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*CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM*

***LEALTI, LP***  
*(a Delaware limited partnership)*

**General Partner:**  
**Lealti Capital, LLC**  
**30 N Gould St.**  
**Sheridan, WY 82801**

**Investment Manager:**  
**Barstoke, Inc.**  
**1 The Green Ste R**  
**Dover, DE 19901**

**Dated as of October 15, 2020**

## INTRODUCTION AND GENERAL INFORMATION

Lealti, LP. (the “**Fund**”) is a Delaware limited partnership organized on October 15, 2020 whose investment objective is to achieve superior returns by investing in equity securities. The objective of the fund is to obtain long term capital growth through direct investments in equity securities. Lealti Capital, LLC. (the “**General Partner**”) is a Wyoming limited liability company and serves as the general partner of the Fund.

Barstoke, Inc., a Delaware corporation (the “**Investment Manager**” or “**Manager**”) serves as the Investment Manager of the Fund and, in that capacity, has responsibility for managing the investment activities of the Fund. The Investment Manager will seek to achieve the Fund’s investment objectives by employing a variety of investment strategies to take advantage of profitable opportunities in the equity markets.

The Fund is offering its limited partnership Interests (the “**Interests**”) by way of this Confidential Private Placement Memorandum (which, together with its exhibits, is referred to as the “**Memorandum**”). This Memorandum has been prepared for the exclusive purpose of assisting prospective investors in assessing the merits and risks of investing in the Fund, and constitutes an offer to you only if the General Partner has entered your name on the cover page hereof. In the absence of the General Partner’s express prior written consent, you may not copy, use or transmit this Memorandum or any data or information contained herein, in whole or in part, or permit such action by others for any purpose (except that if you are an authorized recipient of this Memorandum, you may provide copies of this Memorandum or portions hereof to your legal, tax, financial and other advisers for the purpose of assisting you in determining whether an investment in the Fund is appropriate for you). You must promptly return this Memorandum and any other materials you receive relating to this offering to the General Partner upon its request.

Prospective investors should not construe the contents of this Memorandum as legal, tax, financial or other advice or as a recommendation to subscribe for, purchase, hold or dispose of Interests. **Each prospective investor should consult his or her independent professional advisers in assessing the merits and risks of investing in the Fund.** Prospective investors and their advisers must rely on their own examination of the Fund, the Interests and the terms of this offering in assessing such merits and risks. In doing so, they should carefully review this Memorandum and consider the following:

**An investment in the Fund should be considered speculative and involves substantial risk due to, among other things, the nature of the Fund’s investment program, the significant fees and costs associated with such an investment and the illiquidity of Interests. No person should invest in the Fund unless he or she has no need for immediate liquidity with respect to such investment, is fully able to bear the financial risk of such investment for an indefinite period of time and is fully able to sustain the possible loss of the entire amount invested. In light of this financial risk, a prospective investor should consider an investment in the Fund as a long-term investment that is appropriate only for a limited portion of his or her overall portfolio.**

The Fund and the General Partner urge prospective investors to carefully consider the special considerations and risk factors relating to an investment in the Fund, as described in §6, “**RISK FACTORS**,” and in other sections of this Memorandum, as well as the actual and potential conflicts of interest to which the General Partner and its

**principals will be subject in managing the business and affairs of the Fund and in making allocation and reallocation decisions for the Fund as described in §7, “CONFLICTS OF INTEREST,” and in other sections of this Memorandum.**

This Memorandum summarizes certain provisions of the Fund’s governing documents and material agreements, as well as certain provisions of applicable statutes, rules and regulations. These summaries do not purport to describe or explain every provision of the Fund’s governing documents or material agreements or every provision of applicable statutes, rules or regulations, but only those provisions that the General Partner believes are likely to be of greatest interest to prospective investors. Further, each summary is intended to be brief and does not purport to provide a detailed description or explanation of the limited topic it covers. This Memorandum is therefore qualified in its entirety by the full text of the Fund’s governing documents and material agreements, which prospective investors should read in their entirety for a more complete understanding of the Fund and the Interests. Copies of the Fund’s Limited Partnership Agreement (the “**LPA**”) and the form of Subscription Agreement and Limited Power of Attorney (the “**Subscription Agreement**”) pursuant to which investors become Limited Partners of the Fund (“**Limited Partners**”) are attached to this Memorandum. Copies of the Fund’s other material agreements are available from the General Partner upon request. The Fund assumes that each prospective investor is familiar with applicable statutes, rules and regulations.

In addition, the General Partner invites each prospective investor and its representatives to review any materials that are available to it relating to this offering. The General Partner will afford each prospective investor and its representatives the opportunity to ask it questions regarding this offering and to obtain any additional information necessary to verify the accuracy of any representations or information set forth in this Memorandum to the extent the General Partner possesses such information or can acquire and provide it without unreasonable effort or expense. Please direct any questions regarding this Memorandum to Mr. Joaquin Velazquez. The Fund has not authorized any person other than Mr. Velazquez to give you any information relating to this offering other than that contained in this Memorandum. Accordingly, any information given or representation made by any dealer, salesman or other person and (in such case) not contained herein should be regarded as unauthorized and should not be relied upon.

Neither the delivery of this Memorandum nor the offer, issue or sale of Units shall, under any circumstances, constitute a representation that the information contained in this Memorandum is correct at any time subsequent to the date of this Memorandum.

A “**Business Day**” is any day (except Saturday or Sunday) on which the New York Stock Exchange is open for business.

## **Australia.**

No offer for subscription or purchase of the Interests offered hereby, nor any invitation to subscribe for or buy such Interests, has been made or issued in Australia, otherwise than by means of an excluded issue, excluded offer or excluded invitation within the meaning of Section 66(2) or 66(3) of the Corporations Law. Accordingly, the Memorandum has not been lodged with the Australian Securities Commission. Further, the Interests offered hereby may not be resold in Australia within a period of six (6) months after the date of issue otherwise than by means of an excluded offer or excluded invitation as described above.

## **Bahamas.**

The Interests may not be offered or sold or otherwise disposed of in any manner to persons deemed by the Central Bank of the Bahamas as resident for exchange control purposes, unless such persons deemed as resident obtain the prior approval of the Central Bank of the Bahamas.

## **Belgium.**

The information in this Memorandum may not be disclosed to the public in Belgium, the Interests may not be offered, sold, transferred or delivered in or from Belgium as part of their initial distribution or at any time thereafter, directly or indirectly, other than to persons or entities mentioned in Article 3 of the Royal Decree of January 9, 1991 Relating to the Public Characteristic of Operations Calling for Savings and on the Assimilation of Certain Operations to a Public Offer (Belgian Official Journal of January 12, 1991). Therefore, the Interests are exclusively designed for credit institutions, stock exchange companies, collective investment funds, companies or institutions, insurance companies, and/or pension funds acting for their own account only.

## **Brazil.**

The Interests have not been, and will not be, registered with the Comissao de Valores Mobiliarios and may not be offered or sold in Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

## **British Columbia and Ontario, Canada.**

The Memorandum constitutes an offering of the securities described therein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. The Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described therein in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon the Memorandum or the merits of the securities described therein, and any representation to the contrary is an offense. If the Memorandum, together with any amendment thereto, contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (a "Misrepresentation") and it was a Misrepresentation on the date of purchase, purchasers in British Columbia and Ontario to whom the Memorandum was sent or delivered and who purchase Interests shall have a right of action against the Fund for rescission (while still the owner of such Interests) or alternatively, for damages, exercisable on written notice given not more than 90 days subsequent to the date of purchase, provided that the Fund will not be liable: (a) if the purchaser purchased such Interests with knowledge of the Misrepresentation; (b) for all or any portion of any damages that the Fund proves do not represent the depreciation in value of such Interests as a result of the Misrepresentation; and (c)

for amounts in excess of the price at which such Interests were sold to the purchaser. The foregoing summary is subject to the express provisions of either the Securities Act (British Columbia) or the Securities Act (Ontario), whichever the case may be, and reference is made to the complete text of such provisions.

### **British Virgin Islands.**

The Interests offered hereby may not be sold to or purchased by persons resident in the British Virgin Islands, but may be sold to British Virgin Islands international business companies.

### **Cayman Islands.**

No invitation may be made to the public in the Cayman Islands to subscribe for the Interests unless the Fund is listed on the Cayman Islands stock exchange. Cayman Islands exempted and ordinary non-resident companies and certain other persons engaged in offshore business, however, may be permitted to acquire Interests.

### **Chile.**

The Interests have not been, and will not be, registered with the Superintendencia de Valores y Seguros (the Chilean Securities Commission) and may not be offered and sold in Chile except in circumstances which do not constitute a public offering or distribution under Chilean laws and regulations.

### **Republic of China.**

No invitation to offer for, or sale of, the Interests shall be made to the public in China or by any means that would be deemed public under the laws of China. The offer of Interests is personal to the investor to whom the Memorandum has been addressed by the Fund. Business entities incorporated under the laws of China (excluding foreign investment business entities) shall apply for approval from the Chinese government authorities before purchasing the Interests. Furthermore, all business entities incorporated under the laws of China and Chinese citizens residing in China shall obtain prior approval from the Chinese Foreign Exchange Authority before purchasing Interests.

### **Costa Rica.**

The Interests have not been, and will not be, registered with the Comision Nacional de Valores (the Costa Rican Securities Commission) and may not be offered or sold in Costa Rica except in circumstances which do not constitute a public offering or distribution under Costa Rican laws and regulations.

### **Ecuador.**

The Interests have not been, and will not be, registered with the Superintendencia de Companias del Ecuador (the Ecuadorian Securities and Exchange Commission) and may not be offered and sold in Ecuador except in circumstances which do not constitute a public offering or distribution under Ecuadorian laws and regulations. This communication is for informative purposes only; it does not constitute a public offering of any kind.

### **France.**

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"Cette note d'information n'a pas été soumise au visa de la Commission des Opérations de

Bourse. Par conséquent, ni cette note d'information, ni tout autre document promotionnel se rapportant aux intérêts ne pourront être communiqués au public ou utilisés dans la cadre de toute offre de souscription ou de vente des intérêts en France et les intérêts ne peuvent être émis, offerts ou cédés de toute façon en France. Les investisseurs doivent agir pour leur propre compte. Le vente, directe ou indirecte, au public des instruments financiers acquis sera faite conformément aux dispositions les concernant." This Memorandum has not been submitted to the Commission des Operations de Bourse in France. Accordingly, neither this Memorandum nor any other offering materials relating to the Interests may be available to the public or used in connection with any other offer for subscription or sale of the Interests in France, and the Interests may not be issued, offered or otherwise sold in France, investors should act for their own account. The sale, direct or indirect, in the public of the purchased financial instruments will be made in compliance with all requirements in relation thereto.

### **Germany.**

Any person who is in possession of the Memorandum understands that no action has or will be taken which would allow an offering of the Interests to the public in Germany. Accordingly, the Interests may not be offered, sold or delivered and neither the Memorandum nor any other offering materials relating to the Interests may be distributed or made available to the public in Germany. Individual sales of the Interests to any person in Germany may only be made according to German securities, tax and other applicable laws and regulations.

### **Greece.**

The Interests may not be offered or sold in any manner that constitutes an offer or sale to the public in the Hellenic Republic within the laws and regulations from time to time applicable to public offers or sales of securities.

### **Hong Kong.**

No action has been taken to permit an offering of the Interests to the public in Hong Kong and, accordingly, no copy of this Memorandum may be issued, circulated or distributed in Hong Kong other than (i) exclusively to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent, or (ii) otherwise in circumstances that do not constitute an invitation to the public for the purpose of the Protection of Investors Ordinance (Chapter 335 of the Laws of Hong Kong).

### **Ireland.**

It is not the intention of the Fund to advertise or market the Interests in Ireland, and no such marketing will take place without the prior approval in writing of the Central Bank of Ireland.

### **Isle of Man.**

The Fund is not a recognized collective investment scheme for the purposes of Sections 12 or 13 of the Financial Services Act 1988 (the "FS Act") of the Isle of Man and is accordingly subject to the prohibition on the promotion of collective investment schemes as contained in Section 1(1) of the FS Act. Accordingly, the Memorandum may only be issued or passed on to any person in the Isle of Man by way of the two limited exceptions to this general prohibition contained in Section 1(2) of the FS Act and the Financial Supervision (Promotion of Unregulated Schemes (Exemption)) FS Regulations 1992 (the "Exemption Regulations"). Under Regulation 3(2) of the Exemption Regulations, any advertisement issued in the Isle of Man in connection with the Fund must contain a statement either (a) that participants in the Fund are not protected by any statutory compensation

scheme; or (b) that participants in the Fund are protected by a statutory compensation scheme and particulars sufficient to identify the compensation arrangements.

### **Israel.**

The Interests are offered to a limited number of sophisticated investors, in all cases under circumstances designed to preclude a distribution which would be other than a private placement. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Israeli residents, other than those considered "exemption holders" under the General Currency Control Permit, 1978, require a special permit from the Israeli Controller of Foreign Currency in order to purchase the Interests.

### **Italy.**

The Italian Commission Nazionale per la Societa e la Borsa has not authorized any offering of the subscription of Interests in the Fund; accordingly, Interests may not be offered or sold in Italy or to residents thereof except as permitted by Italian law. With respect to any potential purchaser or transaction subject to Italian law, this Memorandum is for the sole use of the person who has requested it and whose name appears on the cover page hereof (the "Prospective Buyer") and may not be disclosed, in whole or in part, to any person other than the Prospective Buyer and the Prospective Buyer's authorized agents. This Memorandum may not be copied in whole or in part. The Prospective Buyer, by accepting delivery of the Memorandum, agrees to return it to the Fund if such Prospective Buyer does not undertake to purchase the securities offered hereby.

### **Japan.**

Under Article 23-14 Paragraph 1 of the Securities Exchange Law (the "SEL"), the purchase of Interests cannot be made unless the purchaser agrees to the condition that it will not make an assignment of the Interests to any person other than a non-resident of Japan (having the same meanings as defined in Article 6, Paragraph 1(6) of the Foreign Exchange and Foreign Trade Control Laws), except 39 for the case that all the Interests (excluding the Interests assigned to non-residents of Japan) are assigned to one person. Furthermore, disclosure under the SEL has not been made. The Interests will not be registered under the SEL. The offer and sale of the Interests in Japan may be made only in accordance with an exemption available under the SEL and with all other applicable laws and regulations of Japan.

### **Jersey.**

The Memorandum relates to a private placement and does not constitute an offer to the public in Jersey to subscribe for the Interests offered hereby. No regulatory approval has been sought for the offer in Jersey. The offer of the Interests is personal to the person to whom the Memorandum is being delivered by or on behalf of the Fund, and a subscription for the Interests will be accepted only from such person. The Memorandum may not be produced or used for any other purpose, nor be furnished to any other person other than those to whom it has been so delivered.

### **Korea.**

The Memorandum is not, and under no circumstance is to be construed as, a public offering of securities in Korea. Neither the Fund nor the investment manager is making any representation with respect to the eligibility of any recipients of the Memorandum to acquire the Interests under the laws of Korea, including without limitation the Foreign Exchange Management Act and regulations thereunder. The Interests have not been registered under the Securities and Exchange Act of Korea and

none of the Interests may be offered, sold or delivered, or offered or sold to any person for reoffering or resale, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

### **Liechtenstein.**

The Interests are offered to a narrowly defined category of investors, in all cases under circumstances designed to preclude a public solicitation. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

### **Luxembourg.**

The Interests are offered to a limited number of sophisticated investors, in all cases under circumstances designed to preclude a distribution that would be other than a private placement. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

### **Netherlands.**

The Interests may not be solicited, acquired or offered, directly or indirectly, in or from the Netherlands, and this Memorandum may not be circulated in the Netherlands to any individuals or legal entities as part of the initial distribution or anytime thereafter, except to individuals or legal entities who or which trade or invest in subjects of investment ("Beleggingsobjecten") in the conduct of a profession or trade, including banks, brokers, securities institutions, insurance companies, pension funds, investment institutions, other institutional investors and other parties, including treasury departments of commercial enterprises and finance companies which are regularly active in the financial markets in a professional manner (a "Professional Market Party" and/or "Professional Market Parties") investing in subjects of investment as described in Article 1 of the Exemption Regulation of October 9, 1990 issued pursuant to Article 14 of the Investment Institutions Supervision Act (Wet Toezicht Beleggingsinstellingen) of June 27, 1990, as amended from time to time (the "Investment Institutions Act"), and the respective accompanying Memoranda thereto of the Minister of Finance of the Netherlands. In the event of a solicitation, acquisition or offering made to or by Professional Market Parties and therefore exempt from the general prohibition as provided for in the Investments Institutions Act, no subsequent offering of the Interests in a "secondary offering" by such Professional Market Parties to persons other than such Professional Market Parties may be made.

### **New Zealand.**

The Memorandum has been prepared solely for and the offer made in it is made solely to habitual investors (being persons defined in Section 3(2)(a)(ii) of the New Zealand Securities Act 1978).

### **Norway.**

The Memorandum has not been filed with the Oslo Stock Exchange in accordance with the Norwegian Securities Trading Act, Section 5-1, and may therefore not be distributed to more than fifty potential investors in Norway.

### **Oman.**



The Memorandum and the Interests are not available to any member of the public and are restricted to investors having an existing business relationship with the Fund. Application for the Interests made by or on behalf of investors not having an existing relationship with the investment manager will not be accepted. Any investor that considers purchasing the Interests offered by the Memorandum should consult a professional adviser before doing so.

### **Panama.**

The Interests have not and will not be registered with the Comision Nacional de Valores (the National Securities Commission) of the Republic of Panama under Cabinet Decree No. 247 of 1970 ("Panama's Securities Laws") and may not be offered or sold in a primary offering within Panama, except in certain transactions exempt from the registration requirements of Panama's Securities Laws.

### **Russia.**

The Interests are not intended to be sold or offered in (or on the territory of) the Russian Federation or to Russian residents and the Memorandum has not been registered with, and will not be registered with, the Federal Securities Markets Commission of the Russian Federation.

### **Singapore.**

The Memorandum has not been registered with the Registrar of Companies in Singapore and the Interests will be offered in Singapore pursuant to an exemption invoked under Sections 106c and 106d of the Companies Act, Chapter 50 of Singapore ("Singapore Act"). Accordingly, the Interests may not be offered or sold, nor may the Memorandum or any other offering document or material relating to the Interests be circulated or distributed, directly or indirectly, to the public or any member of the public other than (1) to an institutional investor or other body or person specified in Section 106c of the Singapore Act, or (2) to a sophisticated investor specified in Section 106d of the Singapore Act, or (3) otherwise pursuant to, and in accordance with the conditions of, Section 106e(2) of the Singapore Act or any other applicable exemption invoked under Division 5a of Part IV of the Singapore Act.

### **South Africa.**

The Interests are for your acceptance only and may not be offered or become available to persons other than yourself and may not be publicly offered, sold or advertised in South Africa and the Memorandum may only be circulated to selected individuals.

### **Spain.**

This Memorandum has not been and will not be registered with la Comision Nacional del Mercado de Valores of Spain and may not be distributed in Spain in connection with the offering and sale of participations without complying with all legal and regulatory requirements in relation thereto.

### **Switzerland.**

This Memorandum has been prepared for private information purposes of interested investors only. It may not be used for and shall not be deemed a public offering of Interests. No application has been made under Swiss law to publicly market the Fund in or out of Switzerland. The Interests are not subject to the Swiss Investment Fund Act and are therefore not subject to supervision by the Federal Banking Commission and, accordingly, may not be advertised publicly. Therefore, no public offer of the Interests or public distribution of this Memorandum may be made in or out of Switzerland. This Memorandum is strictly for private use by its holders and may not be passed on to third parties.

## **United Kingdom.**

The Fund is an unrecognized collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). The promotion of the 41 Fund and the distribution of this Memorandum in the United Kingdom is consequently restricted by law. This Memorandum is being issued by the Fund where permitted by applicable law to persons who are of a kind to whom the Fund may lawfully be promoted by a person authorized under the Act by virtue of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes (Exemptions) Order 2001 and Annex 5 to Chapter 3 of the FSA's Conduct of Business Sourcebook or as otherwise permitted by applicable law and regulation. The Fund is not regulated by the FSA and investors will not have the benefit of the Financial Services Compensation Scheme and may not have the benefit of other protections afforded by the Act or any of the rules and regulations made thereunder. The Interests are not dealt in on a recognized or designated investment exchange for the purposes of the Act, and it may therefore be difficult for an investor to dispose of his Interests otherwise than by way of redemption or to obtain reliable information about the extent of the risks to which his investment is exposed. Acquiring Interests may expose an investor to a significant risk of losing all of the amount invested. The Fund is a limited liability company and any person who acquires Interests will not thereby be exposed to any significant risk of incurring additional liability. Any person who is in any doubt about investing in the Fund should consult an authorized person specializing in advising on such investments.

## **Uruguay.**

The Interests correspond to a private issue and are not registered with the Central Bank of Uruguay.

**FUND DIRECTORY**

**The Fund:**

***LEALTI, LP***

**Registered Office**

c/o Registered Agents, Inc.  
1 The Green Ste R  
Dover, DE 19901

**Principal Business Office**

Dr. Luis Bonavita 1266  
World Trade Center Torre IV  
Ofc. 708  
Montevideo, Uruguay

**General Partner of the Fund**

Lealti Capital, LLC  
30 N Gould St  
Sheridan, WY 82801

**Investment Manager to the Fund**

Barstoke, Inc.  
1 The Green Ste R  
Dover, DE 19901

**Administrator of the Fund**

Wilshire West, LLC  
8335 W. Sunset Blvd.  
West Hollywood, CA

**Auditor of the Fund**

TBD.

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## SUMMARY OF PRINCIPAL TERMS

This Summary of Principal Terms summarizes various features of the Fund, some of which are discussed in greater detail in other sections of this Memorandum. This Summary is qualified in its entirety by those other sections.

In addition, this Memorandum summarizes certain provisions of the governing documents and contractual agreements relating to the Fund, as well as certain provisions of applicable statutes, rules and regulations. These summaries are intended to be brief and do not purport to provide detailed descriptions or explanations of the topics they cover.

Moreover, this Memorandum does not summarize every provision of the governing documents and contractual agreements relating to the Fund, but only those provisions that the Fund believes are likely to be of greatest interest to prospective investors. This Memorandum is therefore qualified in its entirety by the full text of those documents and agreements, which you should read in their entirety for a more complete understanding of the Fund and the Interests.

Copies of form of the LPA and the form of the Subscription Agreement are attached to this Memorandum. Copies of the Fund's other contractual agreements are available from the General Partner upon request.

### GENERAL

<b><i>The Fund</i></b>	Lealti, LP. is a Delaware limited partnership. The Fund was organized on October 15, 2020.
<b><i>The General Partner</i></b>	Lealti Capital, LLC, a Wyoming limited liability company, incorporated October 15, 2020, serves as the Fund's general partner. In its capacity as General Partner, the General Partner will have overall responsibility for managing and administering the business and affairs of the Fund.
<b><i>The Investment Manager</i></b>	Barstoke, Inc., a Delaware corporation, incorporated on January 22, 2018, serves as Investment Manager to the Fund. In its capacity as the Investment Manager of the Fund, the Manager will have overall responsibility for managing the investment activity of the Fund.  See, "MANAGEMENT"

### INVESTMENT OBJECTIVE AND STRATEGIES; RISK AND RISK MANAGEMENT

<b><i>Investment Objective and Strategy</i></b>	The Fund's investment objective is to achieve superior returns by investing in securities.
<b><i>Risk and Risk Management</i></b>	Although the Investment Manager will use what it considers to be seasoned investment research techniques and risk management strategies in lending and investing the Fund's assets, an investment in the Fund – which, as discussed above, should be considered speculative and involves substantial risk. There can be no

guarantee that the Fund will achieve its investment objectives or not sustain losses. See, "RISK FACTORS."

## THE OFFERING OF INTERESTS

### *Eligible Investors*

Interests may be offered only to experienced and sophisticated investors who are neither citizens nor residents of the United States (“Non U.S. Persons”). And to a limited number of United States investors that are tax-exempt entities (“U.S. Tax Exempt Investors”).

### *Minimum Contribution Capital Sought*

If you wish to become a Limited Partner, you must make an initial investment in the Fund of at least Twenty-Five Thousand and 00/100 (\$25,000/00), payable in United States Dollars. The General Partner may raise or lower this requirement from time to time and accept initial capital contributions below the established minimum in its discretion.

### *Capital Sought*

There is no minimum amount of capital that the Fund must receive as a condition to commencing its operations, and at present there is no maximum amount of capital the Fund may accept from investors. However, the General Partner may, in its discretion, limit the amount of capital the Fund may accept from investors.

### *Initial Offering Period*

The General Partner expects that the Fund’s initial offering period (the “**Initial Offering Period**”) will terminate on or about December 31, 2020 but may defer the termination of the Initial Offering Period in its discretion to a date not later than June 30, 2021. The day on which the Fund first issues Interests pursuant to this Memorandum is referred to herein as the “**Initial Closing.**”

### *Initial Offering Price*

During the Initial Offering Period, the Interests will be offered at the price of One Thousand and 00/100 (\$1,000/00) Dollars per Interest.

### *Continuous Offering Period*

After the termination of the Initial Offering Period, the General Partner may in its discretion accept subscriptions for additional Interests, and permit existing Limited Partners to contribute additional capital to the Fund, as of the first Business Day of each month or on such other day or days as the General Partner may from time to time determine. The General Partner, however, may suspend the offering of Interests from time to time or terminate the offering of Interests at any time in its discretion.

### *Price*

After the close of the Initial Offering Period, investors may purchase Interests in the Fund at the Net Asset Value (as defined below) per Interest calculated as of the applicable Valuation Date (as defined below). Fractional Shares will be issued up to three decimal  $\frac{7}{10}$  points.

### *Use of Proceeds*

The Fund will use the proceeds of the offering of its Interests

for the purpose of executing its investment strategy and to pay certain Fund expenses. See, “EXPENSES, MANAGEMENT FEES AND INCENTIVE ALLOCATIONS – *Expenses.*”

### ***Valuation***

The Fund’s net asset value (the “Net Asset Value”) is calculated as the value of the Fund’s assets, less its liabilities, computed on a particular date in accordance with International Financial Reporting Standards. The Investment Manager or Administrator will calculate the Net Asset Value of the Fund as of the last Business Day of every month and such other Business Day(s) as the Investment Manager may determine (each, a “Valuation Date”), at 6:00 pm. (Eastern time) (the “Valuation Time”).

### ***Subscription Procedures***

If you wish to become a Limited Partner, you must complete and execute a Subscription Agreement and deliver it (via email, fax and mail) to the Fund at the addresses set forth above. A copy of the Subscription Agreement is attached to this Memorandum as an exhibit, and an “execution ready” copy of that document accompanies this Memorandum.

If the Fund, in the General Partner’s discretion, accepts your Subscription Agreement (whether in respect of the full subscription amount or only part thereof), you must transmit your subscription funds to the Fund by wire transfer in accordance with the General Partner’s instructions no later than three (3) Business Days before the relevant investment date (subject to waiver by the General Partner in its discretion). The subscription amount may not be paid in any fiat currency or securities other than United States Dollars.

Your execution of a Subscription Agreement constitutes a binding offer to purchase the Interest subscribed for thereunder and an agreement to hold your offer open until your subscription is accepted (in whole or in part) or rejected by the Fund. Your execution of the Subscription Agreement and its acceptance by the Fund together constitute your agreement to be bound by the terms of the Subscription Agreement and the Limited Partnership Agreement. The General Partner, on behalf of the Fund, reserves the right to accept or reject your Subscription Agreement, and any additional capital contribution you may wish to make to the Fund, in whole or in part, in its discretion.

## **CAPITAL ACCOUNTS AND ECONOMIC ALLOCATIONS**

### ***Capital Accounts***

The Fund will determine a Limited Partner’s economic interest in the Fund by establishing a capital account for each capital contribution made by such Limited Partner (“**Account**” or “**Capital Account**”). The Fund generally will credit a Limited Partner’s Capital Account with: (i) such Limited Partner’s capital contribution to that Account and (ii) such Account’s *pro rata* share of the Fund’s economic profits, both realized and unrealized, and debit such Account with (i) any



distributions to or withdrawals by such Limited Partner from such Account, (ii) such Account's *pro rata* share of the Fund's economic losses, both realized and unrealized, (iii) such Account's *pro rata* share of the Fund's expenses, (iv) the Management Fees charged against such Account and paid to the General Partner (discussed below) and (v) the Incentive Allocations charged against such Account and allocated to the General Partner (discussed below).

For a more complete description of Capital Accounts, including the manner in which the Fund allocates profits and losses for federal income tax purposes, see Article VII of the LPA.

### ***EXPENSES; MANAGEMENT FEES AND INCENTIVE ALLOCATIONS; SALES CHARGES***

#### ***Expenses***

The General Partner is responsible for all salaries, bonuses and employee benefit expenses of its principals and employees who are involved in the management and conduct of the business and affairs of the Fund (as well as related overhead, including office space and equipment, utilities and other similar items), except as otherwise described herein. The fund generally will bear all other costs and expenses associated with its organization, the offering of Interests and its ongoing operations.

The Fund's organizational costs and expenses, together with offering costs and expenses incurred in connection with the offer and sale of Interests issued at the Initial Closing, are not expected to exceed \$30,000. The General Partner will initially bear these costs and will be reimbursed therefore by the Fund in equal monthly installments over a twelve (12) month period beginning as of the end of the month in which the Initial Closing occurs. If the Fund ceases operations prior to the end of this twelve (12) month period, it will have no further reimbursement obligations to the General Partner, and no Limited Partner who completely withdraws from the Fund prior to the end of such period shall bear any additional portion of this reimbursement. The Fund does not expect that ongoing offering costs after the Initial Offering Period will be significant.

The Fund's direct operational costs and expenses are expected to consist primarily of (i) Management Fees (defined below); (ii) all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; fees, costs and expenses of third-party service providers that provide such services; (iii) costs and expenses associated with preparing investor communications, printing and mailing costs; (iv) insurance costs and expenses; (v) governmental licensing, filing and exemption fees; (vi)

indemnification obligations and  
(vii) any extraordinary expenses.

For a more complete description of the expenses of the Fund, see §4, “EXPENSES; MANAGEMENT FEES AND INCENTIVE ALLOCATIONS – *Fund Expenses*”

### ***Management Fees***

The Fund will ordinarily pay the Investment Manager a management fee, in advance (the “Management Fee”), in an amount equal to two (2%) percent of the net asset value of each Limited Partner capital account(s) as of the date of subscription and continuing on the first day of each year thereafter (approximately 2.0% annually). For a more complete description of the Management Fees, see §4, “EXPENSES, MANAGEMENT FEES AND INCENTIVE ALLOCATIONS – Management Fees.”

### ***Incentive Allocations***

As of the last Business Day of each calendar quarter and as of any date on which a Limited Partner makes a withdrawal or receives a distribution from such Limited Partner’s Capital Account(s) (an “**Incentive Allocation Calculation Date**”), the Fund ordinarily will charge against the Capital Account of a Limited Partner, and pay to the Investment Manager an incentive allocation (the “**Incentive Allocation**”) in an amount equal to 20% of the Net New Profit in each Capital Account (or solely the Capital Account relating to such withdrawal or distribution, as applicable). “**Net New Profit**” is any amount by which the NAV of a Limited Partner’s Capital Account exceeds the High Water Mark for such Account. The “**High Water Mark**” for a Capital Account is the NAV of such Account immediately after the assessment of the most recent Incentive Allocation (deducting the amount of any withdrawals or distributions since such assessment) or, if the Account has never been assessed an Incentive Allocation, the NAV of such Account when it was established (deducting the amount of any withdrawals or distributions since it was established).

The High Water Mark for a Limited Partner’s Capital Account is calculated net of the Incentive Allocations charged against such Account. This means that the General Partner is not required to “restore” the amount of any Incentive Allocation charged against a Limited Partner’s Capital Account before participating in future appreciation in the value of such Account in accordance with the formula described above.

Although the High Water Mark for an Account carries forward from quarter to quarter until exceeded, the General Partner is not required to “repay” any Incentive Allocation paid to it in the event such Account subsequently experiences losses.

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For a more complete explanation of the Incentive Allocations, see, “EXPENSES, MANAGEMENT FEES AND

## LIQUIDITY: DISTRIBUTIONS, WITHDRAWALS AND TRANSFERS

### *Distributions*

The Fund is not designed to generate a regular or fixed stream of income, and does not anticipate making distributions to Limited Partners. The Fund ordinarily will reinvest its income, which will be reflected in the value of the Capital Accounts. If the Fund makes distributions, it generally will make them to the Limited Partners *pro rata* in accordance with their respective Capital Account balances. Distributions may be in cash, “in kind” (e.g., in the form of portfolio securities of the Fund) or a combination of the two.

### *Withdrawals*

Voluntary Withdrawals. A Limited Partner may generally withdraw all or any part of the balance of any Capital Account of such Limited Partner as of the last Business Day of any calendar quarter, upon not less than sixty (60) calendar days prior written notice to the General Partner; provided, however, that if such Capital Account has been in existence for less than one (1) year, the General Partner will charge a withdrawal fee of equal to 5.0% of the withdrawal proceeds (payable 50% to the Fund and 50% to the General Partner).

Compulsory Withdrawals. The General Partner may require any Limited Partner to withdraw all or any portion of such Limited Partner’s Capital Account(s) as of any date by giving not less than ten (10) calendar days prior written notice to such Limited Partner. The General Partner may also require withdrawals without notice for certain tax and regulatory reasons.

Payments on Withdrawal. The Fund ordinarily will pay not less than 90% of the proceeds payable to an investor in connection with a withdrawal within thirty (30) calendar days following the end of the quarter after the effective date of such withdrawal. Any outstanding balance will be paid as soon as is reasonably practicable following the completion of the Fund’s annual audit for the year in which such withdrawal was effective.

Withdrawal proceeds payable in connection with a withdrawal effected at a time other than as of the end of a calendar quarter are reduced by the amount of the Incentive Allocation (if any) charged in connection with such withdrawal. The Fund may pay withdrawal proceeds in cash, “in kind” or a combination of the two.

Suspensions of Withdrawals. The General Partner may cause the Fund to temporarily suspend withdrawals and withdrawal payments in certain limited circumstances.

See, “WITHDRAWALS,” for a more complete description of

the provisions governing withdrawals, including the limited circumstances under which the General Partner may temporarily suspend withdrawals and withdrawal payments and require Limited Partners to withdraw without notice.

### ***Transfers***

The Fund has not registered or qualified the Interests for offer or sale under the Securities Act or the securities laws of any state or any other jurisdiction. The Fund is offering and selling Interests by way of a “private placement” exempt from the registration requirements of the Securities Act and applicable state securities laws pursuant to Rule 506(c) of Regulation D and comparable state law exemptions. Investors may not transfer their Interests except in transactions that are exempt from, or not subject to, the registration requirements of the Securities Act and other applicable securities laws.

Investors who wish to transfer their Interests must also comply with the restrictions on and conditions applicable to transfer set forth in the Limited Partnership Agreement. Among other things, an investor may not transfer an Interest without the General Partner’s consent, which the General Partner may withhold in its discretion.

Interests will not be listed on any exchange, and no public or liquid market for Interests otherwise exists or is likely to develop.

Accordingly, an investor may not be able to liquidate its Interest in the event of a financial emergency or use its Interest as collateral for a loan. As a practical matter, an investor will be able to dispose of its Interest only through withdrawals from its Capital Account(s), subject to the limitations on withdrawals described herein.

For a more complete description of the restrictions on transfers of Interests, see Section 5.5 of the LPA.

## ***OTHER***

### ***Limited Liability***

A Limited Partner generally will have no liability for the Fund’s debts

Or obligations beyond the value of its Capital Account(s) plus, under certain circumstances, the amounts of any withdrawals and any other distributions from such Account(s).

### ***Tax Considerations***

The Fund expects to be treated as partnerships (not as an association taxable as corporations or as “publicly traded partnerships” taxable as corporations) for federal income tax purposes and, therefore, do not expect to be subject to federal income tax. All items of the Fund’s income, gain, deduction, loss and credit will pass through to its investors for federal income

tax purposes, and investors will be subject to income tax each year on their respective allocable units of the Fund's income or gains (if any), even though the Fund does not intend to make any distributions to them.

The federal income tax consequences of an investment in the Fund are complex. A majority of the Fund's taxable income could consist of short-term capital gain and/or dividend and interest income. There are certain limitations on the deductibility of Fund losses by investors as well as limitations on deductions for certain expenses. In addition, the Fund and its investors may be subject to state and local taxes.

Potential investors should carefully review §8, "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS," for a summary of certain material U.S. federal income tax principles and tax risks that are likely to apply to the Fund and its Limited Partners.

***Fiscal Year; Accounting Matters*** The Fund's fiscal year will be the calendar year, unless the General Partner determines otherwise. The Fund will keep its financial books under the accrual method of accounting, and, as to matters not specifically described herein or in the Limited Partnership Agreement, in accordance with generally accepted accounting principles consistently applied.

***Reports***

As soon as reasonably practicable after the end of each calendar month, the Fund will provide to each Limited Partner a report reflecting the estimated NAV of such Limited Partner's Capital Account(s) as of the end of such month as compared with the end of the previous calendar month.

As soon as reasonably practicable after the end of each calendar year, the Fund will provide to each Limited Partner an audited balance sheet of the Fund as of the end of such year and audited statements of income and changes in financial position of the Fund for such year.

As soon as practicable after the end of each calendar year, the Fund will provide each Limited Partner with such tax information and schedules as are necessary to enable such Limited Partner to prepare its federal income tax return.

***Auditors***

The General Partner will be charged with retaining an auditor for the Fund. To date, such appointment has not been made. Such an appointment is not a requirement of the Fund.

## WHO MAY INVEST

The Interests are a suitable investment only for those Subscribers who could afford to bear the economic risk of their investment for an indefinite period of time, have no need for liquidity in this investment, and could withstand a loss of all or substantially all of this investment. The Interests are being offered without registration under the Act pursuant to exemptions provided by Sections 3(b) and 4(2) of the Act and Regulation S, promulgated by the SEC. The shares are also being offered pursuant to Regulation 45-106 Respecting Prospectus Exemptions. The availability of those exemptions depends, among other things, on the financial condition and nature of the Subscribers, the manner of this Offering, the number of Subscribers and the residency of the Subscribers.

### Accredited Investors

Accredited Investors are those investors who meet at least one of the following standards or others set forth in Rule 501(a) of Regulation D. To wit:

- (a) **\$1,000,000 Net Worth.** The investor is a natural person whose net worth, either individually or jointly with his or her spouse, exceeds \$1,000,000, inclusive of home, home furnishings and automobiles;
- (b) **\$200,000 Income.** The investor is a natural person who has had individual income from all sources (without including any income of his or her spouse unless such spouse is a co-purchaser) in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same level of income in the current year;
- (c) **Company, Corporate or other Entity Investors.** In general, a partnership, corporation, revocable or grantor trust or unincorporated association is deemed to be an Accredited Investor if all of the equity owners of that entity (or in the case of a revocable or grantor trust, all persons with the power to revoke the trust) qualify as Accredited Investors under subparagraph (a) or (b) above; and
- (d) **Trust or Employee Benefit Plan Investors.** In general, a qualified employee benefit plan or trust will qualify as an Accredited Investor if (i) the entity is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, and the investment decision is made by a Plan fiduciary, as defined in Section 3(21) of such Act which is a bank, savings and loan association, insurance company or registered investment advisor, or (ii) the entity is a qualified profit sharing or defined contribution Plan, the Plan provides for segregated accounts for each Plan participant, the governing documents of the Plan provide that each participant may direct the trustee to invest his or her funds in the investment vehicles of his or her choice and the purchase of the Interests are made pursuant to an exercise by the Plan participant, who is an Accredited Investor under subparagraph (a) or (b) above, of such power to direct the investments of his or her segregated account; or (iii) it is a revocable trust and each person with the power to revoke the trust qualifies as an Accredited Investor under subparagraph (a) or (b) above

One of the elements that must be met in order to satisfy the requirements of Regulation S, the Interests may be sold to any Subscribers, regardless of whether such Subscribers qualify as Accredited Investors, provided that the offer and sale are part of a transaction or transactions that are “offshore transactions”. As defined in Regulation S, a transaction is deemed to be done “offshore” if the offer is not made to a person in the United States and at the time of the subscription, the buyer is outside the United States, or the issuer reasonably believes that the buyer is outside the United States. Prior to being accepted for a purchase of Securities, subscribers must satisfy, and represent in writing, that they have satisfied certain investment suitability standards. These standards and representations include, in addition to the status of the subscriber as an Accredited Investor or not being located in the United States, each as described above, the following:

- A. that the subscriber’s overall commitment to investments which are not readily marketable is reasonable in relation to his net worth,
- B. that he is willing and able to bear the economic risk of his investment in the Corporation, has no need for liquidity in his investment, and is able to sustain a loss of substantially all his investment in the Corporation,
- C. that he has read the documents provided to him for the purpose of evaluating the risks of investing in the Corporation and has been afforded the opportunity to ask questions of and obtain additional information from the Corporation regarding the risks and merits of this investment,
- D. he is purchasing the Interests for his own account, for investment, and not with a view to resale or other distribution, and
- E. he has sufficient knowledge and experience in financial, business, or investment matters to evaluate the merits and risks of the investment in the Securities.

These suitability standards represent minimum suitability standards for Subscribers and the satisfaction of such standards does not necessarily mean that the Interests are a suitable investment for a Subscriber. Absent registration of the Interests under the Act and appropriate state and provincial securities laws, the Corporation will impose comparable suitability standards for the Subscriber in connection with resale of any of these securities. In addition, the transfer of any of the Interests by a Subscriber will be subject to compliance with the transfer requirements imposed by federal, state and provincial securities laws.

### **General Suitability Standards**

The Interests will be sold, in the discretion of the Fund, only to a person (i) who purchases the Interests at the offering price; (ii) who represents in writing that he or she qualifies as an Accredited Investor; (iii) who complies with the terms of the Subscription Agreement; (iv) who represents that he or she has been furnished and has carefully read and relied solely on the information contained in this Memorandum, including all exhibits, amendments and supplements hereto; (v) whose overall commitment to investments which are not readily marketable is not disproportionate to his or her net worth, and whose acquisition of the Interests will not cause such overall commitment to become excessive; and (vi) who has no need for liquidity with respect to his or her investment in the Interests and is capable of suffering the loss of his or her entire investment in any of the Interests purchased.

A breach by an investor of any of his or her representations made to the Fund, which results in a loss by the Fund of the registration exemption provided by Regulation D or other exemption

will cause such investor to be liable to the Fund for all damages and to losses proximately caused thereby.

The basis for establishing the foregoing standards include the relative lack of liquidity of the Interests, the risks inherent in an investment in the Interests and possible adverse tax consequences of a premature sale of any Interests. The foregoing standards represent minimum requirements for a prospective purchaser and the Fund reserves the right to reject any subscription notwithstanding compliance with these standards or to apply more stringent suitability standards. The Interests may also be sold to corporations, partnerships, employee benefit plans trusts and other entities meeting the foregoing requirements.



## MANAGEMENT

### **The General Partner**

Lealti Capital, LLC, a Wyoming limited liability company, is the Fund's general partner (the "General Partner").

The General Partner possesses full and exclusive right, power and authority to manage and conduct the business and affairs of the Fund. In managing and conducting the business and affairs of the Fund, the General Partner may take such actions and engage in such transactions for and on behalf of the Fund as the General Partner may determine to be necessary, appropriate, advisable, incidental or convenient to effect the formation of the Fund, carry on its business and realize its objective.

The General Partner is controlled by Joaquin Velazquez. Mr. Velazquez has over 10 years of experience in the financial sector and in asset management. He has successfully led and developed several companies related to finance and consumption. He has also stood out as a stock market investor and as a leader of startup companies. He is responsible for conducting the General Partner's day-to-day activities. Mr. Velazquez is also responsible for managing the Investment Manager's day-to-day activities.

### Exculpation and Indemnification of the General Partner

The LPA provides that, to the extent the General Partner has duties (including fiduciary duties) and liabilities relating thereto to the Fund or any Limited Partner, the General Partner shall not be liable for monetary or other damages to the Fund or such Limited Partner for the General Partner's good faith reliance on the provisions of the LPA for: (i) losses sustained or liabilities incurred by the Fund or such Limited Partner as a result of errors or mistakes in judgment on the part of the General Partner, or any act or omission of the General Partner, except to the extent that it is Judicially Determined (as defined below) that an act or omission of the General Partner was material to the matter giving rise to such losses or liabilities and that such act or omission constituted criminal wrongdoing, willful misfeasance, bad faith or gross negligence on the part of the General Partner; (ii) errors or mistakes in judgment on the part of any person, or any act or omission of any person, selected by the General Partner to perform services for or otherwise transact business with the Fund, except to the extent that it is Judicially Determined that such selection involved criminal wrongdoing, willful misfeasance, bad faith or gross negligence on the part of the General Partner and was material to the matter giving rise to such losses or liabilities; or (iii) circumstances beyond the General Partner's control, including changes in tax or other laws, rules or regulations or the bankruptcy, insolvency or suspension of normal business activities of any broker-dealer, bank or other financial institution holding assets of the Fund.

The LPA also provides that to the extent any affiliate of the General Partner, or any shareholder, partner, member, director, officer, employee or agent of the General Partner or of any of its affiliates, has duties (including fiduciary duties) and liabilities relating thereto to the Fund or any Limited Partner, such person shall not be liable for monetary or other damages to the Fund or such Limited Partner for such person's good faith reliance on the provisions of the LPA or the governing documents of the Fund or for losses sustained or liabilities incurred by the Fund or such Limited Partner, except to the<sup>17</sup> extent that it is Judicially Determined that an act or omission of such person was material to the matter giving rise to such losses or liabilities and that such act or omission constituted criminal wrongdoing, willful misfeasance or bad faith

on the part of such person.

Pursuant to the LPA, the Fund will, to the fullest extent permitted by law, indemnify each General Partner Associate – *i.e.*, the General Partner, each of its affiliates, and each shareholder, partner, member, director, officer, employee or agent of the General Partner or of any of its affiliates – against any and all Losses (defined below), except to the extent that it is Judicially Determined that an act or omission of such General Partner Associate was material to the matter giving rise to such Losses and that such act or omission constituted criminal wrongdoing, willful misfeasance, bad faith or gross negligence on the part of such General Partner Associate (if such General Partner Associate is the General Partner), or criminal wrongdoing, willful misfeasance or bad faith on the part of such General Partner Associate (if such General Partner Associate is a General Partner Associate other than the General Partner).

For purposes of the foregoing, “**Losses**” of a General Partner Associate mean any and all losses, damages, liabilities, costs, expenses (including reasonable legal fees and costs and expenses), judgments, fines, amounts paid in settlement, and other amounts actually and reasonably paid or incurred by such General Partner Associate in connection with any and all proceedings that arise from or relate, directly or indirectly, to acts or omissions (or alleged acts or omissions) of such General Partner Associate in connection with the LPA or the business or affairs of the Fund and in which such General Partner Associate may be involved, or is threatened to be involved, as a party, witness, deponent or otherwise, whether or not the same shall proceed to judgment or be settled or otherwise be brought to a conclusion. “**Judicially Determined**” means determined in a judgment or order, not subject to further appeal or discretionary review, by a court, governmental body or agency or self-regulatory organization having jurisdiction to render or issue such judgment or order.

Notwithstanding the foregoing, no exculpation or indemnification of a General Partner Associate shall be permitted under the LPA to the extent such exculpation or indemnification would be inconsistent with the requirements of U.S. federal or state securities laws or other applicable law.

#### The Investment Management Agreement

The Fund has appointed the Investment Manager as its investment manager pursuant to the Investment Management Agreement and has agreed that, in that capacity, the Investment Manager shall possess the right, power and authority to take such actions for and on behalf of the Fund as the Investment Manager may reasonably determine to be necessary, appropriate, advisable, incidental or convenient in connection with pursuing the Fund’s investment objective.

The Investment Management Agreement provides for exculpation and indemnification of the Investment Manager and its affiliates on terms that are virtually identical to the terms on which the Fund exculpates and indemnifies those persons. However, no exculpation or indemnification of the Investment Manager shall be permitted under the Investment Management Agreement to the extent such exculpation or indemnification would be inconsistent with the requirements of U.S. federal or state securities laws or other applicable law.

The Investment Management Agreement has an indefinite term, but may be terminated by the General Partner or the Fund upon written notice to the other parties in the event of (i) material breach by another party, (ii) bankruptcy or insolvency of another party, (iii) inability of another party for regulatory reasons to

perform its services or (iv) dissolution of the Fund. In addition, Barstoke, Inc. may terminate the Investment Management Agreement upon 30 days notice to the Fund.

### **Net Asset Value**

The Net Asset Value of the Shares is the value of the Fund's assets as calculated in accordance with the International Financial Reporting Standards and the Memorandum and Articles of Association of the Fund.

Notwithstanding the foregoing:

- i. in the case of extraordinary circumstances which warrant a different valuation of any securities, such as an inability to liquidate existing positions, such securities will be valued at such prices as the Directors shall determine; and
- ii. the amount of any distribution or dividend made shall be a liability of the Fund from the day when the distribution or dividend is declared until it is paid.

All decisions on the valuation of assets and liabilities and determination of Net Asset Value shall be made by the Fund's Board of Directors. Net Asset Value per Share is defined as the Net Asset Value divided by the number of Shares then outstanding. The Net Asset Value of the Fund will be calculated on a monthly basis by the Fund's administrator which will promptly notify the Fund of the results of each such Net Asset Value calculation. Pursuant to the Fund's MOA, the Fund may suspend the calculation of its Net Asset Value for the whole or any part of any period:

- i. during which any securities exchange or over-the-counter market on which any significant portion of the investments of the Fund are listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such stock exchange or over-the-counter market is restricted; or
- ii. when circumstances exist as a result of which in the opinion of the Fund Manager it is not reasonably practicable for the Fund to dispose of investments or as a result of which any such disposal would be materially prejudicial to the shareholders; or
- iii. when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the investments or other assets of the Fund cannot reasonably or fairly be ascertained; or
- iv. during which the Fund is unable to repatriate funds required for the purpose of making payments due on redemption of Shares or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemptions of Shares cannot in the opinion of the Fund Manager be effected at normal rates of exchange.

Any such suspension shall take effect at such time as the Fund Manager shall declare but not later than the close of business on the business day next following the declaration, and thereafter there shall be no determination of the Net Asset Value per Share of the Fund until the Fund Manager shall declare the suspension at an end, except that such suspension shall terminate in any event on the first business day on which (a) the condition giving rise to the

suspension shall have ceased to exist; and (b) no other condition under which suspension is authorized under the Fund's Articles of Association shall exist. Each declaration by the Fund Manager pursuant to this paragraph shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund and as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations, the determination of the Fund Manager shall be conclusive. Whenever the Fund Manager shall declare a suspension of the determination of the Net Asset Value per Share, then as soon as may be practicable after any such declaration, the Fund Manager shall give notice to all shareholders stating that such declaration has been made. At the end of any period of suspension as aforementioned the Fund Manager shall give notice to all shareholders stating that the period of suspension has ended.

### **Anti-Money Laundering**

As part of the Fund's responsibility for the prevention of money laundering, the Fund Manager and its affiliates, subsidiaries or associates may require a detailed verification of a shareholder's identity, any beneficial owner underlying the account and the source of the payment. The Fund Manager reserves the right to request such information as is necessary to verify the identity of a subscriber and the underlying beneficial owner of a subscriber's or a shareholder's Shares in the Fund. In the event of delay or failure by the subscriber or shareholder to produce any information required for verification purposes, the Fund Manager may refuse to accept a subscription or may cause the redemption of any such shareholder from the Fund. The Fund, without notice, may suspend the redemption rights of such shareholder if the Fund or the Investment Manager reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Fund, the Investment Manager or any of the Fund's other service providers. Each subscriber and shareholder shall be required to make such representations to the Fund as the Fund and the Fund Manager shall require in connection with such anti-money laundering programs, including without limitation, representations to the Fund that such subscriber or shareholder is not a prohibited country, territory, individual or entity listed on the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with, any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Such shareholder shall also represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly the proceeds of criminal conduct or derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws and regulations.

### **The Administrator**

The Administrator – Wilshire West, LLC, acts as the Administrator of the Fund. The Administrator's principal office is located at 141 W. Jackson Suite 2172, Chicago, IL 60604

The Fund has entered into an agreement with the Administrator (the "**Administration Agreement**") under which the Administrator will, subject to any general policy laid down by the Fund, deal with the management and administration of the Fund.

The involvement of the Administrator as administrator of the Fund is not to be taken as an endorsement by the Administrator of either entity or their investment objectives or policies.

## INVESTMENT OBJECTIVE AND STRATEGY

The investment objective of the Fund is to achieve superior returns by investing in high yield equity securities. No assurance can be given that the Fund will achieve its investment objective or that it will not sustain losses.

The Investment Manager will seek to achieve the Fund's investment objectives by employing a variety of investment strategies to take advantage of profitable opportunities in high yield equity capital markets. More specifically, strategies that may be used by the General Partner include those discussed below.

### *Long Investments in High Yield Equity Securities*

Long positions involve buying a security in anticipation of receiving an attractive yield or price expansion in the short or over the long term. The Fund's long investment positions will include but are not limited to equity securities of companies that:

- Have equity securities that offer attractive potential for superior total return relative to other high yield equity;
- Are restructuring or cost cutting to improve profitability;
- Have been impaired by temporary events;
- Have attractive credit qualities; and
- Have strong recovery values based on projected earnings and capital structures.

The Investment Manager's expertise in valuing securities and its understanding of the marketplace will be brought to bear in these situations.

### *Short Sales of High Yield and Distressed Equity Securities*

Short sales involve the Fund selling a security that it does not own in anticipation of a price decline. A short sale occurs when the Fund borrows a security from a third party. The Fund must repurchase the security at a later date in order to replace the security that was borrowed from the third party. This is known as covering the short position. If the price of the borrowed security has fallen, the security will be repurchased at a lower price than that at which it was initially sold, and the difference between the price the Fund paid to repurchase the borrowed security to cover its short position and the price at which the security was sold to the second party (plus any interest rebate on the proceeds from the original short sale, less commission costs and other transaction expenses) will represent the Fund's profits. If the borrowed security is repurchased by the Fund at a higher price than that at which it was initially sold, the Fund will incur a loss.

It is important to note that short selling can be risky. To mitigate this risk and potential loss, the Fund will sell short high yield and distressed equity securities of companies that are viewed by the Investment Manager to have significant management, financial and operating deficiencies or companies that are overvalued in the marketplace.

*Reorganized (or  
“New”) Debt and  
Equity*

From time to time the Fund may hold positions in reorganized debt and equity that it has received in lieu of cash payments as a result of a restructuring, bankruptcy, exchange offer, or other reorganization by a company. The Investment Manager may decide to hold these positions in anticipation of an attractive yield, price appreciation or favorable terms on other debt securities held by the Fund that may otherwise be compromised.

*Other Global High  
Yielding  
Instruments*

From time to time the Fund may hold positions in other global high yielding instruments or securities with the potential for capital appreciation.

The Investment Manager will generally adhere to the following investment guidelines in implementing the investment objective and strategies of the Fund:

The Investment Manager will generally execute investment strategies in high yield and distressed equity securities or other yielding instruments. In addition the Fund may hold investments in reorganized debt, equity or liquidated assets received by the Fund as a result of a restructuring, bankruptcy, exchange offer, or other reorganization by issuers of securities held by the Fund.

The Investment Manager will generally not hold any security that will represent more than 25.0% of the total portfolio (provided, however, that as the Fund builds its portfolio over the first few months of its operations, it will have positions that exceed this 25% threshold).

## EXPENSES, MANAGEMENT FEES AND INCENTIVE ALLOCATIONS

### *General*

The Fund will pay such costs and expenses as the Investment Manager reasonably determines in good faith to be necessary, appropriate, advisable, incidental or convenient to effect the Fund's formation, promote or conduct the Fund's business or achieve the Fund's objectives. It is expected that the Fund will bear all costs and expenses associated with its organization, the offering of Interests and its ongoing operations, except as otherwise described below. The General Partner, however, may not cause the Fund to compensate the Investment Manager or its related persons except upon terms and conditions comparable to those that would be negotiated on an "arm's length" basis between unaffiliated parties for the type of service or transaction in question. For purposes of the foregoing, it shall conclusively be presumed that the Management Fees and Incentive Allocations described herein meet that standard.

### *Organizational and Offering Costs and Expenses*

The Fund's organizational costs and expenses, together with offering costs and expenses incurred in connection with the offer and sale of Interests issued at the Initial Closing, are not expected to exceed \$30,000. The General Partner will initially bear these costs and will be reimbursed therefor by the Fund in equal monthly installments over a twelve (12) month period beginning as of the end of the month in which the Initial Closing occurs. If the Fund ceases operations prior to the end of this twelve (12) month period, it will have no further reimbursement obligations to the General Partner, and no Limited Partner who completely withdraws from the Fund prior to the end of such period shall bear any additional portion of this reimbursement. The Fund does not expect that ongoing offering costs after the Initial Offering Period will be significant.

### *Fund Expenses*

The Fund's direct operational costs and expenses are expected to consist primarily of (i) Management Fees (defined below); (ii) all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; fees, costs and expenses of third-party service providers that provide such services; (iii) costs and expenses associated with preparing investor communications, printing and mailing costs; (iv) insurance costs and expenses; (v) governmental licensing, filing and exemption fees; (vi) indemnification obligations and (vii) any extraordinary expenses.

### *The General Partner's Overhead Expenses*

The General Partner is responsible for all salaries, bonuses and employee benefit expenses of its related persons who are involved in the management and conduct of the business and affairs of the Fund (as well as related overhead, including office space and equipment, utilities, telephone and telecopier expenses, and other similar items).

### *Management Fees*

The Fund will ordinarily pay the Investment Manager a management fee, in advance (the "Management Fee"), in an amount equal to two (2%) percent of the net asset value of each Limited Partner capital account(s) as of the date of subscription and continuing on the first day of

each year thereafter (approximately 2.0% annually).

The Management Fee is charged against the Capital Account to which it relates and thereby reduces the NAV of such Capital Account.

The Management Fee is charged regardless of whether the NAV of the Capital Accounts increase or decrease over time.

The General Partner may agree to a different Management Fee arrangement in respect of any Capital Account(s) of a Limited Partner. This will not entitle the Limited Partner that holds such Account, or any other Limited Partner, to such a different arrangement, waiver or reduction in respect of any other Capital Account(s).

### ***Incentive Allocations***

As of the last Business Day of each calendar quarter and as of any date on which a Limited Partner makes a withdrawal or receives a distribution from such Limited Partner's Capital Account(s) (an "**Incentive Allocation Calculation Date**"), the Fund ordinarily will allocate to the Investment Manager an incentive allocation (the "**Incentive Allocation**") in an amount equal to 20.0% of the Net New Profit in the relevant Capital Account(s).

"**Net New Profit**" in the value of a Capital Account is the amount by which the NAV of such Capital Account exceeds the "**High Water Mark**" for such Account, which is the NAV of such Capital Account immediately after the assessment of the most recent Incentive Allocation (adjusted as described below for any withdrawals or distributions since such assessment) or, if the Account has never been assessed an Incentive Allocation, the NAV of such Account when it was established (adjusted as described below for any withdrawals or distributions since it was established).

If a Limited Partner withdraws capital from the Fund before a calendar quarter-end and such Limited Partner's Capital Account(s) has Net New Profit as of the effective date of such withdrawal, an Incentive Allocation shall be assessed against such Account (and allocated to the Investment Manager) in an amount equal to the relevant percentage (as described above) of such Net New Profit as of such effective date.

If a Limited Partner withdraws capital from a Capital Account at a time when the NAV of such Capital Account is less than the High Water Mark for such Account, the High Water Mark for the account shall be reduced proportionately to the withdrawal from such Account. Specifically, the High Water Mark for the Account will be multiplied by a fraction the numerator of which is the NAV of the Account immediately after the withdrawal and the denominator of which is the NAV of the Account immediately prior to the withdrawal.

If a Capital Account does not have Net New Profit as of the end of a particular calendar quarter, no Incentive Allocation is due in respect of such Account unless and until it experiences Net New Profit as of the end of a subsequent calendar quarter (or withdrawal date, as the case may be).

Like the Management Fee, the Incentive Allocated is assessed against the Limited Partner's Capital Account to which it relates and thereby reduces the NAV of such Account. Although the Incentive Allocation will be charged quarterly, it will be accrued and reflected in the NAV reported to Limited Partners on a monthly basis.



The determination of the Incentive Allocation is binding and conclusive on the Fund and its Limited Partners.

Although the High Water Mark for a particular Account will carry forward from quarter to quarter until exceeded, the General Partner will not be required to repay any Incentive Allocation paid to it in respect of such Account in the event such Account subsequently declines in value.

The General Partner may agree to a different Incentive Allocation arrangement in respect of any Capital Account(s) of a Limited Partner. This will not entitle the Limited Partner that holds such Account, or any other Limited Partner, to such a different arrangement, waiver or reduction in respect of any other Capital Account(s).

## WITHDRAWALS

### *Voluntary Withdrawals*

A Limited Partner may generally withdraw all or any part of the balance of any Capital Account of such Limited Partner as of the last Business Day of any calendar quarter, upon not less than ninety (90) calendar days prior written notice to the General Partner; provided, however, that if such Capital Account has been in existence for less than one (1) year, the withdrawal will be subject to a withdrawal fee equal to 5.0% of the withdrawal proceeds (payable 50% to the Fund and 50% to the General Partner).

Unless the General Partner agrees otherwise in its discretion, a Limited Partner who requests a withdrawal from a Capital Account must submit such request to the Administrator in writing on the form most recently prescribed by the Administrator for that purpose (or in a form reasonably acceptable to the Administrator, if the Administrator has not prescribed a form for that purpose).

The General Partner may, as a condition to effecting a withdrawal from a Capital Account at the request of a Limited Partner, require such Limited Partner to: (a) make such representations and warranties to the Fund and the General Partner as the Administrator may reasonably request regarding matters such as such Limited Partner's status as the sole, true and lawful beneficial owner of such Account, its authority to make such withdrawal, its ability to make such withdrawal without any legal or contractual restriction and the lack of encumbrances on such Capital Account; and (b) obtain a signature guarantee from a recognized financial institution.

The General Partner, in its discretion, may agree to a withdrawal arrangement in respect of any Capital Account of a Limited Partner that is a substitute for that described above. No such substitute arrangement in respect of a particular Capital Account will entitle the Limited Partner that holds such Account, or any other Limited Partner, to such a substitute arrangement in respect of any other Capital Account. The General Partner also has the discretion to permit a Limited Partner to withdraw amounts from a Capital Account at times that differ from, and/or or upon notice periods that are shorter than, the time and notice periods described above. No such permission will entitle the Limited Partner that holds such Account, or any other Limited Partner, to such permission in respect of any other Capital Account.

### *Compulsory Withdrawals*

The General Partner, in its discretion, may require any Limited Partner, to withdraw all or any portion of its Capital Account(s) as of any date by giving not less than ten (10) calendar days prior written notice to such Limited Partner.

The General Partner may at any time require any Limited Partner to withdraw all or any portion of its Capital Account(s) without notice to such Limited Partner if: (a) the General Partner determines that such Limited Partner, made a material misrepresentation to the Fund in connection with acquiring its Interest; (b) a legal or similar proceeding is commenced or threatened against the Fund or any other Limited Partner arising out of, or relating to, such Limited Partner's investment in the Fund; (c) such Limited Partner transferred its Interest (or any interest therein) in violation of the Limited Partnership Agreement or in a manner that has

resulted in (or, in the General Partner's judgment, is likely to result in) an Adverse Regulatory Effect (as defined in Appendix A to the Limited Partnership Agreement); or (d) such Limited Partner's continuing ownership of an Interest (or interest therein) has resulted in (or, in the General Partner's judgment, is likely to result in) an Adverse Regulatory Effect.

### ***Payments on Withdrawals***

The Fund ordinarily will pay not less than 90% of the proceeds payable to an investor in connection with a withdrawal within thirty (30) calendar days following the end of the calendar quarter after the effective date of such withdrawal. Any outstanding balance will be paid as soon as is reasonably practicable following the completion of the Fund's annual audit for the year in which such withdrawal was effective.

Withdrawal proceeds payable in connection with a withdrawal effected at a time other than as of the end of a calendar quarter are reduced by the amount of the Incentive Allocation (if any) charged in connection with such withdrawal.

The General Partner may establish (and increase or decrease from time to time) such reserves for the Fund for: (a) estimated accrued costs or expenses and (b) contingent, unknown or unfixed debts, liabilities or obligations of the Fund, even if such reserves are not required by generally accepted accounting principles. The existence of any such reserve at the time a Limited Partner withdraws or is required to withdraw capital from a Capital Account would reduce the available balance of such Capital Account by the amount of its allocable share of such reserve. In addition, any such reserve, to the extent reversed, will be allocated among the Capital Accounts of the persons who are Limited Partners at the time of such reversal in the manner provided in the Limited Partnership Agreement, unless the General Partner, in its discretion, determines to allocate such reversal among the Capital Accounts of those persons who were Limited Partners at the time such reserve was established or increased, as the case may be. As a result, it is possible that a Limited Partner who withdraws or is required to withdraw the entire balance of a Capital Account at a time when a reserve exists will not receive any amount from such reserve if it should later be reversed.

The General Partner may withhold and pay over to the Internal Revenue Service ("IRS") or any other taxing authority, pursuant to Sections 1441, 1442, 1445, 1446 of the Internal Revenue Code of 1986, as amended (the "Code"), and any other provisions of the Code or of state, local or foreign law, the amounts the Fund may be required to withhold under those provisions or may be required to pay to any federal, state, local or foreign taxing authority relating to a Limited Partner. The amount of any taxes withheld and paid by the Fund on behalf of a Limited Partner shall be deemed to constitute a distribution to such Limited Partner and, if withheld and paid in connection with a capital withdrawal by such Limited Partner, shall reduce (on a dollar for dollar basis) the amount the Fund would otherwise pay directly to such Limited Partner in connection with such withdrawal.

### ***Suspension of Withdrawals and Withdrawal Payments***

The General Partner may cause the Fund to suspend withdrawals and/or payments due to Limited Partners in connection with withdrawals for the whole or part of any period during which the General Partner determines that: (a) effecting such withdrawals or making such payments would violate Colorado law or have a material adverse effect on the Limited Partners generally; (b) sufficient funds are not available to the Fund to effect such withdrawals or make such payments because of a default or delay by any bank, broker or other person holding assets of the Fund in making payments to the Fund; or circumstances exist as a result of which it is not reasonably practicable for the Fund to: (i) accurately ascertain the value of a material portion of its assets due to factors such as the closure of or the suspension of trading on any stock exchange or other market on which such assets are usually traded or the break-down in any of the means usually employed by it in ascertaining such value; or (ii) realize on the value of a material portion of its assets. In addition, the General Partner may cause the Fund to

suspend withdrawals and/or payments due to Limited Partners in connection with withdrawals to the extent reasonably necessary to enable the Fund to effect the orderly liquidation of assets necessary to effect such withdrawals or make such payments.

The General Partner may make “in kind” distributions (or a combination of cash and “in kind” distributions) where it believes the circumstances warrant. To the extent the Fund makes “in kind” distributions, it will allocate such distributions among the holders of the Capital Accounts entitled thereto such that each such holder shall, except for immaterial variances, receive a *pro rata* portion thereof. Securities distributed “in kind” may not be readily marketable or saleable and may have to be held by the Limited Partners who receive them for an indefinite period of time.

Limited Partners are not entitled to receive interest on withdrawal proceeds, notwithstanding that withdrawal proceeds are paid subsequent to the effective date of a withdrawal. However, the General Partner, in its discretion, may cause the Fund to credit interest to a Limited Partner in respect of any withdrawal proceeds payable to such Limited Partner, from the effective date of the withdrawal to the date of payment.

## RISK FACTORS

In considering an investment in the Fund, prospective investors should be aware of certain special considerations and risk factors, which include, but are not limited to, the following:

- **General Investment Risk** (*i.e.*, the risk of deterioration in the financial markets in general);
- **Strategy Risk** (*i.e.*, the risk of failure of the General Partner's investment strategy);
- **Institutional Risk** (*i.e.*, the risk that the Fund could incur losses due to: (i) the failure of counterparties to perform their contractual commitments to the Fund; (ii) the financial difficulty of securities exchanges, securities wallet providers, brokerage firms, banks or other financial institutions that hold assets of the Fund);
- **Fund Structure Risk** (*i.e.*, the special considerations and risks arising from the operation of certain provisions of the Limited Partnership Agreement and the governing documents of the Fund);
- **Legal Risk** (*i.e.*, the special considerations and risks arising from changes in regulation of securities that may impact the value of the Fund's investments therein);
- **Operational Risk** (*i.e.*, the special considerations and risks arising from the day-to-day management of a pooled investment vehicles like the Fund; and
- **Tax Risk** (*i.e.*, the special considerations and risks arising from the operation of an investment vehicle treated as a partnership for U.S. federal tax purposes).

Certain special considerations and risk factors that fall under these general categories are described below. Others are referred to elsewhere in this Memorandum and will not be repeated here. Prospective investors should therefore read this entire Memorandum before subscribing for Interests. In addition, the inclusion of specific special considerations and risk factors in this Memorandum should not be construed to imply they are described in complete detail, or that there are not other special considerations or risk factors that apply to an investment in the Fund.

### ***GENERAL INVESTMENT RISK***

All investments in securities and other financial instruments involve substantial risk of volatility (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of the Fund, such as: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including

their central banks). Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements. Unexpected volatility or illiquidity in the securities markets in which the Fund holds positions could impair its ability to achieve its objectives and cause it to incur losses.

The tragic events of September 11, 2001 had an immediate material and adverse effect on the financial markets in general and investment in securities in particular. If there are further such events, there are numerous ways in which they could have a substantial negative impact on any investment fund, including sharp adverse changes in volatility and liquidity.

Although the General Partner believes that the Fund's investment program should mitigate the risk of loss through a careful selection and monitoring of securities investments, an investment in the Fund is nevertheless subject to loss, including possible loss of the entire amount invested. No guarantee or representation is made that the Fund will be successful, and the Fund's investment results may vary substantially over time.

## ***STRATEGY RISK***

### ***Long Positions***

The success of the long positions established for the Fund by the Investment Manager will depend in large part on the Investment Manager's ability to accurately assess the fundamental value of those positions. An accurate assessment of fundamental value depends on a complex analysis of a number of financial, technical and legal factors. No assurance can be given that the Investment Manager will be in a position to assess the nature and magnitude of all material factors having a bearing on the value of the Fund's long positions, or that the Investment Manager will accurately assess the impact of all factors of which it is aware.

### ***Short Selling***

The Fund may sell securities short in certain situations. Selling short involves the sale of borrowed securities. In order to sell a security short, the Fund must borrow the securities from a securities lender and deliver it to the buyer. The Fund is then obligated to return the securities to the lender at its request (although the Fund typically remains free to return the securities to the lender at any time prior to the lender's request). The Fund ordinarily fulfills its obligation to return a securities previously sold short by acquiring it in the open market.

A short sale by the Fund ordinarily involves a judgment on the Investment Manager's part that, subsequent to the sale, the price of the securities will fall over time, resulting in profits equal to the difference between the net proceeds of the sale and the cost of acquiring the securities (or a security exchangeable for or convertible into such securities) at a later date to fulfill the obligation to return the securities to the lender.

The principal risk in selling a particular securities short is that, contrary to the Investment Manager's expectation, the price of the securities will rise, resulting in a loss equal to the difference between the cost of acquiring the securities (for return to the lender) and the net proceeds of the short sale. (This risk of loss is theoretically unlimited, since there is theoretically no limit on the price to which the security sold short may rise.) In addition, the Fund would be responsible for the payment of any accrued interest on a bond it has sold short while the short sale is outstanding.

Another risk is that the Fund may be forced to unwind a short sale at a disadvantageous

time for any number of reasons. For example, a lender may call back a securities at a time the market for such security is illiquid or additional securities is not available to borrow. In addition, some traders may attempt to profit by making large purchases of a securities that has been sold short. These traders hope that, by driving up the price of the securities through their purchases, they will induce short sellers to seek to minimize their losses by buying the securities in the open market for return to their lenders, thereby driving the price of the securities even higher.

### ***Investment Techniques***

In implementing the Fund's investment strategy, the Investment Manager may utilize techniques such as borrowing to increase the Fund's long position exposure. Although employing these techniques expands the Fund's opportunities for gain, it also substantially increases the risks of volatility and loss, as summarized below.

Interest Rate Risk. Securities that carries an interest rate or is pegged to a particular interest rate may decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities may fall. The Fund's investment in such securities means that the value of Interests may decline if market interest rates rise (for long positions) and may decline if market interest rates rise (for short positions).

High Yield Risk. Securities that is deemed to be a security will generally may not be considered "investment grade." Securities of below investment grade quality are regarded as having predominately speculative characteristics. The prices of these lower grade securities are typically more sensitive to negative market developments. The market for such securities may not be as liquid as the secondary market for more highly rated securities, a factor which may have an adverse effect on the Fund's ability to dispose of a particular securities. Under adverse market or economic conditions, the secondary market for such securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell such securities or may be able to sell the securities only at prices lower than if such securities were widely traded.

Leverage. The Fund may use leverage in its investment program, generally through borrowing to increase the assets available for it to lend. While the Investment Manager does not intend to use borrowing as a key element of its core strategy for investing the Fund's assets, the Investment Manager may from time to time utilize borrowings to facilitate capital inflows and outflows without disruption to the fund's strategy.

The level of interest rates generally, and the rates at which the Fund can borrow, in particular, affects the Fund's operating results. If the interest expense on the Fund's borrowings – which can be expected to fluctuate from time to time depending on market conditions – were to exceed the net return on the portfolio securities purchased with the borrowed funds, the use of leverage would result in a lower rate of return than if leverage were not used.

Moreover, to the extent the Fund uses borrowed funds, its NAV will tend to increase or decrease at a greater rate than if borrowed funds were not used, and a relatively small movement in the value of a position could result in immediate and substantial losses.



The Fund's borrowings typically will be secured by a pledge of its assets to the lenders who extend credit to the Fund. Under certain circumstances, a lender might demand an increase in the collateral that secures the Fund's obligations and, if the Fund were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the Fund's obligations.

The Fund does not have any commitments from banks or others regarding its future borrowings and there is no assurance that lenders will be willing to make loans to the Fund of the maximum amount permitted by applicable law. The degree of profitability of the Fund may depend in part upon its ability to obtain such loans at prevailing market rates.

Hedging Transactions. While the Investment Manager does not intend to use hedging transactions as a key element of its core strategy for investing the Fund's assets, the Fund may from time to time utilize derivative securities, including "stable coins" such as Tether, to seek to hedge against fluctuations in the relative values of the Fund's portfolio positions as a result of changes in interest rates or exchange rates. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the value of the position or prevent losses in the value of the position, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the value of the portfolio position. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. It may not be possible, however, for the Fund to hedge against an interest rate or exchange rate fluctuation that is so generally anticipated that the Fund is not able to enter into a hedging transaction at a price sufficient to protect it from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

The success of the Fund's hedging transactions is subject to its ability to correctly predict movements in and the direction of interest rates and currencies. Therefore, while the Fund may enter into such transactions to seek to reduce risk, unanticipated changes in securities exchange rates may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, the Fund may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings.

Non-U.S. Instruments and Markets. The Investment Manager expects to invest some percentage of the Fund's assets in financial instruments located outside the United States.

Investing in non-U.S. entities involves certain considerations not usually associated with investing in U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gains or other income; the small size of some markets in foreign countries, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between securities and costs associated with securities conversion; and certain government policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United

States.

Potentially Limited Diversification. Although the Investment Manager is cognizant of the risks associated with portfolio concentration, it also believes that its adherence to the general guidelines governing portfolio diversification may preclude the Fund from taking advantage of promising investment opportunities. Accordingly, the Fund has not established any strict rules relating to the diversification of its portfolio.

Portfolio Turnover. The operation of the Fund may result in a high annual portfolio turnover rate. The Fund has not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Investment Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate (e.g., greater transaction costs such as brokerage fees).

Low Rated or Unrated Debt Obligations. The Fund invests in securities that has no credit rating promulgated by any internationally recognized credit rating organizations. Securities involves significant risk exposure as there is great uncertainty involving it. Low rated and unrated instruments generally offer a high current yield than that available from higher grade issuers, but typically involve greater risk.

### ***“Uninvested” Capital***

The Investment Manager may from time to time invest Fund assets in high quality short-term instruments such as U.S. Treasury securities and shares of “money market” mutual funds because suitable investments for the Fund are not then available. It is not possible to determine or even estimate the degree to which the Fund’s assets will be “uninvested” from time to time, but the percentage of Fund assets invested in short-term instruments may be high from time to time. Such periods of “uninvestment” are likely to have a negative impact on the Fund’s rate of return.

### ***Illiquid Investments***

An unlimited portion of the Fund’s assets may from time to time be invested in securities for which a limited market exists and/or which are restricted as to their transferability under Federal or state securities laws. Because of the absence of any trading market for these investments, the Fund may take longer to liquidate these positions than would be the case for public equity securities. Although these securities may, under certain circumstances, be resold in privately negotiated transactions, the prices realized on such sales could be less than those originally paid by the Fund. In addition, at various times, the markets for securities purchased or sold by the Fund, although organized and active, may nevertheless be “thin” or illiquid, making the purchase or sale of securities at desired prices or in desired quantities difficult or impossible. This lack of depth could be a disadvantage to the Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

### ***Pricing Risk upon Redemption and Subscription***

The price of redeemed Interests will be based on the Fund’s unrealized as well as realized gains (and/or losses). There can be no assurance that such unrealized gains (and/or losses) will, in fact, ever be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision. As a result, a subscribing or redeeming investor may be positively or negatively affected by a revision to the Fund’s net asset value.

### ***Broad Investment and Trading Mandate***

Neither the Limited Partnership Agreement nor the Investment Management Agreement impose significant restrictions on the Investment Manager's investing for the Fund. The Investment Manager expects that, under current market conditions, the Fund will focus on the investment strategy described herein. The Investment Manager, however, may engage in other strategies from time to time (either in lieu of or in addition to the strategy described herein) to take advantage of changing market conditions and investment opportunities, without notice to the Limited Partners. This could involve changes in the types of securities and other instruments in which the Fund trades and invests, as well as changes in the markets in which such securities and other instruments trade. There can be no assurance that pursuing additional strategies, either in lieu of or in addition to the strategy described herein, would be successful or not result in losses.

## ***INSTITUTIONAL RISK***

### ***Suspensions of Trading***

Securities exchanges typically can suspend or limit trading in any instrument traded on the exchange. A suspension or limitation of trading could render it impossible for the Fund to liquidate a position or positions in a timely manner. A delay in exiting a position or positions could expose the Fund to losses with respect to such position(s), which could increase as the delay continues. In addition, to the extent the Investment Manager becomes aware of material non-public information with respect to an issuer of a security held in the Fund's portfolio, the Investment Manager may be forced to delay buying or selling that issuer's securities until such information becomes public.

### ***Failure of Exchanges and Clearinghouses***

The Fund is subject to the risk of the failure of any of the exchanges on which its positions trade or of the clearinghouses for such exchanges.

### ***Counterparty Risk***

Some of the markets in which the Fund invests could result in the risk that a counterparty may not be able to settle a transaction with the Fund in accordance with its terms because of a credit or liquidity problem of the counterparty, thereby exposing the Fund to loss. In addition, in the case of a default by a counterparty, the Fund could become subject to significant losses while it attempts to execute a substitute transaction.

"Counterparty risk" is accentuated in the case of contracts having longer maturities, where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small number of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. While the Investment Manager will attempt to limit "counterparty risk" by transacting with well-capitalized and established institutions, it will not otherwise evaluate the creditworthiness of the Fund's counterparties.

### ***Failure of Custodians***

Financial institutions such as broker-dealers and banks will have custody of the Fund's assets, including its margin deposits. Often these assets will not be registered in the name of the Fund. Financial difficulty, fraud or misrepresentation at one of these institutions could impair the operational capabilities or capital position of the Fund.

## FUND STRUCTURE RISK

### *Dependence on the Investment Manager and Key Personnel*

The Investment Manager will make all investment decisions for the Fund. No Limited Partner, in its capacity as such, may take part in the management or conduct of the business or affairs of the Fund or transact any business in the name of or otherwise for or on behalf of the Fund. As a result, the success of the Fund will depend to a great extent on the investment skills of the Investment Manager's principals and key personnel and similarly the Fund on the Investment Manager. The Fund could be adversely affected if, because of illness, resignation or other factors, the services of the relevant people were not available for any significant period of time.

### *Exculpation and Indemnification*

As described above under, "MANAGEMENT," the Fund will broadly exculpate the General Partner and its related persons from certain liabilities to which they might otherwise be subject, and broadly indemnify them against certain losses incurred by them in connection with managing and conducting the business and affairs of the Fund and making investment and trading decisions for the Fund. It is not expected that the Fund will purchase insurance to cover its indemnification obligations.

### *Withholding of Distributions*

Under certain circumstances, the General Partner may find it necessary upon withdrawal by one of the Limited Partners to establish a reserve for contingent liabilities and withhold a certain portion of such Limited Partner's Capital Account. In addition, at any given time, the Fund may not be able to liquidate sufficient assets to make required payments to withdrawing Limited Partners or to satisfy all of its obligations upon dissolution.

### *Returns of Distributions*

No Limited Partner, in its capacity as such, will be personally liable for the debts, liabilities, obligations or commitments of the Fund, and each Interest, when issued and fully paid for in accordance with the provisions of the related Subscription Agreement, will be fully paid and nonassessable. However, if the Fund incurs a withholding tax or other tax obligation with respect to the share of Fund income allocable to any Capital Account, and if the amount of any such obligation exceeds the balance of such Capital Account, then the Limited Partner that holds such Capital Account must, upon demand by the General Partner, pay to the Fund, as a capital contribution, an amount equal to such excess. In addition, a Limited Partner will be required to return to the Fund amounts previously distributed to it by the Fund, together with reasonable interest on such amounts determined by the General Partner in its reasonable discretion, under certain limited circumstances, such as where: (i) the amount previously distributed was distributed in violation of the Colorado Limited Partnership Act or was distributed in error due to a miscalculation of the Fund's NAV; (ii) the General Partner determines that a particular liability or expenditure that becomes fixed or is incurred in an accounting period subsequent to the accounting period in which the distribution was made is properly chargeable to such prior accounting period; or (iii) the amount previously distributed is necessary to satisfy such Limited Partner's *pro rata* share of the Fund's obligation to indemnify the General Partner and its related parties pursuant to the terms of the LPA. See Section 5.3 of the LPA for a more complete description of the limited circumstances in which a Limited Partner may be required to return amounts to the Fund.

### ***Limited Liability of the General Partner***

The Fund is organized as a limited partnership. This structure limits the liability of the General Partner of such an entity to its interest in such entity plus any withdrawals or distributions it has taken from such entity. In the event that the Fund's liabilities and obligations exceed its net capital, a creditor of the Fund (which might include one or more Limited Partners) would have no recourse to the general assets of the General Partner to satisfy any excess liabilities and obligations.

### ***Limited Voting Rights***

Limited Partners will not have the right to vote on any matter affecting the Fund except for: (a) transactions in which the admission of an additional general partner to the Fund would result in an "assignment" of the LPA within the meaning of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"); (b) certain amendments to the LPA (see "Amendment of LPA," below); and (c) the appointment, determination of the compensation of, and revocation of the appointment of, the liquidating trustee of the Fund in certain limited circumstances. No Limited Partner or Limited Partners, individually or collectively, shall have any right, power or authority to remove or expel the General Partner as the General Partner of the Fund, to cause the General Partner to withdraw from the Fund as the General Partner, to appoint a successor general partner in the event of the withdrawal or bankruptcy of the General Partner or otherwise, or to terminate the Fund, unless such right, power or authority is conferred on it or them by law.

### ***Amendment of LPA***

the General Partner may amend the LPA without Limited Partner approval for (among other things):

- certain tax and regulatory purposes (provided that the General Partner takes such measures as are reasonably necessary to prevent such an amendment from having a material adverse effect on the Fund or the Limited Partners generally);
- certain ministerial purposes; and
- such other purposes as the General Partner may determine to be necessary, appropriate, and in the best interests of the Fund and the Limited Partners, in the General Partner's judgment, no amendment for any such other purpose has or could reasonably be expected to have a materially adverse effect on the Fund or the Limited Partners generally.

In no event, however, may the General Partner effect any amendment that would: (i) require a Limited Partner to pay any sum of money whatsoever in respect of such Limited Partner's Interest, whether in the form of a Capital Contribution, a loan or otherwise, other than that which such Limited Partner has agreed to pay by way of such Limited Partner's Subscription Agreement, the LPA or another agreement executed and delivered by such Limited Partner; (ii) materially reduce the increases and decreases of net assets of the Fund or the amount of distributions to which such Limited Partner is entitled under the LPA, without the consent of such Limited Partner; or (iii) modify the limited liability of a Limited Partner, without the consent of such Limited Partner.

The General Partner may amend the LPA in a manner that materially adversely affects or could reasonably be expected to have a material adverse effect on the Fund or the Limited Partners generally if the General Partner gives written notice to the Limited Partners, at least thirty (30) calendar days prior to the implementation of such amendment, setting forth, in reasonable detail, all material facts relating to such amendment, and obtains the consent of the Limited Partners to such amendment prior to the implementation thereof. In situations where the General Partner is required to obtain the consent of Limited Partners to an amendment to the LPA, the General Partner may obtain such consent by way of "negative consent." Under this procedure, the General Partner would inform Limited Partners of the proposed amendment no later than thirty (30) calendar days prior to the implementation of the amendment, and the amendment would be deemed to be approved if a simple majority in interest of the Limited Partners who are not affiliated with the General Partner fail to object to such amendment within that time frame. For this purpose, a Limited Partner who has a right to redeem its entire interest in the Fund prior to the proposed implementation of such amendment would automatically be deemed not to have objected to such amendment.

The General Partner may also use the "negative consent" procedure for other purposes, such as obtaining consent to: (i) actions and practices involving actual or potential conflicts between the interests of the General Partner or any of its related parties, on the one hand, and the Fund or the Limited Partners, on the other hand, and (ii) the admission of an additional general partners in situations where the admission of an additional general partner would result in a change in the actual control or management of the Fund.

The General Partner may not amend the LPA in a manner that has or could reasonably be expected to have a material adverse effect on one or more specific Limited Partners without the consent of the affected Limited Partners

The LPA may not be amended without the consent of the General Partner.

### ***Withdrawal of the General Partner***

The General Partner may withdraw substantially all of its Capital Account at any time, without notice to the Limited Partners. The General Partner may withdraw as the Fund's General Partner upon giving not less than ninety (90) calendar days prior written notice to the Limited Partners. In that case, the General Partner may withdraw the entire balance of its Capital Account.

### ***Confidentiality***

Limited Partners generally will be required to keep confidential all matters relating to the Fund and its business and affairs (including <sup>39</sup>communications from the General Partner).

### ***Term of the Fund***

The term of the Fund is unlimited. The General Partner, however, may dissolve the Fund at any time upon giving written notice of such dissolution to the Limited Partners. Upon the dissolution of the Fund, Limited Partners will have no further withdrawal rights, but only the right to receive distributions from the Fund in connection with its winding up.

## ***OPERATIONAL RISK***

### ***Lack of Operating History***

The Fund is being established in connection with this offering and has no operating history. The successful past performance of other funds and accounts managed by the General Partner or its affiliates does not necessarily indicate that the Fund will be successful.

### ***Substantial Fees and Expenses***

The Fund is subject to substantial fees, transaction costs and other costs and other expenses, regardless of whether they realize any profits. Among other things, investors will bear Management Fees and Incentive Allocations. As a result, the Fund will have to earn substantial profits to avoid depletion of its assets due to such costs and expenses.

### ***Absence of Registrations***

The Fund is offering Interests to investors pursuant to the exemption from registration under the Securities Act provided by Regulation D. In addition, the Fund will rely on the “exclusion” from the definition of “investment company” for certain “private” investment companies provided by Section 3(c)(7) of the ICA. As a result, Limited Partners will not be afforded the protections that registration under the Securities Act and the ICA might provide.

The General Partner is not currently registered as an investment adviser under the Advisers Act or under any state securities laws. The General Partner does not intend to register as an investment adviser under the Advisers Act. Until such registration, should it occur, the General Partner is subject only to limited regulation under the Advisers Act. As a result, Limited Partners will not be afforded the protections that registration of the General Partner under the Advisers Act might provide.

### ***Tax Risks***

Audits. There can be no assurance that the Fund’s tax returns will not be audited by the IRS or by the states and that adjustments to such returns will not be made as a result of such an audit. If an audit results in an adjustment, Limited Partners may be required to file amended returns (which may themselves be audited) and to pay back taxes, plus interest, which would not be reimbursed through distributions by the Fund.

Limited Partners’ Tax Liability May Exceed Cash Distributions. Cash distributions to the Limited Partners will be made solely at the discretion of the General Partner, which currently does not intend to make such distributions. If the Fund has realized profits for a taxable year, these profits will be taxable to the Limited Partners even though cash may not have been distributed to them. Also, the Fund may sustain losses offsetting such profits after the end of a Fiscal Year, so that a Limited Partner may never receive all of the profit on which he is taxed (although the Limited Partner may be entitled to carry back certain losses to offset previously realized profits).



Investments Not Tax-Driven. A substantial portion of the Fund’s income may constitute short- term capital gain or ordinary income in the form of dividends and interest, all of which are subject to income tax at the highest rate. Furthermore, the General Partner’s trading decisions will be based primarily on economic, and not tax, considerations. This could result, from time to time, in adverse tax consequences to Limited Partners.

## ***OTHER RISK***

### ***Risk of Confidentiality Agreements and Insider Information***

From time to time, the Investment Manager, or employees or affiliates of the Investment Manager (collectively the “Investment Manager”), may sign confidentiality agreements or may receive other information that may cause the Investment Manager, and therefore the Fund, to become restricted from buying or selling a security for a period of time. During this time the Fund may be subject to investment risk in positions that cannot be sold. Additionally, the Investment Manager, through its course of business for and outside of the Fund, may become an “insider” for the purpose of applicable securities laws and, accordingly, may be restricted or prohibited from trading a security. Determination of whether information obtained by an “insider” is material and non-public and how long such information restricts trading is a matter of considerable uncertainty and judgment. If a company performs inadequately and the Fund is restricted in its ability to sell its interest in the company’s securities, the performance of the Fund could be affected.

## CONFLICTS OF INTEREST

Because of the General Partner's and its principal's roles with respect to the Fund, the terms of the LPA and the Investment Management Agreement were not the result of arm's-length negotiation between the General Partner and its principal, on the one hand, and the Fund, on the other hand.

In addition, the General Partner and its related persons may be subject to significant conflicts of interest in managing the business and affairs of the Fund. Certain of these conflicts are described elsewhere in this Memorandum and will not be repeated here. Others are described below. While the conflicts described in this Memorandum are fairly typical of "hedge fund" managers, the General Partner wishes to call your attention to them.

Neither the General Partner nor any other the General Partner Associate is required to devote its full time or any material portion of its time to the business and affairs of the Fund; the members of the General Partner are not required to devote their full time or any material portion of their time to the business and affairs of the Fund. The General Partner, however, is required to devote so much of its time to the business and affairs of the Fund as the General Partner shall reasonably determine in good faith to be necessary to achieve the Fund's objectives. The General Partner and its related persons, and the members of the General Partner, may become involved in other business ventures, including other investment funds whose investment objectives, strategies and policies are the same as or similar to those of the Fund or different from the Fund. The Fund will not share in the risks or rewards of such other ventures, and such other ventures will compete with the Fund for the time and attention of the General Partner and its related persons, and the members of the General Partner, and might create additional conflicts of interest, as described below.

The General Partner and its related persons, and the members of the General Partner, may invest and trade in securities for the accounts of clients other than the Fund and for their own accounts, even if such securities are the same as or similar to those in which the Fund or the Master Fund invests and trades, and even if such trades compete with, occur ahead of or are opposite those of the Fund. They will not, however, knowingly trade for the accounts of clients other than the Fund or for their own accounts in a manner that is detrimental to the Fund, nor will they seek to profit from their knowledge that the Fund intends to engage in particular transactions.

The General Partner might have an incentive to favor one or more of its other clients over the Fund for example, with regard to the selection of particular investments because those clients might pay the General Partner more for its services than the Fund. The General Partner and its related persons will act in a fair and reasonable manner in allocating suitable investment opportunities among their client and proprietary accounts. No assurance can be given, however, that (i) the Fund will participate in all investment opportunities in which other client or proprietary accounts of such persons participate, (ii) particular investment opportunities allocated to client or proprietary accounts other than the Fund will not outperform investment opportunities allocated to the Fund or (iii) equality of treatment between the Fund, on the one hand, and other client and proprietary accounts of such persons, on the other hand, will otherwise be assured.

Subject to the considerations set forth <sup>42</sup>above, in investing and trading for client and proprietary accounts other than the Fund, the General Partner and its related persons, and the members of the General Partner, may make use of information obtained by them in the course

of investing and trading for the Fund, and they will have no obligation to compensate the Fund in any respect for their receipt of such information or to account to the Fund for any profits earned from their use of such information.

The trading records of the General Partner and its related persons will not be available for inspection by Limited Partners.

The General Partner may from time to time engage placement agents to assist it in marketing Interests. If you acquire an Interest through a placement agent retained by the General Partner, you should not view any recommendation of such agent as being disinterested, as the agent will generally be paid for the introduction out of the fees the General Partner receives from the Fund. Also, you should regard such a placement agent as having an incentive to recommend that you remain an investor in the Fund, since the agent will generally be paid a portion of the General Partner's fees for all periods during which you remain an investor.

The General Partner has fiduciary duties to the Fund to exercise good faith and fairness in all its dealings with it and will take such duties into account in dealing with all actual and potential conflicts of interest. If a Limited Partner believes that the General Partner has violated its fiduciary duties, it may seek legal relief under applicable law, for itself and other similarly situated Limited Partners, or on behalf of the Fund. However, it may be difficult for Limited Partners to obtain relief because of the changing nature of the law in this area, the vagueness of standards defining required conduct, the broad discretion given the General Partner under the LPA, and the broad exculpatory and indemnification provisions therein.

## CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

*This summary was written to support the marketing of Interests in the Fund. It is not intended to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed on an investment in the Fund. You are therefore urged to seek advice based on your particular circumstances from an independent tax advisor.*

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

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

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

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

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

### Tax Treatment of Fund Operations

Classification of the Fund. The Fund intends to operate as a partnership for Federal tax purposes

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

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

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

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

Tax Elections; Returns; Tax Audits. The Code generally provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death) provided that a partnership election has been made pursuant to Section 754. Under the Partnership Agreement, the General Partner, in its sole discretion, may cause the Fund to make such an election. Any such election, once made, cannot be revoked without the Service's consent. As a result of the complexity and added expense of the tax accounting required to implement such an election, the General Partner

presently does not intend to make such election.

The General Partner decides how to report the partnership items on the Fund's tax returns. In certain cases, the Fund may be required to file a statement with the Service disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Partners are required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Fund's items have been reported. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally is determined at the limited partnership level in a single proceeding rather than by individual audits of the Partners. The General Partner, designated as the "Tax Matters Partner," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. In addition, the Tax Matters Partner has the authority to bind certain Partners to settlement agreements and the right on behalf of all Partners to extend the statute of limitations relating to the Partners' tax liabilities with respect to Fund items. For tax years beginning after 2017, the General Partner, or such other person designated by the General Partner to serve as the Fund's partnership representative in the event of an audit by the Service, has considerable authority to make decisions affecting the tax treatment of all Limited Partners, including extending the statute of limitations with respect to Fund items and settling any such audit.

An audit adjustment to the Fund's tax return for any tax year beginning after 2017 (a "**Prior Year**") could result in a tax liability (including interest and penalties) imposed on the Fund for the year during which the adjustment is determined (the "**Current Year**"). The tax liability generally is determined by using the highest tax rates under the Code applicable to U.S. taxpayers although the Fund may be able to use a lower rate to compute the tax liability by taking into account (to the extent it is the case and the implementing rules permit) that the Fund has certain tax-exempt and foreign partners. Alternatively, the Fund may be able to elect with the Service to pass through such adjustments for any year to the partners who participated in the Fund for the Prior Year, in which case each Prior Year participating partner, and not the Fund, would be responsible for the payment of any tax deficiency, determined after including its share of the adjustments on its tax return for that year. If such an election is made by the Fund, interest on any deficiency will be at a rate that is 2 percentage points higher than the otherwise applicable interest rate on tax underpayments. If such an election is not made, Current Year partners may bear the tax liability (including interest and penalties) arising from audit adjustments at significantly higher rates and in amounts that are unrelated to their Prior Year economic interests in the partnership items that were adjusted.

Mandatory Basis Adjustments. The Fund is generally required to adjust its tax basis in its assets in respect of all Partners in cases of partnership distributions that result in a "substantial basis reduction" (i.e., in excess of \$250,000) in respect of the Fund's property. The Fund is also required to adjust its tax basis in its assets in respect of a transferee, in the case of a sale or exchange of an interest, or a transfer upon death, when there exists immediately after the transfer a "substantial built-in loss" (i.e., in excess of \$250,000) in respect of partnership property or the transferee would be allocated a loss of more than \$250,000 upon a disposition of all of the partnership's assets at fair market value. For this reason, the Fund will require (i) a

Partner who receives a distribution from the Fund in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death) and (iii) any other Partner in appropriate circumstances to provide the Fund with information regarding its adjusted tax basis in its Interest.

#### Tax Consequences to a Withdrawing Limited Partner

A Limited Partner receiving a cash liquidating distribution from the Fund, in connection with a complete withdrawal from the Fund, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Limited Partner and such Limited Partner's adjusted tax basis in its partnership interest. Such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of the Limited Partner's contributions to the Fund. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Fund's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Fund will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income. A Limited Partner receiving a cash no liquidating distribution will recognize income in a similar manner only to the extent that the amount of the distribution exceeds such Limited Partner's adjusted tax basis in its partnership interest.

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

#### Tax Treatment of Fund Investments

In General. The Fund expects to act as a trader or investor, and not as a dealer, with respect to its transactions. A trader and an investor are persons who buy and sell assets for their own accounts. A dealer, on the other hand, is a person who purchases assets for resale to customers rather than for investment or speculation.

Generally, the gains and losses realized by a trader or an investor on the sale of capital assets are capital gains and losses. As noted earlier, the Notice issued by the Service provides that a virtual currency is treated as property, not currency,<sup>47</sup> for U.S. federal income tax purposes, and

that general tax principles applicable to property transactions apply to transactions using virtual currencies. As such, the Fund intends to treat virtual currencies as capital assets for U.S. federal income tax purposes, including for tax reporting purposes.

Capital gains and losses recognized by the Fund may be long-term or short-term depending, in general, upon the length of time the Fund maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment.

As described above, the Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. The tax treatment of such Digital Assets and other Digital Assets that function other than as a medium of exchange (or currency equivalent) is unclear. If the Fund were to own such Digital Assets, it is possible that the Service would treat such Digital Assets as equity interests in an underlying constructive joint venture or association, in which case the Limited Partners may be taxable on their share of any items of income deemed allocated or deemed distributed from the constructive joint venture or association to the Limited Partners. Additionally, if such constructive joint venture or association were considered a non-U.S. corporation for U.S. federal tax purposes, Limited Partners may receive "phantom income" under certain anti-deferral rules (see "'Phantom Income' From Fund Investments" below).

The application of certain rules relating to short sales, to so-called "straddle" and "wash sale" transactions and to Section 1256 Contracts (defined below) may serve to alter the treatment of the Fund's positions. The Service has not indicated whether or to what extent virtual currencies should be considered securities or commodities for U.S. federal income tax purposes. It is unclear to what extent these rules apply to virtual currencies.

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



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

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

In addition, individuals, estates and trusts are subject to a Medicare tax of 3.8% on net investment income ("NII") (or undistributed NII, in the case of estates and trusts) for each such taxable year, with such tax applying to the lesser of such income or the excess of such person's adjusted gross income (with certain adjustments) over a specified amount.<sup>3</sup> NII includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is generally anticipated that net income and gain attributable to an investment in the Fund will be included in an investor's NII subject to this Medicare tax. However, the calculation of NII for purposes of the Medicare tax and taxable income for purposes of the regular income tax may be different. Furthermore, the Medicare tax and the regular income tax may be due in different taxable years with respect to the same income. The application of the tax (and the availability of particular elections) is quite complex.<sup>4</sup> Investors are urged to consult their tax advisers regarding the consequences of these rules in respect of their investments.

Section 1256 Contracts. In the case of Section 1256 Contracts, the Code generally applies a "mark-to-market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 Contract includes certain regulated futures contracts and certain other contracts. Under these rules, Section 1256 Contracts held by the Fund at the end of each taxable year of the Fund are treated for Federal income tax purposes as if they were sold by the Fund for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "marking to market"), together with any gain or loss resulting from actual sales of Section 1256 Contracts, must be taken into account by the Fund in computing its taxable income for such year. If a Section 1256 Contract held by the Fund at the end of a taxable year is sold in the following year, the

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

<sup>2</sup> A "Qualified Dividend" is generally a dividend from certain domestic corporations, and from certain foreign corporations that are either eligible for the benefits of a comprehensive income tax treaty with the United States or are readily tradable on an established securities market in the United States. Shares must be held for

certain holding periods in order for a dividend thereon to be a Qualified Dividend.

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

<sup>4</sup> The House of Representatives has recently passed legislation which, if enacted in its current form, would eliminate the tax on NII for taxable years beginning after December 31, 2016.

Amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark-to-market" rules.

With certain exceptions, capital gains and losses from such Section 1256 Contracts generally are characterized as short-term capital gains or losses to the extent of 40% thereof and as long-term capital gains or losses to the extent of 60% thereof. If an individual taxpayer incurs a net capital loss for a year, the portion thereof, if any, which consists of a net loss on Section 1256 Contracts may, at the election of the taxpayer, be carried back three years. Losses so carried back may be deducted only against net capital gain to the extent that such gain includes gains on Section 1256 Contracts. A Section 1256 Contract does not include any "securities futures contract" or any option on such a contract, other than a "dealer securities futures contract" (see "Certain Securities Futures Contracts").

Mixed Straddle Election. The Code allows a taxpayer to elect to offset gains and losses from positions which are part of a "mixed straddle." A "mixed straddle" is any straddle in which one or more but not all positions are Section 1256 Contracts. Pursuant to Temporary Regulations, the Fund may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions. The mixed straddle account rules require a daily "marking to market" of all open positions in the account and a daily netting of gains and losses from positions in the account. At the end of a taxable year, the annual net gains or losses from the mixed straddle account are recognized for tax purposes. The application of the Temporary Regulations' mixed straddle account rules is not entirely clear. Therefore, there is no assurance that a mixed straddle account election by the Fund will be accepted by the Service.

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

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

Effect of Straddle Rules on Limited Partners' Securities Positions. The Service may treat certain

positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Fund as "straddles" for Federal income tax purposes. Investors should consult their tax advisors regarding the application of the "straddle" rules to their investment in the Fund.

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

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

Limitation on Deductibility of Business Interest Expense. Section 163(j) of the Code limits the deduction of business interest expense attributable to a trade or business generally to the sum of the taxpayer's (x) business interest income and (y) 30% of adjusted taxable income relating to a trade or business (calculated by excluding business interest expense and business interest income). Any business interest expense not deductible pursuant to the foregoing limitation is treated as business interest expense of the taxpayer that carries forward to succeeding taxable years, subject to the same limitation. For these purposes, Limited Partners such as noncorporate taxpayers for whom the investment interest rules apply in respect of their interest in the Fund (see "Limitation on Deductibility of Interest and Short Sale Expenses" above) generally are not expected to be subject to the business interest expense limitations determined by the Fund.

The determination of what constitutes business interest expense in respect of the Fund's operations is determined at the partnership level. If the Fund is a trader in securities, the foregoing limitations are initially calculated at the Fund level. To the extent the limitation at the Fund level applies to reduce the business interest expense deductible for a year, such excess shall carry forward to succeeding years and, subject to certain limitations, may be deducted by the Limited Partner to the extent the Fund has sufficient excess taxable income that was not offset by business interest expense in such year. Any amount not utilized will form part of the investor's adjusted basis in its interest in the Fund only at the time of disposition of such interest. Potential investors are advised to consult with their own tax advisors with respect to the application of the business interest expense limitation to their particular tax situations.

Deductibility of Fund Investment Expenditures and Certain Other Expenditures. Investment expenses (e.g., investment advisory fees) of an individual, trust or estate are not deductible. For taxable years beginning after 2025, such expenses would be deductible only to the extent they exceed 2% of adjusted gross income,

would be further restricted in their deductibility for individuals with an adjusted gross income in excess of a specified amount and would not be deductible in calculating alternative minimum tax liability.

It is unclear whether all or a portion of the Fund's operations will qualify as trading -- rather than investment

-- activities, the expenses for which would not be treated as investment expenses. Therefore, pursuant to Temporary Regulations issued by the Treasury Department, these limitations on deductibility may apply to a noncorporate Limited Partner's share of certain expenses of the Fund, including the Management Fee, the fee paid to the Administrator and payments made on certain derivative instruments.

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

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

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

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

Limitation on Deductibility of Net Losses. In the case of a noncorporate taxpayer, any net business loss for any taxable year beginning during the period 2018 through 2025 may not be used to offset nonbusiness income in excess of \$250,000 (\$500,000 in the case of a married couple filing jointly). To the extent the Fund is considered to be a trader in securities, any net loss from the Fund may, therefore, be unavailable to offset investment income earned by a Limited Partner, including investment income earned outside of the Fund. Any disallowed loss will carry forward and may, subject to certain limitations, be used to reduce taxable income earned by the taxpayer in future years. Any trading losses incurred by a partnership in which the Fund invests will be subject to the same limitations when allocated to a noncorporate Limited Partner.

Application of Basis and "At Risk" Limitations on Deductions. The amount of any loss of the Fund that a Limited Partner is entitled to include on its income tax return is limited to its adjusted tax basis in its Interest as of the end of the Fund's taxable year in which such loss occurred.

Generally, a Limited Partner's adjusted tax basis for its Interest is equal to the amount paid for such Interest, increased by the sum of (i) its share of the Fund's liabilities, as determined for Federal income tax purposes, and (ii) its distributive share of the Fund's realized income and gains, and decreased (but not below zero) by the sum of (i) distributions (including decreases in its share of Fund liabilities) made by the Fund to such Limited Partner and (ii) such Limited Partner's distributive share of the Fund's realized losses and expenses.



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

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

"Phantom Income" From Fund Investments. Pursuant to various "anti-deferral" provisions of the Code (the "Subpart F" and "passive foreign investment company" provisions), investments (if any) by the Fund in certain foreign corporations may cause a Limited Partner to (i) recognize taxable income prior to the Fund's receipt of distributable proceeds, (ii) pay an interest charge on receipts that are deemed as having been deferred or (iii) recognize ordinary income that, but for the "anti-deferral" provisions, would have been treated as long-term or short-term capital gain.

#### Foreign Taxes

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

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

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the Partner's Federal tax (before the credit) attributable to its total foreign source taxable income. A Limited Partner's share of the Fund's dividends and interest from non-U.S. securities generally will qualify as foreign source income. Generally, the source of gain and loss realized upon the sale of personal property, such as securities, will be based on the residence of the seller. In the case of a partnership, the determining factor is the residence of the partner. Thus, absent a tax treaty to the contrary, the gains and losses from the sale of securities allocable to a Partner that is a U.S. resident generally will be treated as derived from U.S. sources (even though the securities are sold in foreign countries). For purposes of the foreign tax credit limitation calculation, investors entitled to the reduced tax rates on Qualified Dividends and

long-term capital gains described above (see "Tax Treatment of Fund Investments – In General"), must adjust their foreign tax credit limitation calculation to take into account the preferential tax rate on such income to the extent it is derived from foreign sources. Certain currency fluctuation gains, including fluctuation gains from foreign currency denominated debt securities, receivables and payables, will also be treated as ordinary income derived from U.S. sources.

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

Because of these limitations, Limited Partners may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Fund. In addition, a foreign tax credit generally will not be available to offset the Medicare tax on NII. The foregoing is only a general description of the foreign tax credit under current law. Moreover, since the availability of a credit or deduction depends on the particular circumstances of each Partner, Limited Partners are advised to consult their own tax advisors.

#### Unrelated Business Taxable Income

Generally, an exempt organization is exempt from Federal income tax on its passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership in which it is a partner.<sup>5</sup> This type of income is exempt even if it is realized from securities trading activity which constitutes a trade or business.

This general exemption from tax does not apply to the "unrelated business taxable income" ("UBTI") of an exempt organization. Generally, income and gain derived by an exempt organization from the ownership and sale of debt-financed property is taxable in the proportion to which such property is financed by "acquisition indebtedness" during the relevant period of time. As previously indicated, the Fund does not intend to use leverage as part of the investment program.

As described above, the Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. The tax treatment of such Digital Assets and other Digital Assets that function other than as a medium of exchange (or currency equivalent) is unclear. If the Fund were to own such Digital Assets, it is possible that the Service would treat such securities as equity interests in an underlying constructive joint venture or association, in which case any items of income deemed allocated from the constructive joint venture or association may constitute UBTI. Limited Partners are advised to consult their own tax advisors with respect to the foregoing.

In general, if UBTI is allocated to an exempt organization such as a qualified retirement plan or a private foundation, the portion of the Fund's income and gains which is not treated as UBTI will continue to be exempt from tax, as will the organization's income and gains from other investments which are not treated as UBTI. Therefore, even if an exempt organization Limited Partner realizes UBTI from its investment in the Fund, the tax-exempt status of such exempt organization should not be affected.<sup>6</sup> In addition, a

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<sup>5</sup> With certain exceptions, tax-exempt organizations which are private foundations are subject to a 2% Federal excise tax on their "net investment income." The rate of the excise tax for any taxable year may be reduced to 1% if the private foundation meets certain distribution requirements for the taxable year. A private foundation will be required to make payments of estimated tax with respect to this excise tax.

<sup>6</sup> Certain exempt organizations which realize UBTI in a taxable year will not constitute "qualified organizations" for purposes of Section 514(c)(9)(B)(vi)(I) of the Code, pursuant to which, in limited circumstances, income from

charitable remainder trust will be subject to a 100% excise tax on any UBTI under Section 664(c) of the Code. A title-holding company will not be exempt from tax if it has certain types of UBTI. Moreover, the charitable contribution deduction for a trust under Section 642(c) of the Code may be limited for any year in which the trust has UBTI. A prospective investor should consult its tax advisor with respect to the tax consequences of receiving UBTI from the Fund.

#### Certain Issues Pertaining to Specific Exempt Organizations

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

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

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

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

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Certain real estate partnerships in which such organizations invest might be treated as exempt from UBTI. A prospective tax-exempt Limited Partner should consult its tax advisor in this regard.

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

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

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

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

#### Excise Tax on Certain Reportable Transactions

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

#### Certain Reporting Obligations

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

#### Tax Shelter Reporting Requirements

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

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

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

### State and Local Taxation

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

The tax laws of various states and localities limit or eliminate the deductibility of itemized deductions for certain taxpayers. These limitations may apply to a Partner's share of some or all of the Fund's expenses, including interest expense, to the extent that the expenses are not considered to be trade or business expenses in the applicable jurisdiction. Prospective investors are urged to consult their tax advisors with respect to the impact of these provisions on the deductibility of certain itemized deductions, including interest expense, on their tax liabilities



in the jurisdictions in which they are resident.

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

– Reportable Transactions Disclosure Statement) with respect to certain transactions entered into by the Fund. Published guidance on these regulations indicates that the tax shelter disclosure requirements should not apply to investments that are subject to certain “mark-to-market” provisions of the Code. The Fund expects that some or all of its investments will satisfy this exception, but there can be no assurance that the regulations will not otherwise apply to you. Accordingly, you should consult your federal tax advisor with respect to the applicability of the tax shelter regulations to your investment in the Fund, especially if you report losses from the Fund.

## SPECIAL CONSIDERATIONS FOR BENEFIT PLAN INVESTORS

This section summarizes certain consequences under the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) and the Code that a fiduciary of an “employee benefit plan” as defined in and subject to ERISA or of a “plan” as defined in and subject to Section 4975 of the Code who has investment discretion should consider before deciding to invest the plan’s assets in an Interest (such “employee benefit plans” and “plans” being referred to herein as “**Plans**,” and such fiduciaries with investment discretion being referred to herein as “**Plan Fiduciaries**”).

This summary is based upon the applicable provisions of ERISA and the Code and the relevant regulations, rulings and opinions issued by the U.S. Department of Labor (the “**DOL**”) and the IRS. No assurance can be given that legislative or administrative changes or court decisions that may significantly modify the statements made herein will be forthcoming. Any such changes may or may not apply to transactions entered into prior to the date of their enactment. Further, this summary is not intended to be complete, but only to address certain questions under ERISA and the Code that are likely to be raised by the Plan Fiduciary’s own counsel.

### *Considerations for Plan Fiduciaries*

ERISA requires a Plan Fiduciary to consider, among other things, whether: (i) the Plan’s investment in an Interest would be solely in the interest of the Plan’s participants and beneficiaries and for the exclusive purpose of providing benefits to such participants and beneficiaries; (ii) would be a prudent investment for the Plan; (iii) the investments of the Plan, including the Plan’s proposed investment in an Interest, are diversified so as to minimize the risks of large losses; and (iv) an investment in an Interest would comply with the documents of the Plan and related trust. A Plan Fiduciary should also consider the reasonableness of the compensation being paid to the General Partner and other service providers (including, among other things, the level of each fee and the term of each relevant arrangement).

### *Consequences of Investments by Benefit Plan Investors*

The Fund may sell Interests to “**Benefit Plan Investors**,” namely: (i) “employee benefit plans” as defined in ERISA, regardless of whether such plans are subject to ERISA, (ii) “plans” as defined in the Code, regardless of whether such plans are subject to Section 4975 of the Code, and (iii) entities deemed for any purpose of ERISA or Section 4975 of the Code to hold assets of any “employee benefit plan” or “plan” due to investments made in such entity by such “employee benefit plans” and “plans.” Benefit Plan Investors include, by way of example and not of limitation, corporate pension and profit sharing plans, “simplified employee pension plans,” Keogh plans for self-employed individuals (including partners), individual retirement accounts, medical benefit plans, life insurance plans, church pension plans, governmental pension plans, foreign pension plans, and bank commingled trust funds, or insurance company separate accounts, for such plans and accounts.

The Fund does not intend to permit Benefit Plan Investors to hold 25% or more of the Interests of any class (generally excluding Interests of such class held by the General Partner and any of its affiliates, other than affiliates that are Benefit Plan Investors).

If, however, through inadvertence or other factors, Benefit Plan Investors should hold 25% or more of the Interests of any class, the Fund’s underlying assets would become “plan

assets” under ERISA with respect to those investors that are Benefit Plan Investors subject to ERISA or the Code. (The 25% level is measured each time an Interest in a particular class is purchased or redeemed.) This would cause the General Partner to be a “fiduciary” within the meaning of ERISA and Section 4975 of the Code to the extent it manages or controls such “plan assets” within the meaning of the term “fiduciary.” Thus, a person considering investing in the Fund should evaluate the “plan asset” consequences of an investment in an Interest, including the risk that unintended prohibited transaction or fiduciary duty delegation consequences may arise under ERISA or the Code. Whether or not the Fund’s underlying assets are “plan assets” under ERISA, these persons should consult with their counsel as to the ERISA consequences of an investment in an Interest by a Benefit Plan Investor.

Benefit Plan Investors should be aware that the Fund may borrow cash to purchase securities and that, as a result, a portion (perhaps a substantial portion) of the Fund’s income may be treated as “unrelated business taxable income.” An investment in the Fund therefore may not be suitable for Benefit Plan Investors, which should consult their tax, legal and financial advisers regarding the tax considerations involved in an investment in the Fund.

**The person having investment discretion over the assets of a Benefit Plan Investor should consult with its own legal counsel and other advisors as to the propriety of an investment in an Interest in light of the circumstances of such Benefit Plan Investor. The Fund’s acceptance of a subscription by a Benefit Plan Investor is in no respect a representation by the Fund or any other party that an investment in an Interest is appropriate for or meets the relevant legal requirements governing such Benefit Plan Investor.**

## PRIVACY POLICIES

Financial institutions like the Fund and General Partner are required to provide privacy policy notices to their clients. We believe that protecting the privacy of your nonpublic personal information (“personal information”) is of the utmost importance. Personal information is nonpublic information about you that is personally identifiable and that we obtain in connection with providing a financial product or service to you. For example, personal information includes information regarding your account balance and investment activity. This notice describes the personal information that we collect about you, and our treatment of that information.

- We collect personal information about you from the following sources:
  - (i) Information we receive from you on fund subscription documents and related forms (for example, name, address, Social Security number, birth date, assets, income, and investment experience).
  - (ii) Information about your transactions with us, our affiliates, or others (for example, account activity and balances).
- We do not disclose any personal information we collect, as described above, about our customers or former customers to anyone other than in connection with the administration, processing and servicing of customer accounts or to our accountants, attorneys and auditors, or otherwise as permitted by law.
- We restrict access to personal information we collect about you to our personnel who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural controls in keeping with federal standards to safeguard your nonpublic personal information.
- We reserve the right to change this Notice, and to apply changes to information previously collected, as permitted by law. We will inform you of any changes as required by law

## VALUATION

The Fund's assets and liabilities are valued in accordance with the Investment Manager's valuation policies and procedures, as the same may be amended from time to time (the "**Valuation Policy**"). All values assigned to such assets and liabilities are final and conclusive as to all of the Partners.

The following valuation principles will be followed when valuing the Fund's assets and liabilities:

- (i) any securities that is listed on any Exchange(s) or similar electronic system and regularly traded thereon will be valued at the closing price on the Exchange(s) on the last Business Day of each month. "**Exchange(s)**" means as few as one and up to three exchanges determined by the General Partner, in its sole discretion;
- (ii) any securities that is not listed on an exchange but for which external pricing sources may be available will be valued taking into consideration, among other factors, other external pricing sources, recent trading activity or other information that, in the opinion of the General Partner (in consultation with the Investment Manager), may not have been reflected in pricing obtained from external sources;
- (iii) Securities that are not listed on an exchange, are not traded on another market and for which external pricing sources are not readily available will be valued at fair value based on a relative value assessment process that incorporates current market conditions and prices of other relevant securities where data are more readily available, adjusting for relative differences or information as the General Partner (in consultation with the Investment Manager) deems relevant;
- (iv) where securities are not quoted in an active market, a valuation technique such as a valuation model or comparison to recent transaction prices may be employed to establish the transaction price that would be applicable in an arm's length exchange. Valuation techniques used are those commonly used by market participants to price similar instruments where applicable, and make use of market input, rather than the specific input of the General Partner or the Investment Manager; and
- (v) any value denominated other than in U.S. dollars will be converted into U.S. dollars as of the close of business on the relevant date of determination.

The General Partner (in consultation with the Investment Manager) may use methods of valuing securities other than those set forth herein if it believes the alternate method is preferable in determining the fair value of such securities. In particular, the General Partner (in consultation with the Investment Manager) may take account of certain significant events, if, in the judgment of the General Partner (in consultation with the Investment Manager), they have materially altered such valuation.

The General Partner has delegated to the Administrator the calculation of the net asset value of the Fund and the net asset value of the Capital Accounts.

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

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



**EXHIBIT A**  
**LIMITED PARTNERSHIP AGREEMENT**

**Exhibit B**

**FORM OF SUBSCRIPTION AGREEMENTS AND LIMITED POWER OF ATTORNEY**