; or (H) make any other amendments similar to the foregoing;

- (ii) in respect of an amendment to the terms, rights or obligations of a particular Class of Interests, the consent of the Partners holding such Class of Interest will not be required to the extent that such amendment would not require consent under (i) above, and in the event that (i) above is inapplicable and the consent of the Limited Partners is therefore required, the consent of a Majority-in-Interest only of the holders of such Class of Interest will be required to effect such amendment; and
- (iii) each Partner must consent to any amendment, other than an amendment that the General Partner may make pursuant to (i) above, that would (A) reduce the balance in its Capital Account(s) or materially and adversely impair its right of withdrawal; or (B) amend the provisions of the Partnership Agreement relating to amendments.

The “**Voting Percentage**” with respect to each Partner that may vote on or consent to a matter as of the beginning of each Accounting Period is the result (expressed as a percentage) of the aggregate balances of such Partner’s Capital Accounts divided by the aggregate balances of the Capital Accounts of all Partners that are entitled to vote on or consent to such matter. The sum of the Voting Percentages is equal to 100 percent. For the avoidance of doubt, (a) a BHC Limited Partner (as defined in the Partnership Agreement) is entitled to vote on or consent to matters only to the extent permitted under the provisions of the Partnership Agreement and a Registered Fund Limited Partner (as defined in the Partnership Agreement) is entitled to vote on or consent to matters only to the extent permitted under the provisions of the Partnership Agreement, and (b) Voting Percentages will be calculated after reduction for any distributions and withdrawals effective as of the beginning of the applicable Accounting Period, and after taking into account capital contributions made as of such date and any Early Withdrawal Amounts retained by the Master Fund in connection with a withdrawal effective as of such date.

The General Partner may submit any matter upon which the Partners are entitled to vote to the Partners for a vote by consent without a meeting. Such consents will be treated for all purposes as votes at a meeting. On any matter that is to be consented to by a Partner, such Partner may consent in writing or by means of electronic transmission.

For purposes of any consent sought by the General Partner pursuant to any provision of the Partnership Agreement requiring the vote or consent of the Partners (whether in respect of an amendment, waiver or otherwise), the General Partner may require a response within a specified time (which will not be less than 10 business days) from a Partner and the failure of such Partner to respond within such specified time will constitute consent of such Partner to the proposed amendment, waiver or other action, except as otherwise prohibited by law.

OTHER TERMS OF THE MASTER FUND PARTNERSHIP AGREEMENT

The following outline summarizes certain material provisions of the First Amended and Restated Exempted Limited Partnership Agreement of the Master Fund, as the same may be amended from time to time (the “**Master Fund Partnership Agreement**”, and together with the Partnership Agreement, the “**Partnership Agreements**”), that are not discussed elsewhere in this Memorandum. The Master Fund Partnership Agreement contains provisions that are generally similar to the provisions of the Partnership Agreement. This outline is only a summary and is not definitive. Each prospective Limited Partner should carefully read the Master Fund Partnership Agreement in its entirety.

The Master Fund and Liability of Limited Partners of the Master Fund

The Master Fund has been constituted as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Act (As Revised) (the “**ELP Act**”). A Cayman Islands exempted limited partnership is constituted by the signing of the relevant partnership agreement and its registration with the Registrar of Exempted Limited Partnerships in the Cayman Islands.

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any rights or property of an exempted limited partnership (whether held in that partnership’s name or by any one or more of its general partners) shall be held or deemed to be held by the general partner, and if more than one then by the general partners jointly, upon trust as an asset of the exempted limited partnership in accordance with the terms of the partnership agreement. Any debts or obligations incurred by the General Partner in the conduct of the Master Fund’s business are the debts and obligations of the Master Fund. Registration under the ELP Act entails that the exempted limited partnership becomes subject to, and the limited partners therein are afforded the limited liability (subject to the partnership agreement) and other benefits of, the ELP Act.

The business of an exempted limited partnership will be conducted by its general partner(s) who will be liable for all debts and obligations of the exempted limited partnership to the extent the exempted limited partnership has insufficient assets. As a general matter, a limited partner of an exempted limited partnership will not be liable for the debts and obligations of the exempted limited partnership save (i) as provided in the partnership agreement, (ii) if such limited partner becomes involved in the conduct of the partnership’s business and holds itself out as a general partner to third parties or (iii) if such limited partner is obliged pursuant to the ELP Act to return a distribution made to it where the exempted limited partnership is insolvent and the limited partner has actual knowledge of such insolvency at that time.

Management of the Master Fund

The management of the Master Fund will be vested exclusively in the General Partner, in its capacity as general partner of the Master Fund. Except as authorized by the General Partner and by the ELP Act, the limited partners of the Master Fund, in their capacities as such, will not take part in the management or control of the Master Fund, transact any business in the Master Fund’s name or have the power to sign documents for or otherwise bind the Master Fund.

Term and Dissolution

The term of the Master Fund began on the date of the filing of the relevant Section 9 statement with the Registrar of Exempted Limited Partnerships in the Cayman Islands and will continue until the Master Fund has been terminated, wound up and dissolved in accordance with the Master Fund Partnership Agreement or earlier under the provisions of the ELP Act.

The affairs of the Master Fund will be terminated and the Master Fund will be wound up upon, among other things, the determination by the General Partner, in its capacity as general partner of the Master Fund, that the Master Fund should be terminated, wound up and dissolved. Upon a determination to terminate, wind up and dissolve the Master Fund, all pending voluntary withdrawal requests will be automatically revoked and voluntary withdrawal requests and distributions in respect of pending voluntary withdrawals may not be made.

Winding Up and Liquidation

Such period of time as determined by the General Partner, in its capacity as general partner of the Master Fund, in its reasonable discretion will be allowed for the orderly winding up and liquidation of the assets of the Master Fund and the discharge of liabilities to creditors so as to enable the Master Fund to seek to minimize potential losses upon such liquidation. In connection with the winding up of the Master Fund, the General Partner, in its capacity as general partner of the Master Fund, may take any and all actions that it determines in its reasonable discretion to be necessary or desirable to enhance or protect the value of the assets of the Master Fund, including the use of hedges, the making of follow-on investments, the reinvestment of undistributed cash and similar actions.

Distributions

In the sole discretion of the General Partner, in its capacity as general partner of the Master Fund, the Master Fund may make distributions in cash or in kind, or in a combination thereof, in connection with a voluntary or required withdrawal of funds from the Master Fund by a partner. In each case, the assets to be distributed in kind to any withdrawing partner of the Master Fund may be allocated to such withdrawing partner in such amounts, as determined by the General Partner, in its capacity as general partner of the Master Fund, in its sole discretion. In the sole discretion of the General Partner, in its capacity as general partner of the Master Fund, the Master Fund may make distributions in cash or in kind, or in a combination thereof, at any time to all of the partners of the Master Fund on a pro rata basis in accordance with their respective partnership percentages.

The General Partner, in its capacity as general partner of the Master Fund, may, in its sole discretion, choose which assets of the Master Fund to distribute in kind. If a distribution is made in kind, immediately prior to such distribution, the General Partner will determine the fair value of the assets distributed and adjust the capital accounts of all partners of the Master Fund upwards or downwards to reflect the difference between the book value and the fair value thereof, as if such gain or loss had been recognized upon an actual sale of such assets and allocated to such capital accounts. Each such distribution will reduce the capital account(s) of the distributee partner by the fair value thereof (net of any liabilities attached thereto that are assumed by such partner). In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment or participation notes (or similar derivative instruments), which provide a return with respect to certain Securities owned by the Master Fund. Each special purpose vehicle will bear its own expenses.

Amendments to the Master Fund Partnership Agreement

The Master Fund Partnership Agreement may be amended at any time by the limited partners of the Master Fund and the General Partner, in its capacity as general partner of the Master Fund, on terms substantially similar to the terms set forth in the amendments provisions of the Partnership Agreement; *except* that any amendment that, if made by the Fund with respect to the Interests, would require the consent or vote of the

Limited Partners under the terms of the Partnership Agreement, will require the same such consent or vote of the Limited Partners (which may be obtained in the manner set forth in the Partnership Agreement).

Master Fund Contributions, Withdrawals and Calculation of Net Asset Value

Unless otherwise specifically stated herein, contributions, withdrawals, calculation of net asset value and other mechanics taking place at the Master Fund level will generally be effected in a manner which corresponds to those taking place at the Fund level (as more specifically set out in this Memorandum and the Partnership Agreement), save that certain requests and notices (including, for example, contribution and withdrawal requests) may be deemed automatically submitted, served or withdrawn by Fund or the Master Fund, as applicable, in order to give effect to the intended operation of the master-feeder structure.

LEGAL COUNSEL

Schulte Roth & Zabel LLP (“**SRZ**”) has been engaged by the General Partner and the Investment Manager to represent them and the Fund as U.S. legal counsel in connection with the formation of the Fund and the Master Fund and this offering of Interests. SRZ also has been engaged by the General Partner to represent the Master Fund as U.S. legal counsel in connection with these matters and other matters for which it is retained to do so. Maples and Calder (“**Maples**”, and together with SRZ, “**Legal Counsel**”) has been engaged to act as Cayman Islands legal counsel by the General Partner to represent the Fund and the Master Fund in connection with the formation of the Fund and the Master Fund. No separate legal counsel has been engaged to independently represent the Limited Partners in connection with these matters.

Each Legal Counsel will represent the Fund and the Master Fund on matters for which it is retained to do so. Other counsel may also be retained where the General Partner, on behalf of the Fund and the Master Fund, or the Investment Manager, on its own behalf, determines that to be appropriate.

Each Legal Counsel’s representation of the Fund and the Master Fund is limited to specific matters as to which it has been consulted by the Fund or the Master Fund. There may exist other matters that could have a bearing on the Fund or the Master Fund as to which a Legal Counsel has not been consulted. In connection with the preparation of this Memorandum, SRZ is responsible only for matters of United States law and does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum, and Maples is responsible only for matters of Cayman Islands law and does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. In advising the General Partner and the Investment Manager with respect to the preparation of this Memorandum, each Legal Counsel has relied upon information that has been furnished to it by the General Partner, the Investment Manager and their affiliates, and has not independently investigated or verified the accuracy or completeness of the information set forth herein. In addition, Legal Counsel does not monitor the compliance of the General Partner, the Investment Manager, the Fund or the Master Fund with the investment guidelines, valuation procedures and other guidelines set forth in this Memorandum, the Fund’s and the Master Fund’s terms or applicable laws.

There may be situations in which there is a “conflict” between the interests of the General Partner and/or the Investment Manager, and those of the Fund and the Master Fund. In these situations, such parties will determine the appropriate resolution thereof, and may seek advice from Legal Counsel in connection with such determinations. The General Partner, the Investment Manager, the Fund and the Master Fund have each consented to Legal Counsel’s concurrent representation of such parties in such circumstances. In general, independent counsel will not be retained to represent the interests of the Fund or the Limited Partners.

SUITABILITY REQUIREMENTS

Limited Partners must meet the suitability requirements set forth in the section of this Memorandum entitled, “Summary of Terms—Suitability Requirements”.

Each prospective purchaser is urged to consult with its own advisers to determine the suitability of an investment in the Interests, and the relationship of such an investment to the purchaser’s overall investment program and financial and tax position. Each purchaser of an Interest is required to represent that it has evaluated the risks of investing in the Fund, understands there are substantial risks of loss incidental to the purchase of an Interest and has determined that the Interest is a suitable investment for such purchaser.