
DAKOTA PACIFIC GLOBAL MACRO FUND LLC
(A Multi-Series Delaware Limited Liability Company)

Class A and Class B Limited Liability Company Interests

Confidential Offering Memorandum

THIS CONFIDENTIAL OFFERING MEMORANDUM (TOGETHER WITH ATTACHMENTS, THIS “MEMORANDUM”) RELATES TO THE PRIVATE OFFERING OF LIMITED LIABILITY COMPANY INTERESTS (“INTERESTS”) IN DAKOTA PACIFIC GLOBAL MACRO FUND LLC (THE “FUND”), A PRIVATE INVESTMENT FUND MANAGED BY DAKOTA PACIFIC GLOBAL MACRO LLC (THE “MANAGER”). DAKOTA PACIFIC GLOBAL MACRO ADVISERS LP (THE “INVESTMENT ADVISER”), AN AFFILIATE OF THE MANAGER, SERVES AS THE INVESTMENT ADVISER TO THE FUND.

THIS OFFERING IS NOT A PUBLIC OFFERING. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED WITH, NOR APPROVED OR DISAPPROVED BY, THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THE SEC OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT LAWFUL, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO.

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION (THE “CFTC”) IN CONNECTION WITH POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PERSONS, AN OFFERING MEMORANDUM FOR THIS POOL IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE CFTC. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY OFFERING MEMORANDUM FOR THIS POOL.

April 3, 2017

GENERAL NOTICES

THE FUND IS OFFERING INTERESTS TO PERSONS THAT ARE “ACCREDITED INVESTORS,” AS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), AND “QUALIFIED PURCHASERS” OR “KNOWLEDGEABLE EMPLOYEES,” AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “1940 ACT”), AND RULE 3c-5 THEREUNDER, RESPECTIVELY. INTERESTS MUST BE ACQUIRED FOR THE PURCHASER’S OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO THEIR FURTHER DISTRIBUTION, TRANSFER, OR RESALE, EITHER IN WHOLE OR IN PART. INTERESTS WILL BE ISSUED ONLY ON THE BASIS OF THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS MEMORANDUM AND SUCH OTHER MATERIALS THAT MAY BE AUTHORIZED FOR DELIVERY BY THE MANAGER, BUT NO OTHER INFORMATION OR REPRESENTATIONS.

THE FUND IS NOT AN INVESTMENT COMPANY WITHIN THE MEANING OF THE 1940 ACT AND IS NOT REGISTERED UNDER THE 1940 ACT.

THIS MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE OFFEREES WHOSE NAMES APPEAR IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE OF THIS MEMORANDUM AND ONLY IF DELIVERY OF THIS MEMORANDUM TO SUCH OFFEREES WAS AUTHORIZED BY THE MANAGER. ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER, IS PROHIBITED.

THE CONTENTS OF THIS MEMORANDUM SHOULD NOT BE CONSTRUED AS INVESTMENT, LEGAL, OR TAX ADVICE. PURCHASERS OF INTERESTS ARE URGED TO SEEK INDEPENDENT INVESTMENT, LEGAL, AND TAX ADVICE CONCERNING THE CONSEQUENCES OF INVESTING IN THE FUND.

ALL SUBSCRIPTIONS FOR INTERESTS ARE IRREVOCABLE. THE FUND MAY REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART AT ANY TIME PRIOR TO ACCEPTANCE.

INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE 1933 ACT, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED WITHOUT THE PRIOR CONSENT OF THE MANAGER. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

AN INVESTMENT IN THE FUND IS SPECULATIVE AND INVOLVES SUBSTANTIAL RISK. INTERESTS MAY INCREASE OR DECREASE IN VALUE AND INVESTORS COULD LOSE ALL OR SUBSTANTIALLY ALL OF THEIR INVESTMENT IN THE FUND.

UNLESS OTHERWISE EXPRESSLY STATED, ANY DETERMINATION TO BE MADE BY THE MANAGER OR THE INVESTMENT ADVISER IN ACCORDANCE WITH THIS MEMORANDUM

SHALL BE MADE BY SUCH PERSON IN ITS SOLE DISCRETION TAKING INTO ACCOUNT WHATEVER FACTORS SUCH PERSON CONSIDERS RELEVANT TO SUCH DETERMINATION.

Forward-Looking Statements

THIS MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS BASED ON THE EXPERIENCE AND EXPECTATIONS OF THE MANAGER AND THE INVESTMENT ADVISER ABOUT THE INVESTMENTS THE FUND WILL MAKE AND THE MARKETS IN WHICH THOSE TRANSACTIONS WILL OCCUR. THOSE STATEMENTS ARE SOMETIMES INDICATED BY WORDS SUCH AS “EXPECTS,” “BELIEVES,” “SEEKS,” “MAY,” “INTENDS,” “ATTEMPTS,” “WILL” AND SIMILAR EXPRESSIONS. SUCH FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO MANY RISKS AND UNCERTAINTIES THAT ARE DIFFICULT TO PREDICT OR QUANTIFY AND ARE BEYOND THE CONTROL OF THE MANAGER OR THE INVESTMENT ADVISER. THEREFORE, ACTUAL RESULTS COULD DIFFER MATERIALLY AND ADVERSELY FROM THOSE EXPRESSED OR IMPLIED IN ANY FORWARD-LOOKING STATEMENTS. THE SECTION OF THIS MEMORANDUM ENTITLED “RISK FACTORS” DISCUSSES SOME OF THE IMPORTANT RISK FACTORS THAT MAY AFFECT THE FUND’S RESULTS. PROSPECTIVE INVESTORS OF THE INTERESTS SHOULD CAREFULLY CONSIDER THOSE RISKS, IN ADDITION TO OTHER INFORMATION IN THIS MEMORANDUM, BEFORE DECIDING WHETHER TO INVEST IN THE FUND. THE MANAGER AND THE INVESTMENT ADVISER HAVE NO OBLIGATION TO REVISE OR UPDATE ANY FORWARD-LOOKING STATEMENT FOR ANY REASON.

Foreign Futures

YOU SHOULD ALSO BE AWARE THAT THE FUND MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A U.S. MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE FUND AND ITS MEMBERS. FURTHER, U.S. REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-U.S. JURISDICTIONS WHERE TRANSACTIONS FOR THE FUND MAY BE EFFECTED.

Blue Sky Notices

For North Carolina Residents Only. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

For Florida Residents Only. THE INTERESTS REFERRED TO HEREIN ARE BEING SOLD TO,

AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF THE FLORIDA SECURITIES ACT. IN ADDITION, WHEN SALES ARE MADE TO 5 OR MORE FLORIDA PERSONS, ANY SALE MADE IN FLORIDA HEREUNDER SHALL BE VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

DIRECTORY

FUND'S PRINCIPAL OFFICE

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INVESTMENT ADVISER

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ADMINISTRATOR

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Written inquiries relating to the Fund should be addressed to the principal office set forth above.

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PRINCIPAL TERMS

This Memorandum describes the investment objective and method of operation of the Fund, the terms of, and certain risks associated with, an investment in the Fund, and certain other relevant information. This Memorandum is qualified in its entirety by, and should be read in conjunction with, the Fund's Limited Liability Company Agreement (the "**LLC Agreement**"), a copy of which is attached hereto as Exhibit A. Various terms used but not defined in this Memorandum are defined in the LLC Agreement.

The Fund

The Fund The Fund is a Delaware multi-series limited liability company formed under the Delaware Limited Liability Company Act (as amended from time to time, the "Act") on January 26, 2017.

The Fund intends to implement its investment strategy directly but may also do indirectly through an investment in a trading subsidiary or another "master fund" advised by the Investment Adviser (the "master fund" and any other trading subsidiary through which the Fund invests, "**Other Investment Vehicles**"). References herein to the Fund shall be deemed to include the Fund and any trading subsidiary through which the Fund invests including any "master fund" through which the Fund directly or indirectly invests, unless the context requires otherwise.

The Manager Dakota Pacific Global Macro LLC (the "**Manager**") is a Delaware limited liability company formed under the Delaware limited partnership act on January 26, 2017. The Manager is responsible for the Fund's administration and day-to-day business operations.

The Investment Adviser Dakota Pacific Global Macro Advisers LP (the "**Investment Adviser**") is a Delaware limited partnership formed under the Act on January 27, 2017. The Investment Adviser is an affiliate of the Manager and has been granted discretionary authority to manage all investment and trading activities of the Fund. The Manager also has delegated to the Investment Adviser responsibility for serving as the commodity pool operator ("**CPO**") of the Fund.

The Investment Adviser relies on an exemption from registration as an investment adviser with the Securities and Exchange Commission ("**SEC**") under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and is an exempt reporting adviser.

The Investment Adviser also is registered as a CPO with the CFTC under the Commodity Exchange Act ("**CEA**") and is a member in good standing of the National Futures Association ("**NFA**"). The Investment Adviser is operating the Fund as an exempt pool under CFTC Rule 4.7 and therefore is not required to adhere to certain disclosure, reporting, and recordkeeping requirements under the CEA.

**Investment
Objective and
Investment
Strategy**

The investment objective of the Fund is to achieve attractive risk-adjusted absolute returns by investing across asset classes, time scales, industries and geographies. The Fund's investment objective is to maximize the compounding of returns over the long-term. The Fund endeavors to do this by allocating capital on a timely and price optimizing basis to those investments offering the best risk/reward profile. In seeking to achieve this objective, the Fund employs a fundamental, discretionary, global macro strategy. The Fund invests in global financial markets in both developed and emerging markets.

In furtherance of the foregoing, the Fund may (directly or through any Other Investment Vehicle) trade, buy, sell (including sell short), and otherwise acquire, hold, dispose of (using margin and other forms of leverage) and deal in (directly and indirectly through pooled investments and other investment vehicle participations and otherwise), financial instruments and other rights and interests including, without limitation, listed and unlisted, registered and unregistered securities of various U.S. and international issuers, including, but not limited to, equity and equity-related securities (e.g., common stock, preferred stock, stock warrants and rights, convertible securities, "new issues" and indices related to any of the foregoing,), exchange traded funds, futures contracts and options on futures contracts traded on or subject to the rules of international exchanges or other boards of trade, swap contracts and forward contracts (including interest rate swaps, swaps on securitized products, and forward freight agreements), mortgage backed securities and other asset backed securities, currencies, notes, bonds, commercial paper, debentures, warrants, debt instruments and other fixed income securities (corporate, derivative and governmental, rated and unrated, interest-only and principal-only), limited partnership interests, membership interests, limited liability company interests and mutual fund shares, as well as listed and over-the-counter options and other derivative instruments (including credit derivatives) on all of the above instruments, and rights to acquire the same of public and private issuers throughout the world, and such other instruments or interests as the Investment Adviser deems appropriate.

In implementing its investment strategy, the Fund (directly or through any Other Investment Vehicle) may engage in short selling and may borrow to leverage its investments, fund withdrawals, and pay expenses. The Fund may obtain its leverage in any manner deemed appropriate by the Investment Adviser, including trading on margin, borrowing under credit facilities, and entering into derivative transactions that have the effect of providing the Fund leveraged exposure to certain assets. The degree of leverage utilized by the Fund is not limited to any predetermined level.

The Fund may not be fully invested at all times and may hold cash and make temporary investments in short-term debt instruments, money market funds, government securities, certificates of deposit, bankers' acceptances and similar cash equivalents.

The foregoing description of the Fund's investment strategy represents the Investment Adviser's present intentions in view of current market conditions and other factors. The Investment Adviser may vary the foregoing investment objectives and guidelines to the extent it determines that doing so would be in the

best interest of the Fund.

There is no assurance that the Fund will achieve its investment objective or be profitable. Results may vary substantially over time. The past performance of the Fund and the Investment Adviser is not indicative of future results.

The Administrator Trident Fund Services, Inc. (the “Administrator”) provides day-to-day administrative and bookkeeping services for the Fund, including processing subscriptions and withdrawals, performing anti-money laundering procedures, maintaining the accounts and principal books and records of the Fund, calculating the Net Asset Value of the Fund and Interests and reporting the same to investors, preparing or causing to be prepared the annual financial statements of the Fund and coordinating the Fund’s audit.

[The Administrator is not liable to the Fund in the absence of fraud, gross negligence, or willful misconduct, and the Fund has agreed to indemnify the Administrator from, and hold it harmless against, any losses, liabilities, claims, or expenses it incurs as a result of the performance of its duties to the Fund unless the same result from the Administrator’s fraud, gross negligence, or willful misconduct.][TO BE FINALIZED ONCE THE ADMINISTRATION AGREEMENT IS FINAL]

Brokerage and Custodial Arrangements The Fund obtains clearing, custodial, and related brokerage services through several brokers including, without limitation, JP Morgan, Goldman Sachs, Morgan Stanley, Deutsche Bank, Citigroup, and Wells Fargo, and in the future may use other brokerage firms and/or may appoint one or more prime brokers (collectively, the “Brokers”). Such Brokers will maintain custody of the Fund’s assets (either directly or through its clearing brokerage firm), and will primarily serve as counterparties to swaps, forwards, futures and other derivative transactions entered into by the Fund.

The Offering

Securities Offered The Fund is offering 2 classes of Interests (“Classes”) on a private placement basis to persons that satisfy the suitability standards described below: Class A and Class B Interests. Persons whose subscriptions are accepted by the Fund will be admitted to the Fund as members (each, a “Member”). All subscriptions made by a Member will be attributable to a single Interest issued to such Member.

Unless otherwise determined by the Manager, Class A Interests will cease to be offered upon the earlier to occur of (x) the date that is 18 months from the initial Subscription Date (as defined below), and (y) the date upon which the aggregate amount of subscriptions to the Fund equals at least \$200,000,000.

Subscriptions The Fund is offering Interests for subscription on the first calendar day of each month and at such additional times as the Manager may permit (each, a “Subscription Date”). The Manager reserves the right to accept or reject any subscription, in whole or in part.

Subscriptions must be submitted to the Administrator. The acceptance of subscriptions on any Subscription Date will be subject to the receipt by the

Administrator no later than the close of business, New York time, 5 Business Days prior to the requested Subscription Date (the “**Subscription Deadline**”), of (i) properly completed and signed subscription documents in the form attached as Exhibit B (the “**Subscription Documents**”) and (ii) cleared funds meeting the minimum investment requirement and credited in dollars to the Fund’s account. These requirements may be waived by the Manager.

Wire instructions for the delivery of subscription monies are found in the Subscription Documents. If the Subscription Documents or subscription monies are not received by the Subscription Deadline, the subscription may be held until the next succeeding Subscription Date, at which time such subscription will be considered for acceptance by the Fund. No interest will be paid on subscription monies, including those that (i) are received after the Subscription Deadline or (ii) are rejected by the Manager.

Minimum Investment

The minimum initial capital contribution for a Class A Interests or Class B Interest is \$500,000, which may be waived by the Manager. Existing Members may make additional contributions in amounts of at least \$250,000, as of each Subscription Date, or in such lesser amount or at such other times as the Manager may determine. All capital contributions must be in cash unless the Manager consents to an in-kind contribution of securities or other property.

Eligible Investors

The offering is designed for sophisticated investors that are knowledgeable and experienced in financial and business matters such that they are capable of evaluating the merits and risks of an investment in the Fund. Interests may be purchased only by persons that have a substantive, pre-existing relationship with the Manager or its principals, employees, or representatives and are (i) “accredited investors” as defined in Rule 501 of Regulation D under the 1933 Act and (ii) “qualified purchasers” or “knowledgeable employees,” as defined in Section 2(a)(51) of the 1940 Act and Rule 3c-5 thereunder, respectively.

An investment in the Fund is suitable only for persons that have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments. Subscribers should view an investment in the Fund within the context of their overall investment strategy and should only commit funds that are earmarked for long-term investment. An investment in the Fund should not be made by any person that (i) cannot afford a total loss of principal or (ii) has not (either alone or in conjunction with a financial advisor) carefully read, or does not understand, this Memorandum, including, but not limited to, the portions concerning the risks and the income tax consequences of an investment in the Fund.

This offering is intended primarily for taxable U.S. persons. Non-U.S. persons are generally not eligible to invest in the Fund. Because the Fund’s use of leverage may generate unrelated business taxable income (“UBTI”), this investment is not suitable for charitable remainder trusts and tax-exempt entities that wish to avoid UBTI.

ERISA Limitations

Investment in the Fund generally will be open to employee benefit plans and other entities subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) or Section 4975 of the Internal Revenue Code of

1986, as amended (the “**Code**”). The Manager intends to use commercially reasonable efforts to restrict ownership by “benefit plan investors” of any class of equity interests in the Fund to less than 25%, so that no part of the assets of the Fund should be considered “plan assets” for purposes of ERISA and Section 4975 of the Code, although there can be no assurance that non “plan asset” status will be obtained or maintained. Prospective investors and subsequent transferees of Interests may be required to make certain representations regarding compliance with ERISA and Section 4975 of the Code.

Bank Holding Company Act Limitations

The Fund limits the voting rights of, and may limit the level of participation in the Fund by, banks, bank-holding companies subject to the Bank Holding Company Act of 1956, as amended (the “**BHCA**”), or by a group of bank holding companies whose Interests are aggregated for BHCA purposes, in order to avoid being deemed an affiliate of such bank holding companies for certain purposes under the BHCA.

Classes and Series of Interests

The Fund also may offer any number of classes or series of limited liability company interests having such rights, powers, preferences, obligations, qualifications, limitations, restrictions, and/or duties as the Manager shall determine. Without limiting the scope of the foregoing, any such classes or series may have a business purpose or investment objective different than that described herein, may have more favorable reporting or information rights (i.e., greater transparency) than those provided to Members holding Interests, and may be charged lower fees or have more favorable liquidity terms than the Interests.

The establishment or existence of a class or series with preferential terms or the granting of preferential terms to one or more investors or class of investors will not entitle any other investor or class of investors to similar terms, and neither the Fund nor the Manager will be required to obtain the consent or approval of, or give notice to, any investor or class of investors in connection therewith.

Fees and Expenses; Performance Allocation

Management Fee

With respect to each Interest, the Investment Adviser will receive from the Fund a management fee payable monthly in arrears (the “**Management Fee**”), as follows:

Class A: One-twelfth of 1.25% (1.25% per annum) of the Net Asset Value of each Class A Interest (including the portion thereof attributable to Designated Investments before taking into account estimated and/or unpaid Performance Allocations); provided that, effective as of the 5th anniversary of a Member’s initial Subscription Date, the Management Fee shall be reduced to one-twelfth of 1.00% (1.00% per annum) of the Net Asset Value of such Member’s Class A Interest (including the portion thereof attributable to Designated Investments before taking into account estimated and/or unpaid Performance Allocations) if such Member has been a Member for 5 consecutive years and has made net subscriptions of at least \$1,000,000 as of such 5th anniversary.

Class B: One-twelfth of 1.5% (1.5% per annum) of the Net Asset Value of

each Class B Interest (including the portion thereof attributable to Designated Investments (as defined below) before taking into account estimated and/or unpaid Performance Allocations); provided that, effective as of the 5th anniversary of a Member's initial Subscription Date, the Management Fee shall be reduced to one-twelfth of 1.25% (1.25% per annum) of the Net Asset Value of such Member's Class B Interest (including the portion thereof attributable to Designated Investments before taking into account estimated and/or unpaid Performance Allocations) if such Member has been a Member for 5 consecutive years and has made net subscriptions of at least \$1,000,000 as of such 5th anniversary.

The Net Asset Value of each Interest is calculated as of the last calendar day of each month. The Management Fee is adjusted on a pro rata basis to account for any contributions and withdrawals made by Members during a calendar month.

The Investment Adviser may waive all or part of the Management Fee otherwise attributable to any Member's investment, by rebate or otherwise.

Performance Allocation

With respect to each Interest, the Manager will receive a special allocation (the "**Performance Allocation**") at the end of each Performance Period (as defined below) equal to the Performance Percentage (as defined below) of the excess, if any, of the Net Asset Value of such Interest (or the portion thereof withdrawn), at the end of the Performance Period over the previous highest Net Asset Value at which a Performance Allocation was made with respect to such Interest or, if no Performance Allocation has been made, then the initial Net Asset Value of such Interest, in each case adjusted to take into account distributions to, and withdrawals by a Member (such excess, "**New Net Profit**"). "**Performance Percentage**" means, with respect to each Class A Interest, 17.5% and with respect to each Class B Interest, 20%; provided that, with respect to any Class A Member, effective as of the 5th anniversary of a Member's initial Subscription Date, the Performance Percentage for each subsequent Performance Period shall be reduced to 15.0% if such Member has been a Member for 5 consecutive years and has made net subscriptions of at least \$1,000,000 as of such 5th anniversary; and with respect to any Class B Member, effective as of the 5th anniversary of a Member's initial Subscription Date, the Performance Percentage for each subsequent Performance Period shall be reduced to 17.5% if such Member has been a Member for 5 consecutive years and has made net subscriptions of at least \$1,000,000 as of such 5th anniversary.

New Net Profit takes into account both realized and unrealized gains and losses. Once made, a Performance Allocation will not be reversed, even if a Member experiences losses in subsequent periods.

"**Performance Period**" means the Fiscal Year (as defined below); provided, however, that (a) in the case of an Interest acquired on any date other than the first day of a Fiscal Year, then the initial Performance Period for such Interest shall be the period commencing with the date the Interest was acquired and ending on the last day of the Fiscal Year, (b) upon the withdrawal of capital by a Member otherwise than at the end of a Fiscal Year, the Performance Period for the portion of the Member's Interest withdrawn shall be the period commencing on the first

day of the Fiscal Year or on the date during the Fiscal Year on which such Interest was acquired if other than the first day of the Fiscal Year, and ending on the withdrawal date, (c) with respect to the portion of an Interest attributable to a Designated Investment Account (as defined below), the Performance Period shall be the period commencing with the date the Designated Investment Account was created and ending on the date of Disposition (as defined below) of the Designated Investment to which such Designated Investment Account relates, and (d) in the event the Fund is terminated otherwise than at the end of a Fiscal Year, the final Performance Period shall be the period commencing on the first day of the Fund's final Fiscal Year and ending on the termination date.

The Manager may waive or reduce the Performance Allocation attributable to any Interest and may otherwise vary the terms of the Performance Allocation attributable to the Interest of a Member by agreement with that Member.

**Organizational
and Initial
Offering Expenses**

The Fund will bear or reimburse the Manager for expenses incurred in connection with the organization of the Fund and the continued offering of the Interests; provided that such expenses shall not exceed \$100,000. These expenses include, without limitation, legal fees, accounting fees, printing costs, government filing fees, and out-of-pocket expenses incurred by the Manager in connection with the offering. The organizational expenses of the Fund are being amortized for financial reporting purposes over a period of 60 months from the commencement of operations of the Fund. The Manager believes that amortizing these expenses is more equitable than requiring the initial Members to bear the entire cost of organizing the Fund. However, the amortization of organizational expenses is not in accordance with U.S. generally accepted accounting principles (“GAAP”). Accordingly, if the organizational expenses are deemed material by the Fund’s auditors, and their amortization would result in the Fund receiving a qualified audit report, then the Fund may make GAAP conforming changes for financial reporting purposes but amortize the expenses for purposes of calculating the Net Asset Value of the Fund. In such case, there will be a divergence between the fiscal year-end Net Asset Value of the Fund and the Net Asset Value of the Fund reported in its financial statements. Subscriptions, withdrawals and allocations will in such case be made based on the fiscal year-end Net Asset Value of the Fund, and not at the Net Asset Value of the Fund reported in the financial statements.

If the Fund is terminated before its organizational expenses are fully amortized, any unamortized expenses will be recognized. If a Member withdraws all or part of its Interests before the Fund’s organizational expenses are fully amortized, the Manager 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.

Other Expenses

Each of the Manager and the Investment Adviser pays its own overhead and ordinarily recurring operating expenses, such as rent, utilities, supplies, secretarial expenses, employee compensation and benefits, including insurance, payroll, and other taxes and related costs, and charges for furniture, fixtures, and equipment.

The Fund will pay all of its (and a pro rata portion of any Other Investment Vehicle’s) ordinary and extraordinary expenses, including (i) all costs and

expenses associated with the offering of Interests; (ii) brokerage commissions and other transaction costs and investment-related expenses incurred in connection with the Fund’s investment and trading activities, including research expenses and the costs of any independent accountants or other experts or consultants engaged by the Investment Adviser in connection with specific investments; (iii) any interest, fees, and costs of Fund-related borrowings; (iv) routine operational costs such as legal, accounting, bookkeeping, auditing, consulting and other professional expenses, administration and tax preparation expenses, all taxes (if any), costs and expenses related to regulatory compliance matters, and fees payable to governments or agencies; (v) its pro rata portion of any E&O insurance; (vi) research-related travel expenses of the Investment Adviser; and (vii) extraordinary expenses (e.g., litigation costs, indemnification obligations, and costs incurred in connection with a reorganization or restructuring of the Fund). The Fund will also pay or reimburse the Investment Adviser for all regulatory and compliance costs of the Investment Adviser arising out of the Investment Adviser’s management of the Fund, such as legal, administrative, and filing costs and expenses relating to the Investment Adviser’s SEC Form ADV and Form PF, CFTC Form CPO-PQR, and NFA Form PQR.

If with respect to any of the first 5 Fiscal Years of the Fund’s operation, the routine administrative and operating expenses of the Fund for such year (such as fees payable to the Administrators and Auditors, but excluding, for the avoidance of doubt, any transaction costs and related expenses and any extraordinary costs and expenses) exceed 0.35% of the Net Asset Value (calculated as an average over such Fiscal Year), the Investment Adviser will promptly reimburse to the Fund the amount of such excess or otherwise make an equitable adjustment in the manner set forth in the LLC Agreement.

Operation of the Fund

Allocation of Profits and Losses

A separate book capital account (the “**Book Capital Account**”) will be established for each Interest. Profits and losses generally will be allocated to the Book Capital Accounts of the Interests at the end of each calendar month and upon the admission, withdrawal, or expulsion of a Member, or the contribution of additional capital from an existing Member, if such admission, withdrawal, expulsion or additional contribution occurs on a day other than the beginning or the end of a calendar month. Except for the Manager’s Performance Allocation, “new issue” profits and losses subject to the Fund’s carve-out arrangements, and profits and losses attributable to Designated Investments, if any, profits and losses will be allocated to the Book Capital Accounts of the Interests in proportion to the relative values of such Book Capital Accounts at the beginning of the relevant fiscal period.

“New Issue” Carve-Out Arrangements

The Fund has implemented carve-out arrangements under Financial Industry Regulatory Authority (“**FINRA**”) Rules 5130 and 5131 (the “**Rules**”) pursuant to which (i) Members that are “restricted persons” under the Rules will be allocated, as a group, profits and losses attributable to the Fund’s investments in “new issues” in an amount equal to the lesser of (a) their pro rata interest in profits and losses based on their relative Book Capital Account balances and (b) 10%; and (ii) Members that are executive officers or directors of a particular public

company or covered private company will be allocated, as a group, profits and losses attributable to a particular “new issue,” if such public company or covered private company has an investment banking relationship with the broker allocating such “new issue” to the Fund, in an amount equal to the lesser of (a) their pro rata interest in profits and losses based on their relative Book Capital Account balances and (b) 25%.

Withdrawals

Except as otherwise provided herein and subject to the restrictions on withdrawals applicable to the portion of a Member’s Interest attributable to Designated Investments, a Member generally may withdraw all or part of such Interest as of the last calendar day of each calendar quarter, or at such times as the Manager shall determine (each, a “**Withdrawal Date**”). Contributions attributable to each Interest will be withdrawn on a “first-in, first-out” basis with each withdrawal being satisfied from the earliest contribution attributable to such Interest.

In order to process a withdrawal as of a Withdrawal Date, a Member must provide the Administrator written notice of the withdrawal (a “**Withdrawal Request**”) at least 60 days prior to the Withdrawal Date. Withdrawal Requests may be submitted by e-mail or facsimile to initiate notice of withdrawal prior to the Withdrawal Date so long as the Member receives written confirmation from the Administrator that the electronic Withdrawal Request has been received. Neither the Fund nor the Administrator accepts any liability arising from errors in any electronic or other form of transmission of documents. Members will be notified in writing by the Administrator if their withdrawal has been accepted. Unconfirmed Withdrawal Requests shall be considered null and void. Withdrawal Requests are irrevocable unless the Manager agrees to cancel such Withdrawal Request.

With respect to each Class A Interest and each contribution made with respect thereto, no such contribution may be withdrawn prior to the date that is 24 months after the Subscription Date on which such contribution was made; provided, however, that a portion of a Class A Interest attributable to a particular contribution may be withdrawn during the period beginning on the date that is 12 months after the applicable Subscription Date and prior to the date that is 24 months after such Subscription Date subject to a withdrawal charge payable to the Fund in an amount equal to 3% of the relevant Withdrawal Amount (as defined below) (the “**Withdrawal Charge**”).

With respect to each Class B Interest and each contribution made with respect thereto, no such contribution may be withdrawn prior to the date that is 12 months after the Subscription Date on which such contribution was made without being subject to the Withdrawal Charge.

Withdrawal Gate

If aggregate Withdrawal Requests in respect of any Withdrawal Date exceed 25% of the Net Asset Value of the Fund (excluding the value of any Designated Investments) (the “**Gate Amount**”), the Manager may scale down, on a pro rata basis, each Withdrawal Request so that not more than the Gate Amount is withdrawn on such Withdrawal Date. Each such Withdrawal Request shall be treated with respect to the unsatisfied balance thereof as if a further Withdrawal Request had been made in respect of the next following Withdrawal Date and, if necessary, any subsequent Withdrawal Date (subject in each case to the Gate

Amount) until such Withdrawal Request has been satisfied in full. Withdrawal Requests which have been carried over from an earlier Withdrawal Date shall have priority over later Withdrawal Requests.

Compulsory Withdrawals

The Manager may require any Member to withdraw all or a portion of its Interest from the Fund at any time upon written notice for any reason or no reason. If a compulsory withdrawal results from an unauthorized Transfer (as defined below), the Withdrawal Price may be the lower of the Book Capital Account of the withdrawn Interest on the applicable Withdrawal Date and the date of Transfer, and if it results from the breach of any representation or warranty made by the Member, the Withdrawal Price may be the lower of the Book Capital Account of the withdrawn Interest on the applicable Withdrawal Date and the date on which the Interest was acquired.

Designated Investments

The Fund expects to invest in financial instruments that are liquid and that have a readily-ascertainable market value. However, under certain extraordinary circumstances, certain of the Fund's assets may become illiquid or cease to have a readily-ascertainable market value. In such event, the Investment Adviser may designate the relevant assets as "**Designated Investments**." The Investment Adviser generally anticipates only effecting any such designation during the existence of any state of affairs which, in the opinion of the Investment Adviser, constitutes an emergency that results in or could result in (i) the failure of one of the Fund's Brokers; (ii) the inability on the part of the Fund to price or to liquidate certain of the Fund's assets; and (iii) the determination by the Investment Adviser that the liquidation of certain assets of the Fund would be seriously prejudicial to the Fund. Only Members at the time the Investment Adviser classifies an investment as a Designated Investment will participate in that Designated Investment.

The income, gain, loss and expenses attributable to each Designated Investment will be separately calculated and reflected in a separate memorandum account maintained for each Member participating in such Designated Investment (each, a "**Designated Investment Account**"). Designated Investments are marked at fair value, which may be their cost until an event or circumstance occurs that provides a reasonable basis for assigning a different value, as determined by the Investment Adviser.

The portion of a Member's Interest representing its participation in a Designated Investment Account may not be withdrawn at the option of the Member. Accordingly, a Member will be required to maintain its Interest in the Fund until the Disposition of all Designated Investments in its Designated Investment Accounts. Upon the Disposition of any Designated Investment, each Member participating in the Designated Investment that has previously submitted a Withdrawal Request for the whole of its Interest will receive its allocable portion of the proceeds from the Disposition, if any, less any expenses, the accrued Management Fee and the Performance Allocation relating to such Designated Investment in accordance with the withdrawal payment terms described below. "**Disposition**" means the complete or partial sale or other disposition of a Designated Investment or the Investment Adviser's determination that the Designated Investment is no longer illiquid or without a readily ascertainable market value. The Investment Adviser will generally seek to Dispose of

	Designated Investments as soon as reasonably practicable under the circumstances.
Withdrawal Payments	Each Interest (or the relevant portion thereof) will be withdrawn at its Net Asset Value as of the close of business on the Withdrawal Date after reduction for the Performance Allocation attributable to such Interests (the “ Withdrawal Amount ”). Except as otherwise described herein, in the case of a withdrawal of less than 90% of a Member’s Interests, the Fund generally will pay the Withdrawal Amount within 30 days following the Withdrawal Date. In the case of a withdrawal of more than 90% of a Member’s Interest, the Fund generally will pay at least 90% of the Withdrawal Amount within 30 days following the Withdrawal Date, with the balance of the Withdrawal Amount, if any, paid within 30 days following the completion of the Fund’s annual audit for the Fiscal Year in which the Withdrawal Date occurred, subject to any necessary adjustments to the Withdrawal Amount based on such audit. Withdrawal Amounts will be paid in cash to the extent reasonably practicable, but payment may be made in-kind, or partially in-kind, pro rata or non-pro rata, in lieu of cash. The Fund will not pay interest on the Withdrawal Amount.
	The Fund may withhold payment of all or any part of the Withdrawal Amount to establish consistent with GAAP such reserves for liabilities or contingencies as the Manager may deem advisable.
Key Person Event	The Fund will promptly notify the Members in writing in the event Matthew Lambert (i) dies, is adjudicated incompetent, or becomes unable by reason of disease, illness, or injury to perform his investment activities for the Fund for 90 calendar days in any 365-day period, (ii) fails to devote the requisite amount of his business time to the affairs of the Fund, or (iii) ceases to be associated with the Investment Adviser or any of its affiliates (a “ Key Person Event Notice ”). Upon receipt of a Key Person Event Notice, notwithstanding anything herein to the contrary, each Member may withdraw its Interest in full (but not in part, and except with respect to the portion thereof that is attributable to Designated Investments) by delivering a written notice to the Fund within 15 calendar days of their receipt of the Key Person Event Notice (the “ Notice Deadline ”), and any such Withdrawal Request received on or prior to the Notice Deadline shall be effected as of the last calendar day of the calendar month ending on or after the Notice Deadline (without the application of any Withdrawal Charge), which date shall be deemed a Withdrawal Date and the relevant Withdrawal Amount with respect thereto shall be calculated and paid in accordance with “Withdrawal Payments” above.
Suspension of Withdrawals and Net Asset Value Determinations	In extraordinary circumstances more particularly described below under “Valuation of the Fund’s Assets – Suspension of Net Asset Value Determination and Withdrawal Rights,” the Manager, in consultation with the Investment Adviser, may suspend withdrawals in whole or in part, suspend the determination of Net Asset Value of the Fund, and/or delay or suspend withdrawal payments until such time as the extraordinary circumstances no longer exist.
Freezing Withdrawals	If the Manager reasonably believes that a Member is a “Prohibited Investor” (as defined in the Subscription Documents) or has otherwise breached its representations or warranties, including without limitation anti-money laundering

representations, the Fund may be obligated under applicable law and regulations to freeze such Member's investment, either by prohibiting additional investments, declining or delaying any requests for withdrawal, and/or segregating the assets constituting the investment in accordance with applicable regulations, or such Member's investment may immediately be compulsorily withdrawn.

Distributions

Distributions are at the discretion of the Manager. There is no current intention to make any distributions.

Any distribution to a Member shall be made in cash to the extent reasonably practicable but may be made in-kind, or partially in-kind, pro rata or non-pro rata, in lieu of cash. No Member shall have the right to receive distributions in property other than cash.

Limitations on Transfer

Interests may not be sold, transferred, pledged, hypothecated, exchanged, assigned, or otherwise disposed of or encumbered (each, a "**Transfer**"), without the prior written consent of the Manager, which consent may be granted or withheld in its sole discretion. A Transfer may be made only to a person that meets the Fund's suitability requirements as described herein and in the Subscription Documents. The transferring Member will bear all costs (including attorneys' and accountants' fees) related to any Transfer of its Interest.

Any purported Transfer of a Member's Interest made without the prior written consent of the Manager shall not be binding upon or recognized by the Fund (whether or not the Manager has knowledge thereof).

Miscellaneous

Release of Confidential Information

Applicable anti-money laundering rules provide that the Fund, the Manager, the Investment Adviser, and the Administrator may voluntarily release confidential information about Members and, if applicable, the beneficial owners of Members to regulatory or law enforcement authorities. Additionally, the Manager, the Investment Adviser, the Fund, and the Administrator may release Member information to each other.

Privacy Policy Notice

See Appendix 2 of the Subscription Documents for the Fund's Privacy Policy Notice.

Reports

As soon as practicable following the end of each Fiscal Year (but in no event later than 120 days following the end of each Fiscal Year), the Fund will send to all Members annual audited financial statements prepared in accordance with GAAP. In addition, the Fund will send to all Members monthly statements regarding the Net Asset Value of their Interest, statistical summaries and commentary, and on a periodic basis, the Fund will send to all Members information letters and annual tax information for the preparation of their tax returns.

Books and Records

Except as otherwise determined by the Manager, Members shall have no right to obtain access to, or copies of, the Fund's books and records, including information about, and the identities of, other Members of the Fund.

Master-Feeder Structure	In the future and without investor approval, the Fund may be converted into a “feeder-fund” within a “master-feeder” structure and a master trading vehicle may be established in the Cayman Islands or another jurisdiction selected by the Manager, in which event the Fund and one or more offshore “feeder-funds” established for investments by non-U.S. and U.S. tax-exempt investors will conduct substantially all of their trading activities through such vehicle.
	If a “master-feeder” structure is created, the Management Fee and/or the Performance Allocation may be paid and/or made, as applicable, at the master fund level and there will be no additional management fee and/or performance allocation at the Fund level. However, the Fund, as an indirect investor in the master fund (and, therefore, indirectly, the Members) will thus be subject to its pro rata share of the Management Fee and Performance Allocation. In addition, the Fund will be permitted to effect suspensions of withdrawals, the calculation of Net Asset Value and/or the payment of withdrawal proceeds whenever the master fund (or any fund through which the Fund invests in the master fund) effects any such suspension.
Amendments to the LLC Agreement	The Manager may amend the LLC Agreement provided that no amendment may modify the limited liability of a Member, reduce the Book Capital Account of a Member, or adversely affect the percentage of profits, losses, or distributions to which a Member is entitled without the consent of such Member or such Member being given an opportunity to withdraw as a Member without being affected by any such amendment. A Member shall be deemed to have consented to an amendment if the Member does not object to such amendment within 20 calendar days after receiving notice of such amendment.
Member Liability	The LLC Agreement and the Act provide that no Member will be personally liable for the debts of the Fund beyond the amount contributed by such Member to the capital of the Fund and undistributed profits, although under certain circumstances a Member could be required to return to the Fund distributions received from the Fund.
Tax Status of the Fund	The Fund reports as a partnership for federal income tax purposes. Each Member will be required to report on its federal income tax return its allocable share of the income, gains, losses, and deductions of the Fund, whether any actual distribution is made to such Member during its taxable year. For a more detailed discussion of the federal income tax consequences of an investment in the Fund, see “Certain Tax Considerations” below.
Fiscal Year	The Fund’s fiscal year is the calendar year ending December 31 st (“Fiscal Year”).
Business Day	A “Business Day” is a day (other than a Saturday or Sunday) on which banks and relevant financial markets are open for business in New York, New York.
Counsel	Katten Muchin Rosenman LLP represents the Manager and the Investment

Adviser. Katten Muchin Rosenman LLP does not represent and has not represented the prospective Members or the Fund in the course of the negotiation of the Fund's business terms, the offering of the Interests or in respect of its ongoing operations. This Memorandum was prepared based on information provided by the Investment Adviser without independent verification by any other person.

Auditors

The Fund has retained Deloitte & Touche LLP as its auditor.

Additional Information

Interested investors are invited to speak with Matthew Lambert for a further explanation of the terms and conditions of this offering of Interests. Upon request, the Fund will provide such additional information related to the offering of Interests as the Fund possesses or can acquire without unreasonable effort or expense. Written requests for such information should be addressed to the Fund at its principal office shown in the Directory.

Variation to Terms; Side Letters

The Fund, the Manager, and the Investment Adviser have entered into side letters or similar arrangements with certain investors and may enter into side letters or other similar arrangements with certain investors having the effect of establishing rights in favor of such investors more favorable than those described herein, including providing to such investors certain information that is not generally provided to other Members, permitting such investors to withdraw other than on a stipulated Withdrawal Date, and charging such investor fees lower than the Management Fee or Performance Allocation.

Use of this Memorandum

This Memorandum is important and should be read in its entirety, along with the Exhibits, before an investor decides whether to subscribe for an Interest. Each investor should consult with its financial, legal, and tax advisors before making an investment decision.

INVESTMENT STRATEGY

The investment objective of the Fund is to achieve attractive risk-adjusted absolute returns by investing across asset classes, time scales, industries and geographies. The Fund's investment objective is to maximize the compounding of returns over the long-term. The Fund endeavors to do this by allocating capital on a timely and price optimizing basis to those investments offering the best risk/reward profile. The Fund's return objectives may vary based on the Investment Adviser's assessment of the current market opportunity set. In certain environments, the Fund's return objectives will be higher because of richer risk/reward dynamics. In other instances, the Investment Adviser may place a greater emphasis on capital preservation than growth.

The Fund employs a fundamental, discretionary, global macro strategy. The Fund invests in global financial markets in both developed and emerging markets. The Fund seeks to achieve attractive absolute risk-adjusted returns by making investments (directly or through any Other Investment Vehicle), both long and short, in currencies, interest rates, credit (primarily in sovereign debt or corporate credit indices), equities, and commodities. In all asset classes, the Fund employs both cash instruments as well as related derivatives.

The Investment Adviser employs a top-down global macro analysis, including economic and political risk assessment to identify compelling risk/reward opportunities, as well as fundamental bottom-up research to select securities and structure trades. The foundation of the Fund's investment process is an emphasis on due diligence and research involving local market participants, analysts, and business executives, among others, to understand a particular market's economic and political dynamics and their impact on fiscal and monetary policy. The Investment Adviser believes these relationships, in combination with research and trade structuring, constitute the Fund's competitive advantage.

On a case-by-case basis, the Investment Adviser seeks to identify the key economic and other geopolitical issues driving a security's valuation. This often includes understanding the stage of the country's business and economic cycle, the specific political climate, and then relating this analysis to global liquidity and capital flows of money into or out of an asset class. The Investment Adviser focuses on probable responses to these factors, concentrating on outcomes that may result in the current and forecasted price of related securities shifting significantly. This analysis is considered against a thorough exploration of trade implementation based on each idea's risk/reward profile and overall portfolio fit.

Generally the Fund's investments (directly or through any Other Investment Vehicle) can be grouped into 5 to 10 themes which are customarily traded opportunistically over a 3 to 24 month time period. In its fundamental analysis, the Investment Adviser will analyze underlying economic factors in an attempt to identify mis-pricings of risk between prevailing market values and a range of fundamentally driven outcomes. More generally, the Investment Adviser seeks assets that are relatively under- or over-valued.

Important market indicators are monitored to verify various theses. These indicators provide direction for trade timing and can augur investor appetite or risk aversion. Such market analysis is performed across all asset classes. The Investment Adviser constantly examines global markets for potential threats to each trade.

The geographies and markets which the Investment Adviser analyzes are usually at different stages of their respective economic cycles and present a wide range of opportunities, with only a small proportion

of them being considered for investment by the Fund. The Fund takes short positions where the Investment Adviser believes market pricing does not fully account for the risk facing a country or particular asset market. The Fund (directly or through any Other Investment Vehicle) may significantly reduce market exposure from time to time when the Investment Adviser believes that relatively few compelling opportunities present themselves.

Occasionally the Fund will use technical factors (i.e., factors intrinsic to the market such as price trends or patterns) to identify pricing anomalies, however the Investment Adviser's strategy is primarily fundamental and does not heavily rely on technical factors.

The Investment Adviser's approach has been employed throughout the 15+ years of investment experience of its Co-Founder and Chief Investment Officer, Matthew Lambert, who has invested in developed and emerging markets and a wide variety of asset classes using a macroeconomic framework honed over the course of his career. The Investment Adviser's approach continues to evolve in response to changing markets and opportunities.

The Fund primarily focuses on discretionary, global macro investing across both developed and emerging markets. The Fund has the flexibility to invest across markets, asset classes, timescales and geographies. The Fund primarily focuses on, but is not limited to, its investments in foreign exchange, interest rates, sovereign credit, developed market corporate credit, equities, commodities, and their related derivatives. In practice, the Fund generally avoids investing in single-name securities (other than sovereign credits) such as individual corporate bonds or company-specific stocks. While the Investment Adviser prizes fundamental research and individual insight, the Investment Adviser generally believes the idiosyncratic nature of individual company risk is inconsistent with managing a global macro strategy and distracts the Investment Adviser's attention away from more thematic trades which are often more liquid, offer more flexibility in terms of structuring, and are more efficient ways to express a view. However, from time to time the Fund will take a position in single name security (often a credit) if either (i) the Investment Adviser believes it has unique insight in such a security; or (ii) the security offers the best risk/reward profile to express a view on a particular industry or macro/policy mispricing.

The Investment Adviser engages in a variety of investment strategies on behalf of the Fund, each of which may take into account different economic factors, methods of analysis, and trading techniques in order to identify potential market opportunities. These strategies can generally be categorized as either fundamentally driven global macro investments or relative value strategies.

When entering into a trade, the Fund considers a variety of factors before implementing it. This includes, but is not limited to: position sizing, liquidity, transparency of pricing, availability of counterparties with whom the Fund can trade a particular instrument, and convexity.

THE FOREGOING OUTLINE OF THE FUND'S INVESTMENT STRATEGY REPRESENTS THE INVESTMENT ADVISER'S PRESENT INTENTIONS IN VIEW OF CURRENT MARKET CONDITIONS AND OTHER FACTORS. THE INVESTMENT ADVISER MAY VARY THE FOREGOING INVESTMENT STRATEGY AND GUIDELINES TO THE EXTENT IT DETERMINES THAT DOING SO WILL BE IN THE BEST INTERESTS OF THE FUND, AND INVESTMENT RESULTS MAY VARY SUBSTANTIALLY OVER TIME. ANY INVESTMENT STRATEGY PURSUED FOR THE FUND IS IN THE ABSOLUTE DISCRETION OF THE INVESTMENT ADVISER.

THE FUND'S INVESTMENT PROGRAM IS SPECULATIVE AND ENTAILS SUBSTANTIAL RISKS. MARKET RISKS ARE INHERENT IN ALL SECURITIES TO

VARYING DEGREES. NO ASSURANCE CAN BE GIVEN THAT THE FUND'S INVESTMENT OBJECTIVE WILL BE REALIZED. THE PAST PERFORMANCE OF THE FUND AND THE INVESTMENT ADVISER IS NOT INDICATIVE OF FUTURE RESULTS.

MANAGEMENT OF THE FUND

The Manager is responsible for managing the day-to-day business operations of the Fund and has delegated to the Investment Adviser responsibility for all of the Fund's investment and trading activities and for serving as the commodity pool operator of the Fund. The Investment Adviser serves pursuant to an investment advisory agreement effective as of [•] (the "Investment Advisory Agreement"). Pursuant to the Investment Advisory Agreement, the Investment Adviser has sole and complete authority to manage all aspects of the Fund's investment and trading activities and to arrange for the execution of the Fund's portfolio transactions.

In making its investment decisions for the Fund, the Investment Adviser relies on Matthew Lambert, who serves as the portfolio manager of the Fund and has direct and primary responsibility for all investment decisions of the Fund. Matthew Lambert and John R. Miller are the managing members of the Investment Adviser and the Manager.

The following are the biographies of the portfolio managers and other key personnel of the Manager and the Investment Adviser.

Matthew Lambert, Portfolio Manager and Chief Investment Officer, served as Chief Investment Officer and Chief Financial Officer of JR Miller Enterprises from January, 2015 to April, 2017 and advised on the company's multiple investment platforms, prior to founding the Fund. Mr. Lambert brings extensive expertise from his past work experience that includes managing partner at William Thomas Advisors, Millgate Capital/Fulmar Advisors and Granite Capital Partners. Mr. Lambert earned a B.A. from Brigham Young University, M.A. from the University of Pennsylvania, and a MBA from the Wharton School of Business; University of Pennsylvania.

Ryan Kanaley, Senior Analyst, assists in research and risk management. Prior to the Fund, Mr. Kanaley worked for JR Miller Enterprises from January 2016 to April 2017. Mr. Kanaley also worked as a buy-side Equity Research Analyst with Wasatch Advisors, covering USD\$1+ billion in global small cap financial institutions. Mr. Kanaley served in his capacity with Wasatch Advisors. Prior to Wasatch Advisors, Mr. Kanaley served as a Fixed Income and Structured Products Analyst of \$3 billion Beneficial Financial Group. Mr. Kanaley also brings cross-asset investment experience with JPMorgan Chase Middle Market Banking (NYSE: JPM) and Zions Bancorporation (NYSE: ZION). Mr. Kanaley received his B.S. in Finance from the Marriott School of Business; Brigham Young University.

John R. Miller, a founding member of the Investment Adviser, is the CEO of JR Miller Enterprises, a privately held company with diverse holdings in real estate, private companies and public securities. Mr. Miller retired from National Beef Packing Company in 2009 after serving as CEO since 1991. Mr. Miller grew the company from \$500 million in sales to over \$6 billion in sales. With over 8,000 employees, they are headquartered in Kansas City, MO, with seven regional production facilities, a Class A transportation company, and four international sales offices. National Beef markets and distributes beef products in all 50 states and over 60 countries worldwide. In 2010 Mr. Miller was instrumental in orchestrating the sale of National Beef to Leucadia National Corporation (NYSE: LUK). Mr. Miller is a

founding partner of Woodbury Strategic Partners, Solamere Capital, Wasatch Premier Properties, and Dakota Pacific. Mr. Miller has been recognized in Forbes magazine, Fortune Magazine, and numerous food industry articles over the years due to his leadership, operating expertise, and track record for turning around and building successful businesses. Mr. Miller earned a B.A. from Utah State University.

Collin Snow, CPA is the Chief Financial Officer of the Manager and the Investment Adviser. Prior to joining Dakota Pacific, Mr. Snow worked for four years at PricewaterhouseCoopers as an auditor. During his time at PricewaterhouseCoopers, Mr. Snow gained extensive experience in private equity, extractive industries, financial analysis, managing and reviewing engagement teams, and reviewing company filings. Mr. Snow holds an active CPA license and earned a B.A. in Accounting and a Masters of Accounting from the University of Utah.

Pursuant to the LLC Agreement and the Investment Advisory Agreement, neither the Manager nor the Investment Adviser shall be liable, responsible, or accountable in damages or otherwise to the Fund or any of the Members for any error in judgment or for any act or omission (including trade errors, such as “fat-finger” errors and transposition errors) unless such error, act, or omission is found by a court of competent jurisdiction upon entry of a final judgment to have been the result of the Manager’s or the Investment Adviser’s fraud, gross negligence, or willful misconduct.

The Fund will indemnify and hold harmless the Manager, the Investment Adviser, their affiliates, and each of their respective principals, managers, members, partners, shareholders, officers, directors, employees, agents and representatives from and against any losses, damages, judgments, liabilities, costs, and expenses (including, without limitation, reasonable attorneys’ and accountants’ fees and other costs and expenses incurred in connection with the defense of any actual or threatened action or proceeding and amounts paid in settlement thereof, whether incurred in any action or proceeding between such parties or otherwise) (collectively, “Losses”) incurred as a result of their activities (or inactivity) on behalf of the Fund (including trade errors, such as “fat-finger” errors and transposition errors) unless such Losses have been found by a court of competent jurisdiction upon entry of a final judgment to have been the result of their fraud, gross negligence, or willful misconduct. The Manager may, in its sole discretion, advance to any indemnified person reasonable attorney’s fees and other costs and expenses incurred in connection with the defense of any action or proceeding which arises out of their activities (or inactivity) on behalf of the Fund provided that all such advances will be promptly repaid if it is subsequently determined that the person or entity receiving such advance was not entitled to indemnification.

In the opinion of the SEC, indemnification for liabilities arising under the 1933 Act is contrary to public policy and therefore unenforceable. No person will be exculpated or exonerated from liability or indemnified against loss for violations of federal or state securities laws or for criminal wrongdoing.

Pursuant to the LLC Agreement, (i) the Manager and the Members have no duties (including, but not limited to, any fiduciary duties) to the Fund or the Members other than those duties expressly described in the LLC Agreement and the implied contractual covenant of good faith and fair dealing and (ii) so long as the Manager and the Members act in a manner consistent with the implied contractual covenant of good faith and fair dealing and with the express provisions of the LLC Agreement, the Manager and the Members shall not be in breach of any duties (including fiduciary duties) in respect of the Fund and/or any Member otherwise applicable at law or in equity. The provisions of the LLC Agreement, to the extent that they expand, restrict, or eliminate the duties and liabilities of the Manager and the Members otherwise existing at law or in equity, replace fully and completely such other duties and liabilities of the Manager and the Members.

VALUATION OF THE FUND'S ASSETS

Determination of Net Asset Value

The Net Asset Value of the Fund and the Net Asset Value of an Interest are calculated by the Administrator, in consultation with the Investment Adviser, on the last calendar day of each month or such other day or days as the Manager determines (each, a “**Valuation Date**”).

The Net Asset Value of the Fund at any Valuation Date is the total assets of the Fund, including all cash and cash equivalents, accrued interest, securities and other financial instruments of the Fund, at their fair value less all liabilities of the Fund, including, but not limited to, liabilities associated with financial instruments, legal, accounting, and auditing fees, and any and other operating expenses, any contingencies for which reserves are determined to be required (whether or not permitted under GAAP), interest and borrowing charges (if any), any accrued Management Fee, and extraordinary expenses, with each determined on the accrual basis of accounting in accordance with GAAP, unless determined otherwise by the Manager. The Net Asset Value of an Interest is the portion of the Net Asset Value of the Fund allocated to that Interest less the Performance Allocation attributable to an Interest.

GAAP defines fair value as the market price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at a Valuation Date (the “exit” price in the marketplace and not the entry price to the valuing entity), and Financial Accounting Standards ASC 820-10 establishes a 3-level fair value hierarchy based on the observability of valuation inputs. Level 1 fair value measurements are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access on a Valuation Date. Level 2 fair value measurements are based on other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 fair value measurements are based on unobservable inputs for the asset or liability.

The Net Asset Value of the Fund is calculated by the Administrator in accordance with the following policies and principles:

- (i) Securities and other financial instruments listed or traded on any recognized foreign or U.S. organized exchange or other board of trade, or other financial instruments for which observable market data is readily available shall be valued at the closing settlement price at the close of business on the relevant Valuation Date in the principal market on which they are traded, or if there is no settlement price in the principal market, then in the most advantageous market for such securities and financial instruments. If no settlement price was reported on the relevant Valuation Date, the market value shall be the most recent quoted average bid and ask prices on that day in the principal or most advantageous market, as applicable.
- (ii) Securities and other financial instruments not listed or traded on any recognized foreign or U.S. organized exchange or other board of trade are valued by obtaining the values from either (i) at least two reputable brokers and utilizing the average of the values (within an appropriate range) provided by such brokers or (ii) in certain circumstances, if at least two reputable brokers’ quotes are not readily available, one reputable broker.

- (iii) Listed and over-the-counter put and call options are valued by taking the mid-price between the bid and ask price.
- (iv) Cash, deposits, and similar investments, together with all accrued interest thereon to the end of the relevant Valuation Date, shall be valued at face value.
- (v) Shares, units, or interests in investment vehicles are valued using the latest available net asset value or other value per share, unit, or interest (as applicable) of the relevant investment vehicle, provided that if the net asset value of the investment vehicle is not available as of the Valuation Date, then the Administrator may use estimates of the net asset value of the investment vehicle as provided to it by the investment manager of such investment vehicle.
- (vi) Securities and other financial instruments and assets and liabilities for which inputs derived from observable market data are not readily available will be valued by the Investment Adviser in good faith based on unobservable data that reflect the Investment Adviser's own assumptions about the factors that a market participant would use in pricing the asset or liability.
- (vii) Designated Investments shall be valued at their fair value (which may be their cost) as determined in good faith by the Investment Adviser using the techniques as described above.

The accounts of the Fund are maintained in dollars. Assets and liabilities denominated in other currencies are translated at the rates of exchange in effect at the relevant Valuation Date 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.

Adjustments

The valuation of the Fund's assets and the calculation of the Net Asset Value of the Fund are intended to be in accordance with GAAP, based on the information available at the time of such calculations, except for the amortization of the Fund's organizational expenses. However, additional information may later become available, including in connection with the preparation of the Fund's audited annual financial statements, indicating that certain valuation assumptions utilized in prior periods would no longer be deemed consistent with GAAP. Under such circumstances, the Net Asset Value of the Fund will be appropriately adjusted on a prospective basis. Among other things, this may result in a divergence between the Net Asset Value of the Fund reported in prior periods and the adjusted Net Asset Value of the Fund later reported in the financial statements for the same periods. Notwithstanding any such prospective adjustments to the Net Asset Value of the Fund, no adjustments will be made to the Net Asset Value of the Fund reported for prior periods, or to any subscriptions or withdrawal proceeds attributable to such prior periods, except to the extent required by applicable law or the constituent documents of the Fund.

Suspension of Net Asset Value Determination and Withdrawal Rights

Notwithstanding any provision to the contrary in this Memorandum, the Manager, in consultation with the Investment Adviser, may suspend the determination of the Net Asset Value of the Fund and the Net Asset Value of an Interest, and/or delay or suspend withdrawal payments, and/or suspend withdrawals, in each case in whole or in part:

- (i) during any period when any exchange, board of trade, or over-the-counter market on which a substantial portion of the Fund's assets are quoted is closed, other than for ordinary holidays

- and weekends, or during periods in which dealings are restricted or suspended or quotes cannot otherwise be accurately obtained;
- (ii) during the existence of any state of affairs which, in the opinion of the Investment Adviser, constitutes an emergency (including, but not limited to, a determination by the Investment Adviser that a material adverse change or disruption has occurred in the financial, banking or capital markets generally which has or could reasonably be expected to have a material adverse effect on the Fund) as a result of which disposal of assets by the Fund would not be reasonably practicable or would be seriously prejudicial to the Members;
 - (iii) during any breakdown in the means of communication normally employed in determining the price or value of any portion of the assets of the Fund, or when for any other reason the prices or values of any of the assets of the Fund cannot reasonably be promptly and accurately ascertained;
 - (iv) during any period when the transfer of funds involved in the realization or acquisition of any asset cannot, in the opinion of the Investment Adviser, be effected at normal rates of exchange;
 - (v) during any period when, in the opinion of the Investment Adviser, the effect of withdrawals (including withdrawals for which Withdrawal Requests have been received) would be unfair, prejudicial or would materially disadvantage any of the remaining Members, or the effect of withdrawals would jeopardize the tax status of the Fund; or
 - (vi) during any other such period when, in the opinion of the Investment Adviser, disposal of part or all of the Fund's assets, or determination of the Net Asset Value of the Fund, or the payment of withdrawal proceeds would not be reasonable or practicable or would be expected to be prejudicial to the Members.

The Manager's and the Investment Adviser's good faith determinations pursuant to the foregoing shall be final and conclusive as to all Members. The Fund will promptly notify Members of any such suspension, and the termination of any such suspension, by means of a written notice. To the extent that a request for withdrawal is not revoked, the withdrawal shall be effected as of the first Withdrawal Date following the recommencement of withdrawals in a manner that is pari passu with all other redeeming Members.

Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

BROKERAGE ARRANGEMENTS

Currently, the Fund expects to trade securities and other financial instruments primarily through its Brokers. The Brokers clear the Fund's securities transactions that are executed through other securities firms. The Brokers also provide margin credit, and locate securities to borrow to facilitate short sales. The Brokers are compensated through interest on credit balances, margin borrowings, stock loans, and brokerage commissions. The Investment Adviser may change any of the Fund's Brokers or add additional brokers at any time. In selecting Brokers to execute transactions, the Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

The Investment Adviser will take into account the Broker's reliability, reputation, financial responsibility, stability, ability to execute trades, nature and frequency of sales coverage, commission rate, if any, and responsiveness. The Fund generally does not intend to use "soft dollar arrangements" to pay for other services provided by the Brokers. If the Investment Adviser determines to use "soft dollars," the Investment Adviser will only enter into "soft dollar" arrangements that fall within the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. Furthermore, to the extent that any incidental benefits (such as research) are provided to the Fund, Investment Adviser, and their respective principals and affiliates and/or other accounts in connection with trading futures or options on futures, it is expected that such incidental benefits would fall within the safe harbor provisions of Section 28(e) of the 1934 Act as if such benefits were being provided in connection with the trading of securities. Research and brokerage services obtained by the use of commissions arising from the Fund's portfolio transactions may be used by the Investment Adviser in its other investment activities, including for Other Accounts (as defined below) and thus, the Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. The Fund may utilize Broker-provided financing in connection with its trading and, accordingly, the Fund may pledge its assets held at such Brokers as collateral to secure such financing arrangements. By signing the Subscription Documents, each Member acknowledges and agrees to the use of soft dollars by the Investment Adviser as set forth in this Memorandum.

The Investment Adviser may, but is not required to, aggregate sale and purchase orders of securities and other financial instruments for the Fund with similar orders being made simultaneously for Other Accounts, including those of its affiliates, if the Investment Adviser determines that such aggregation is reasonably likely to result in an overall economic benefit to the Fund based on an evaluation that the Fund will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. No assurance can be given that it will be possible to execute such orders regularly at or near the desired buy or sell point or that orders will be executed successfully. In many instances, the purchase or sale of securities and other financial instruments for the Fund will be effected simultaneously with the purchase or sale of like securities and financial instruments for Other Accounts. Such transactions may be made at slightly different prices, due to the volume purchased or sold. In such event, the average price of all securities and other financial instruments purchased or sold in such transactions may be determined by the Investment Adviser in its sole discretion, or the Investment Adviser may employ another objective price allocation system that promotes fairness among all accounts or entities, including client and proprietary accounts.

Any Brokers that have custody of the Fund's cash (including subscription proceeds) and securities will meet the definition of "Qualified Custodian" under Rule 206(4)-2 of the Advisers Act. A "Qualified Custodian" generally is a bank or savings association that has deposits insured by the U.S. Federal Deposit Insurance Corporation, an SEC registered broker-dealer, a CFTC registered futures commission merchant, or a foreign financial institution that holds segregated customer assets. Financial instruments and cash (including subscription proceeds) held by such Brokers will be maintained in a custodial account in the name of the Fund.

From time to time, Brokers may assist the Fund in raising additional capital from investors. Subject to its obligation to seek best execution, the Investment Adviser may consider referrals of investors to the Fund in determining its selection of Brokers. However, the Investment Adviser will not commit to an investor or Broker to allocate a particular amount of brokerage in any such situation.

RISK FACTORS

An investment in the Fund is speculative in nature and suitable only for sophisticated investors that are aware of the risks involved in an investment in the Fund. Subscribers must have the ability and willingness to accept (i) the risk of the potential total loss of their investment, and (ii) the illiquid nature of an investment in the Fund. Prospective subscribers should consider each of the following risks before subscribing for Interests.

General Fund Risks

Operating History. The Fund has no operating history. The past performance of the Manager, the Investment Adviser, any of their key personnel, their respective affiliates or other investment vehicles managed by any of them is not indicative of the future results of an investment in the Fund. There can be no assurance that the Fund will achieve its investment objective.

Reliance on the Investment Adviser; Lack of Control. The day-to-day business operations of the Fund are managed by the Manager, and all decisions with respect to the investment and trading activities of the Fund are made by the Investment Adviser. Members do not participate in the management or operations of the Fund and cannot remove or replace the Manager or the Investment Adviser or amend the LLC Agreement. The success of the Fund depends on the ability of the Investment Adviser to develop and implement investment strategies to achieve the Fund's investment objective.

Business Dependent Upon Key Individuals. The success of the Fund is highly dependent upon the expertise and abilities of the key personnel of the Investment Adviser. The loss of their services could have a material adverse effect on the performance of the Fund and could make it impossible for the Investment Adviser to continue to manage investments for the Fund.

Operating Deficits. The expenses of operating the Fund (including Management Fees) could exceed its income. This would require that the difference be paid out of the Fund's capital, reducing the Fund's investments and potential for profitability.

Risks Associated With Performance Allocation. The Manager will receive Performance Allocations as to unrealized gains that may never be realized. The Manager will not return a Performance Allocation made for a period in which there is a profit, even if in a subsequent period the Fund does not earn a profit or suffers a loss. As a result, the Performance Allocation may be greater than it would be if it were based solely on realized gains.

Trade Errors. Trading errors are an intrinsic factor in any complex investment process and will occur notwithstanding the exercise of due care and the existence of procedures reasonably designed to prevent such errors. Such errors might include, for example, incorrect entry of a trade into an electronic trading system, errors when reconciling trade activity, or drafting errors related to trade contracts or confirmations. Except to the extent required by non-waivable provisions of federal or state securities laws, the Fund (and not the Investment Adviser) will bear any losses resulting from portfolio management, trading or administrative errors in connection with the Fund's investment activities in the absence of fraud, willful misconduct or gross negligence by the Investment Adviser or its affiliates or personnel. Any gains or benefits that result from trade errors will also accrue to the Fund.

Changes in Trading Approach. The Investment Adviser may not follow one specific investment strategy, but rather, may employ different trading strategies which the Investment Adviser feels are consistent with the Fund's investment objective. Because the Investment Adviser may change the Fund's allocation of assets among a variety of diverse investments and strategies at any time, investors in the Fund will be exposed to the risks associated with each of those investments and strategies but will not know at the time of investment, or over the duration of their investment, the precise nature of such exposure. An investment in the Fund therefore involves a high degree of uncertainty, and investors will be exposed to a significant degree of risk.

Lack of Liquidity of Interests. There is no secondary market for Interests and there is not likely to be one in the future. Interests may not be transferred or assigned without the consent of the Manager. Consequently, except as otherwise set forth herein, Members may not be able to dispose of their Interests except by means of quarterly withdrawals (after expiration of the applicable lock-up period or subject to the Withdrawal Charge, as applicable), on at least 60 days' prior written notice, subject to the Withdrawal Gate and certain other restrictions described herein. In addition, the portion of a Member's Interest representing its participation in a Designated Investment Account may not be withdrawn at the option of the Member. Because of the limitations on withdrawals and the fact that Interests are not tradable, an investment in the Fund is relatively illiquid and involves a high degree of risk. Subscriptions for Interests should be considered only by sophisticated investors financially able to maintain their investments, pay the taxes with respect thereto from other sources, and that can afford to lose all or a substantial part of such investments.

Suspensions of and Freezing Withdrawals. Under certain extraordinary circumstances the Fund may suspend withdrawals, the determination of the Net Asset Value of the Fund and/or the payment of withdrawal proceeds (in whole or in part) until such time as such circumstances no longer exist. Under certain limited circumstances, the Manager also may freeze withdrawals of a particular Member. If the withdrawal of an Interest is suspended or frozen, such Interest will continue to be subject to the market risks and other risks of an investment in the Fund.

Fund's Right to Pay Withdrawal Proceeds In-Kind. The Fund may distribute assets in-kind (either pro rata or non-pro rata) in partial or full satisfaction of the Withdrawal Amount. Payments in-kind may be made pro rata to all withdrawing Members on a particular Withdrawal Date or non pro rata to only select withdrawing Members. Payments in-kind may also be made pro rata from all positions held by the Fund on a particular Withdrawal Date or non pro rata from only select positions, and different positions may be transferred in-kind to different Members in satisfaction of their Withdrawal Requests. If payment is made wholly or partly in-kind, brokerage costs may be incurred by the Member converting the assets distributed to cash.

Possible Effects of Substantial Withdrawals. Substantial withdrawals of Interests within a short period of time could (i) cause the liquidation of investments at a time that could adversely affect the value of the Fund or the risk profile of the remaining investments of the Fund; (ii) result in the impairment or termination of the Fund; and/or (iii) result in withdrawals from the Fund being temporarily suspended. In addition to rapid liquidation of positions (potentially resulting in less favorable pricing), it is possible that withdrawals by multiple large investors could leave the Fund with less capital than is necessary to fully diversify its positions, impairing the operations or potentially resulting in the termination of the Fund.

Compulsory Withdrawals. The Manager may require any Member to withdraw all or a portion of its Interest from the Fund for any reason and at any time upon prior written notice. The timing of a compulsory withdrawal could have adverse tax or economic consequences for a Member.

Creditor Status. Between the Withdrawal Date and the date on which any withdrawal proceeds are paid

to a withdrawing Member (including if payment of such Member's withdrawal proceeds has been suspended or frozen), such withdrawing Member will be a creditor of the Fund and will be subject to the same risks as any other creditor of the Fund, including the possibility that if the Fund experiences losses after a Withdrawal Date, the Fund may have insufficient assets to pay all or even a portion of the withdrawal proceeds due to the withdrawing Member.

Reserve for Liabilities. Consistent with GAAP, the Fund may find it necessary to establish a reserve for liabilities that may arise (contingent or otherwise) as of a Withdrawal Date. A reserve, if established, will reduce the Net Asset Value of the Fund (and hence the amount payable to withdrawing Members). Reserves, once established, may be used by the Fund, in whole or in part, as needed and hence may or may not ultimately be distributed to withdrawing Members.

Different Terms Offered by the Fund. The Fund has permitted Members to invest in the Fund on different terms than other investors, and may from time to time permit Members to invest in the Fund on different terms than other investors, including with respect to liquidity, subscriptions, fees, and reporting. This may give an advantage to those Members (including Special Members affiliated with the Manager and/or the Investment Adviser) that is not available to investors that do not have the same terms.

Portfolio Valuation. The Investment Adviser determines the value of investments for which observable pricing inputs are not available. There can be no assurance that the value at which these investments are carried by the Fund will be correct or will be realized upon disposition. Accordingly, there is a risk that a Member that withdraws while the Fund holds investments for which observable pricing inputs are not available will be paid an amount less than such Member would otherwise be paid if the actual value of such investments is higher than the value determined by the Investment Adviser. Conversely, there is a risk that such Member might be overpaid and that the value of the non-withdrawing Members' Interests might be diluted. Similar risks arise in connection with subscriptions made while the Fund holds investments for which observable pricing inputs are not available.

Cross-Class Liability. Although the Fund may issue multiple classes of Interests, the Fund as a whole is one legal entity, and the assets of each class of Interests are available to creditors of the Fund. Although as a matter of internal accounting a capital account will be established for each class of Interests, in the event of an insolvent winding up and liquidation of the Fund, or in any other circumstances in which the assets attributable to one class of Interests are insufficient to meet the liabilities of such class, all assets of the Fund may be utilized to meet such liabilities and not just the amount standing to the credit of any individual capital account or class of capital accounts.

Lack of Certain Government Regulation. The Fund will not register as an investment company under the 1940 Act in reliance on the exclusion from such status provided by Section 3(c)(7) of the 1940 Act. As a result, certain provisions of the 1940 Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody to be segregated, regulate the relationship between the investment company and its adviser, and require investor approval before fundamental investment policies can be changed) will not apply to the Fund.

Although the Investment Adviser is registered as a CPO, it is operating the Fund as an exempt pool under CFTC Rule 4.7. As a result, the Investment Adviser is not required to adhere to certain disclosure, reporting, and recordkeeping requirements applicable to CPOs under the CEA, and the Fund is not required to file a copy of this Memorandum with the CFTC.

General Business and Trading Risks

General Economic and Market Conditions. The success of the Fund's investment activities may be

affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

Limited Diversification. The Fund's portfolio may not be as diversified as other investment vehicles. Because the Investment Adviser from time to time may concentrate the Fund's investments in a limited number of industries or issuers and/or strategies, the Fund's performance may become more susceptible than a diversified portfolio to fluctuations in value or loss resulting from adverse economic or business conditions that affect those industries, issuers, or strategies. Accordingly, investors should expect that the Fund's performance may be subject to high volatility.

Competition. The investment industry is extremely competitive. In pursuing its investment and trading methods and strategies, the Fund will compete with many of the larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market-makers and brokers. In relative terms, the Fund may have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, more sophisticated technologies, larger research staffs, and more investment professionals than the Investment Adviser has or expects to have in the future. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which an investment may be purchased by the Fund and the price it expects to receive upon consummation of the transaction.

Limited Investment Opportunities. The Investment Adviser at times may be unable to identify suitable investments for the Fund, or the Fund may be unable to purchase suitable investments in periods of market volatility or disruption or for any number of other reasons. As a result, the Fund may not always be fully invested.

Turnover. The Fund's capital may be invested on the basis of short-term market considerations. The portfolio turnover rate of those investments may be significant, potentially involving substantial brokerage commissions, mark-ups, and fees. These commissions and fees will reduce the Fund's profits.

Financial Market Dislocation and Illiquidity. The upheaval in the U.S. and global financial markets since 2008 continues to create uncertainty and instability for all market participants. The impact of market, legal, regulatory, reputational, and other unforeseen risks affecting market participants cannot be predicted and could adversely affect the business of the Fund, restrict the ability of the Fund to acquire, sell, or liquidate investments at favorable times and/or prices, restrict the Fund's investment and trading activities, and impede the Fund's ability to achieve its investment objectives.

Brokerage Firms and Custodians May Fail. The brokers, banks and other financial institutions with which the Fund does business or at which the Fund's assets are held may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. Should one of the Fund's brokers or banks become bankrupt and/or fail to segregate the Fund's assets on deposit as required, the Fund may be subject to a risk of loss. In addition, there can be no guarantee in the event of a broker's insolvency that the pool of customer property held by the broker pursuant to applicable law will be sufficient to satisfy all customer claims, including those of the Fund. Further, even if the Fund does not lose the assets on deposit with one or more brokers (or other financial institutions with which the Fund may deal), the Fund could incur market losses as a result of financial difficulties at such institutions (including, but not limited to, in situations where the Fund may be unable to access its assets and/or execute transactions through its brokers or other financial institutions in a timely manner). The inability to access investments held with brokers experiencing financial difficulties (e.g., bankruptcy proceedings) may cause the Investment Adviser to classify such investments as Designated Investments. In addition,

non-U.S. institutions are subject to different bankruptcy and regulatory regimes than those applicable to U.S. institutions, and in doing business with such non-U.S. institutions the Fund may not be afforded certain of the protections provided by U.S. law.

Substantial Fees and Expenses Payable Regardless of Profits. The Fund will (directly or indirectly) incur obligations to pay its proportional share of brokerage commissions, option premiums and other transaction costs to the Brokers. The Fund will incur obligations to pay operating, legal, accounting, auditing, research and due diligence expenses related to Fund investments, marketing, travel, background investigations, legal and consulting fees, presentations and other related expenses and fees, including the costs of the offering of Interests. In addition, the Fund will bear its pro rata portion of any fees and expenses incurred by any Other Investment Vehicle. The foregoing expenses are payable regardless of whether any profits are realized. In addition, a Performance Allocation may be made to the Manager, generally at the end of each year and upon a withdrawal of Interests. See “Fees and Expenses – Performance Allocation” in the Summary of Principal Terms.

Designated Investments. Designated Investments are subject to the same risks as other types of illiquid investments, including the risk that the Fund will be unable to sell such Designated Investments at a favorable time or price. The fair value of a Designated Investment may differ materially from its actual or realizable value. As a result, there can be no assurance that Members will not experience substantial or complete losses upon the Disposition of Designated Investments. In addition, Members generally may not withdraw the portion of their Interests participating in Designated Investments prior to Disposition of the underlying Designated Investments, and therefore may have to retain their interests in such investments for years after they have otherwise entirely withdrawn from the Fund and irrespective of changes in their own or general economic conditions.

“New Issues.” The purchase of “new issues” (defined as any initial public offering of an equity security) involves greater risk than securities trading in general. The prices of new issues may not increase as expected and, in fact, may decline more rapidly. While most people assume that new issues will trade at a premium to their issue price until they are liquidated, there is no guarantee that this will occur. In order for the Fund to trade “new issues,” or invest in investment vehicles that trade “new issues,” each investor must represent and warrant in the Subscription Documents that it either is or is not restricted from participating in such new issues pursuant to FINRA Rules 5130 and 5131, and the Fund will be relying on such representations and warranties in engaging in its business activities. Those Members who are so restricted may not participate in some or all of the gains, losses or expenses of the Fund related to new issues in compliance with FINRA rules.

Cyber Security Risk. With the increased use of the Internet and because information technology (“IT”) systems and digital data underlie most of the Fund’s operations, the Fund, the Investment Adviser, and the Fund’s service providers and vendors (collectively “Service Providers”) are exposed to the risk that their operations and data may be compromised as a result of internal and external cyber-failures, breaches or attacks (“Cyber Risk”). This could occur as a result of malicious or criminal cyber-attacks. Cyber-attacks include actions taken to: (i) steal or corrupt data maintained online or digitally, (ii) gain unauthorized access to or release confidential information, (iii) shut down the Service Provider web site through denial-of-service attacks, or (iv) otherwise disrupt normal business operations. However, events arising from human error, faulty or inadequately implemented policies and procedures or other systems failures unrelated to any external cyber-threat may have effects similar to those caused by deliberate cyber-attacks.

Successful cyber-attacks or other cyber-failures or events affecting the Fund, the Investment Adviser or the Service Providers may adversely impact the Fund or its investors or cause an investment in the Fund to lose value. For instance, such attacks, failures or other events may interfere with the processing of

subscriptions and withdrawals, impact the Fund's ability to calculate its Net Asset Value, cause the release of private investor information or confidential Fund information, impede trading, or cause reputational damage. Such attacks, failures or other events could also subject the Fund or its Service Providers to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. Insurance protection and contractual indemnification provisions may be insufficient to cover these losses. The Fund or its Service Providers may also incur significant costs to manage and control Cyber Risk. While the Fund and its Service Providers have established IT and data security programs and have in place business continuity plans and other systems designed to prevent losses and mitigate Cyber Risk, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified or that cyber-attacks may be highly sophisticated.

Cyber Risk is also present for issuers of securities or other instruments in which the Fund invests, which could result in material adverse consequences for such issuers, and may cause a Fund's investment in such issuers to lose value.

Changes in Applicable Law. The Fund and the Investment Adviser each must comply with various legal requirements, including requirements imposed by the securities and commodities laws, tax laws and pension laws of the United States and various other jurisdictions. Should any of those laws change to any material extent, the legal requirements to which the Fund and the Investment Adviser may be subject could differ materially from current requirements. Moreover, the full impact of some laws, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, is not yet clear, as Congress left to the SEC and the CFTC broad discretion in promulgating rules and regulations to implement the particulars of the legislation. The SEC and the CFTC as well as other regulators, self-regulatory organizations, and exchanges around the world also have the authority to take extraordinary actions in the event of market emergencies and such actions could have a material adverse impact on the Fund.

Strategy and Permitted Investment

Technical Trading Systems. The Investment Adviser may rely on technical trading systems. For any technical trading system to be profitable, there must be price moves or "trends" – either upward or downward – in some financial instrument that the system can track and those trends must be significant enough to dictate entry or exit decisions. Trendless markets have occurred in the past and are likely to recur. In a trendless or erratic market, a technical trading system may fail to identify a trend on which action should be taken or may overreact to minor price movements and thus establish a position contrary to overall price trends, which may result in losses. In addition, a technical trading system may be profitable for a period of time, after which the system fails to detect correctly any future price movements. Accordingly, technical traders often modify or replace their systems on a periodic basis. Any factor (such as increased governmental control of, or participation in, the markets traded) that lessens the prospect of sustained price moves in the future may reduce the likelihood that the Investment Adviser's technical systems will be profitable.

Reliance on Fundamental Analysis. The Investment Adviser may base its trading decisions, in whole or in part, on fundamental analysis. Fundamental trading systems consider factors, such as inflation, trade balances, inventories and interest rates, which do not have an impact on traditional technical trading systems, in an attempt to identify investment opportunities. To the extent that such factors provide mixed or conflicting signals, the fundamental trading systems may not be able to detect and/or accurately predict price trends. There can be no guarantee that the Investment Adviser's fundamental trading systems will enable the Investment Adviser to accurately value the financial instruments in which the Fund invests or that any anticipated price trends will materialize with respect to such investments.

Market Dislocation, Illiquidity and Volatility. Significant dislocations, illiquidity and volatility in the

overall fixed income market and in the wider global financial markets have occurred in the past several years (and may occur once again), which had an adverse effect on market liquidity and caused significant market disruption. To the extent that such marketplace events occur again, they may have an adverse impact on the availability of credit to businesses generally and lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect certain of the Fund's investments to greater or lesser extents. Such marketplace events also may restrict the ability of the Fund to sell or liquidate investments at favorable times or for favorable prices (although such marketplace events may not foreclose the Fund's ability to hold such investments until maturity).

Availability and Accuracy of Information. The Investment Adviser selects investments for the Fund on the basis of information and data derived from firsthand research by the Investment Adviser and publicly-available research reports by various analysts. Although the Investment Adviser intends to evaluate all such information and data and to seek independent corroboration when the Investment Adviser considers it appropriate and when it is reasonably available, the Investment Adviser will not in many cases be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in such cases will be dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Corporate mismanagement, fraud and accounting irregularities relating to certain of the Fund's financial instruments may result in material losses. In addition, certain strategies of the Investment Adviser may rely on the financial information made available (on a non-confidential basis) by the issuers, servicers, third party modeling firms, third party data providers including macro-economic data and trustees of securities in which the Fund will invest.

Financial Instruments Believed to be Undervalued or Incorrectly Valued. The Fund may invest in financial instruments that the Investment Adviser believes are undervalued or incorrectly valued. The identification of investment opportunities in such financial instruments is a difficult task. While investments in such financial instruments offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from such financial instruments may not adequately compensate the Fund for the business and financial risks assumed. Further, such financial instruments may not ultimately be valued in the capital markets at prices and/or within the time frame the Investment Adviser anticipates. In addition, the Fund may be required to hold such financial instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund's assets may be committed to the financial instruments purchased, thus possibly preventing the Fund from investing in other opportunities. In addition, the Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period. If the Fund takes long positions in financial instruments that decline and short positions in financial instruments that increase in value, then the losses of the Fund may exceed those of other portfolios that hold long positions only.

Long/Short Strategy. The Fund may pursue a long/short strategy with respect to equities, credit, commodities, and other financial instruments. Because a long/short strategy involves identifying securities, commodities or other financial instruments which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of this strategy necessarily depends upon the market eventually recognizing such value in the price of the relevant financial instrument, which may not necessarily occur or may occur over extended time frames which limit profitability. Positions may undergo significant short-term declines and experience considerable price volatility during these periods. In addition, long and short positions may or may not be correlated to each other. If the long and short positions are not correlated, it is possible to have investment losses in both the long and short sides of the portfolio.

Short Sales. The Investment Adviser may effect short sales of securities as part of its hedging strategy in a given investment or in those instances when the Investment Adviser is of the belief that a given security

is over-priced. A short sale involves the sale of a financial instrument that the Fund does not own in the expectation of purchasing the same financial instrument (or a financial instrument exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Fund often must borrow the financial instrument, and the Fund is obligated to return the financial instrument to the lender, which is accomplished by a later purchase of the financial instrument by the Fund. When the Fund makes a short sale of a financial instrument on a U.S. exchange, it must leave the proceeds thereof with a Broker and it must also deposit with a Broker an amount of cash or U.S. Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the financial instrument and a corresponding loss to the Fund. The extent to which the Investment Adviser engages in short sales depends upon its investment strategy and perception of market direction; the Fund does not necessarily have a policy limiting the amount of capital it may deposit to collateralize its obligations to replace borrowed financial instruments sold short.

Risks from Hedging Activities. The Investment Adviser may, as described above, from time to time utilize stock index futures and/or stock index options for the purpose of rapid risk reduction. There remains a substantial risk, however, that these and other hedging techniques may not always be effective in limiting losses. If the Investment Adviser's trading methodology analyzes market conditions incorrectly, the Investment Adviser's hedging techniques could result in a loss, regardless of whether the intent was to reduce risk. These risk reduction and other hedging techniques may also increase the volatility of the Fund, may involve a small investment of cash relative to the magnitude of the risk assumed, or result in a loss if the other party to the transaction does not perform as promised.

Trading is Speculative and Volatile. Financial instrument prices are highly volatile. Price movements for financial instruments are influenced by, among other things, changing supply and demand relationships, weather, agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments, U.S. and foreign political and economic events and policies, changes in national and international interest rates and rates of inflation, currency devaluations and revaluations, and sentiments of the marketplace. No assurance can be given that the Fund will be profitable or that it will not incur substantial losses.

The Markets and Financial Instruments Traded by the Fund May be Illiquid. At various times, the markets for financial instruments purchased or sold by the Fund may be "thin" or illiquid, making purchase or sale at desired prices or in desired quantities difficult or impossible. As part of its emergency powers, an exchange or regulatory authority can suspend or limit trading in a particular instrument, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies.

Concentration of Investments. The Fund may have a few relatively large positions (in relation to its capital) with the result that a loss in any one position could have a material adverse impact on the value of the Fund.

Spread Trading. The Fund's strategy may involve spread positions between two or more financial instrument positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position. The Fund's strategy also may involve arbitraging among two or more financial instruments. This means, for example, that the Fund may purchase (or sell) financial instruments (on a current basis) and take offsetting positions in the same or related financial instruments. To the extent the price relationships between such positions remain

constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position. Moreover, the arbitrage business is extremely competitive, and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more investment professionals than will be available to the Fund. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which a financial instrument may be purchased by the Fund and the price the Investment Adviser expects to receive upon consummation of a transaction.

Reliance on the Manager. The Fund relies on the Manager for the management of its investment portfolio. There could be adverse consequences to the Fund in the event that the Manager and its principals cease to be available to devote their services to the Fund. In addition, the Manager's past experience may not improve the Fund's results.

Trading in Currencies. The Fund is expected to trade currencies and financial instruments in interbank and forward contract markets which the Investment Adviser believes to be well-established and of recognized standing. Nonetheless, the Fund may be exposed in the interbank market to risks associated with any government or market action that might suspend or restrict trading or otherwise render illiquid, in whole or in part, the Fund's position. Although certain currency trades may be effected through exchange-traded financial instruments, the foreign currency market remains predominantly an over-the-counter market, and is therefore subject to the risks typical to over-the-counter trading. See "Certain Risk Factors – Over-the-Counter and Other Derivatives Trading in General" and "- Forward Trading" below. The Investment Adviser may effect such trades with Brokers, banks and other market participants which it believes to be creditworthy.

Over-the-Counter and Other Derivative Instruments in General. The Investment Adviser may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

- (i) *Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Investment Adviser from achieving the intended hedging effect or expose the Fund to the risk of loss.
- (ii) *Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Investment Adviser may not be able to close out a position without incurring a loss for the Fund.
- (iii) *Leverage* – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Fund and could cause its assets to be subject to wider fluctuations than would be the case if the Fund did not use the leverage feature in derivative instruments.
- (iv) *Over-the-Counter Trading* — Certain derivative instruments may not be traded on an exchange. Over-the-counter financial instruments that may be purchased or sold by the Fund may include swap transactions, forward foreign currency transactions and bonds and other fixed income securities. Over-the-counter financial instruments, unlike exchange traded financial instruments, are two-party contracts with price and other terms negotiated by the buyer and the seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the Fund

can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. Because performance of over-the-counter financial instruments is not guaranteed by any exchange or clearinghouse, the Fund will be subject to the risk of the inability or refusal to perform with respect to such financial instruments on the part of the counterparties with which they trade. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses.

- (v) *Lack of Regulation* — Financial instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded financial instruments and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. The counterparty to an over-the-counter financial instrument entered into by the Fund may not be subject to the same credit evaluation and regulatory oversight as are members of exchange based markets. The same may be true with respect to financial instruments traded on certain types of alternative exchanges (e.g., exempt commercial markets) that are less regulated than traditional securities, commodities and futures exchanges.
- (vi) *Market Conditions* — Recent events in the financial markets resulting in the failure of large institutions that serve as counterparties to many over-the-counter financial instruments have resulted in greater illiquidity of such instruments and heightened concern for counterparty risk.

Default and Counterparty Risk. Some of the markets in which the Fund may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund may not have an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Forward Trading. Forward contracts and options thereon, unlike exchange traded futures contracts and options on futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals that deal in the forward markets are not required to continue to make markets in the commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell.

Commodities and Futures Trading. Substantially all trading in commodities and futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time,

although certain financial instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets. A principal risk in trading futures contracts is the traditional volatility (rapid fluctuation) in market prices. Because of the low margin deposits typically required in futures contract trading, a relatively small movement in the market price of a futures contract may result in a disproportionately large profit or loss. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in a particular futures beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits – which conditions have in the past sometimes lasted for several days in certain contracts – the Investment Adviser could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses. There are special risks that are associated with the Fund's futures trading program:

- (i) *Volatility* – Futures prices are highly volatile. Price movements for the futures contracts and options on futures contracts which the Investment Adviser may trade are influenced by, among other things, changes in supply and demand relationships, weather, agricultural, trade, fiscal and monetary programs and policies of governments, U.S. and foreign, political and economic events and policies, changes in national and international interest rates and rates of inflation, currency controls, devaluations and revaluations and sentiments of the marketplace. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. No assurance can be given that the Fund will be profitable or that it will not incur substantial losses.
- (ii) *Position Limits* — The CFTC and certain exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short positions that any person may hold or control in particular commodities. All commodity accounts owned, held, controlled or managed by the Investment Adviser or its principals and affiliates, including accounts of other clients for which the Investment Adviser acts as commodity manager, will be combined for position limit purposes with the positions held by the Fund. While the Investment Adviser presently believes that established position limits will not adversely affect the Investment Adviser's trading decisions, it is possible that trading decisions of the Investment Adviser may have to be modified and that positions held by the Fund may have to be liquidated to avoid exceeding such limits. Certain non-U.S. exchanges are not subject to position limits.
- (iii) *Price Limits* – U.S. commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” In addition, even if futures prices have not moved beyond the daily limit, the Investment Adviser may not be able to execute futures trades at favorable prices if little trading in such contracts is taking place (i.e., there is a “thin” market).
- (iv) *Margin* – Futures are typically traded on “margin.” The “margin” is the amount of escrow or performance bond deposit that the Fund will have to make and maintain with its futures commission merchants (future brokers) to secure its future obligation to close out open positions. The initial margin requirements may be satisfied by the deposit of cash (or, in some U.S. markets, certain U.S. Government obligations). The open positions must be “marked to market” daily, requiring additional margin deposits if the position reflects a loss that reduces the Fund's equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity. The level of margin that must be maintained for a given position is sometimes subject to increase, requiring

additional cash outlays. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits result in a high degree of leverage. Because margin requirements normally range upward from as little as 2% or less of the total value of the contract, a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially great value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin. Such a profit or loss may materialize suddenly because the prices of futures frequently fluctuate rapidly and over wide ranges, reflecting both supply and demand changes and changes in market sentiment.

- (v) *Size of the Investment Adviser's Accounts* — Depending upon the size of the Fund, it may be difficult or impossible for the Investment Adviser to take or liquidate a position in a particular commodity, method or strategy due to the size of the accounts which may be managed by the Investment Adviser.
- (vi) *No Intrinsic Value of Positions* — For every futures and forward trading gain, there is an equal and offsetting loss rather than an opportunity to participate over time in general economic growth. As such, futures and forward trading is a risk transfer economic activity. Unlike most alternative investments, allocating assets to the Investment Adviser for futures and forward trading does not involve acquiring any asset with intrinsic value. Overall stock and bond prices could rise or fall significantly and the economy as a whole could prosper or falter without regard to whether the Investment Adviser trades profitably or unprofitably.
- (vii) *Failure of Non-Correlation Will Eliminate Benefits of Diversification* — Historically, the futures and foreign exchange markets generally have been non-correlated to the performance of other asset classes such as stocks and bonds. Non-correlation means that there is no statistically valid relationship between the past performance of futures and forward contracts on the one hand and stocks or bonds on the other hand. Non-correlation should not be confused with negative correlation, where the positive performance of one asset class results in negative performance of the other (and vice versa). Because of this non-correlation, the Fund could be profitable during unfavorable periods for the stock market, or vice-versa. The futures and forward markets are fundamentally different from the securities markets in that for every gain in futures and forward trading, there is an equal and offsetting loss. If these financial instruments do not perform in a manner non-correlated with the general financial markets or do not perform successfully, any diversification benefits will be lost and the Investment Adviser may not generate gains to offset losses from other financial instruments.
- (viii) *Trading in Options on Commodity Interests* — An option on a commodity or a commodity futures contract is a right, purchased for a certain price, to either buy or sell a particular type of commodity or commodity futures contract during a certain period of time for a pre-established price. The Investment Adviser may engage in such trading. Although successful commodity options trading would require many of the same skills as does successful commodity futures trading, the risks involved are somewhat different. For example, if the Investment Adviser buys an option (either to sell or purchase a commodity or commodity futures contract), it will be required to pay a “premium” representing the market value of the option. Unless it becomes profitable to exercise or offset the option before it expires, the Investment Adviser will lose the entire amount of such premium. Conversely, if the Investment Adviser sells an option (either to sell or purchase a commodity futures contract), it will be

credited with the premium but will have to deposit margin (which will in all cases exceed the premium received) due to its contingent liability to take the underlying futures position in the event the option is exercised. Traders who sell options are subject to the entire loss that may occur in the underlying commodity or commodity futures position (less any premium received). Commodity options trading on United States exchanges is subject to regulation by both the CFTC and such exchanges.

- (ix) *Trading Decisions.* Trading decisions made by the Investment Adviser in connection with its commodity futures trading program is by fundamental analysis and by technical analysis generated by its trading program technology. The profitability of both technical and fundamental analysis in futures trading depends upon the accurate forecasting of price moves of futures contracts whether short or long term. No assurance can be given of the accuracy of the forecasts or the existence of a price move. Although a technical trading approach may consist of a series of fixed rules applied manually or by computer, the principals or employees of the Investment Adviser still must make certain subjective judgments and decisions. A fundamental trading approach or a combination technical and fundamental approach normally involves the exercise of a significant degree of discretion and judgment by the Investment Adviser. No assurance can be given that the Investment Adviser and its principals and employees will exercise such discretion and judgment correctly.
- (x) *Other Technical Trading Methods.* Computerized futures trading systems, methods, and strategies based either exclusively on technical analysis or on a combination of fundamental and technical analysis are not new. There has been an increase in both the use of these approaches in recent years and in the overall volume of trading and liquidity of the futures markets. While the effect of any increase in the proportion of funds traded pursuant to technical methods in recent years cannot be determined, any such increase could alter trading patterns or affect execution of trades to the detriment of the Fund.
- (xi) *Failure of Lack of Segregation of Assets by FCMs.* The Commodity Exchange Act requires a clearing FCM to segregate all funds received from customers from such FCM's proprietary assets. If the Fund's FCMs fail to do so, the assets of the Fund might not be fully protected in the event of their bankruptcy. Furthermore, in the event of an FCM's bankruptcy, the Fund could be limited to recovering only a pro rata share of all available funds segregated on behalf of the FCM's combined customer accounts, even though certain property specifically traceable to the Fund (for example, Treasury bills deposited by the Fund with the FCM as margin) was held by the FCM. In certain cases, it is possible that none of the Fund's assets held at the bankrupt FCM may be recoverable, even if such FCM has properly segregated the Fund's assets from the FCM's proprietary assets.

Trading on Non-U.S. Exchanges. The Fund may engage in trading on exchanges outside the United States. Trading on such exchanges is not regulated by any United States governmental agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign exchanges are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a trade and not of an exchange or clearing organization. Moreover, such trading may be subject to whatever regulatory provisions are applicable to transactions effected outside the United States, whether on foreign exchanges or otherwise. Trading on foreign exchanges involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums and investment controls, or political or diplomatic events that might adversely affect the Fund's trading activities. The risks of investing in non-U.S. securities and other financial instruments

may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets and higher brokerage commissions and custody fees. Furthermore, foreign trading is also subject to the risk of changes in the exchange rate between U.S. dollars and the currencies in which financial instruments traded on such exchanges are settled. Some foreign futures exchanges require margin for open positions to be converted to the “home currency” of the contract. Additionally, some brokerage firms have imposed this requirement for all foreign futures markets traded, whether or not it is required by a particular exchange. Whenever margin is held in a foreign currency, the Fund is exposed to potential gains or losses if exchange rates fluctuate. Although the CFTC is prohibited by statute from promulgating rules that govern in any respect any rule, contract term or action of any foreign commodity exchange, the CFTC has full authority to regulate the sale of foreign futures contracts within the United States and has adopted regulations that may restrict the Fund and the contracts and markets on which the Fund trade, which may have an impact on the Fund’s future performance results.

Non-U.S. Financial Instrument Risks. The Fund may invest in the financial instruments of non-U.S. nations, including, without limitation, the equities of companies of non-U.S. nations. There are certain risks involved in investing in financial instruments of non-U.S. nations that are in addition to the usual risks inherent in U.S. investments. These risks include those resulting from the revaluation of currencies, adverse political and economic developments, and the possible imposition of currency exchange blockages or other non-U.S. governmental laws or restrictions, reduced availability of public information concerning issuers and the lack of uniform accounting, auditing and financial reporting standards or of other regulatory practices and requirements comparable to those applicable to U.S. companies. Moreover, financial instruments of non-U.S. nations and their markets may be less liquid and their prices more volatile than those of comparable U.S. financial instruments and markets. In addition, with respect to certain non-U.S. countries, there is the possibility of expropriation, nationalization, confiscatory taxation and limitations on the use or removal of funds or other assets of the Fund, including the withholding of dividends. Non-U.S. financial instruments may be subject to non-U.S. government taxes that could reduce the yield on such financial instruments. In addition, because the Fund may invest in financial instruments denominated or quoted in currencies other than the U.S. dollar, changes in non-U.S. currency exchange rates may adversely affect the value of such financial instruments, the appreciation or depreciation of investments and the yield of the Fund. Investment in non-U.S. financial instruments also may result in higher expenses due to the cost of converting non-U.S. currency to U.S. dollars, the payment of fixed brokerage commissions on non-U.S. exchanges, which generally are higher than commissions on U.S. exchanges, the expense of maintaining securities with non-U.S. custodians, and the imposition of transfer taxes or transaction charges associated with non-U.S. exchanges. Moreover, individual non-U.S. economics may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

Investments in Emerging Markets. The Fund may invest in financial instruments and other instruments of certain non-U.S. corporations and countries. Investing in the financial instruments of companies (and governments) in certain countries (such as emerging nations or countries with less well-regulated financial instruments markets than the U.S., the UK or other European Union countries) involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the financial instruments markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Fund’s investment opportunities; and, in most cases, less effective government regulation than is the case with financial instruments markets in the United States. In addition, accounting and financial reporting standards in

such countries are not equivalent to standards in more developed countries, and, consequently, less information is available to investors.

Currency and Exchange Rate Risks. The Fund may invest in financial instruments denominated in currencies other than the U.S. Dollar or in financial instruments which are determined with references to currencies other than the U.S. Dollar. The Fund, however, will generally value its assets in U.S. Dollars. To the extent unhedged, the value of the Fund's assets will fluctuate with U.S. Dollar exchange rates as well as with price changes of their investments in the various local markets and currencies. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates, and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably through intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. Thus, an increase in the value of the U.S. Dollar compared to the other currencies in which the Fund may make investments will reduce the effect of increases and magnify the U.S. Dollar equivalent of the effect of decreases in the prices of the Fund's financial instruments in their local markets. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Fund's non-U.S. Dollar financial instruments. Forward currency contracts and options may be utilized on behalf of the Investment Adviser to hedge against currency fluctuations, but the Investment Adviser is not required to hedge and there can be no assurance that such hedging transactions, if undertaken, will be effective.

Index Valuation. Investors should keep in mind that an index can respond only to reported price movements in its constituent securities. An index will therefore reflect the stock market as a whole, or particular market segments, only to the extent that the securities in the index are being traded, the prices of those trades are being promptly reported, and the market prices of those securities, as measured by the index, reflect price movements in the relevant markets. The index level will be affected by all of the factors that may at the time affect prices in the relevant markets for the constituent securities of the index, including, among other things, applicable laws, regulations and trading rules, the market-making and order processing systems of those markets, the liquidity and efficiency of those markets, and the prices and price behavior of futures contracts on that index or a related index.

Foreign Securities. Foreign securities historically have been highly volatile and may involve greater risks than comparable U.S. investments, because of, among other things, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses also may result from investment in foreign securities than would be the case with domestic securities because of the costs that are incurred in connection with conversions between various currencies and because foreign brokerage commissions may be higher than the United States. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than those in the United States. Investments in foreign countries could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Sovereign Debt Risk. Investments in sovereign debt securities involve special risks. The governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due in accordance with the terms of such securities due to: the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, or the government debtor's policy towards the International

Monetary Fund and the political constraints to which a government debtor may be subject. If an issuer of sovereign debt defaults on payments of principal and/or interest, the Fund may have limited legal recourse against the issuer and/or guarantor. In certain cases, remedies must be pursued in the courts of the defaulting party itself, and the Fund's ability to obtain recourse may be limited.

Foreign Developments. The Fund's revenue in some countries subjects the Fund to trends, developments or other events in foreign countries which may affect the Fund adversely. The Fund's revenues will likely be globally diversified. As a result, the Fund's results could be affected not only by general industry trends, but also by trends, developments or other events in individual countries, including:

- limited legal protection and enforcement of intellectual property rights;
- restrictions on the repatriation of capital;
- fluctuations in interest and foreign exchange rates;
- varying tax regimes which could adversely affect the Fund's results or cash flows, including regulations relating to transfer pricing and withholding taxes on remittances and other payments by subsidiaries and joint ventures;
- exposure to different legal standards and enforcement mechanisms and the associated cost of compliance;
- tariffs, duties, export controls and other trade barriers;
- longer accounts receivable settlement cycles and difficulties in collecting accounts receivable;
- recessionary trends, inflation and instability of the financial markets;
- higher interest rates;
- termination of copyrights;
- political instability; and
- other differences and unexpected changes in the regulatory environment.

Global Economic Uncertainty. Current uncertainty in global economic conditions could adversely affect the Fund's prospects. Current uncertainty in global economic conditions poses a risk to the overall economy as consumers and businesses may defer purchases in response to tighter credit and negative financial news, which could negatively affect product demand and other related matters. The current volatility and disruption to the capital and credit markets have reached unprecedented levels and have adversely impacted global economic conditions, resulting in significant recessionary pressures and lower consumer confidence and lower retail sales in general. Consequently, demand could be different from the Investment Adviser's expectations due to factors including changes in business and economic conditions, including conditions in the credit market that could affect consumer confidence, customer acceptance of the Fund's assets, and changes in the level of inventory at retailers, any of which could have a material adverse effect on the Fund's results.

Security Futures Contracts. Security futures contracts include both futures contracts on single stocks and futures contracts on narrow-based securities indices. They are treated as both futures and securities and, therefore, may be subject to the joint jurisdiction of commodities and securities governmental agencies (to the extent applicable). Security futures contracts are subject to the same risks as other securities, as well as to the greater volatility and risks of futures trading. Since they are relatively new

products, security futures contracts have relatively low liquidity and limited trading history.

Credit Default Swaps. The Fund may enter into credit default swaps. In general, a credit default swap is a type of over-the-counter credit derivative between two counterparties whereby one counterparty (the “purchaser”) is obligated to pay the other counterparty (the “seller”) a periodic stream of payments (“premiums”) over the term of the contract, in return for the seller’s obligation to pay the purchaser upon the occurrence of a credit event (e.g., bankruptcy, failure to pay, obligation acceleration or restructuring) with respect to an underlying reference obligation or reference obligor. The Fund may stand on either side of a credit default swap (i.e., either as the purchaser or the seller). Credit default swaps are non-standardized, privately negotiated transactions and the payment by the seller to the purchaser is contingent upon the occurrence of a credit event as defined in the swap transaction documents, which definition may be more expansive or narrow than what would normally be viewed as a default by the reference obligor, whether under the reference obligation or otherwise. In addition to the risk of non-performance of the counterparty, there is an inherent risk in being able to predict the likelihood of a credit event under a credit default swap. Also, credit default swaps generally are traded over-the-counter and not on an organized market, which may make them illiquid and difficult to value. If the Fund is the purchaser under the swap agreement and no credit event occurs, the Fund will not recoup the premiums it paid to the seller. Likewise, if the Fund is the seller under the swap agreement, it may be required to pay an amount upon the occurrence of a credit event that far exceeds the periodic premium payments received by the Fund under the swap agreement. The Fund may rely on the use of credit default swap transactions to hedge its exposure to the debt of underlying issuers. The recent dislocation in the financial markets may make it more difficult for the Fund to enter these transactions and, therefore, may increase the costs to the Fund of entering into credit default swaps (or prevent it from doing so entirely).

Illiquid Investments. The financial instruments and other assets in which the Fund may invest include assets that are subject to legal or contractual restrictions on their resale (e.g., financial instruments issued by privately-held entities) or for which there is a relatively inactive trading market, making purchases or sales at desired prices or in desired quantities difficult or impossible. Further, as part of its emergency powers, an exchange or regulatory authority can suspend or limit trading in a particular instrument, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies. Illiquid financial instruments may be required to be held for a lengthy period of time and often require more time to sell and result in higher brokerage charges or dealer discounts and other selling expenses than does the sale of financial instruments eligible for trading on national securities exchanges or for which there is an active over-the-counter market. In addition, due to thin trading in certain financial instruments or assets, investments in such financial instruments or assets may be less liquid than alternative investments for which there is a more active trading market. Therefore, the Fund’s investments in illiquid or thinly-traded financial instruments or assets may reduce the returns of the Fund because it may be unable to sell the illiquid or thinly-traded financial instruments or assets at an advantageous time or price.

The Fund’s investments in pooled investments and other investment vehicles may be subject to certain restrictions that could render such investments illiquid.

Fixed-Income Investments. The Fund is expected to invest in fixed-income financial instruments. The value of fixed-income financial instruments will change as the general levels of volatility and interest rates fluctuate. When interest rates decline, the value of fixed-income financial instruments can be expected to rise. Conversely, when interest rates rise, the value of such financial instruments can be expected to decline. Investments in lower rated or unrated fixed-income financial instruments, while generally providing greater opportunity for gain and income than investments in higher rated financial instruments, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of

such financial instruments)

Asset-Backed Securities. The Fund may invest in asset-backed securities (“ABS”). ABS are debt obligations or debt securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from underlying financial assets, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities. Issuers of ABS are primarily banks and finance companies, captive finance subsidiaries of non-financial corporations or specialized originators such as credit card lenders. An ABS is typically created by the sale of assets or collateral to a conduit, generally a bankruptcy-remote vehicle such as a grantor trust or other special-purpose entity, which becomes the legal issuer of the ABS. Interests in or other securities issued by the trust or special-purpose entity, which give the holder thereof the right to certain cash flows arising from the underlying assets, are then sold to investors through an investment bank or other securities underwriter. The structure of an ABS and the terms of the investors’ interest in the collateral can vary widely depending on the type of collateral, the desires of investors and the use of credit enhancements. Although the basic elements of all ABS are similar, individual transactions can differ markedly in both structure and execution. Holders of ABS bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks. In addition, concentrations of ABS of a particular type, as well as concentrations of ABS issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by underlying collateral located in a specific geographic region, may subject the Fund to additional risk. Credit risk is an important issue in ABS because of the significant credit risks inherent in the underlying collateral and because issuers are primarily private entities. Credit risk arises from losses due to defaults by the borrowers in the underlying collateral or the issuer’s or servicer’s failure to perform. Market risk arises from the cash-flow characteristics of the security, which for many ABS tend to be predictable. The greatest variability in cash flows comes from credit performance, including the presence of wind-down or acceleration features designed to protect the investor if credit losses in the portfolio rise well above expected levels. Interest-rate risk arises for the issuer from the relationship between the pricing terms on the underlying collateral and the terms of the rate paid to security holders and from the need to mark to market the excess servicing or spread account proceeds carried on the balance sheet. Liquidity risk can arise from increased perceived credit risk. Liquidity can also become a significant problem if concerns about credit quality, for example, lead investors to avoid the securities issued by the relevant special-purpose entity. Operations risk arises through the potential for misrepresentation of asset quality or terms by the originating institution, misrepresentation of the nature and current value of the assets by the servicer and inadequate controls over disbursements and receipts by the servicer. Structural risk may arise through investments in ABS with structures (for example, the establishment of various security tranches) that are intended to reallocate the risks entailed in the underlying collateral (particularly credit risk) in ways that give certain investors less credit risk protection (i.e., a lower priority claim on the cash flows from the underlying pool of assets) than others. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. Investments in ABS also entail legal risks, including the risks that the investors may not have an enforceable agreement against the issuer or a valid security interest in the underlying collateral, as well as the risk that events that materially affect the value of the underlying collateral (for example, a default on an underlying loan or derivative instrument) may not be tied directly to the rights of the ABS holders (for example, by triggering the declaration of a default on the ABS). As a result, the Fund’s investments in ABS could decline substantially in value.

Mortgage-Related Securities. The Fund may invest in mortgage-related securities. Generally, mortgage-related securities tend to be sensitive to changes in interest rates. Therefore, during a period of rising interest rates, such mortgage-related securities may exhibit additional volatility. In addition, mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgage sooner than expected. This can reduce the returns of the Fund because the Fund may have to reinvest that money in lower prevailing interest rates. Special risks may also be associated

with investments in fixed or adjustable rate mortgage pass-through securities, and fixed or adjustable rate CMOs, REMICs and SMBSSs. For example, SMBSSs are structured with two or more classes of securities that receive different proportions of the interest and principal distributions on a pool of mortgage assets. In some cases, one class will receive all of the interest while the other will receive the entire principal. The yield to maturity of SMBSSs may be extremely sensitive to the rate of principal payments on the underlying mortgage loans. A rapid change in the rate of principal payments may have a material adverse effect on the yield to maturity of SMBSSs. It is therefore possible that the Fund may incur losses on its investments in SMBSSs regardless of their ratings by rating agencies such as Standard & Poor's and Moody's.

Interest Rate Risk. Debt securities are subject to price fluctuations during the period they are outstanding depending upon the interest rate fluctuation during such period. This is called the interest rate fluctuation risk of debt securities. In general, as interest rates fall, the security's price will rise, and as interest rates rise, the security's price will fall. When interest rates fluctuate, the duration (which is based on the weighted average life of the cash flow of a security) may be used as an indication of the degree of change in the debt security's price. The bigger its duration value, the larger the change in the debt security's price for a given movement in interest rates.

Tax and ERISA Risks

Members Taxed on Profits Without Regard to Distributions. Taxable Members will be taxed on their pro rata share of the Fund's taxable income and gain, if any, whether the Member receives any cash distributions from the Fund. Accordingly, Members may incur tax liabilities as a result of being allocated taxable income from the Fund without receiving current cash distributions with which to pay such taxes.

Taxes and Economics May Not Match During a Calendar Year. The income tax effects of the Fund's transactions to Members may differ from the economic consequences of those transactions during a calendar year. For example, the Fund could be required to accrue income on its investments in advance of receiving the related payments.

Special Allocations of Realized Gains or Losses. If a Member withdraws from the Fund in whole or in part, the Manager in its sole discretion may make a special allocation to such Member for federal income tax purposes of the capital gains or capital losses realized by the Fund in such a manner as will reduce the amount, if any, by which such Member's closing Book Capital Account(s) as of the date of such Member's withdrawal differs from the federal income tax basis of such Member in its Interest before giving effect to such special allocation.

Limitations on Certain Deductions. Applicable income tax laws may limit a Member's ability to deduct its allocable share of Fund losses and expenses.

Schedule K-1s May be Delayed. The Fund may be unable to provide a final Schedule K-1 to Members for any given tax year until after April 15th of the following year. Accordingly, Members may be required to obtain an extension of the filing date for their income tax returns at the federal, state, and local levels.

Possibility of Tax Audit. There can be no assurance that the Fund's tax returns will not be audited or that adjustments to such returns will not be made as a result of such an audit. If an audit results in an adjustment, Members may be required to file amended returns (which may themselves be audited) and to pay back taxes, plus interest.

Unrelated Business Taxable Income of a Tax-Exempt Organization. Income derived by the Fund from "debt-financed property" will be treated as UBTI and is taxable to a tax-exempt organization. An

investment in the Fund is not suitable for charitable remainder trusts and other tax-exempt investors that wish to avoid UBTI.

Accounting for Uncertainty in Income Taxes. Accounting Standards Codification Topic No. 740, “Income Taxes” (“ASC 740”), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity’s financial statements. It also provides guidance on recognition, measurement, classification, and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the Net Asset Value of the Fund, including reducing the Net Asset Value of the Fund to reflect reserves for income taxes that may be payable. This could cause benefits or detriments to certain Members depending upon the timing of their entry and exit from the Fund.

Changes in Applicable Tax Law. Changes in applicable tax laws could affect, perhaps adversely, the tax consequences of this investment. For example, ten EU member states have agreed to begin imposing a financial transactions tax in 2016. Such tax, if applicable to the Fund’s transactions, would reduce the economic return from such transactions and would not be eligible to be claimed by Members as a credit against their federal income tax liability.

Compliance with ERISA Restrictions. Although the Manager presently intends to use commercially reasonable efforts to limit participation in the Fund by benefit plan investors so that the assets of the Fund will not be considered “plan assets,” there can be no assurance that the Manager’s efforts will be successful or that the Manager’s intention will not change in the future. If the assets of the Fund were considered “plan assets” for purposes of ERISA and Section 4975 of the Code, certain investments made or to be made by the Fund in the normal course of its operations might result in non-exempt prohibited transactions and might have to be rescinded. Further, the Investment Adviser would be prohibited from allowing the Fund to engage in any transaction (including the buying or selling of investment assets or other property or any extension of credit) which it knows or should know would be a prohibited transaction, regardless of the reasonableness or fairness of the transaction. As a result, the Investment Adviser could be required to forego certain investment opportunities to avoid engaging in a nonexempt prohibited transaction.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THE OFFERING. POTENTIAL INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY AND THE LLC AGREEMENT BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR INTERESTS.

CONFLICTS OF INTEREST

The Manager and the Investment Adviser. The Manager and the Investment Adviser organized the Fund and have an economic interest in acting as the Fund’s manager and investment adviser, respectively. The terms upon which the Manager and the Investment Adviser render services to the Fund were not negotiated at arm’s length.

The performance of the Investment Adviser is not subject to review and oversight by an independent party. There is a conflict between the Manager’s interest in having the Investment Adviser direct investment and trading for the Fund and its duty to the Fund to oversee such activity.

Performance Allocation to the Manager. The Performance Allocation may create an incentive for the Investment Adviser to cause the Fund to make investments that are riskier or more speculative than would be the case if the Manager, the Investment Adviser's affiliate, were paid only a fixed amount.

Valuation. The Investment Adviser is responsible for the valuation of the Fund's assets and liabilities and has an inherent conflict of interest in performing this function. It is in the Investment Adviser's interest to value the assets of the Fund at as high a level as possible, as both its Management Fee and the Performance Allocation received by the Manager are calculated based on the Net Asset Value of the Fund.

Management of Other Client Accounts. The Manager, the Investment Adviser, and their respective principals and affiliates (collectively, the "**Manager Parties**") may manage or advise the accounts of clients other than the Fund, including other investment pools ("**Other Accounts**"). The investment methods and strategies the Manager Parties utilize in managing and advising the Fund may be utilized by them in managing Other Accounts; however, investment decisions and allocations will not necessarily be made in parallel among the Fund and Other Accounts. Investments made by the Fund may not, and are not intended in all cases to, replicate the investments or the investment methods and strategies of Other Accounts, and in some cases the Manager Parties may take positions in Other Accounts that are opposite those of the Fund. Accordingly, Other Accounts may produce results that are materially different from those experienced by the Fund.

The Investment Adviser may elect to allocate certain investments among the Fund and Other Accounts; however, that allocation need not be made pro rata based on the capital in each account. Rather, such investments may be allocated among accounts based on the Investment Adviser's perception of the appropriate risk and reward ratio for each account, the intended sector strategy of each account, the liquidity of the account at the time of the investment and on a going-forward basis, and the overall portfolio composition and performance of the account.

The Manager and the Investment Adviser may have a conflict of interest in managing and advising Other Accounts because the financial benefit derived from Other Accounts may be greater than that derived from the Fund, which could provide an incentive to favor such Other Accounts. The records of any investment management or advisory activities that the Manager Parties may engage in on behalf of Other Accounts will not be available for inspection by the Members.

Other Activities; Proprietary Trading. The Manager and the Investment Adviser will devote only so much time and attention to the business and affairs of the Fund as they deem reasonably necessary.

The Manager and the Investment Adviser may engage in, invest in, participate in, or otherwise enter into other business ventures of any kind, nature, or description, alone or with others, including, without limitation, the management of or investment in other investment or trading entities or vehicles, and neither the Fund nor any Member shall have any right in or to any such activities or the income or profits derived therefrom.

The Manager Parties may invest and trade for their own accounts, including in securities and other financial instruments that are the same as or different from those traded or held by the Fund. The Manager Parties have established policies and procedures designed to ensure that any such trading is conducted on a fair and equitable basis over time. The records of trading by the Manager Parties will not be made available to the Members, except to the extent required by law.

Potential Introduction of Certain Investors by Brokers. Certain Brokers may refer potential investors to the Fund, or to other investment programs, entities, pools, vehicles, or funds managed or advised by the

Manager Parties. This creates a potential conflict of interest between the judgment of the Investment Adviser in allocating brokerage business to Brokers to execute the Fund's transactions and the possible receipt of future referrals.

Counsel. Katten Muchin Rosenman LLP represents the Manager and the Investment Adviser. Katten Muchin Rosenman LLP does not represent and has not represented the prospective Members or the Fund in the course of the negotiation of the Fund's business terms, the offering of the Interests or in respect of its ongoing operations. This Memorandum was prepared based on information provided by the Investment Adviser without independent verification by any other person. Prospective Members must recognize that, as they have had no representation in the organization process, the terms of the Fund relating to themselves and the Interests have not been negotiated at arm's length.

Katten Muchin Rosenman LLP's engagement by the Manager and the Investment Adviser in respect of the Fund is limited to the specific matters as to which it is consulted by the Investment Adviser and, therefore, there may exist facts or circumstances which could have a bearing on the Fund's (or the Investment Adviser's) financial condition or operations with respect to which Katten Muchin Rosenman LLP has not been consulted and for which Katten Muchin Rosenman LLP expressly disclaims any responsibility. More specifically, Katten Muchin Rosenman LLP does not undertake to monitor the compliance of the Investment Adviser with the investment program, valuation procedures and other guidelines set forth herein, nor does it monitor compliance with applicable laws. In preparing this Memorandum, Katten Muchin Rosenman LLP relied upon information furnished to it by the Fund and/or the Investment Adviser, and did not investigate or verify the accuracy and completeness of information set forth herein concerning the Investment Adviser, the Manager, the Fund's service providers and their affiliates and personnel.

Administrator. The Administrator also acts as administrator for other companies and investment funds, and such activities and relationships may cause certain conflicts of interest.

CERTAIN TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax considerations that may be relevant to U.S. persons considering an investment in the Fund. (Foreign investors are subject to special U.S. income and estate tax rules that are not discussed below.) It is impractical to set forth all aspects of federal income tax law that may bear upon a Member's Interest. The tax considerations discussed below are necessarily general and may vary depending upon a Member's particular circumstances.

The discussion of federal income tax consequences that follows is based on the Code, judicial decisions, and administrative regulations, rulings, and practice as currently in effect, all of which are subject to change. Legislative, judicial, or administrative changes or interpretations could alter or modify the discussion below, may be retroactive, and could affect the tax consequences to the Fund and/or the investors. The Fund has not sought a ruling from the Internal Revenue Service ("IRS") or an opinion of legal counsel as to any federal tax matters.

PROSPECTIVE INVESTORS SHOULD CONSULT WITH AND RELY ON AN INDEPENDENT TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THIS INVESTMENT TO THEM BASED ON THEIR PARTICULAR CIRCUMSTANCES.

Treatment as a Partnership. The Fund will report as a partnership for federal income tax purposes. The Fund does not expect to be treated as a publicly traded partnership (which, under certain circumstances, is taxable as a corporation) by reason of allowing withdrawals to be made on a quarterly basis. Accordingly, the Fund does not expect to pay any U.S. federal corporate income tax. Treatment of the Fund as a corporation for federal income tax purposes would materially reduce the anticipated benefits of an investment in the Fund.

Taxation of Members on Income or Losses of the Fund. No federal income tax is payable by an entity that is treated as a partnership for federal income tax purposes. Instead, each Member must report on its federal income tax return for each year during which the Member is a member, its distributive share of the items of income, gain, loss, deduction, and credit of the Fund, whether or not cash is distributed to that Member during the taxable year. Because Members will be required to include Fund income in their respective income tax returns without regard to whether there are distributions attributable to that income, Members may be liable for federal and state income taxes on that income even though they have received no distributions from the Fund. The Manager is not required to make distributions to Members to cover their tax liability and, in fact, has no present intention of making any distributions. Accordingly, each Member will be required to find other sources from which to pay the federal, state, and local taxes arising out of that Member's investment in the Fund.

A Member's distributive share of any Fund item of income, gain, loss, deduction, or credit is governed by the LLC Agreement, unless the allocation provided by the LLC Agreement does not have "substantial economic effect." If it were determined that the allocations provided in the LLC Agreement with respect to a particular item do not have substantial economic effect, each Member's distributive share of that item would be determined for tax purposes in accordance with the Member's interest in the Fund, taking into account all relevant facts and circumstances.

Transactions in Securities and Other Financial Instruments. The Fund expects to generate ordinary income and capital gains and losses from its investments. To the extent the Fund's taxable income is characterized as capital gain or loss, a Member's share of that gain or loss will be combined with its own long-term or short-term capital gain or loss in computing its federal income tax. Subject to certain "tolling" and recharacterization rules of the Code (for example, rules applicable to straddle transactions, or the wash sale rules), and to the treatment of Section 1256 Contracts (as defined below), capital gains and losses are considered long-term if the investment position is held for more than 12 months and short-term if held for 12 months or less. The maximum rate of federal income tax on net long-term capital gains and qualifying dividends realized by individuals is 20%, while short-term capital gains realized by individuals are taxed at the same rates as ordinary income. For regular corporations, the maximum federal rate on all income currently is 35%.

High-income individuals (and certain estates and trusts) generally are subject to a 3.8% Medicare tax (in addition to otherwise applicable federal income tax) on their investment income and gain, with limited exceptions.

A Member generally will be unable to deduct the majority of its share of any capital losses of the Fund except to the extent that such Member has capital gains from the Fund or other sources in the same or subsequent years. If the Fund generates ordinary income and net capital losses, Members will be taxable on the ordinary income but, unless they have current capital gains, may be unable to deduct the capital losses allocable to them. Non-corporate Members cannot carry back capital losses but can carry them forward indefinitely.

The Fund's investments usually will be marked to market at the end of each month for financial statement presentation purposes. This treatment is inconsistent with the general tax rule that holding a security does

not result in a gain or loss until it is closed by an actual sale or other disposition. The difference between accounting and tax treatment may result in substantial variation between financial statement income (or loss) and taxable income (or loss) reported by the Fund. Also, the Fund may engage in transactions, such as straddles or wash sales, the losses from which might not be currently deductible for tax purposes, and may acquire certain securities, engage in certain “constructive sales” transactions or make certain elections that may require the Fund to recognize income or gain before the Fund actually disposes of the related securities.

If the Fund obtains financing denominated in a foreign currency, then the Fund may recognize gain or loss attributable to fluctuations in such currency relative to the U.S. dollar. The Fund also may recognize gain or loss on currency fluctuations occurring between the time it obtains and disposes of foreign currency, between the time it accrues and collects income denominated in a foreign currency, or between the time it accrues and pays liabilities denominated in a foreign currency. Such gains or losses generally will be treated as ordinary income or loss.

The Fund’s portfolio may include Section 1256 Contracts and Non-Section 1256 Contracts. “Section 1256 Contracts” include domestic futures contracts, most options traded on U.S. commodity exchanges and certain foreign currency forward contracts. For tax purposes, Section 1256 Contracts that remain open at year end are treated as if they were sold at year end. Subject to certain mixed straddle elections that the Fund might make, which elections would limit the long-term capital gain portion to 50%, the gain or loss on Section 1256 Contracts (whether held at year end or disposed of during the year) generally is characterized as 60% long-term capital gain or loss and 40% short-term capital gain or loss, regardless of how long the contracts are held. However, foreign currency forwards and other instruments on foreign currency generate ordinary income (loss) unless certain elections are made. The Fund also may trade in futures and forward contracts that are not Section 1256 Contracts. The Fund’s gain and loss from these investments generally will be short-term capital gain or loss, but certain of these transactions may generate ordinary income.

Interest income allocated to the Fund will be taxable as ordinary income. In the case of debt instruments with “original issue discount,” as defined in the Code, the Fund may be required to accrue interest income in advance of receiving the related cash payments. If a debt obligation is acquired (subsequent to its original issuance) at a discount (a so-called “market discount”), the principal payments thereon and the gain, if any, on a sale of the security will be taxable as ordinary income to the extent of the accrued market discount, and the Fund may be required to defer a portion of its interest deductions attributable to any debt incurred to purchase or carry the security.

Special rules of taxation apply to the Fund’s investments in a “Registered Investment Company” (“RIC”), which generally includes mutual funds and ETFs. Under these rules, net capital gain recognized by RICs and distributed (as designated capital gain dividends) to the Fund will be treated as long-term capital gain irrespective of how long the Fund has held its shares. Distributions made by RICs out of their qualifying dividend income are generally taxed to non-corporate Members at a federal income tax rate of 20%, while distributions out of the RICs’ non-qualifying dividend income, other ordinary income and short-term capital gains are taxed as ordinary income, with a maximum federal income tax rate to non-corporate Members of 39.6%. Under certain circumstances, the Fund may be required to treat a loss on a sale of closed-end fund shares as a long-term capital loss, rather than a short-term capital loss, to the extent the Fund has previously received certain dividends on the shares that qualified for taxation at capital gains rates. At the time the Fund purchases shares in a particular RIC, the purchase price may reflect undistributed income or capital gains, or net unrealized appreciation in the securities of the RIC. If the Fund holds such RIC shares on the record date of a dividend distribution by the RIC, the Fund will be required to include the entire amount of the dividend in income even though the dividend may in effect constitute a return of the Fund’s purchase price.

Passive Foreign Investment Companies. The Fund might invest in a so-called passive foreign investment company (“PFIC”), *i.e.*, a foreign investment vehicle that is not treated as a partnership for U.S. federal income tax purposes, and the Members will become indirect PFIC shareholders. If the Fund were to invest in a PFIC, it may, under certain circumstances, elect to treat the PFIC as a qualified electing fund, or elect to mark the PFIC shares to market annually for tax purposes. An investment in a PFIC may change the character of any income and gain from such investment, may change the timing as to when a Member is required to recognize such income for tax purposes and may levy an interest charge on the tax imposed on the PFIC’s income and gain.

Members should consult their tax advisors concerning the tax considerations and the reporting requirements that may be applicable to them by reason of being Members in an entity (*i.e.*, the Fund) that indirectly owns stock in foreign corporations, and specifically, PFICs.

Basis of an Interest. A Member’s tax basis in its Interest will include the total amount of money that the Member contributes to the Fund, increased principally by the Member’s allocable share of any Fund taxable income and gain, and decreased, but not below zero, principally by distributions from the Fund to the Member and by the Member’s allocable share of Fund tax credits, losses and deductions. A Member will be treated for tax purposes as having only one tax basis in the Fund even if the Member makes multiple contributions to the Fund.

The Fund may be required to adjust the income tax basis of its assets under certain circumstances. In order to make the required adjustments, Members agree to provide the Fund with information regarding their adjusted tax basis of their Interest.

Distributions; Withdrawals. Generally, a cash distribution to a Member, including upon a withdrawal of its Interest, is taxable only to the extent the distribution exceeds the Member’s aggregate tax basis in its Interests. The amount of that excess generally is taxable as capital. It should be noted that an economic loss realized by a Member upon a withdrawal can be recognized only upon a complete withdrawal of all of its Interest in the Fund, including the Member’s interests in any Designated Investments.

Capital gain or loss on a withdrawal (or other disposition) of Interests generally will be long-term capital gain or loss to the extent of the portion of the Member’s Interests that were held for more than one year, and short-term capital gain or loss to the extent of the portion of the Member’s Interests that were held for one year or less. A Member will begin a new holding period each time the Member makes an additional investment in the Fund as to a portion of all its Interests in the Fund.

Limitations on Deduction of Losses and Expenses. The deduction of Fund tax losses, if any, and expenses by a Member is subject to numerous limitations. A Member’s share of Fund tax losses and expenses in any taxable year generally may be deducted only to the extent of the Member’s tax basis in its Interests at the end of the taxable year, limited to the amount the Member is considered to have “at risk” (generally, the sum of the Member’s cash investment plus any borrowed amounts for which the Member is personally liable or which are secured by personal assets other than an Interest).

Under Section 67(c) of the Code, an individual’s miscellaneous itemized deductions, including investment expenses, are deductible in any year for regular income tax purposes only to the extent that they exceed 2% of his adjusted gross income, and are not deductible at all for alternative minimum tax purposes. The deductible portion, if any, of such expenses is then subject to further reductions to the extent the individual’s adjusted gross income exceeds the threshold amount specified in Section 68 of the Code.

Miscellaneous itemized deductions for these purposes do not include expenses incurred in connection with a trade or business. If the Fund is considered to be in a trade or business, then an individual Member's distributive share of Management Fees and other Fund operating expenses should not be treated as miscellaneous itemized deductions. If the Fund is not considered to be in a trade or business, then such expenses would be deductible for regular income tax purposes only to the extent that such share, together with the Member's other miscellaneous itemized deductions, exceeds 2% of his adjusted gross income. (Similar issues might be raised with respect to the Performance Allocation.) This could result in a Member having to report taxable income in excess of his economic profits from the Fund.

The Fund will consult each year with its accountants and determine whether it can take a position that the Fund is engaged in a trade or business. There also is no assurance that, if the Fund and its accountants determine that it can report its expenses as trade or business expenses, a taxing authority will not challenge such position, or will not challenge the deductibility of Fund expenses on other grounds.

The Fund's costs of offering Interests (including any costs that are so treated for federal income tax purposes) are neither deductible nor amortizable.

Under Section 469 of the Code, non-corporate taxpayers and personal service corporations deriving net losses from "passive" activities are permitted to deduct such losses only to the extent of their income from "passive" activities, and closely held corporations may not offset passive activity losses against "portfolio" income. Passive activity income, against which passive activity losses may be offset, does not include salaries and other compensation, or "portfolio income," such as interest income, dividends, and net capital gains not incurred in the ordinary conduct of a trade or business or not treated as passive activity income even though incurred in connection with a trade or business. Any losses that are not currently deductible under this provision may be carried forward and deducted in subsequent years to the extent of the taxpayer's passive activity income in such years. The Fund's income, gains, and losses will be non-passive activity income and losses. Accordingly, for most Members, taxable income allocated to them generally will not be permitted to be offset by passive activity losses from other investments, and tax losses and deductions allocated to them generally will not be subject to this limitation based on the Regulations currently in effect.

The Code places a limitation on the deductibility of interest on funds borrowed to acquire or carry assets held for investment by taxpayers other than corporations. Assets "held for investment" generally include, for these purposes, investments the income and gains from which are classified as non-passive activity income under the passive activity loss rules discussed earlier. Non-corporate Members will be subject to this limitation in calculating the deductible portion of their share of the Fund's interest expense. Under this limitation, which is applied at the Member (not the Fund) level, the amount of investment interest which may be deducted by a non-corporate Member may not exceed the amount of such Member's "net investment income" (i.e., the amount by which interest, royalties, short-term capital gains, certain dividends, and rents from investment property exceeds the expenses incurred in earning such income). Long-term capital gains and dividends qualifying for taxation at long-term capital gains rates are includable in net investment income only to the extent a Member elects to compute tax on such gains and dividends at the same marginal income tax rates as its other income. Non-deductible interest may be carried forward and deducted as investment interest in future taxable years, subject to the foregoing limitation.

The investment interest limitation will also apply to interest payable with respect to any loans obtained by non-corporate Members to purchase Interests. The application of the investment interest limitation to a particular Member will depend on its overall tax situation and should be reviewed by the Member with its personal tax advisor.

If considered advantageous, the Fund may elect pursuant to Section 475 of the Code (assuming such election is available to the Fund under the Code) to make a mark-to-market election, and, if so, to be treated as if it sold its securities for their fair market value at the close of its taxable year. Any gain or loss resulting from its actual and deemed sales would then be treated as ordinary income or loss. Gain or loss recognized as a result of a mark-to-market election might affect the amount, as well as the character (as capital or ordinary), of income that a Member is required to recognize in a particular year.

Taxation of Tax-Exempt Investors. Entities exempt from federal income taxation under Section 501(a) of the Code will be subject to taxation, under Section 511 of the Code, on their UBTI from all sources in any taxable year in which such income exceeds \$1,000. The tax is imposed at such income tax rates as would be applicable to the organization if it were not otherwise exempt from taxation. If an exempt organization is a Member, it will be required to include in its computation of its UBTI, its pro rata share of the portion of the Fund's taxable income that would be taxable to the organization as UBTI if earned directly by the organization, and to file an annual return with the IRS reporting the Member's proportionate share of UBTI earned by the Fund.

A portion of the Fund's investments may be "debt financed," as defined in the Code. As such, a portion of the Fund's income and gain, as well as a portion of any gain realized by such investors on a sale or withdrawal of their Interests, may constitute UBTI. This investment therefore would not be suitable for charitable remainder trusts and other types of tax-exempt investors seeking to avoid UBTI. The amount of debt financing, if any, and the amount of Fund income treated as UBTI, will vary from year to year.

A tax-exempt investor may deduct only that portion of its share of expenses and losses of the Fund that are directly attributable to the portion of its share of Fund income that is treated as UBTI. Consequently, a tax-exempt investor may be unable to deduct part of its share of expenses and losses of the Fund, even though all such items allocated to it will reduce the value of its investment in the Fund.

Social clubs, voluntary benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17), and (c)(20), respectively, of the Code are subject to different 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, unless they comply with certain set-aside or reserve requirements. Such tax-exempt organizations are advised to consult their tax advisor concerning these requirements or their application to income earned by the Fund.

Private foundations are subject to U.S. excise taxes on their net investment income and should consult their tax advisors concerning the applicability of such tax to this investment.

Fund's Tax Returns; Audits; Tax Return Disclosure. The Fund's tax returns are subject to review by the IRS and other taxing authorities. There can be no assurance that these authorities will not make adjustments in the tax figures reported on the Fund's returns. Any adjustments resulting from an audit may require each Member to file an amended tax return and pay additional income taxes and interest, which generally is not deductible, and might result in an audit of the Member's own return. Any audit of a Member's return could result in adjustments of non-Fund, as well as Fund, income and deductions. Generally, upon an IRS audit, the tax treatment of Fund items will be determined at the Fund level, and such treatment generally will be binding on the Members. If the Fund's tax returns were audited, the Fund would incur legal and accounting expenses in seeking to sustain its position. The payment of these expenses would reduce cash otherwise available for distribution. In addition, the Members might incur personal legal and accounting expenses in connection with any amendment or audit of their returns.

Newly enacted legislation has revised the rules with respect to audits of partnerships' tax returns. The revised rules are generally effective for partnership taxable years beginning after December 31, 2017. Under the new rules, partners will not be required to receive notice of any audit of a partnership tax return and will not be entitled to participate in any such audit, and any adjustment made in a partnership audit will be binding on all of the partners. Any tax arising from an audit of a partnership tax return, as well as any resulting interest and penalties, will generally be payable by the partnership in the year in which the determination becomes final unless the partnership elects to send statements ("Adjustment Statements") to its partners for the audited year informing them of their shares of the adjustments made on audit. If a partnership sends Adjustment Statements, the partners will generally be required to pay any tax, interest, and penalties arising from such adjustments as if the adjustments were made in the audited year and any other affected year, as applicable, but will not be required to amend their federal income tax returns for the audited year; depending on applicable state tax law, however, they may still need to file amended state and local tax returns. In general, if the partnership pays the tax resulting from the adjustment, the amount will be determined by applying the highest rate of tax in effect for the audited year to the net adjustment amount, subject to possible reduction, with the approval of the IRS, to account for certain types of income and for tax-exempt partners. The economic burden of any such payment by a partnership will be borne by the partners in the year of payment, including partners that would not have owed additional tax if the partnership had elected to send Adjustment Statements to its partners. Although it is possible that the Fund will elect to send Adjustment Statements in the event of an adjustment arising out of an audit, there can be no assurance in this regard. The application of the new rules is unclear in many respects. There are likely to be clarifications and other changes to the new rules, through Treasury Regulations, other IRS guidance and possibly legislation. State and local taxing jurisdictions may also enact similar provisions.

Regulations directed at abusive tax shelter activity apply to transactions not conventionally regarded as tax shelters. Among other things, the Regulations require specified disclosures by certain persons that directly or indirectly participate in a "reportable transaction," as defined. A transaction involving an actual or deemed sale of an asset generally is a reportable transaction if it generates gross tax losses (whether or not offset by income or gains) equal to or greater than certain amounts (specified below), unless the transaction comes within one of several exclusions. While the exclusions generally cover most customary trading activity, they do not cover certain types of transactions in derivative instruments as well as certain arbitrage and foreign currency transactions, among others. Accordingly, it is possible that the Fund might participate in one or more reportable transactions. In that event, the Fund would be required to file an IRS Form 8886 with its tax return, which may increase the likelihood of an IRS audit, and maintain a list identifying those Members (if any) that were allocated tax losses from the reportable transaction(s) equal to or greater than the specified amounts. (The amounts are, for taxpayers other than C corporations, \$2 million from one or more reportable transactions in any taxable year, \$4 million from one or more reportable transactions over any six-year period, or \$50,000 of ordinary loss from any foreign currency transaction that is not otherwise excluded from the application of these rules.) A Member that is allocated tax losses from reportable transactions equal to or greater than the specified amounts must file an IRS Form 8886 with its own tax return for each year that the Member reports tax losses from the reportable transaction(s).

Each Member should consult with its own tax advisor concerning the possible application of the foregoing disclosure and investor list maintenance requirements to this investment.

State and Local Taxes; Foreign Taxes. Each Member may be liable for state and local income taxes payable in the state or locality in which the Member is a resident or doing business. The income tax laws of each state and locality may differ from the above discussion of federal income tax laws and may impose additional limitations on or effectively eliminate the deductibility of Fund losses and expenses.

In addition, the Fund may be subject to foreign taxes, including withholding taxes, on investments in foreign securities and financial instruments. Such taxes may be deductible or creditable in determining a Member's federal income tax liability (if any), subject to applicable tax law limitations.

Various jurisdictions outside the United States have enacted or are considering the enactment of financial transactions taxes. Such taxes, if applicable to the Fund's investments, would reduce the Fund's economic return from the applicable investments and generally could not be deducted or claimed as a tax credit for federal income tax purposes.

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The foregoing summary is not intended as a substitute for professional tax advice, nor does it purport to be a complete discussion of all tax consequences that could apply to this investment. Accordingly, a Member should consult its own tax advisor as to the tax consequences of this investment.

CERTAIN ERISA CONSIDERATIONS

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA IS BASED UPON ERISA, JUDICIAL DECISIONS, AND DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE 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 AND THE INVESTOR.

ERISA imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts, the underlying assets of which include the assets of such plans (collectively, "ERISA Plans"), and on those persons that are fiduciaries with respect to ERISA Plans.

Fiduciary Obligations. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances, including the ERISA Plan's existing investment portfolio, and all of the facts and circumstances of the investment.

Prohibited Transactions. Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" for purposes of ERISA and "disqualified persons" for purposes of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person that engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code, and the transaction might have to be rescinded.

Plan Asset Regulation. The U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA, the “**Plan Asset Regulation**”), describing what constitutes the assets of a Plan with respect to the Plan’s investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and the related prohibited transaction provisions under Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an “equity interest” of an entity that is neither a “publicly offered security” nor a security issued by an investment company registered under the 1940 Act, the Plan’s assets include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established that (i) the entity is an “operating company,” which includes for purposes of the Plan Asset Regulation a “venture capital operating company” (“VCOC”) and a “real estate operating company” (“REOC”), or (ii) equity participation in the entity by “Benefit Plan Investors” (as defined below) is not “significant.”

Under the Plan Asset Regulation, equity participation in an entity by Benefit Plan Investors (as defined below) is “significant” on any date if, immediately after the most recent acquisition (including any transfer or withdrawal) of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. The term “**Benefit Plan Investor**” is defined in Section 3(42) of ERISA as: (a) any employee benefit plan subject to Part 4 of Title I of ERISA, (b) any plan to which Section 4975 of the Code applies and (c) any entity the underlying assets of which include plan assets by reason of a plan’s investment in such entity. For purposes of this determination, the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any affiliate of any such person) is disregarded. The 25% test is recalculated each time a person acquires or disposes of an equity interest in an entity.

An Interest in the Fund should be considered to be an “equity interest” in the Fund for purposes of the Plan Asset Regulation, and the Interests will not constitute “publicly offered securities” for purposes of the Plan Asset Regulation. In addition, the Fund will not be registered under the 1940 Act and it is not expected to qualify as a VCOC, REOC or other operating company.

Therefore, if Benefit Plan Investors in the Fund hold 25% or more of any class of equity interests in the Fund, and no other exemption applies, the Plan Asset Regulation will cause each Plan to be deemed to own an undivided interest in each asset held by the Fund. In that situation, the Investment Adviser will be a fiduciary with respect to each ERISA Plan that invests in the Fund and its management of the Fund will be subject to the prohibited transaction rules of ERISA and the Code.

Consequences of Plan Asset Status. Any investor that is subject to ERISA should approach the investment not only as an investment decision but also as potentially involving appointment of the Investment Adviser as a fiduciary with discretion to manage and invest the assets contributed to the Fund by such investor during any period in which the Fund meets or exceeds the 25% threshold of investment by Benefit Plan Investors described above.

The person entering into a subscription agreement for an investor which is an ERISA Plan Investor will be required to represent that such person is a “named fiduciary” with the authority to direct the investment of the ERISA Plan’s assets. For any period during which the assets of the Fund are deemed to include “plan assets,” the Investment Adviser will acknowledge its status as a fiduciary under ERISA with respect to the ERISA Plan’s investment in the Fund, and the Investment Adviser will use its reasonable best efforts to conduct its investment activities in accordance with the applicable requirements of ERISA and will seek to avoid any transaction that would be a non-exempt prohibited transaction under ERISA and the Code.

Investment Adviser’s ERISA Investment Manager and QPAM Status. Where (i) a fiduciary of an ERISA Plan (a “Plan fiduciary”) is a “named fiduciary,” (ii) pursuant to the Plan documents, the named fiduciary appoints an investment adviser to manage the assets of the Plan, and (iii) the appointed investment adviser is a registered investment adviser under the Advisers Act (or under similar state law provisions) and acknowledges in writing that it is a fiduciary with respect to the Plan, the investment adviser can meet the requirements of an “Investment Manager” under Section 3(38) of ERISA and the Plan trustee’s liabilities can be limited with respect to the investment adviser’s management of the Plan’s assets. The Plan fiduciary, however, will remain responsible for the prudence of selecting and continuing to retain the investment adviser, and for monitoring the investment adviser’s actions. The Investment Adviser is registered as an “investment adviser” under the Advisers Act and will represent that it is a fiduciary to each ERISA Plan that invests in the Fund, if the Fund is deemed to hold plan assets of such ERISA Plans. Accordingly, the Investment Adviser will qualify as an “Investment Manager” as defined in Section 3(38) of ERISA. The Investment Adviser will also qualify as a QPAM.” However, in the event that the QPAM Exemption (or another exemption) does not exempt a particular transaction that the Investment Adviser wishes to engage in, the Investment Adviser may be required to forego that investment opportunity to avoid engaging in a nonexempt prohibited transaction. Moreover, there can be no assurance that, despite the Investment Adviser’s reasonable best efforts, the Fund may not inadvertently engage in a non-exempt prohibited transaction and if it were to do so (i) such transaction might have to be rescinded and (ii) the Fund may incur liabilities to counterparties that are disqualified persons in connection with such transaction.

Factors Investors Should Consider. Regardless of whether the assets of the Fund are deemed to be “plan assets,” the acquisition of an Interest by a Plan could, depending upon the facts and circumstances of such acquisition, be a prohibited transaction, for example, if any of the Investment Adviser, its affiliates, or any placement agent were a party in interest or disqualified person with respect to the Plan. However, such a prohibited transaction may be treated as exempt under ERISA and the Code if the Interests were acquired pursuant to and in accordance with one or more statutory exemptions or “class exemptions” issued by the U.S. Department of Labor, such as the QPAM exemption, PTCE 90-1 (a class exemption for certain transactions involving an insurance company pooled separate account), PTCE 91-38 (a class exemption for certain transactions involving a bank collective investment fund), PTCE 95-60 (a class exemption for certain transactions involving an insurance company general account), and PTCE 96-23 (a class exemption for certain transactions determined by an in-house asset manager). Further, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code set forth an exemption for certain transactions between a plan and a party in interest or disqualified person whose status as such arises solely by reason of providing services to the plan or solely by reason of certain relationships to such a service provider.

Any insurance company proposing to invest assets of its general account in Interests should also consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court’s decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank* and under any subsequent legislation or other guidance that has or may become available relating to that decision, including Section 401(c) of ERISA and the regulations thereunder at 29 C.F.R. § 2550.401b-1.

Each Plan fiduciary that is responsible for deciding whether to invest in the Fund should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in Interests is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan’s investment portfolio. Any Plan proposing to invest in Interests should consult with its counsel to confirm that such investment will not result in a nonexempt prohibited transaction and will satisfy the other requirements of ERISA and the Code.

The sale of any Interests to a Benefit Plan Investor is in no respect a representation by the Manager, its affiliates, or any placement agent that such an investment meets all of the relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Representations and Warranties. In addition to the representations described in “Consequences of Plan Asset Status” above, the Manager will require a fiduciary of an ERISA Plan that proposes to acquire an Interest to represent that it has been informed of and understands the Fund’s investment objectives, policies, strategies and limitations, that the decision to acquire an Interest was made in accordance with its fiduciary responsibilities under ERISA, and that neither the Manager, the Investment Adviser, their affiliates nor any placement agent has provided investment advice with respect to such decision. The Manager will also require any investor that is, or is acting on behalf of, a Plan to represent and warrant that its acquisition and holding of an Interest will not result in a nonexempt prohibited transaction under ERISA and/or Section 4975 of the Code. In order to comply with the prohibited transaction rules and to determine the applicability of the QPAM Exemption to certain transactions, the Investment Adviser may require investors which are Plans to provide certain information with respect to parties in interest, disqualified persons, and other persons having certain relationships to the Plan.

Reporting and Disclosure. Plan administrators of Members that are subject to ERISA may be required to report on Form 5500 Annual Return/Report compensation paid to service providers, including for this purpose, compensation paid to the Manager and the Investment Adviser. The descriptions contained herein of fees and compensation, including the Management Fee and the Performance Allocation, are intended to satisfy the disclosure requirements for “eligible indirect compensation” for which the alternative reporting option on Schedule C of Form 5500 may be available.

Non-ERISA Plans. Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. The Manager will require similar representations and warranties with respect to the purchase of an Interest by any such plan. Fiduciaries of such plans should consult with their counsel before purchasing any Interests.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN INTERESTS THAT IS, OR IS ACTING ON BEHALF OF, A PLAN (OR A GOVERNMENTAL PLAN SUBJECT TO LAWS SIMILAR TO ERISA AND/OR SECTION 4975 OF THE CODE) IS STRONGLY URGED TO CONSULT ITS OWN LEGAL, TAX AND ERISA ADVISERS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT AND THE ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.

ANTI-MONEY LAUNDERING

In order to comply with applicable laws aimed at the prevention of money laundering and terrorist financing, each prospective investor that is an individual will be required to represent in the Subscription Documents that, among other things, the investor is not, nor is any person or entity controlling, controlled by, or under common control with the prospective investor, a “Prohibited Investor” as defined in the Subscription Documents (generally, a person involved in money laundering or terrorist activities (including the financing thereof), including those persons or entities that are included on any relevant lists

maintained by the U.S. Treasury Department's Office of Foreign Assets Control, any senior foreign political figures, their immediate family members and close associates, and any foreign shell bank). Further, each prospective investor that is an entity will be required to represent in the Subscription Documents that, among other things, (i) it has carried out thorough due diligence to establish the identities of its beneficial owners, (ii) it reasonably believes that no beneficial owner is a "Prohibited Investor," (iii) it holds the evidence of such identities and status and will maintain such information for at least 5 years from the date of its complete withdrawal from the Fund, and (iv) it will make available such information and any additional information that the Fund may require upon request that is required under applicable regulations or to verify the identity of the prospective investor and ascertain the source of the prospective investor's funds.

The Fund (and the Administrator for itself and on behalf of the Fund) also reserves the right to request such identification evidence in respect of a transferee of an Interest and the source of the transferee's funds. In the event of delay or failure by the Member, prospective investor, or transferee to produce any information required for verification purposes, the Fund may refuse to accept the application or (as the case may be) to register the relevant transfer, and (in the case of a subscription for an Interest) any funds received will be returned without interest to the account from which the monies were originally debited.

The Fund (and the Administrator for itself and on behalf of the Fund) also reserves the right to refuse to make any withdrawal payment or distribution to a Member otherwise than to the account from which the corresponding subscription funds were paid if the Manager or the Administrator suspects or is advised that the payment or distribution could abet or result in money laundering, a violation of any applicable anti-money laundering law or regulation or other unlawful activity or the Fund (or the Administrator on its behalf) considers such procedure necessary or appropriate to ensure compliance by the Fund or the Administrator with anti-money laundering laws or regulations.

By subscribing, Members consent to the disclosure by the Fund and the Administrator of any information about them to regulators upon request in connection with money laundering and similar matters both in the United States and in other jurisdictions.

The Fund and/or the Administrator may develop additional procedures to comply with applicable anti-money laundering laws and regulations.