CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

EVERGREEN REAL INCOME FUND, LP

A Delaware Limited Partnership

LIMITED PARTNERSHIP INTERESTS

MINIMUM INVESTMENT: $200,000

INVESTMENT MANAGER:

EVERGREEN CAPITAL HOLDINGS, LLC

JULY 2021

EVERGREEN REAL INCOME FUND, LP

530 Technology Drive, #100
Irvine, California 92618

This Confidential Private Placement Memorandum (the "***Memorandum***") has been prepared on a confidential basis and is being provided solely for the use of the intended recipient hereof in connection with this offering. Each recipient, by accepting delivery of this Memorandum, agrees not to make a copy of the same or to divulge the contents hereof to any person other than a legal, business, investment or tax advisor in connection with obtaining the advice of any such persons with respect to this offering.

The Memorandum relates to the offering (the "***Offering***") of limited partnership interests (the "***Interests***" or "***Partnership Interests***") of Evergreen Real Income Fund, LP, a Delaware limited partnership (the "***Partnership***"). Partnership Interests are suitable only for sophisticated investors (a) who do not require immediate liquidity for their investments, (b) for whom an investment in the Partnership does not constitute a complete investment program and (c) who fully understand and are willing to assume the risks involved in the Partnership's investment program. The Partnership's investment practices, by their nature, involve a substantial degree of risk. See "*Investment Program*" and *"Risk Factors*." The Offering is made only to certain qualified investors. See "*Qualification of Investors*." Prospective investors should carefully consider the material factors described in "*Risk Factors*," together with the other information appearing in this Memorandum, prior to purchasing any of the Partnership Interests offered hereby.

THE PARTNERSHIP INTERESTS OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "*SEC*" OR "*COMMISSION*") OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE COMMISSION OR ANY SUCH AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PARTNERSHIP INTERESTS ARE BEING OFFERED PURSUANT TO EXEMPTIONS FROM REGISTRATION WITH THE COMMISSION AND STATE SECURITIES REGULATORY AUTHORITIES; HOWEVER, NEITHER THE COMMISSION NOR ANY STATE SECURITIES REGULATORY AUTHORITY HAS MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREIN ARE EXEMPT FROM REGISTRATION.

THE INFORMATION IN THIS MEMORANDUM IS GIVEN AS OF THE DATE ON THE COVER PAGE, UNLESS ANOTHER TIME IS SPECIFIED, AND INVESTORS MAY NOT INFER FROM EITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM OR ANY SALE OF INTERESTS THAT THERE HAS BEEN NO CHANGE IN THE FACTS DESCRIBED SINCE THAT DATE.

This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Partnership Interests by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

No offering literature or advertising in any form other than this Memorandum and the agreements and documents referred to herein shall be considered to constitute an Offering of the Interests. No person has been authorized to make any representation with respect to the Partnership Interests except the representations contained herein. Any representation other than those set forth in this Memorandum and any information other than that contained in documents and records furnished by the Partnership upon request, must not be relied upon. This Memorandum is accurate as of its date, and no representation or warranty is made as to its continued accuracy after such date.

Sales of Partnership Interests may be made only to investors eligible for an investment in the Partnership under the criteria set forth in this Memorandum. The Partnership reserves the right, notwithstanding any such offer, to withdraw or modify the Offering and to reject any subscriptions for the Partnership Interests in whole or in part for any or no reason.

The Partnership Interests being offered have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and have not been registered under the securities laws of any state, but are being offered and sold for purposes of investment and in reliance on the statutory exemptions contained in Section 4(a)(2) of the Securities Act and in reliance on applicable exemptions under state securities laws. Such Partnership Interests may not be sold, pledged, transferred or assigned except in a transaction which is exempt under the Securities Act and applicable state securities laws, or pursuant to an effective registration statement thereunder or in a transaction otherwise in compliance with the Securities Act, applicable state securities laws, this Memorandum and the Partnership's Limited Partnership Agreement.

THERE IS NO PUBLIC MARKET FOR THE PARTNERSHIP INTERESTS AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE.

The Partnership is not registered as an investment company under the Investment Company Act of 1940, as amended (the "***Investment Company Act***"), in reliance upon Section 3(c)(1) thereof. As a result of its reliance upon Section 3(c)(1), the Partnership Interests may not at any time be owned by more than 100 beneficial owners (as determined under the Investment Company Act).

Prospective investors are invited to meet with their advisors to discuss, and to ask questions and receive answers, concerning the terms and conditions of this Offering of the Interests, and to obtain any additional information, to the extent the General Partner or its delegate possess such information or can acquire it without unreasonable effort or expense, necessary to verify the information contained herein.

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EXECUTIVE SUMMARY

Evergreen Real Income Fund, LP, was organized as a Delaware limited partnership (the "***Partnership***") on April 7, 2021, to operate as a private investment partnership. The Partnership's investment objective is to provide high potential income, with supplemental growth opportunities to its investors. The Partnership primarily seeks to achieve this objective by investing in a portfolio comprised of public real estate investment trust ("***REIT***") securities and real estate-related companies.

Evergreen Capital Management, LLC, a limited liability company organized under the laws of California, serves as the general partner (the "***General Partner***") of the Partnership. Under the Partnership's Limited Partnership Agreement (as the same may be amended, supplemented or revised from time to time, the "***Partnership Agreement***"), the General Partner is primarily responsible for the management of the Partnership. Under the terms of an investment management agreement by and among the Partnership and Evergreen Capital Holdings, LLC, (the "***Investment Manager***"), the Investment Manager will be responsible for the formulation and implementation of the Partnership's investment strategy, evaluating and monitoring investments by the Partnership and will make all investment decisions for the Partnership. The office of the General Partner and Investment Manager is located at 530 Technology Drive, #100, Irvine, California, 92618, and the telephone number for the same is (949) 416-5200. Both the General Partner and the Investment Manager are controlled by Bradley Johnson.

The Partnership is presently accepting subscriptions for "Series A Interests" and "Series B Interests" from a limited number of sophisticated investors (as described in the "*Summary of Key Terms*," below), generally in minimum amounts of not less than $200,000. The Partnership will generally accept capital contributions as of the first day of any calendar month, or at any other time the General Partner chooses to accept such initial or additional contributions.

Investors in the Partnership holding Series A Interests must be "qualified clients" (as described herein) and will be subject to (i) a quarterly management fee, payable in arrears equal to 0.1875% (0.75% *per annum*) of such investor's capital account balance as of the end of each quarter; and (ii) an annual performance allocation equal to 10% of each investor's ratable share of the Partnership's profits for each year, but only to the extent that such profits exceed such investor's "high water mark."

Investors in the Partnership holding Series B Interests will be subject to a quarterly management fee, payable in arrears equal to 0.375% (1.50% *per annum*) of such investor's capital account balance as of the end of each quarter; but will not be subject to any performance allocation or other incentive-based compensation arrangement.

While investors in the Partnership that are "qualified clients" may hold either Series A Interests or Series B Interests, persons who are not "qualified clients" will not be permitted to hold Series A Interests.

Investors will generally be permitted to make withdrawals of capital as of the close of business on the last day of each quarter, *provided that*, the withdrawing investor notifies the General Partner not less than 60 days in advance of the applicable withdrawal date of its intent to make a withdrawal.

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DIRECTORY

The Partnership:	Evergreen Real Income Fund, LP c/o Evergreen Capital Management, LLC 530 Technology Drive, #100 Irvine, California 92618 Tel: (949) 416-5200
The Investment Manager:	Evergreen Capital Holdings, LLC 530 Technology Drive, #100 Irvine, California 92618 Tel: (949) 416-5200
Counsel to General Partner:	The Investment Law Group of Davis Gillett Mottern & Sims LLC 545 Dutch Valley Road, NE, Suite A Atlanta, Georgia 30324 Tel: (404) 607-6940
Prime Broker:	Fidelity Brokerage Services LLC 900 Salem Street Smithfield, Rhode Island 02917 Tel: (617) 563-7000
Administrator:	NAV Fund Administration Group 1 Trans Am Plaza Drive, Suite 400 Oakbrook Terrace, Illinois 60181 Tel: (345) 946-5006 Fax: (345) 946-5007 Transfer.agency@navconsulting.net
Auditor:	Spicer Jeffries LLP 4601 DTC Blvd., Suite 700 Denver, Colorado 80237 Tel: (303) 515-5303

INVESTMENT PROGRAM

Investment Objective

The Partnership's investment objective is to provide high potential income, with supplemental growth opportunities to its investors.

Investment Strategy

The Partnership seeks to achieve this objective by investing in a portfolio of U.S and non-U.S. securities of public REITs and real estate-related service companies. Such securities might include common stocks, preferred stocks, warrants, and similar instruments. The Partnership will focus primarily on companies in real estate sectors that exhibit above-average pricing power, low tenant turnover, high secular demand, and low ongoing capital expenses.

In an effort to enhance income returns, the Partnership will write (sell) option contracts to collect premium income. This option overlay strategy is executed principally though writing covered call options. To a lesser extent, the Partnership will also sell covered or uncovered put options to enhance income and potentially acquire shares of targeted stocks at discounted prices.

The Partnership may engage in frequent trading to maximize income and total returns. The frequency of transactions will vary from year to year. The Partnership pays transaction costs when it buys and sells securities (or "turns over" its portfolio). The Partnership may also purchase securities for the purpose of hedging, such as purchasing put options on individual securities or exchange-traded funds. Additionally, the Partnership may employ leverage by borrowing from banks or the Fund's custodian in an amount not to exceed 25% of the Partnership's gross assets.

The Partnership's investment strategy endeavors to deliver high monthly income without sacrificing long-term appreciation – or inflation hedging benefits – stemming from the underlying real estate assets.

Distribution Program

The Partnership will make regular distributions under a distribution program (the "***Distribution Program***") only to those Partners that opt-in to receive regular monthly distributions from the Partnership by indicating such Partner's intent in the Partnership's subscription documents or otherwise in writing to the General Partner (each such Partner that opts-in to the Distribution Program is referred to herein as a "***Participating Partner***"). The amount of the distribution payable to each Participating Partner under the Distribution Program is determined monthly as of the last day of each month, or at such other time as determined by the General Partner, in its sole discretion (each such date, a "***Distribution Date***"). Partners that do not affirmatively opt-in to participate in the Distribution Program will not receive regular distributions from the Partnership. Even for Participating Partners, the Partnership is not required to distribute all of the income or gain generated by the Partnership allocable to such Participating Partners.

Cash that might otherwise be available for distribution under the Distribution Program may be reinvested and may also be reduced by payment of Partnership obligations, payment of Partnership expenses (including fees payable and expense reimbursements to the General Partner), and establishment of appropriate holdbacks and reserves.

Limits of Description of Investment Program

The development of an investment program is a continuous process, and the Investment Manager is not limited by the above discussion of the investment program. The Investment Manager is constantly researching, developing, and implementing new methods and techniques to be utilized as part of the Partnership's overall investment program. The preceding description of the Partnership's investment program is as of the date of this Memorandum only. The Investment Manager's investment methods are confidential and the descriptions of them in this Memorandum are not exhaustive. The Investment Manager has wide latitude to invest or trade the Partnership's assets, to pursue any particular strategy or tactic, although the General Partner will notify all Limited Partners before making a material change to the Partnership's investment objective or investment strategy, at which time all Limited Partners will have the opportunity to withdraw from the Partnership without regard to any applicable withdrawal limitations set forth in the Partnership Agreement, *except* that the Contingency Reserve (as defined later in this Memorandum) will continue to apply. (See *Summary of Key Terms -- Withdrawals*). The investment program imposes no significant limits on the types of instruments in which the Investment Manager may take positions, the types of positions it may take, its ability to borrow money, or the concentration of investments. Prospective investors must recognize that there are inherent limitations in all descriptions of investment processes due to the complexity, confidentiality, and subjectivity of such processes. The investment strategies used for the Partnership's portfolio may differ from those used by the Investment Manager and its affiliates with respect to other accounts they manage.

There can be no assurance that the Partnership will achieve its investment objective or avoid substantial losses. An investor should not make an investment in the Partnership with the expectation of sheltering income or receiving cash distributions. Investors are urged to consult with their personal advisers before investing in the Partnership. Because risks are inherent in all the investments in which the Partnership engages, no assurances can be given that the Partnership's investment objectives will be realized.

MANAGEMENT OF THE PARTNERSHIP

Evergreen Capital Management, LLC, a limited liability company organized under the laws of California, serves as the General Partner of the Partnership. Under the Partnership Agreement, the General Partner is primarily responsible for the management of the Partnership. Evergreen Capital Holdings, LLC, a limited liability company organized under the laws of California, serves as the Investment Manager of the Partnership. Under the terms of an investment management agreement (the "***Investment Management Agreement***") by and among the Partnership and the Investment Manager, Evergreen Capital Holdings, LLC, the Investment Manager will be responsible for the formulation and implementation of the Partnership's investment strategy, evaluating and monitoring investments by the Partnership and will make all investment decisions for the Partnership. The office of the General Partner and Investment Manager is located at 530 Technology Drive, #100, Irvine, California, 92618, and the telephone number for the same is (949) 416-5200. Both the General Partner and the Investment Manager are controlled by Bradley Johnson (the "***Principal***"). A biography of the Principal is set forth below.

The Investment Manager is not registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (the "***Advisers Act***"), but is registered as an investment adviser with the Securities Division of the California Department of Financial Protection and Innovation pursuant to the California Corporate Securities Law of 1968.

Bradley Johnson. *Principal*. Mr. Johnson is the Founder and Managing Partner of the General Partner and Investment Manager. He is responsible for the firms' business management and all investment management activities. Mr. Johnson is a seasoned real estate investor and private equity sponsor with direct experience in multiple real estate asset classes. Early in his career, Brad worked at Wells Fargo's real estate investment bank (Eastdil Secured) and held various investment roles with several real estate private equity firms. Over the course of his career, Mr. Johnson has closed over $3.4 billion in commercial real estate acquisitions. Mr. Johnson graduated with a Bachelor of Science in Business from Cal Poly, San Luis Obispo and received his Master's in Business Administration (finance focus) from MIT.

The General Partner and its affiliates (including the Principal and officers and employees of the General Partner or the Investment Manager) intend to make an initial investment in the Partnership of not less than $250,000. Partnership Interests held by the General Partner and its affiliates generally will not be subject to the Management Fee or the Performance Allocation (as such terms are defined elsewhere in this Memorandum), but will share *pro rata* in all other expenses and liabilities of the Partnership.

The General Partner, the Investment Manager, and the Principal may, from time to time, provide investment advice to separate account clients and other pooled investment vehicles that may, from time to time, invest in some of the same financial instruments and pursue similar investment strategies as those of the Partnership. The General Partner may amend the Partnership Agreement in certain circumstances without the consent of the Limited Partners.

SUMMARY OF KEY TERMS

The following is a summary of certain of the principal terms governing an investment in Evergreen Real Income Fund, LP. This summary is not complete and is qualified in its entirety by reference to the more detailed information set forth elsewhere in this Memorandum and by the terms and conditions of the Partnership Agreement, each of which should be read carefully by any prospective investor before investing. Prospective investors are urged to read the entire Memorandum and to seek the advice of their own counsel, tax consultants and business advisors with respect to the legal, tax and business aspects of investing in the Partnership. Capitalized terms used herein and not otherwise defined will have the same meaning as set forth in the Partnership Agreement. If any disclosure made herein is inconsistent with any provision of the Partnership Agreement, the provision of the Partnership Agreement will control.

THE PARTNERSHIP:	The Partnership was organized as a Delaware limited partnership on April 7, 2021 to operate as a private investment partnership.
THE GENERAL PARTNER AND INVESTMENT MANAGER:	The General Partner of the Partnership is Evergreen Capital Management, LLC, a limited liability company organized under the laws of California. Under the Partnership Agreement, the General Partner is primarily responsible for the management of the Partnership. The Investment Manager of the Partnership is Evergreen Capital Holdings, LLC. Under the terms of the Investment Management Agreement, the Investment Manager will be responsible for the formulation and implementation of the Partnership's investment strategy, evaluating and monitoring investments by the Partnership and will make all investment decisions for the Partnership.
ELIGIBLE INVESTORS:	Interests in the Partnership are being offered under the 3(c)(1) exemption of the Investment Company Act, and the exemption under the Securities Act pursuant to Rule 506(c) of Regulation D promulgated thereunder, for investment by up to one hundred (100) persons who are all "accredited investors" as defined in Rule 501(a) of Regulation D. The Performance Allocation (defined below) will only be applied to the Capital Accounts of Limited Partners who are "qualified clients" as such term is defined in Rule 205-3 under the Advisers Act.

The Interests will not be registered under the Securities Act or the securities laws of any state or any other jurisdiction, nor is any such registration contemplated.

Rule 506(d) of Regulation D of the Securities Act provides for disqualification of a Rule 506 offering in the event that a beneficial owner of 20% or more of the Partnership's Interests are owned by a Limited Partner involved in a "disqualifying event" such as in connection with the sale of securities, within the securities industry or with the SEC (a "***Bad Actor Event***"). A prospective investor subject to a Bad Actor Event may be denied admittance to the Partnership in the General Partner's sole discretion. An existing Limited Partner must inform the General Partner immediately upon being subject to a Bad Actor Event. The General Partner may remove such Limited Partner from the Partnership at its sole discretion.

An investment in the Partnership will be suitable only for investors who determine that they have adequate means of providing for current needs and personal contingencies, can bear the economic risk of the investment, and have no need for liquidity in the investment. Investors will be required to make representations to the foregoing effect to the Partnership as a condition to acceptance of their subscription.

THE OFFERING:

No minimum amount of subscriptions must be received for the Partnership to begin business. There is no maximum dollar amount of capital contributions the Partnership may accept.

Capital contributions will only be accepted in cash (by means of wire transfer or check) at the time of subscription.

The Partnership is presently offering, pursuant to this Memorandum, two (2) series of Interests: the "***Series A Interests***" and the "***Series B Interests***." A Limited Partner holding Series A Interests is referred to herein as a "***Series A Limited Partner***." A Limited Partner holding Series B Interests is referred to herein as a "***Series B Limited Partner***." The Series A Interests and Series B Interests are identical in all respects except that the Series A Interests shall be subject to a different Management Fee and Performance Allocation (as such terms are defined elsewhere in this Memorandum) than the Series B Interests. A Limited Partner holding Series A Interests must be a "qualified client" (as described herein). While Limited Partners that are "qualified clients" may hold either Series A Interests or Series B Interests, persons who are

not "qualified clients" will not be permitted to hold Series A Interests.

A prospective subscriber may elect to purchase Series A Interests or Series B Interests at such subscriber's option, and subject to the General Partner's acceptance of the applicable subscription request, by indicating the subscriber's intent in the subscription documentation provided by the General Partner.

The Partnership may issue additional classes or series of Interests in the future which may differ in terms of, among other things, the Management Fee and/or the Performance Allocation, minimum investment amounts, withdrawal rights, and other rights. The terms of such additional classes or series will be determined by the General Partner, without the approval of the Limited Partners, and may be described in a supplement to this Memorandum.

INITIAL CAPITAL CONTRIBUTION:

The minimum initial capital contribution to the Partnership is $200,000, subject to the General Partner's sole discretion to accept subscriptions for lesser amounts. The General Partner may, in its sole discretion, elect to temporarily or permanently suspend the offering of Interests. The General Partner may, in its sole discretion, reject any subscription request for any reason or no reason.

The Partnership will establish and maintain on its books a single capital account ("***Capital Account***") for each limited partner (each, a "***Limited Partner***," and collectively with the General Partner, the "***Partners***") into which its capital contribution(s) will be credited and in which certain other transactions will be reflected. (See "*Profits and Losses*," below). At the beginning of each accounting period, an allocation percentage ("***Allocation Percentage***") will be determined for each Partner by dividing such Partner's Capital Account balance as of the beginning of such period by the aggregate Capital Account balances of all Partners as of the beginning of such period.

ADMISSIONS; ADDITIONAL CAPITAL CONTRIBUTIONS:

New Limited Partners may be admitted to the Partnership, and existing Limited Partners may make additional capital contributions in amounts of not less than $50,000, with the consent of the General Partner and subject to its sole and absolute discretion to accept lesser amounts, as of the first day of any calendar month, or at any other time the General Partner chooses to accept such initial or additional contributions. The

General Partner may, in its sole discretion, elect to temporarily or permanently suspend the ability of investors to contribute capital to the Partnership.

CUSTODY: The amounts paid by an investor to the Partnership will be placed directly in an account with one or more financial institutions or brokerage firms selected by the General Partner, under appropriate arrangements.

SELLING COMMISSIONS: Selling commissions and/or referral fees may be paid in connection with the offering of the Partnership Interests. A portion of the Management Fee and/or Performance Allocation may be remitted to third parties introducing Limited Partners to the Partnership, or the General Partner may use its own resources to compensate third parties for such introductions. The Investment Manager may also direct brokerage from Partnership trades to broker-dealers which introduce Limited Partners to the Partnership, subject to applicable laws.

LIMITATION OF LIABILITY: The Partnership Agreement provides that the General Partner, the Investment Manager, and their respective affiliates, shareholders, members, partners, managers, directors, officers and employees will not be liable, responsible nor accountable in damages or otherwise to the Partnership or any Partner, or to any successor, assignee or transferee of the Partnership or of any Partner, for: (i) any acts performed or the omission to perform any acts, within the scope of the authority conferred on the General Partner by the Partnership Agreement, except by reason of acts or omissions found by a court of competent jurisdiction upon entry of a final non-appealable judgment to have been made in bad faith or to constitute fraud, willful misconduct, or gross negligence; (ii) performance by the General Partner of, or the omission to perform, any acts on advice of legal counsel, accountants, or other professional advisors to the Partnership; (iii) the negligence, dishonesty, bad faith, or other misconduct of any consultant, employee, or agent of the Partnership, including, without limitation, an affiliate of the General Partner, selected or engaged by the General Partner with reasonable care and in good faith; or (iv) the negligence, dishonesty, bad faith, or other misconduct of any person in which the Partnership invests or with which the Partnership participates as a partner, joint venturer, or in another capacity, which was selected by the General Partner with reasonable care and in good faith. The Investment Management Agreement contains similar protections from liability in favor of the Investment Manager.

WITHDRAWALS:

A Limited Partner will be generally permitted to make withdrawals from its Capital Account as of the last day of any calendar quarter, or such other date as the General Partner may determine in its discretion (each such date, a "***Withdrawal Date***"), *provided that*, the Partnership receives at least 60 days' written notice of such withdrawal prior to the applicable Withdrawal Date.

In the event of a partial withdrawal, a Limited Partner must withdraw a minimum of $10,000, and will maintain a minimum Capital Account balance, after giving effect to the withdrawal, of not less than $100,000. The General Partner, in its sole discretion, may waive or alter these minimum amounts.

Payments for withdrawals are generally made within 30 days of the effective Withdrawal Date; *provided that,* in the event that a Partner withdraws 95% or more of the funds from such Partner's Capital Account (or if a withdrawal, when combined with all other withdrawals effected by such Partner during the preceding twelve (12) months, would result in such Partner having withdrawn 95% or more of its Capital Account during such period), a portion (generally not to exceed 5%) of each withdrawal payment (such amount, the "***Contingency Reserve***") will be retained in the General Partner's discretion pending completion of the annual audit of the Partnership's financial statements for the fiscal year in which the applicable withdrawal occurs. A Limited Partner will not be entitled to interest on any amount withheld as a Contingency Reserve.

In certain extraordinary circumstances, the General Partner may suspend the right of withdrawal or postpone the date of payment of a withdrawal request by a Limited Partner, generally in situations where it is difficult to value the Partnership's assets, difficult to orderly liquidate an investment held by the Partnership, or when the General Partner otherwise deems such a suspension to be appropriate, as determined by the General Partner in good faith. (See the Partnership Agreement, Section 4.03 "*Limitations on Withdrawals*.") The General Partner has reserved the right, in its sole discretion and without notice, to require any Limited Partner to withdraw entirely from the Partnership, for any reason or no reason.

The General Partner intends to make withdrawal payments in cash. However, the General Partner may, in its discretion, effect withdrawal payments either in whole or in part, in specie

or in kind rather than in cash. In-kind distributions may be made directly to the withdrawing Limited Partner or, alternatively, and without limitation, may comprise interests in one or more special purpose vehicles established by the Partnership for the purpose of liquidating the securities being transferred or may be transferred to the trustee of a liquidating trust and sold for the benefit of such withdrawing Limited Partner. If a withdrawal is satisfied in-kind, the withdrawing Limited Partner's Capital Account will be reduced by the fair market value of the investments so distributed.

For the purpose of determining the value to be ascribed to any assets of the Partnership used for an in-kind withdrawal payment, the value ascribed to such assets will be the value of such assets on the relevant Withdrawal Date. The risk of a decline in the value of such assets in the period from the relevant Withdrawal Date to the date upon which such assets are distributed to the withdrawing Limited Partner, and the risk of any loss or delay in liquidating such securities, will be borne by the withdrawing Limited Partner.

The General Partner may establish reserves for expenses, liabilities or contingencies which could reduce the amount of a distribution upon withdrawal. (See the Partnership Agreement, Section 4.05 "*Withholding from Distributions*.")

At the discretion of the General Partner, any withdrawal by a Limited Partner may be subject to a charge, as the General Partner may reasonably require, in order to defray the specific costs and expenses of the Partnership in connection with such withdrawal including, without limitation, any charges or fees imposed by any Partnership investment or by the Partnership's administrators, accountants, or other service providers in connection with a corresponding withdrawal or redemption by the Partnership from such investment or any other costs associated with the sale of any of the Partnership's portfolio investments.

DISTRIBUTIONS:

The Partnership will make regular distributions under a distribution program (the "***Distribution Program***") only to those Partners that opt-in to receive regular monthly distributions from the Partnership by indicating such Partner's intent in the Partnership's subscription documents or otherwise in writing to the General Partner (each such Partner that opts-in to the Distribution Program is referred to herein as a "***Participating Partner***"). The amount of the distribution

payable to each Participating Partner under the Distribution Program is determined monthly as of the last day of each month, or at such other time as determined by the General Partner, in its sole discretion (each such date, a "***Distribution Date***").

Partners that do not affirmatively opt-in to participate in the Distribution Program will not receive regular distributions from the Partnership. Even for Participating Partners, the Partnership is not required to distribute all of the income or gain generated by the Partnership allocable to such Participating Partners.

Cash that might otherwise be available for distribution under the Distribution Program may be reinvested and may also be reduced by payment of Partnership obligations, payment of Partnership expenses (including fees payable and expense reimbursements to the General Partner), and establishment of appropriate holdbacks and reserves.

Distributions payable under the Distribution Program will have the same priority as other withdrawal requests made for a given Withdrawal Date or otherwise pending from previous Withdrawal Dates.

A Limited Partner wishing to opt-in to the Distribution Program (or otherwise wishing to change such Limited Partner's opt-in status with respect to the Distribution Program) must notify the General Partner in writing.

PROFITS AND LOSSES: At the end of each accounting period of the Partnership, any net profit or loss is allocated to the Capital Accounts of all Partners in proportion to their respective Allocation Percentages for such period.

Each accounting period of the Partnership will end at the close of each month, at any other time a Partner makes an additional capital contribution or effects a withdrawal, and at such other times as the General Partner may determine. Net profit and loss are determined on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("***GAAP***") and are deemed to include net unrealized profits or losses on investment positions as of the end of each accounting period, as well as Partnership expenses.

In addition, but solely in connection with the Capital Accounts of Limited Partners holding Series A Interests, the General Partner will receive a performance profit allocation (the "***Performance Allocation***") in an amount equal to ten percent (10%) of the net profit allocated to each Limited Partner during each calendar year.

The Performance Allocation is subject to a loss carry-forward provision, also known as a "high water mark," so that the Performance Allocation will only be deducted from a Limited Partner's Capital Account to the extent that such Limited Partner's allocation of such profit causes its Capital Account balance, measured on a cumulative basis and net of any losses, to exceed such Limited Partner's highest historic Capital Account balance as of the end of any prior year or, if higher, such Limited Partner's Capital Account balance immediately following its admission to the Partnership (as adjusted for any withdrawals at a time when a Limited Partner's Capital Account balance is below the applicable "high water mark"). (See "*Cumulative Loss Account*" in the Partnership Agreement). For a Limited Partner that effects a partial or complete withdrawal from its Capital Account on a date other than the last day of a calendar year, the Performance Allocation, if any, in respect of the amount to be withdrawn will be computed as of the effective Withdrawal Date applicable to such withdrawal and will be applied against the withdrawal proceeds payable to such Limited Partner.

Regulations under the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***") and similar regulations promulgated by the Internal Revenue Service ("***IRS***") prohibit fee payments to oneself and/or an affiliate from one's IRA or other self-directed retirement account. Accordingly, such an account of an officer of the General Partner (or of his spouse) will not be subject to the Management Fee or Performance Allocation.

FEES & EXPENSES:

A management fee (the "***Management Fee***") is paid quarterly in arrears to the Investment Manager. The Management Fee is equal to: (i) 0.1875% (0.75% *per annum*) of the closing Capital Account balance of each Capital Account corresponding to a Limited Partner's Series A Interest for each quarter, and (ii) 0.375% (1.50% *per annum*) of the closing Capital Account balance of each Capital Account corresponding to a Limited Partner's Series B Interest for each quarter.

The Management Fee will be appropriately prorated to reflect any capital contributions which occur during a quarter. The Capital Account of a Limited Partner making a withdrawal other than the last day of a quarter (whether pursuant to ordinary withdrawal rights or where the special consent of the General Partner is required and, in its discretion, granted) will be charged a *pro rata* portion of the Management Fee immediately prior to such withdrawal based on the number of days elapsed during such quarter and the portion withdrawn from such Capital Account.

All expenses of the Offering and organization of the Partnership (including legal and other expenses) ("***Organizational Expenses***") will be paid by the Partnership and/or reimbursed by the Partnership to the extent paid by the General Partner or Investment Manager. The Organizational Expenses will be amortized and charged to the Partners' Capital Accounts on a monthly basis over a period of thirty-six (36) months commencing from the launch of the Partnership's investment activities. GAAP require that organizational costs be treated as an expense when incurred. The General Partner believes that the impact on the Partnership's results from this departure from GAAP will result in a fairer apportionment of such expenses among Limited Partners. This departure from GAAP may also result in the Partnership's financial statements receiving a qualified audit opinion from the Partnership's auditors. If the Partnership is terminated within thirty-six (36) months of the commencement of investment activities, any unamortized expenses will be recognized.

The Partnership will pay for its ordinary operating and other expenses, including, but not limited to, investment-related expenses (such as brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses, insurance costs, wiring fees, currency conversion costs, foreign transaction fees, and investment banking expenses); research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including the costs of on-going legal advice and services, blue sky filings and all costs and expenses related to or incurred in connection with the Investment Manager's compliance obligations under applicable federal and state securities and related regulations arising out of its relationship to the

Partnership as well as extraordinary legal expenses); the Management Fee; accounting fees and audit expenses; administrative fees; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Partnership; costs of printing and mailing reports and notices; and other similar expenses related to the Partnership, as the General Partner determines in its sole discretion.

The General Partner or Investment Manager may elect to pay any of the foregoing expenses, including any portion of the Organizational Expenses, from the General Partner's or Investment Manager's own resources for any period, in the sole discretion of the General Partner or Investment Manager, as applicable.

SIDE LETTER AGREEMENTS:

The General Partner may, in its sole discretion, enter into arrangements with Limited Partners under which the Management Fee or Performance Allocation is reduced, waived, or calculated differently with respect to such Limited Partners, including, without limitation, Limited Partners that are members, affiliates or employees of the General Partner, members of the immediate families of such persons and trusts or other entities for their benefit, or Limited Partners that make a substantial investment or otherwise are determined by the General Partner in its sole discretion to represent a strategic relationship. The General Partner may also offer increased or different information rights, withdrawal rights, or other rights through one or more letter agreements, the terms of which will not generally be disclosed to the Limited Partners.

BROKERAGE COMMISSIONS:

The Investment Manager may enter into one or more "soft dollar" arrangements with brokers that execute trades for the Partnership's account. Under these "soft dollar" arrangements, the broker would provide certain products and services (or arrange for and pay third parties to provide such products and services) based upon the volume of commissions generated by the Partnership's trading activities. Subject to the Investment Manager's duty to obtain best execution, these arrangements may not result in the execution of trades at the lowest available commission rates. As a result of these arrangements, the Partnership may pay higher commissions than would be the case in the absence of such arrangements. In all events, the Investment Manager will always seek to obtain best execution for the Partnership's portfolio transactions.

PRIME BROKER: The Partnership's prime broker will be Fidelity Brokerage Services LLC ("***Fidelity***"). The Partnership reserves the right to use other and/or additional firms for prime brokerage services.

RISK FACTORS: In general, investment in the Partnership Interests involves various and substantial risks, including (but not limited to) the risk that the Partnership assets may be invested in high risk investments, risks for certain tax-exempt investors, risks related to the limited transferability of a Limited Partner's interest in the Partnership, the lack of operating history of the Partnership, the Partnership's dependence upon the General Partner and the Investment Manager, and certain tax risks. (See "*Risk Factors*.")

LEVERAGE: The Partnership may utilize leverage in its investment program when the Investment Manager considers it appropriate. However, the use of leverage may, in certain circumstances, maximize the adverse impact to which the Partnership's investment portfolio may be subject.

NET ASSET VALUE: The Net Asset Value of the Partnership ("***Net Asset Value***") will be determined periodically as is required by the Partnership Agreement or as may be determined by the General Partner, but in any case no less frequently than monthly. Each Partner's share of the Partnership's Net Asset Value is determined by such Partner's Capital Account balance relative to the Capital Account balances of the other Partners.

RESTRICTIONS ON TRANSFER: A Limited Partner may not pledge, assign, sell, exchange or transfer its Interest (or any portion thereof), and no assignee, purchaser or transferee may be admitted as a substitute Limited Partner, except with the consent of the General Partner, which consent may be given or withheld in its sole and absolute discretion.

FISCAL YEAR: The Partnership's fiscal year will end on December 31st.

REPORTS: The Partnership's books of account will be audited at the end of each fiscal year by a firm of certified public accountants selected by the General Partner. Books of account will generally be kept by the Partnership, in accordance with GAAP except to the extent the Partnership's auditor determines that the amortization of the Organizational Expenses does not comply with GAAP. The General Partner will furnish audited financial statements to all Limited Partners within 120 days, or

as soon thereafter as is reasonably practicable, following the conclusion of each fiscal year. In addition, all Limited Partners will receive the information necessary to prepare federal and state income tax returns following the conclusion of such fiscal year as soon thereafter as is reasonably practicable.

Limited Partners will also receive unaudited performance reports and such other information as the General Partner determines on a monthly basis. With regard to these reports, the General Partner is not required to provide information about specific investment transactions of the Partnership. For Limited Partners that have agreed to receive communications from the Partnership electronically, the Partnership reserves the right to make such monthly reports and annual Schedule K-1s available solely in electronic form on the website of the Partnership or the administrator, or to send such information via e-mail.

TERM:

The Partnership will continue until the earlier of (i) the termination, bankruptcy, insolvency, dissolution or other disqualification of the General Partner, (ii) the death, permanent incapacitation, or retirement of the Principal, or if the Principal does not, for any reason, attend to the affairs of the Partnership for a period of sixty (60) consecutive days or sixty (60) days within any six month period, or (iii) a determination by the General Partner that the Partnership should be dissolved.

AMENDMENT OF THE PARTNERSHIP AGREEMENT:

The Partnership Agreement provides that the General Partner has the right to amend the Partnership Agreement to, among other things, conform to applicable laws and regulations, to correct any ambiguous, false, or erroneous provision, or as it otherwise deems necessary or advisable; *provided that*, no such amendment will adversely affect the rights, privileges, and powers of the Limited Partners as a group, unless agreed to by the holders of a majority of the Allocation Percentages held by Limited Partners. The General Partner is authorized on its own motion to institute proceedings for adoption of a proposed amendment to the Partnership Agreement. The General Partner may seek the approval of Limited Partners to such amendments by means of a "negative consent" process. Investors should note that Limited Partners have no voting rights except in very limited and specific situations.

LEGAL COUNSEL TO THE GENERAL PARTNER AND INVESTMENT MANAGER:	The Investment Law Group of Davis Gillett Mottern & Sims LLC ("***ILG***") acted as legal counsel to the General Partner and Investment Manager in connection with the organization of the Partnership and the offering of Interests. ILG also acts as counsel to the General Partner and Investment Manager with respect to certain ongoing matters. ILG does not represent the Limited Partners in any capacity.
AUDITOR:	The Partnership's independent certified public accountant is Spicer Jeffries LLP. The Partnership reserves the right to use other and/or additional firms for audit services.
ADMINISTRATOR:	The Partnership's administrative services will be provided by NAV Consulting, Inc. (the "***Administrator***"). The Partnership reserves the right to use other and/or additional firms for administration services.
SUBSCRIPTION PROCEDURE:	Persons interested in subscribing for Interests will be furnished, and will be required to complete and return to the Administrator, subscription documents.

RISK FACTORS

An investment in the Partnership involves a number of significant risks. The risk factors set forth below are those that, at the date of this Memorandum, the General Partner deems to be the most significant. Investors should consider an investment in the Partnership only if the investor is willing to undertake the risks involved. Investors should therefore bear in mind the following risk factors and conflicts of interest before purchasing an Interest. The following is not intended to be a complete description or an exhaustive list of risks. Other factors ultimately may affect an investment in the Partnership in a manner and to a degree not now foreseen. Prospective investors should carefully consider, in addition to the matters set forth elsewhere in this Memorandum, the factors discussed below. An investment in the Partnership should form only a part of a complete investment program, and an investor must be able to bear the loss of its entire investment. Prospective investors should also consult with their own financial, tax and legal advisors regarding the suitability of this investment. None of the Partnership, the General Partner, the Investment Manager, or any of their respective affiliates has recommended the Interests as a suitable investment, provided investment advice to any current or prospective investor, or acted in a fiduciary capacity in connection with any determination to invest in the Partnership. Current and prospective investors are solely responsible, together with such advisors as they determine appropriate, to determine whether a proposed or current investment in the Partnership is appropriate for them.

General

General Investment Risks. The Partnership's success depends on the Investment Manager's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Partnership will be successful under all or any market conditions.

The Partnership may increase its cash position when the Investment Manager deems it prudent or when a defensive position is warranted in light of market conditions. During such times, interest income will increase and may constitute a large portion of the return and the Partnership will not participate in market advances or declines to the extent that it would have if it had been more fully invested.

A potential investor in the Partnership should note that the prices of the securities and other instruments in which the Partnership invests may be unavailable. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and

currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

Investment and Trading Risks. All investments involve the risk of a loss of capital. No guarantee or representation is made that the Partnership's investment program will be successful, and investment results may vary substantially over time.

Instruments Traded

Equity Securities. The value of the equity securities held by the Partnership is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and more risky than some other forms of investment.

Debt and Other Income Securities. The Partnership may invest in fixed-income and adjustable rate securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, industry, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar.

The debt securities in which the Partnership may invest are not required to satisfy any minimum credit rating standard, and may include instruments that are considered to be of relatively poor standing and have predominantly speculative characteristics with respect to capacity to pay interest and repay principal. The Partnership may invest in bonds rated lower than investment grade, which may be considered speculative. The Partnership may also invest a substantial portion of its assets in high-risk instruments that are low rated, unrated or in default.

Small- and Medium-Capitalization Stocks. The Partnership may invest its assets in stocks of companies with smaller market capitalizations. Small- and medium-capitalization companies may be of a less seasoned nature or have securities that may be traded in the over-the-counter market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that stock prices may decline over short or even extended periods, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. Additionally, stocks of such companies may be more volatile in price and have lower trading volumes than larger capitalized companies, which

may result in greater sensitivity of the market price to individual transactions. Accordingly, investors in the Partnership should have a long-term investment horizon.

Small- and medium-capitalization securities may be followed by relatively few securities analysts with the result that there tends to be less publicly available information concerning these securities compared to what is available for exchange-listed or larger companies. The securities of these companies have more limited trading volumes than those of larger issuers and may be subject to more abrupt or erratic market movements than the securities of larger, more established companies or the market averages in general, and the Partnership may be required to deal with only a few market makers when purchasing and selling these securities. Transaction costs in small- and medium-capitalization stocks may be higher than those involving larger capitalized companies. Companies in which the Partnership may invest may also have limited product lines, markets or financial resources and may lack management depth and may be more vulnerable to adverse business or market developments.

Exchange Traded Funds. The Partnership may invest in a type of investment company called an exchange-traded fund ("***ETF***"). ETFs are a type of investment security, representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Unlike open-end mutual funds, the shares of ETFs and closed-end investment companies are not purchased and redeemed by investors directly with the fund, but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETFs performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

Exchange-traded Notes. The Partnership may invest in exchange-traded notes ("***ETN***"). ETNs are senior, unsecured, unsubordinated debt securities whose returns are based on the performance of a particular market index or other reference asset minus applicable fees. ETNs are listed on an exchange and trade in the secondary market. However, an ETN can also be held until maturity, at which time the issuer pays a return linked to the performance of the market index or other reference asset to which the ETN is linked minus certain fees. ETNs do not make periodic coupon payments and principal typically is not protected.

The value of an ETN may be influenced by, among other things, time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying markets, changes in applicable interest rates, the performance of the market index or other reference asset, changes in the issuer's credit rating, and economic, legal, political or geographic events that affect the market index or other reference asset. ETNs are also subject to the counterparty credit risk of the issuer. The market value of ETN shares may differ from their market index or reference asset. This difference may be due to the fact that the supply and demand in the market for ETN shares at any

point in time is not always identical to the supply and demand in the market for the securities underlying the index or other reference asset that the ETN seeks to track. ETNs also incur certain expenses not incurred by their applicable index or reference asset. An ETN that is tied to a specific index may not be able to replicate and maintain exactly the composition and relative weighting of securities, commodities or other components in the applicable index.

Some ETNs that use leverage in an effort to amplify the returns of an underlying index or other reference asset can, at times, be relatively illiquid and, therefore, may be difficult to purchase or sell at a fair price. Leveraged ETNs are subject to the same risk as other instruments that use leverage in any form. While leverage allows for greater potential return, the potential for loss is also greater.

Convertible Securities. The Partnership may invest in convertible securities ("***Convertibles***"). Convertibles are generally debt securities or preferred stocks that may be converted into common stock. Convertibles typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A Convertible's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed below. Convertibles are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a Convertible than on its other debt because other debt securities may have a prior claim on the issuer's assets, particularly if the Convertible is preferred stock. However, Convertibles usually have a claim prior to the issuer's common stock.

In addition, for some Convertibles, the issuer can choose when to convert to common stock, or can "call" (redeem) the Convertible. An issuer may convert or call a Convertible when it is disadvantageous for the Partnership, causing the Partnership to lose an opportunity for gain. For other Convertibles, the Partnership can choose when to convert the security to common stock or to put (sell) the Convertible back to the issuer.

Because Convertible arbitrage also involves the short sale of underlying common stock, this strategy is also subject to stock-borrow risk, which is the risk that the Partnership will be unable to sustain the short position in the underlying common shares.

Derivative Investments. The Partnership may invest in derivative instruments. Derivatives are financial contracts whose value depends on, or is derived from, an underlying product, such as the value of a security or an index. The risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to the Partnership; (2) before purchasing the derivative, the Partnership will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply

with the terms of the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

Derivatives markets can be highly volatile. The profitability of investments by the Partnership in the derivatives markets depends on the ability of the Investment Manager to analyze correctly these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates. In addition, the assets of the Partnership may be pledged as collateral in derivatives transactions. Thus, if the Partnership defaults on such an obligation, the counterparty to such transaction may be entitled to some or all of the assets of the Partnership as a result of the default.

Option Transactions. The Partnership may engage in option transactions. The purchase or sale of an option by the Partnership involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying investment does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying investment in excess of the premium payment received.

Asset-Backed Securities Risk. Asset-backed securities are a form of derivative securities. Asset-backed securities may be asset-backed notes or pass-through certificates, in each case issued by a trust or other special-purpose entity. Asset-backed notes are secured by, and pass-through certificates represent an interest in, a fixed or revolving pool of financial assets. Such financial assets may consist of secured or unsecured consumer or other receivables, such as automobile loans or contracts, automobile leases, credit card receivables, home equity or other mortgage loans, trade receivables, floor plan (inventory) loans, automobile leases, equipment leases, and other assets that produce streams of payments. Asset-backed securities are subject to credit risks associated with the performance of the underlying assets.

Asset-backed notes generally are issued pursuant to indentures and pass-through certificates generally are issued pursuant to pooling and servicing agreements. A separate servicing agreement typically is executed in connection with asset-backed notes (such servicing agreements, indentures and pooling and servicing agreements, the "***Asset-Backed Agreements***"). The Asset-Backed Agreements provide for the appointment of a trustee and the segregation of the transferred pool of assets from the other assets of the transferor. Such segregation generally is only required to the extent necessary to perfect the interest of the trustee in the assets against claims of unsecured creditors of the transferor of the assets. Where so required by the Uniform Commercial Code (the "***UCC***") (for instance, home equity loan notes) certain of the documents evidencing the underlying receivables are delivered to the possession of the trustee or other custodian for the holders of the Asset-backed Securities. In the case of most assets, either no documents evidence the receivables (for instance, credit card receivables) or documents exist, but the UCC does not require their possession to perfect a transfer (for instance, automobile installment

sales contracts). In these cases, the transferor segregates the assets only on its own books and records, such as by marking its computer files, and perfects the trustee's interest by filing a financing statement under the UCC. This method of segregation and perfection presents the risk that the trustee's interest in the assets could be lost as a result of negligence or fraud, such that the trustee and the asset-backed security holders become unsecured creditors of the transferor of the assets.

Mortgage-Related Securities Risk. Mortgage-related securities are subject to credit risks associated with the performance of the underlying mortgage properties. In certain instances, the credit risk associated with mortgage-related securities can be reduced by third-party guarantees or other forms of credit support. Improved credit risk does not reduce prepayment risk (the risk that the mortgages underlying the security will be prepaid prior to maturity), which is unrelated to the rating assigned to the mortgage-related security. Prepayment risk can lead to fluctuations in value of the mortgage-related security, which may be pronounced. If a mortgage-related security is purchased at a premium, all or part of the premium may be lost if there is a decline in the market value of the security, whether resulting from changes in interest rates or prepayments on the underlying mortgage collateral. Certain mortgage-related securities that may be purchased by the Partnership, such as inverse floating rate collateralized mortgage obligations, have coupons that move inversely to a multiple of a specific index, which may result in a form of leverage. As with other interest-bearing securities, the prices of certain mortgage-related securities are inversely affected by changes in interest rates. However, although the value of a mortgage-related security may decline when interest rates rise, the converse is not necessarily true, since in periods of declining interest rates the mortgages underlying the security are more likely to be prepaid. For this and other reasons, a mortgage-related security's stated maturity may be shortened by unscheduled prepayments on the underlying mortgages. Therefore, it is not possible to predict accurately the security's return to the Partnership. Moreover, with respect to certain stripped mortgage-backed securities, if the underlying mortgage securities experience greater than anticipated prepayments of principal, the Partnership may fail to fully recoup its initial investment even if the securities are rated in the highest rating category by a rating agency. During periods of rapidly rising interest rates, prepayments of mortgage-related securities may occur at slower than expected rates. Slower prepayments effectively may lengthen a mortgage-related security's expected maturity, which generally would cause the value of such security to fluctuate more widely in response to changes in interest rates.

Mortgage-Backed and Asset-Backed Securities. The Partnership may invest in securities that represent an interest in a pool of mortgages ("***MBS***") and credit card receivables or other types of loans ("***ABS***"). The investment characteristics of MBS and ABS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time.

CMOs and MBS Derivative. The collateralized mortgage obligation ("***CMO***") and stripped MBS markets were developed specifically to reallocate the various risks inherent in MBS across various bond classes ("***tranches***"). For example, CMO "companion" classes typically experience much greater average life variability than other CMO classes or MBS pass-throughs. Interest-only pass-through securities experience greater yield variability relative to changes in

prepayments. “Inverse floaters” experience greater variability of returns relative to changes in interest rates. To the extent that the Partnership concentrates its investments in these or other “derivative” securities, the prepayment risks, interest rate risks and hedging risks associated with such securities will be severely magnified.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying MBS and ABS will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, mortgage obligors tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. Although ABS are generally less likely to experience substantial prepayments than are MBS, certain of the factors that affect the rate of prepayments on MBS also affect the rate of prepayments on ABS. However, during any particular period, the predominant factors affecting prepayment rates on MBS and ABS may be different.

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

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

Index Risk. The Partnership also may invest in structured notes, variable rate MBS and ABS, including adjustable-rate mortgage securities, which are backed by mortgages with variable rates, and certain classes of CMO derivatives, the rate of interest payable under which varies with a designated rate or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market’s perception of anticipated changes in those rates or indices. This introduces additional risk factors related to the movements in specific indices or interest rates that may be difficult or impossible to hedge, and that also interact in a complex fashion with prepayment risks.

Subordinated Securities. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans. Certain subordinated securities (“first loss securities”) absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities therefore possess some of the attributes typically associated with equity investments.

Mortgage-Backed Securities Risk. Mortgage-backed securities represent an interest in a pool of mortgages. Investing in mortgage-backed securities involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of investing in real estate). When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage re-financings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants.

Risks Related to Structured Credit Products. Special risks may be associated with the Partnership's investments in structured credit products, collateralized debt obligations and synthetic credit portfolio transactions. For example, synthetic portfolio transactions may be structured with two or more classes of tranches that receive different proportions of the interest and principal distributions on a pool of credit assets. The yield to maturity of a tranche may be extremely sensitive to the rate of defaults in the underlying reference portfolio. A rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. It is therefore possible that the Partnership may incur losses on its investments in structured products regardless of their ratings by S&P or Moody's. Additionally, the securities in which the Investment Manager is authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions.

Distressed Securities. The Partnership may purchase, directly or indirectly, securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. A wide variety of considerations, including, for example, the possibility of litigation between participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others, may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations that limit the access of the Investment Manager to reliable and timely information concerning material developments affecting a company, or that cause lengthy delays in the completion of the liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial

distress is unusually high. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Partnership invests, the Partnership may lose its entire investment or may be required to accept cash or securities with a value less than the Partnership's original investment.

Risks Associated with Bankruptcy Cases. The Partnership's investment activities, particularly involving companies in distressed situations, may result in it becoming involved as a creditor in bankruptcy cases. In addition, the Partnership may purchase securities or assets of, or claims against, companies in bankruptcy.

- Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Partnership.

- Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Partnership; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to reorganize and may be required to liquidate assets.

- The debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during the reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

- U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Partnership's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority over the claims of certain creditors (for example, claims for taxes) may be quite high.

- There are instances where creditors and equity holders lose their ranking and priority, such as when they take over management and functional operating control of a debtor. In those cases where the Partnership, by virtue of such action, is found to exercise "domination and control" of a debtor, the Partnership may lose its priority if the debtor can demonstrate that it was adversely impacted or other creditors and equity holders were harmed by the Partnership.

- The Partnership may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Risk of Investing in PIPEs. The Partnership may make private investments in public equities ("***PIPEs***"). The Partnership's returns from a PIPE transaction will depend upon its ability to sell in the public market the securities that it obtains in the PIPE transaction. The Partnership will be able to sell those securities only when a resale registration statement covering the securities is effective or under Rule 144 promulgated under the Securities Act, as amended ("***Rule 144***"). The issuer in a PIPE transaction typically must file a registration statement shortly after the PIPE closing. However, the effectiveness of that registration may be delayed by various events or circumstances, including, for example, a lengthy SEC review of the registration statement or regulatory inquiries into the issuer. That delay on such effectiveness, and the ability to sell under Rule 144, may also be delayed or interrupted if the issuer fails to timely file all reports required of it by the Exchange Act or if the issuer fails to meet certain types of financial obligations. Although related documents may require the issuer to pay damages to purchasers if the resale registration statement is not effective within a certain period of time, there is no assurance that (i) the registration statement will become effective; (ii) the Partnership will be able to sell the securities; or (iii) the Partnership will be able to recover specified damages if the issuer failed to meet its legal obligations. Even after a resale-registration statement becomes effective, the Partnership's ability to sell the securities may effectively be limited by market and other conditions, thereby subjecting the Partnership to delay and in certain circumstances the potential for losses. By entering into a PIPE transaction, the Partnership will be required to conduct substantial due diligence on the issuer and to review and negotiate certain documents and agreements. In the process of conducting these activities, the Partnership may incur significant transaction costs relative to the value of the PIPE investments, which may be substantially greater that the respective costs if the Partnership were devoting the same amount of capital to an investment in a publicly-traded security.

Non-U.S. Exchanges and Markets. The Partnership may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets may involve certain risks not applicable to trading on U.S. exchanges and is frequently less regulated. For example, certain of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants, as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges. Some non-U.S. exchanges, in contrast to U.S. exchanges, are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. Investment in non-U.S. markets would also be subject to the risk of fluctuations in the exchange rate between the local currency and the dollar and to the possibility of exchange controls. Foreign brokerage commissions and other fees are also generally higher than in the United States.

Currency Risk. The value of the Partnership's assets may be affected favorably or unfavorably by changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when the Partnership changes investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. The Partnership may invest in currencies directly and seek to mitigate the risk of currency exchange fluctuation through the active and systematic use of currency hedges.

Emerging Markets. The Partnership may invest in securities associated with emerging markets. The securities markets of emerging countries are generally smaller, less developed, less liquid, and more volatile than the securities markets of the U.S. and developed foreign markets. Disclosure and regulatory standards in many respects are less stringent than in the United States and developed foreign markets. Accounting and auditing standards in many markets are different, and sometimes significantly differ from those applicable in the United States or Europe. There is substantially less publicly available information about companies located in emerging markets than there is about companies in other more developed jurisdictions. There also may be a lower level of monitoring and regulation of securities markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations has been extremely limited.

Many emerging countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets of certain emerging countries.

Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of these countries also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of countries with emerging markets may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other costs relating to investment in foreign markets may be more expensive in emerging markets than in many developed foreign markets, which could reduce the Partnership's income from such securities.

In many cases, governments of emerging countries continue to exercise significant control over their economies, and government actions relative to the economy, as well as economic developments generally, may affect the capacity of issuers of emerging country debt instruments to make payments on their debt obligations, regardless of their financial condition. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect

investments in those countries. There can be no assurance that adverse political changes will not cause the Partnership to suffer a loss of any or all of its investments and, in the case of fixed-income securities, interest thereon.

Many emerging countries are undergoing important political and economic changes that are making their economies more free-market oriented. However, there could be future political and economic changes that may return the situation to closed and centrally controlled economies with price and foreign exchange controls. Many of these countries lack the legal, structural and cultural basis for the establishment of a dynamic, orderly, market-oriented economy. Many of the promising changes that are being seen at present could be reversed, causing significant impact on the Partnership's investment returns.

Strategy Risks

Systems Risks. The Partnership depends on the Investment Manager to develop and implement appropriate systems for the Partnership's activities. The Partnership relies extensively on computer programs and systems to trade, clear and settle investment transactions, to evaluate investment opportunities and positions held based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Partnership's activities. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Investment Manager's ability to manage the portfolio. In addition, certain of the Partnership's and the Investment Manager's operations interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their respective sub-custodians, and other service providers, and the Investment Manager may not be in a position to verify the risks or reliability of such third party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Partnership. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Partnership's ability to monitor its investment portfolio and its risks. Neither the General Partner nor the Investment Manager is liable to the Partnership for losses caused by systems failures or due to any breakdown in the means of the communication normally used to ascertain the value of the Partnership's investments or to conduct trading in such investments.

Execution of Orders. The Partnership's trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments selected by the Investment Manager. The Partnership's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to employees, brokers, agents or other service providers. In such events, the Partnership might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Partnership might not be able to make such adjustment. As a result, the Partnership would not be able to achieve the market position selected by the Investment Manager, and might incur a loss in liquidating its position.

Operational Risks. The volume and complexity of the Partnership's transactions may place substantial burdens on the Investment Manager's operational systems and resources, including those related to trade entry and execution, position reconciliation, corporate actions, collateral and margin maintenance, marking procedures, finance, accounting, profit and loss reporting, internal management and risk reporting and funds transfers. Human error, system failure or other problems with any of these processes could result in material losses or costs, which will generally be borne by the Partnership.

Lack of Diversification. Although the Partnership will structure its portfolio so that investments (both individually and in the aggregate) have desirable risk/reward characteristics and so that the Partnership may be able to satisfy Limited Partners' requests for withdrawals, the Partnership is not subject to any restrictions with respect to investments in any particular issuer, industry, geography or type of investment. The Partnership intends to achieve a diversified portfolio of investments. However, the Partnership could have a non-diversified portfolio and may have large amounts of Partnership assets invested in a small number of investments. Such lack of diversification substantially increases market risks and the risk of loss associated with an investment in the Partnership.

Industry Concentration. Because of its narrow focus, the performance of the Partnership is tied closely to, and affected by, the real estate, real estate services and real estate investment trust ("***REIT***") sector. As is the case with other sectors, or groups of closely-related sectors, companies in the real estate-related sector often face similar obstacles, issues, or regulatory burdens. Consequently, securities of real estate companies, REITs and other real estate-related services businesses may react similarly and move in unison to changes in these or other market conditions. Moreover, because the Partnership investments are concentrated in a specific industry, the value of the Partnership may be subject to greater volatility than funds with portfolios that are less concentrated. If securities of real estate-related companies fall out of favor, the Partnership could under-perform funds that focus on other types of companies.

Portfolio Turnover. The Partnership may engage in short-term trading. Short-term trading refers to the practice of selling investments held for a short time, ranging from several months to less than a day. The objective of short-term trading is to take advantage of what the Investment Manager believes are changes in a market, industry or individual company. Short-term trading increases the Partnership's transaction costs, which could affect the Partnership's performance, and could result in higher levels of taxable realized gains to Limited Partners.

Hedging. The Investment Manager on behalf of the Partnership will not, in general, attempt to hedge all market or other risks inherent in their respective portfolio positions, and may hedge certain risks, if at all, only partially. The Partnership may choose not, or may determine that it is economically unattractive, to hedge certain risks – either in respect of particular positions or in respect of its overall portfolio. The Partnership's portfolio composition will commonly result in various directional market risks remaining unhedged.

The Investment Manager on behalf of the Partnership generally may enter into hedging transactions with the intention of reducing or controlling risk. Even if the Investment Manager is successful in doing so, the cost of hedging may have the effect of reducing returns. Furthermore,

it is possible that the Investment Manager's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

To the extent that the Investment Manager hedges, its hedges may not be static but rather might need to be continually adjusted based on the Investment Manager's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of the Investment Manager's hedging strategy may depend on its ability to implement this dynamic hedging approach efficiently and cost effectively, as well as on the accuracy of the Investment Manager's ongoing judgments concerning the hedging positions to be acquired.

Leverage and Margin Transactions. In order to raise additional cash for investment, the Partnership may borrow money from banks and other sources and will pay interest thereon. Any investment gains made with the additional monies in excess of interest paid will cause the Net Asset Value of the Partnership to rise faster than would otherwise be the case. On the other hand, if the investment performance of the additional investments purchased fails to cover their cost (including any interest paid on the money borrowed) to the Partnership, the Net Asset Value of the Partnership will decrease faster than would otherwise be the case. This is the speculative factor known as "leverage." The Partnership may also purchase portfolio investments in uncovered margin transactions. In the event of adverse market movements or other factors, the Partnership may have to meet calls for substantial additional margin which may limit the Partnership's assets available for other investments at an inopportune time. In addition, a change in the general level of interest rates may adversely affect the Partnership.

Highly Volatile Instruments. The prices of financial instruments in which the Partnership may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Partnership's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Partnership is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses.

Failure of Broker-Dealers. Institutions, such as brokerage firms or banks, may hold certain of the Partnership's assets in "street name." Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Partnership. In addition, as the Partnership may borrow money or securities, the Partnership will post certain of its assets as collateral securing the obligations ("***Margin Securities***"). The Partnership's broker generally holds the Margin Securities on a commingled basis with margin securities of its other customers and may use certain of the Margin Securities to generate cash to fund the Partnership's leverage, including pledging such Margin Securities. Some or all of the Margin Securities may be available to creditors of the Partnership's broker in the event of its insolvency. The Partnership's broker has netting and set off rights over all the assets held by it (which may indirectly include amounts held for the Partnership's benefit in the special segregated bank account) to satisfy the Partnership's obligations under its agreements with the Partnership's broker, including obligations relating to any margin or short positions.

The Investment Manager's Methodology. Trading decisions of the Investment Manager are on a discretionary basis using fundamental and/or technical analysis and no assurance can be given that such trading strategies used by the Investment Manager will be successful, or that losses could not occur. Trade duration can vary substantially from a few seconds to several months or longer. In entering orders into the Partnership's accounts, the Investment Manager may use market, limit, stop, and other qualified orders, if in its judgment, that appears appropriate under given market conditions. In addition, when liquidating a position, the Investment Manager may place a reversal order (*i.e.*, the current position is liquidated and an opposite one is established).

OTC Transactions. It is possible that the Partnership may engage in transactions involving investments traded on "over the counter" ("***OTC***") markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes the Partnership to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Therefore, to the extent that the Partnership engages in trading on OTC markets, the Partnership could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.

Special Situations. The Partnership may invest in the securities of issuers involved in (or the targets of) acquisition attempts or tender offers or involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction will be unsuccessful or unconsummated, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Partnership of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Partnership may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled issuers in which the Partnership may invest, there is a potential risk of loss by the Partnership of its entire investment in such issuers.

Management Risks

Reliance on the General Partner and no Authority by Limited Partners. All decisions regarding the management and affairs of the Partnership will be made exclusively by the General Partner and the Investment Manager. Accordingly, no person should invest in the Partnership unless such person is willing to entrust all aspects of management of the Partnership to the General Partner and the Investment Manager. Limited Partners will have no right or power to take part in the management of the Partnership. As a result, the success of the Partnership for the foreseeable future depends solely on the abilities of the General Partner and the Investment Manager.

Dependence on Key Personnel. The Investment Manager is dependent on the services of the Principal and there can be no assurance that it will be able to retain the Principal, whose

credentials are described under the heading "*Management of the Partnership*." The departure or incapacity of Mr. Bradley Johnson could have a material adverse effect on the Investment Manager's management of the investment operations of the Partnership.

Changes in Investment Strategies. The Partnership's investment strategies may be altered, without prior approval by the Limited Partners. However, the General Partner will notify all Limited Partners prior to implementing any material change to the Partnership's investment objective or investment strategy and will afford all Limited Partners the opportunity to withdraw from the Partnership at such time without regard to any applicable withdrawal limitations set forth in the Partnership Agreement, *except* that the Contingency Reserve provision will continue to apply.

Discretionary Decision Making May Result in Missed Opportunities. The Partnership's trading strategies do involve some discretionary aspects. Discretionary decision-making may result in failure to capitalize on certain price trends or unprofitable trades in a situation where a strictly systematic approach might not have done so.

Proprietary Nature of Investment Strategy. All documents and other information concerning the Partnership's portfolio of investments will be made available to the Partnership's auditors, accountants, attorneys and other agents in connection with the duties and services performed by them on behalf of the Partnership. However, because the Investment Manager's investment techniques are proprietary, the Partnership Agreement will provide that neither the Partnership nor any of its auditors, accountants, attorneys or other agents will disclose to any person, including investors in the Partnership, any of the investment techniques employed by the Investment Manager in managing the Partnership's investments or the identity of specific investments held by the Partnership at any particular time.

Limitations of the General Partner's Liability and Indemnification. The Partnership Agreement provides that the General Partner, the Investment Manager, and their respective affiliates, shareholders, members, partners, managers, directors, officers and employees shall not be liable, responsible nor accountable in damages or otherwise to the Partnership or any Partner, or to any successor, assignee or transferee of the Partnership or of any Partner, for: (i) any acts performed or the omission to perform any acts, within the scope of the authority conferred on the General Partner by the Partnership Agreement, except by reason of acts or omissions found by a court of competent jurisdiction upon entry of a final non-appealable judgment to have been made in bad faith or to constitute fraud, willful misconduct, or gross negligence; (ii) performance by the General Partner of, or the omission to perform, any acts on advice of legal counsel, accountants, or other professional advisors to the Partnership; (iii) the negligence, dishonesty, bad faith, or other misconduct of any consultant, employee, or agent of the Partnership, including, without limitation, an affiliate of the General Partner, selected or engaged by the General Partner with reasonable care and in good faith; or (iv) the negligence, dishonesty, bad faith, or other misconduct of any Person in which the Partnership invests or with which the Partnership participates as a partner, joint venturer, or in another capacity, which was selected by the General Partner with reasonable care and in good faith. Furthermore, the Partnership, in the General Partner's sole discretion, will indemnify and hold harmless the General Partner, the Investment Manager, and their respective affiliates, shareholders, members, partners, managers, directors, officers and employees and the

legal representatives of any of them (an "***Indemnified Party***"), from and against any loss, liability, damage, cost or expense suffered or sustained by an Indemnified Party by reason of (i) any acts, omissions or alleged acts or omissions arising out of or in connection with the Partnership, the Partnership Agreement or any investment made or held by the Partnership, including, without limitation, any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding, or claim, *provided that*, such acts, omissions, or alleged acts or omissions upon which such actual or threatened action, proceeding or claim are based are not found by a court of competent jurisdiction upon entry of a final non-appealable judgment to have been made in bad faith or to constitute fraud, willful misconduct, or gross negligence by such Indemnified Party, or (ii) any acts or omissions, or alleged acts or omissions, of any broker or agent of any Indemnified Party, *provided that*, such broker or agent was selected, engaged or retained by the Indemnified Party with reasonable care. The Partnership Agreement also provides that the Partnership will, in the sole discretion of the General Partner, advance to any Indemnified Party attorneys' fees and other costs and expenses incurred in connection with the defense of any action or proceeding which arises out of such conduct. The Investment Management Agreement contains similar protections from liability in favor of the Investment Manager.

Limited Reporting. The Partnership will provide monthly unaudited reports of Partnership activity. As a result, Limited Partners will not be able to evaluate the Partnership's activity at shorter intervals. Additionally, as a result of side letter arrangements, questions, due diligence requests, meetings or other communications, certain Limited Partners may receive information that is not generally available or otherwise provided to other Limited Partners, which may affect such Limited Partners' decision to request a withdrawal of their respective Capital Accounts or take other actions on the basis of such information.

Other Risks

No Operating History. The Partnership is a recently formed entity and has no operating history upon which prospective investors can evaluate its likely performance. There can be no assurance that the Partnership will achieve its investment objective.

Start-Up Periods. The Partnership may encounter start-up periods during which it will incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the level of diversification of the Partnership's portfolio may be lower than in a fully invested portfolio.

Risk of Loss. A Limited Partner could incur substantial, or even total, losses on an investment in the Partnership. An investment in the Partnership is only suitable for persons willing to accept this high level of risk.

Effect of Performance Allocation. The General Partner will receive a Performance Allocation based on a percentage of any net realized and unrealized profits. Performance allocations may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements. In addition, the General Partner's performance allocations will be based on

unrealized as well as realized gains. There can be no assurance that such unrealized gains will, in fact, ever be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision.

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

Lack of Liquidity. The Partnership's withdrawal provisions place certain restrictions on the right of a Limited Partner to withdraw all or part of its Interest, transfer its Interest and pledge or otherwise encumber its Interest. Thus, it is unlikely that a Limited Partner will be able to liquidate its Interest in the event of an unanticipated need for cash. Interests may not be transferred or pledged except in compliance with significant restrictions on transfer as required by federal and state securities and commodities laws and as provided in the Partnership Agreement. The Partnership Agreement does not permit a Limited Partner to transfer or pledge all or any part of its Interest to any person without the prior written consent of the General Partner, the granting of which is in the General Partner's sole and absolute discretion. The Partnership also has the discretion to deliver withdrawal proceeds in investments or securities rather than cash. These limitations, taken together, will significantly limit a Limited Partner's ability to liquidate an investment in the Partnership quickly. As a result, an investment in the Partnership would not be suitable for an investor who needs liquidity.

Suspension of Withdrawals and Deferment of Withdrawal Proceeds. In certain circumstances, the General Partner, in its sole and absolute discretion, may suspend the valuation of the Partnership's property, the right or obligation to honor withdrawal requests (including the right to receive withdrawal proceeds), and/or extend the period for payment on withdrawal. In addition, the General Partner may suspend the right of withdrawal or postpone the date of payment for any period during which there is an extraordinary circumstance as determined in good faith by the General Partner.

Reserves. Under certain circumstances, the Partnership may find it necessary to set up one or more reserves for contingent or future liabilities or valuation difficulties and, upon withdrawal by a Limited Partner, withhold a portion of that Limited Partner's withdrawal proceeds. This could happen, for example, if the Partnership or the issuer of portfolio securities were involved in a dispute regarding the value of its assets, in litigation, or subject to a tax audit at the time the withdrawal request would otherwise be satisfied.

Tax Considerations; Distributions to Limited Partners and Payment of Tax Liability. It is not possible to provide here a description of all potential tax risks to a person considering investing in the Partnership. Prospective investors are urged to consult their own legal counsel and tax advisors with respect thereto. The Partnership will not seek a ruling from the Internal Revenue Service ("***IRS***") with respect to any tax issues affecting the Partnership.

It should also be noted that the Partnership's tax return may be audited by the IRS, and any such audit may result in an audit of the returns of the Limited Partners for the year(s) in question or unrelated years. Further, any adjustment resulting from an audit would also result in adjustments to the tax returns of the Limited Partners and may result in an examination and adjustment of other items in such returns unrelated to the Partnership. Limited Partners could incur substantial legal and accounting costs in litigation of any IRS challenge, regardless of the outcome. (*See "Federal Tax Aspects."*)

The Partnership will only make regular distributions to those Participating Partners that opt-in to the Distribution Program. Limited Partners that do not affirmatively opt-in to the Distribution Program will not receive regular distributions from the Partnership. Notwithstanding that there may be no current cash flow to these Limited Partners, such Limited Partners will be required to pay applicable income taxes (if any) on their respective allocated shares of the Partnership's net taxable income, which will include interest payments from loans. A Limited Partner that is subject to such income taxes may need alternative sources of cash flow to fund such income tax obligations and the Partnership will not be required to make what are customarily known as "tax distributions" for the purpose of meeting such cash needs.

The Partnership is permitted to make "stuffing" allocations to withdrawing Partners whereby the Partnership may allocate gross gains or losses to a withdrawing Partner other than *pro rata*. Generally, as of the close of each fiscal year, the capital gains and capital losses of the Partnership are allocated to the Partner's Capital Accounts so as to minimize, to the extent possible, any disparity between the "book" capital account and the "tax" capital account. However, to the extent permitted by applicable law, allocations of capital gain that have been realized up to the time a Capital Account was completely withdrawn may be allocated first to each Capital Account that was completely withdrawn during the applicable fiscal year to the extent that the "book" Capital Account as of the Withdrawal Date exceeds the "tax" Capital Account at that time, and allocations of capital loss that have been realized up to the time a Capital Account is completely withdrawn may be allocated first to each Capital Account that was completely withdrawn during the applicable fiscal year to the extent that the "tax" Capital Account as of the Withdrawal Date exceeded the "book" Capital Account of such Capital Account at that time. The effect of any such "stuffing" allocations may cause a withdrawing Partner to receive more short-term gains or otherwise to receive a less advantageous tax outcome than would otherwise be the case if such gains or losses were allocated on a *pro rata* basis.

The Bipartisan Budget Act of 2015 applies to partnership tax return audits beginning with filings for the 2018 tax year, and is intended to substantially increase the number of partnership audits and to collect taxes, interest and penalties that flow from a partnership tax audit adjustment directly from an affected partnership. The Partnership Agreement designates the General Partner as the Partnership's "Tax Representative" with respect to tax audits and provides for tax audit procedures that contemplate a "push out" allocation of any final tax adjustments to the persons who were Partners during the respective tax years under audit, even if they have previously fully withdrawn from the Partnership.

Restrictions on Transfer. The Partnership Interests are subject to certain restrictions on transfer, including a requirement that the General Partner consent to any such transfer. There is no present market for the Partnership Interests, and no market is likely to develop in the future. Accordingly, Limited Partners may not be able to liquidate their investment in the event of an emergency or for any other reason, and Interests may not be readily acceptable as collateral for loans. Interests should be purchased only by prospective Investors who can bear the economic risk of their investment, who can afford to have their funds committed to an illiquid investment according to the withdrawal provisions in the Partnership Agreement and who, if necessary, can afford a complete loss of their investment. (*See "Restrictions on Transfers of Interests."*)

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

Undisclosed Investing Strategy. The Investment Manager's investment strategy and the techniques it will employ to attempt to reach the Partnership's goal are proprietary and will not be disclosed to potential investors (or to Limited Partners). As a result, a potential investor's decision to invest in the Partnership must be made without the benefit of being able to review and analyze the Investment Manager's strategy and techniques.

Side Letters. The General Partner may enter into agreements with certain Limited Partners that will result in different terms of an investment in the Partnership than the terms applicable to other Limited Partners. As a result of such agreements, certain Limited Partners may receive additional benefits which other Limited Partners will not receive (*e.g.*, additional information regarding the Partnership's portfolio, different withdrawal terms, or lower Management Fee rates or Performance Allocations). The General Partner will not be required to notify the other Limited Partners of any such agreement or any of the rights and/or terms or provisions thereof, nor will the General Partner be required to offer such additional and/or different terms or rights to any other Limited Partner. The General Partner may enter into any such agreement with any Limited Partner at any time in its sole discretion.

Regulations Under Investment Company Act of 1940. The Partnership's operations are similar to an investment company as defined under the Investment Company Act, because the Partnership engages in the business of purchasing securities for investment. The Partnership is currently not required to register under the Investment Company Act due to an exemption for an entity that is beneficially owned by not more than one hundred (100) persons and which does not intend to make any public offering of its securities. Accordingly, the provisions and extensive regulations of the Investment Company Act, which might otherwise govern the activities of the Partnership, will not be applicable.

Risks for Certain Benefit Plan Investors Subject to ERISA. Prospective investors that are benefit plan investors subject to ERISA and Department of Labor Regulations issued thereunder should read the section hereof entitled *"ERISA Considerations"* in its entirety for a discussion of certain risks related to an investment by benefit plan investors in the Partnership.

Revised Regulatory Interpretations Could Make Certain Strategies Obsolete. In addition to proposed and actual accounting changes, there have recently been certain well-publicized incidents of regulators unexpectedly taking positions which prohibited trading strategies which had been implemented in a variety of formats for many years. In the current unsettled regulatory environment, it is impossible to predict if future regulatory developments might adversely affect the Partnership.

Future Regulatory Change is Impossible to Predict. The securities and derivatives markets are subject to comprehensive statutes, regulations and margin requirements. In addition, the Securities and Exchange Commission, the CFTC, and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of securities and derivatives both inside and outside the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Partnership is impossible to predict, but could be substantial and adverse.

Importance of General Economic Conditions. Overall market, industry or economic conditions, which the General Partner cannot predict or control, will have a material effect on performance.

Risks of Covid-19 and Other Pandemics. Pandemics and other local, national, and international public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 Flu, the Avian Flu, Ebola and the current outbreak of the novel coronavirus ("***Covid-19***" and generally, "***Pandemics***"), can result, and in the case of Covid-19 is resulting, in market volatility and disruption. Any similar future emergencies or Pandemics may materially and adversely impact economic production and activity in ways that cannot be predicted, all of which could result in substantial investment losses.

The World Health Organization declared in March 2020 that the Covid-19 outbreak formally constitutes a "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain Covid-19, local, regional, and national governments, as well as private businesses and other organizations, have imposed and continue to impose severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home," "shelter-in-place," and similar orders), and ordering the closure of a wide range of offices, businesses, schools, and other public venues. Consequently, Covid-19 has significantly diminished and disrupted global economic production and activity of all kinds and has contributed to both volatility and a severe decline in financial markets. Among other things, these unprecedented developments have resulted in: (i) material reductions in demand

across most categories of consumers and businesses; (ii) dislocation (or, in some cases, a complete halt) in the credit and capital markets; (iii) labor force and operational disruptions; (iv) slowing or complete idling of certain supply chains and manufacturing activity; and (v) strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports, and entertainment.

The ultimate impact of Covid-19 (and the resulting precipitous decline and disruption in economic and commercial activity across many of the world's economies) on global economic conditions, and on the operations, financial condition, and performance of any particular market, industry or business, is impossible to predict. So too is the impact or potential impact of other Pandemics that may arise. However, materially adverse effects, including further global, regional and local economic downturns (including recessions) of indeterminate duration and severity, are possible. The extent of the impact of Covid-19 and other Pandemics will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative, and financial and monetary policy interventions designed to mitigate any crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if Covid-19's spread is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future economic developments, the health of certain markets, industries and businesses, and commercial and consumer behavior.

The ongoing Covid-19 crisis and any other public health emergency or Pandemic could have a significant adverse impact on the Partnership's investments and result in significant investment losses. The extent of the impact on the Partnership's operations and performance depends and will continue to depend on many factors, virtually all of which are highly uncertain and unpredictable, and this impact may include or lead to: (i) significant reductions in revenue and growth; (ii) unexpected operational losses and liabilities; (iii) impairments to credit quality; and (iv) reductions in the availability of capital. These same factors may limit the Investment Manager's ability to source, research, and execute new investments, as well as to sell investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal, and regulatory frameworks in ways that are adverse to the investment strategies pursued by the Partnership, all of which could materially diminish the Partnership's ability to achieve its investment objectives. Such Pandemics may also impair the ability of the companies in which Partnership invests (or their counterparties) to meet obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of securities markets may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements, and other factors related to a public health emergency, including the potential adverse impact on the health of any such entity's personnel. These measures may also hinder normal business operations by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing the ability to make accurate and timely projections of financial performance.

Risks Relating to Markets. The value of those securities in which the Partnership invests and that are traded on exchanges or over-the-counter and the risks associated therewith vary in response to events that affect such markets and that are beyond the control of the Partnership and the Investment Manager. Market disruptions such as those that occurred during October of 1987 and on September 11, 2001, and following the systemic loss of confidence during the recent financial crisis of 2008 and 2009, could have a material effect on general economic conditions, market volatility, and market liquidity which could result in substantial losses to the Partnership.

There is no guarantee that exchanges and markets can at all times provide continuously liquid markets in which the Partnership can close out its positions in those securities that the Partnership purchases that are publicly traded. The Partnership could experience delays and may be unable to sell securities purchased through a broker or clearing member that has become insolvent due to the deterioration of industry conditions in general. In that event, positions could also be closed out fully or partially without the Partnership's consent.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Prospective Limited Partners should read the entire Memorandum and the Partnership Agreement and consult with their own advisers before deciding whether to invest in the Partnership. In addition, as the Partnership's investment program develops and changes over time, an investment in the Partnership may be subject to additional and different risk factors.

POTENTIAL CONFLICTS OF INTEREST

The General Partner, the Investment Manager, and their respective affiliates, shareholders, members, partners, managers, directors, officers and employees (collectively the "***Affiliated Persons***") will only devote so much time to the affairs of the Partnership as is reasonably required in the judgment of the General Partner or the Investment Manager, as applicable. The Affiliated Persons will not be precluded from engaging directly or indirectly in any other business or other activity, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with securities and other investments for their own accounts, for the accounts of family members, for the accounts of other funds and for the accounts of individual and institutional clients (collectively, "***Other Accounts***"). Such Other Accounts may have investment objectives or may implement investment strategies similar to those of the Partnership. The Affiliated Persons may also have investments in certain of the Other Accounts. Each of the Affiliated Persons may give advice and take action in the performance of their duties to their Other Accounts that could differ from the timing and nature of action taken with respect to the Partnership. The Affiliated Persons will have no obligation to purchase or sell for the Partnership any investment that the Affiliated Persons purchase or sell, or recommend for purchase or sale, for their own accounts or for any of the Other Accounts. The Partnership will not have any rights of first refusal, co-investment or other rights in respect of the investments made by Affiliated Persons for the Other Accounts, or in any fees, profits or other income earned or otherwise derived from them. If a determination is made that the Partnership and one or more Other Accounts should purchase or sell the same investments at the same time, the Affiliated Persons will allocate these purchases and sales as is considered equitable to each. No Limited Partner will, by reason of being a Limited Partner of the Partnership, have any right to participate in any manner in any profits or income earned or derived by or accruing to the Affiliated Persons from the conduct of any business or from any transaction in investments effected by the Affiliated Persons for any account other than that of the Partnership.

The Affiliated Persons will attempt to allocate investment opportunities that come to their attention on a fair and equitable basis among the Partnership and the Other Accounts for which participation in the respective opportunity is considered appropriate *pro rata* in proportion to the relative net worth of each such account. In determining whether participation by an account is appropriate, the Affiliated Persons will take into account, among other considerations: (a) whether the risk-return profile of the proposed investment is consistent with the objectives of the Partnership, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio's overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the Partnership; (c) liquidity requirements of the Partnership; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the need to re-size risk in the portfolio of the Partnership; and (g) whether the Partnership and/or Other Accounts have a substantial amount of investable cash (*e.g.*, during a "ramp-up" period). Notwithstanding the foregoing, there can be no assurance that an investment opportunity which comes to the attention of any of the Affiliated Persons will not be allocated to an Other Account, with the Partnership being unable to participate in such investment opportunity or participating only on a limited basis. In addition, there may be circumstances under which the

Affiliated Persons will consider participation by Other Accounts in investment opportunities in which the Affiliated Persons do not intend to invest, or intend to invest only on a limited basis, on behalf of the Partnership. Because these considerations may differ for the Partnership and the Other Accounts in the context of any particular investment opportunity, investment activities of the Partnership and the Other Accounts may differ considerably from time to time.

As a result of the foregoing, the Affiliated Persons may have conflicts of interest in allocating their time and activity between the Partnership and the Other Accounts, in allocating investments among the Partnership and the Other Accounts and in effecting transactions for the Partnership and the Other Accounts, including ones in which the Affiliated Persons may have a greater financial interest.

Limited Partners referred to the Partnership by Evergreen Capital Holdings, LLC, the Investment Manager, an affiliated registered investment adviser owned by the Principal, should understand that recommendations to invest in the Partnership made by the Investment Manager carry certain conflicts of interest. Bradley Johnson is the owner and manager of the Investment Manager and he is also the principal owner and control person of the General Partner. Clients of the Investment Manager should recognize that any recommendation related to an investment in the Partnership is not made at "arms' length." Limited Partners in the Partnership may not impose restrictions on any investments or types of investments that would alter the Investment Manager's investment strategy for the Partnership. In addition, Limited Partners may not direct the Investment Manager to purchase or sell portfolio securities through any specific broker or dealer. The Partnership's investment strategy may be substantially different from and generally less liquid than the investment strategies offered in managed accounts through the Investment Manager. Due to the aforementioned factors and other factors not mentioned here, there are significant differences between an investment in the Partnership and an investment in a managed account advised by the Investment Manager. The Investment Manager will endeavor to avoid charging any duplicative fees to clients of the Investment Manager that invest in the Partnership. However, due to the characteristics of the Partnership's investment program, the fees and expenses associated with an investment in the Partnership will generally be higher than the fees and expenses that a client of the Investment Manager would experience in a managed account advised by the Investment Manager. As such, clients of the Investment Manager should conduct their own independent analysis of the Partnership to determine whether an investment in the Partnership meets their investment objectives and risk tolerance, prior to making an investment.

The Affiliated Persons and Other Accounts may derive direct or indirect benefits from the use of "soft" or commission dollars to pay for expenses that the General Partner or Investment Manager would otherwise be required to pay itself. Accordingly, there may be a conflict of interest created between the Investment Manager's duties to the Partnership and its desire to maximize its effective compensation. The relationships with brokerage firms that provide "soft dollar" services may influence the Investment Manager's judgment in allocating brokerage business and create a conflict of interest in using the services of those brokers or dealers to execute the Partnership's brokerage transactions. (*See "Brokerage and Custody," below*).

No counsel has been retained to represent the Partnership or the Limited Partners. Without legal or other professional representation, investors may not receive legal and other advice

regarding certain matters that might be in their interests but contrary to the interests of the Affiliated Persons.

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VALUATION OF INVESTMENTS

The Net Asset Value of the Partnership will be determined as of such times as is required by the Partnership Agreement or as may be determined by the General Partner, but in any case no less frequently than monthly.

The Net Asset Value of the Partnership is determined by taking the sum of the value of the securities held by the Partnership plus any cash or other assets (including interest and dividends accrued but not yet received) minus all liabilities (including accrued expenses). Each Partner's share of the Partnership's Net Asset Value is determined by such Partner's Capital Account balance relative to the Capital Account balances of the other Partners.

The following general guidelines apply to the determination of the value of the Partnership's investments:

(a) Securities which are listed on one or more United States or foreign securities exchanges or are traded on a recognized over-the-counter market (including the NASDAQ), or for which market quotations are available will be valued at their last reported sales price on the date of determination on the primary exchange or market on which such securities are traded or, if no sale occurred on the valuation date, the value for long positions will be the "last bid" and the value for short positions will be the "last ask" (or, if on such date securities markets were closed, then the last preceding business day on which they were open).

(b) Securities in the form of options listed on a securities exchange will be valued at the last reported sales price on the date of determination on the primary exchange or market on which such securities are traded or, if the last sales price does not fall between the "last bid" and "last ask" price for such options on such date or such options do not trade on the date of determination, such options will be valued at the mean between "last bid" and "last ask" prices on the date of determination.

(c) Securities generally traded on an established securities market but for which no recorded sales information or quotations of bid and ask prices are available on such date (or, if applicable, the last preceding business day) will be valued by the General Partner in good faith with reference to (i) the most recently reported bid and ask prices (in that order), (ii) bid and ask price information as of such date not generally reported but secured from a reputable broker or investment banker, and (iii) such other information as the General Partner believes in good faith is relevant.

(d) Securities not listed or traded on any exchange or on the over-the-counter market will be valued based upon quotations obtained from independent market makers, dealers or pricing services, and if no such quotations are available, will be valued at fair value based on information available to the General Partner regarding the value or worthlessness of such securities.

For purposes of these guidelines, sales and bid and ask prices reported in newspapers of general circulation, or in electronic quotation systems or in standard financial periodicals or in the records of securities exchanges or other markets, any one or more of which may be selected by the General Partner, will be accepted as evidence of the price of a security.

A security purchased, and awaiting payment against delivery, will be included for valuation purposes as a security held, and the cash account will be adjusted by the deduction of the purchase price, including brokers' commissions or other expenses of the purchase. A security sold but not delivered pending receipt of proceeds will be valued at the net sales price.

Net Asset Value will include any unrealized profit or loss on open positions and any other credit or debit accruing to the Partnership but unpaid or not received by the Partnership. Interest earned on the Partnership's brokerage account, if any, will be accrued at least monthly. The amount of any distribution declared by the Partnership, and of any withdrawal proceeds due but not yet paid, will be treated as a liability from the day when the distribution is declared, or the related withdrawal is effective, as applicable, until it is paid.

The General Partner may make adjustments to the value of the Partnership's portfolio investments to best reflect their fair market value. All matters concerning the valuation of securities, the allocation of profits, gains, and losses among the Partners, and accounting procedures not specifically and expressly provided for by the terms of the Partnership Agreement, will be determined by the General Partner and will be final and conclusive as to all of the Partners.

SERVICE PROVIDERS

Legal Counsel to the General Partner

ILG represented the Investment Manager and the General Partner in connection with the organization of the Partnership and the offering of Interests. ILG also acts as counsel to the Investment Manager and the General Partner with respect to certain ongoing matters. In preparing this Memorandum, ILG has relied upon certain information furnished to it by the General Partner, the Investment Manager, and their respective affiliates and has not investigated or verified the accuracy or completeness of such information. ILG has not been engaged to protect the interests of the Partnership, prospective Limited Partners, or the Limited Partners. Prospective Limited Partners should consult with and rely upon their own counsel concerning an investment in the Partnership, including the tax consequences to Limited Partners of an investment in the Partnership. No independent counsel has been retained to represent the Limited Partners or the Partnership.

ILG's representation of the General Partner is limited to the organization of the Partnership, the offering of Interests, and to certain other specific matters as to which ILG has been consulted by the Investment Manager or the General Partner. There may exist other matters which could have a bearing on the Partnership and/or the General Partner as to which ILG has not been consulted. In addition, ILG does not undertake to monitor the compliance of the General Partner or the Investment Manager and their respective affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does ILG monitor compliance with all applicable laws. In the course of advising the General Partner, there are times when the interests of the Partnership and the Limited Partners may differ from those of the General Partner, the Investment Manager, and their respective affiliates. For example, issues may arise relating to trade errors, expenses to be charged to the Partnership, withdrawal rights of Limited Partners and other terms of the Partnership Agreement, such as those relating to amendments and indemnification. ILG does not represent the Limited Partners' interests or the interests of the Partnership in resolving such issues.

Prime Broker

In the sole discretion of the General Partner, the Partnership may utilize a prime broker (including, but not limited to, Fidelity) who will clear (generally on the basis of payment against delivery) the securities transactions for the Partnership which are effected through other brokerage firms. The Partnership is not committed to continue its relationship with any broker for any minimum period, and the Investment Manager may select other or additional brokers to act as a prime broker or executing broker for the Partnership. Subject to the considerations described above, the selection of a broker (including a prime broker) to execute transactions, provide financing and securities on loan, hold positions, cash and short balances and provide other services may be influenced by, among other things, the provision by the broker of the following: access to markets, execution capabilities, access to market data, news and pricing information, and marketing assistance.

Auditor

The General Partner, in its sole discretion, may select the auditor which will complete the year-end audit for the Partnership. The Partnership's books of account will be audited as of the close of each fiscal year by Spicer Jeffries LLP or any other independent accounting firm designated by the General Partner. Within 120 days after the end of each fiscal year, or as soon thereafter as is reasonably practicable, annual reports containing audited financial statements will be sent to all Limited Partners.

Administrator

Pursuant to an administration agreement (the "***NAV Agreement***") between NAV Consulting, Inc. (as used herein, the "***Administrator***" or "***NAV***"), the Administrator and the Partnership, the Administrator has been engaged as the administrator of the Partnership. The Administrator is responsible for, among other things, calculating the Partnership's net asset value, performing certain other accounting, back-office, data processing, processing subscriptions, redemptions and transfer activities of Limited Partners in the Partnership, certain anti-money laundering functions and related administrative services.

The NAV Agreement provides that the Administrator shall not be liable to the Partnership, any Limited Partner or any other person in absence of finding of willful misconduct, gross negligence, or fraud on the part of NAV. Furthermore, Partnership shall indemnify and hold harmless the Administrator, its affiliates, and their respective officers, directors, shareholders, employees, agents and representatives (collectively, the "***NAV Parties***") from and against any liability, damages. claims, loss, cost or expense, including, without limitation, reasonable legal fees and expenses (individually, "***Loss***" and collectively, "***Losses***") arising from, related to, or in connection with the services provided to the Partnership pursuant to the NAV Agreement, unless any such Losses are the direct result of the willful misconduct, gross negligence or fraud of NAV. In no event shall NAV have any liability to the Partnership, any Limited Partner or any other person or entity which seeks to recover alleged damages or losses in excess of the limits set forth in the NAV Agreement, nor shall NAV be liable for any indirect, incidental, consequential, collateral, exemplary or punitive damages, including lost profits, revenue or data, regardless of the form of the action or the theory of recovery, even if NAV has been advised of the possibility of such damages or such damages were foreseeable. Any claim brought against NAV in connection with the NAV Agreement will be barred unless it is initiated within one year of the earlier of the disclosure of the event which is the subject of such claim or the date that the party advancing such claim knew or could with due inquiry have known of such event.

NAV shall not be liable to the Partnership, any Limited Partner or any other person for the actions or omissions of any agent, contractor, consultant or other third party performing any portion of the services under the NAV Agreement absent a finding of gross negligence or fraud on the part of NAV in appointing such agent, contractor, consultant or other third party.

NAV shall not be liable to the Partnership, any Limited Partner or any other person for actions or omissions made in reliance on instructions from the Partnership or advice of legal counsel.

The services provided by NAV are purely administrative in nature. NAV has no responsibilities or obligations other than the services specifically listed in the NAV Agreement. No assumed or implied legal or fiduciary duties or services are accepted by or shall be asserted against NAV. NAV does not provide tax, legal or investment advice. NAV has no duty to communicate with Limited Partners other than as set forth in Exhibit A of the NAV Agreement. NAV does not have custody of Partnership's assets, it does not verify the existence of, nor does it perform any due diligence on the Partnership's underlying investments, including, investments in or via related or affiliated entities. In connection with the payment processing functions, NAV shall not be responsible for performance of the due diligence on payment recipients other than in connection with payments for Limited Partners' withdrawals from the Partnership, which are subject to anti-money laundering review function s of the services.

The NAV Agreement also provides that it is the obligation of the Partnership's management, and not of NAV, to review, monitor or otherwise ensure compliance by the Partnership with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Partnership's offering documents, including, without limitation, with its valuation policy or the Partnership's stated investment strategy, and with laws and regulations applicable to its activities. The Partnership's management's responsibility for the management of the Partnership, including without limitation, the valuation of the Partnership's assets and liabilities, including, defining and maintaining the valuation policy and for fair valuing the Partnership's assets, the oversight of the services provided by NAV and the review of work product delivered by NAV shall not be affected by or limited by any of the services provided by NAV.

The NAV Agreement provides that NAV is entitled to rely on any information, including valuation information, received by NAV from the Partnership, the Partnership's management or other parties , including without limitation, broker-dealers and data vendors, without independent verification, audit, review, inquiry, or performing other due diligence and NAV shall not be liable to the Partnership, any Limited Partner or any other persons for losses suffered as a result of NAV relying on incorrect information. NAV has no responsibility to review, independently value, verify, compare to other pricing sources or otherwise perform due diligence on the valuation information. NAV may accept such information as accurate and complete without independent verification. Furthermore, NAV shall not be liable to the Partnership, any Limited Partner or any other person for any loss incurred as a result of an error or inaccuracy of any valuation information received from the Partnership or from any pricing or valuation service or data service provider or delay, interruption in service or failure to perform of any pricing or valuation service or data service provider used by NAV.

The information on investor statements and other reports produced by NAV shall not be considered an offer to sell or a solicitation of an offer to purchase any interest in the Partnership, nor may it be used to induce or recommend the purchase or holding of any interest in the Partnership.

The NAV Agreement bars non-parties from asserting third party beneficiary claims against NAV.

The Partnership pays NAV fees out of the Partnership's assets, generally based upon the size of the Partnership, in accordance with NAV's standard schedule for providing similar services, subject to a monthly minimum.

Either party may terminate the NAV Agreement on 60 days' prior written notice as well as on the occurrence of certain events.

Limited Partners may review the NAV Agreements by contacting the Partnership; *provided*, that NAV reserves the right not to disclose the fees payable thereunder.

NAV is not responsible for the preparation of this Memorandum or the activities of the Partnership and therefore accepts no responsibility for any information contained in any other section of this Memorandum.

The Partnership may use other or additional firms for administration services in the General Partner's sole discretion.

BROKERAGE AND CUSTODY

The Partnership's accounts will be maintained with Fidelity and with such other brokers and custodians as the General Partner may designate from time to time. The Investment Manager has complete discretion regarding the selection of such brokers and the amount of brokerage commissions and fees paid to such brokers. Brokerage fees paid by the Partnership to brokers vary and may be greater than those typical for investment funds similar to the Partnership if the Investment Manager has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

The Investment Manager makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions for the Partnership. In arranging for the execution of portfolio transactions on behalf of the Partnership, the Investment Manager seeks to obtain best execution at favorable prices on behalf of the Partnership. The Investment Manager has discretion to execute trades, select broker-dealers and negotiate commissions. In selecting broker-dealers, the Investment Manager seeks those broker-dealers who can provide best execution of transactions under the circumstances. The principal factors determining this selection are: (1) a broker's ability to access markets and effectively execute transactions; and (2) the net prices for such transactions. "Best execution" is not synonymous with lowest brokerage commission. Consequently, in a particular transaction the Partnership may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction.

The Investment Manager may generate "soft dollars" with respect to the Partnership's trades; if it does so, the Investment Manager intends to comply with the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under "soft dollar" arrangements, the brokerage firms would provide or pay the costs of certain services, equipment or other items for the benefit of the Partnership, the Investment Manager, or one or more of their affiliates in consideration of the allocation to the firm of brokerage transactions (with resulting commission income) made on behalf of the Partnership on both an agency and net basis. Services that may be furnished or paid for by brokers or dealers may include, without limitation (in addition to the research products and services described below) special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, performance measurement data, consultations, financial strength and stability, efficiency of execution and error resolution, availability of stocks to borrow for short sales, custody, recordkeeping and similar services. Although these soft dollar arrangements may benefit the Partnership and the Investment Manager by reducing their respective expenses, the amount of the Management Fees payable to the Investment Manager will not be reduced. Because such services could be considered to benefit the Investment Manager and its affiliates, and the "soft dollars" used to acquire them are the assets of the Partnership, the Investment Manager could be considered to have a conflict of interest in allocating brokerage business on behalf of the Partnership. The Investment Manager believes, however, that to the extent it makes allocations of brokerage business and soft dollar arrangements, these would generally enhance the Partnership's ability to obtain research and optimal execution,

as well as other benefits to the Partnership. Notwithstanding the foregoing, the Partnership will not necessarily benefit from all such soft dollar services. The Investment Manager and its affiliates and the Other Accounts they may advise may also derive substantial benefits from these services, particularly to the extent the Investment Manager uses soft dollars to pay for expenses it would otherwise be required to pay itself. Furthermore, because the extent of the products and services provided by these brokers will be based largely on the volume of commissions generated by the Partnership's trading activities, these soft dollar arrangements may create an incentive for the Investment Manager to increase the volume of the Partnership's trading activities.

Under Section 28(e) of the U.S. Securities Exchange Act of 1934, the Investment Manager's use of the Partnership's commission dollars to acquire "research" products and brokerage services is not a breach of the Investment Manager's fiduciary duty to the Partnership--even if the brokerage commissions paid are not the lowest available--as long as (among other requirements) the Investment Manager determines that the commissions are reasonable in relation to the value of the brokerage services and the "research" acquired. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to the Investment Manager in making investment decisions for all of its clients. The types of "research" the Investment Manager may acquire include: research reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific investments; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance the Investment Manager's investment decision making. Research obtained by the use of "soft dollars" arising from the Partnership's portfolio transactions may be used by the Investment Manager or its affiliates in its other investment activities and may benefit the Other Accounts, and the Partnership therefore may not, in any particular instance, be the direct or indirect beneficiary of the research provided. Where a product or service obtained with soft dollars provides assistance both within the safe harbor created by Section 28(e) and outside of the safe harbor, the Partnership will make a reasonable allocation of the cost that may be paid for with soft dollars and pay the remaining portion using the Investment Manager's own hard dollars. The "safe harbor" is not available where the transactions that compensate a broker-dealer for "research" services or products are effected on a principal basis, with a markup or markdown paid to the broker-dealer (*e.g.*, in transactions with market makers).

The Investment Manager intends generally to consider the amount and nature of services provided by brokers as well as the extent to which such services are relied on, and will attempt to allocate a portion of the brokerage business of the Partnership and any such Other Accounts and entities on the basis of such considerations. The services received from brokers, however, may be used by the Investment Manager, its affiliates and principals in servicing some or all of such Other Accounts and entities, but not all such information may be used by the Investment Manager in connection with the Partnership. The Investment Manager believes that such an allocation of brokerage business will help the Partnership to obtain research and execution capabilities and provides other benefits to the Partnership.

If, in the Investment Manager's reasonable judgment, the aggregation of sale and purchase orders of securities for the Partnership with similar orders for the Other Accounts is reasonably likely to result in administrative convenience or an overall economic benefit to the Partnership

based on an evaluation that the Partnership is benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors, the Investment Manager may place "bunched orders" with respect to such trades. A bunched order is a group of orders for more than one client entered as one order. Bunched orders will be allocated to client accounts in a systematic non-preferential manner. If the bunched order does not fill at one price, resulting in partial fills, allocations to client accounts will be made on an average pricing basis. Average pricing amounts to adding up all the buys or sells at their particular price levels, multiplied by the number of contracts at each particular price level, and dividing by the total number of contracts to determine an average price for the whole bunched order. This is standard industry practice and the Partnership's brokers will facilitate the process.

The Investment Manager is authorized to determine the brokers or dealers to be used for each securities transaction for the Partnership. Custody of the Partnership's investments will be maintained at one or more financial institutions or brokerage firms selected by the Investment Manager, under appropriate arrangements.

OTHER REGULATORY CONSIDERATIONS

Although the Partnership, the General Partner, the Investment Manager, and the Administrator will use their reasonable efforts to keep the information provided by a Limited Partner to the Partnership strictly confidential, the Partnership, the General Partner, the Investment Manager, and the Administrator may present information provided by a Limited Partner to the Partnership to such parties (*e.g.*, affiliates, attorneys, auditors, administrators, brokers, regulatory bodies, government agencies, and self-regulatory organizations) as they deem necessary or advisable to facilitate the acceptance and management of such Partner's investment in the Partnership or the management of the Partnership's affairs, including, but not limited to, in connection with anti-money laundering, "Foreign Account Tax Compliance Act" provisions of the Internal Revenue Code of 1986, as amended ("***FATCA***"), and similar laws, if called upon to establish the availability under any applicable law of an exemption from registration of the Interests, the compliance with any applicable law and any relevant exemptions thereto by the Partnership, the General Partner, the Investment Manager, the Administrator, or any of their affiliates, if the contents thereof are relevant to any issue in any action, suit or proceeding to which the Partnership, the General Partner, the Investment Manager, the Administrator, or their respective affiliates are a party or by which they are or may become bound or if the information is required to facilitate the Partnership's investments. It may be necessary, under anti-money laundering, FATCA, and similar laws, to disclose information about a Partner in order to accept subscriptions from such Partner. The Partnership may also release information about a Partner if directed to do so by the Partner, if compelled to do so by law, or in connection with any government or self-regulatory organization request or investigation. The Partnership's Privacy Notice (which may be changed from time to time in the General Partner's sole discretion) is attached to this Memorandum.

The Partnership and the General Partner may require any Partner to provide or update, as required, any form, certification or other information requested by the Partnership or its agents that is necessary for the Partnership to: (i) prevent withholding or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Partnership receives payments, (ii) comply with any due diligence, reporting or other obligations under FATCA (or any similar legislation, either implemented or yet to be implemented, in any jurisdiction which may impact the Partnership or to which the Partnership voluntarily agrees to be subject), or (iii) make payments to the Partner free of withholding or deduction.

If a Partner fails to comply in a timely manner with any information or other request from the Partnership, the General Partner, the Investment Manager, or the Administrator and the Partnership suffers or incurs directly or indirectly any deduction as a consequence, the General Partner may take such action as it considers necessary in accordance with applicable law including, without limitation, to convert, redeem, withhold against, or otherwise adjust the Interest or Capital Account of any Partner to ensure that any withholding tax payable by the Partnership, and any related costs, interest, penalties and other losses and liabilities suffered by the Partnership, the General Partner, the Investment Manager, or any agent, delegate, employee, director, officer or affiliate of any of the foregoing persons, arising (directly or indirectly) from such Partner's failure

to provide any requested documentation or other information to the Partnership, is economically borne by such Partner.

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QUALIFICATION OF INVESTORS

AN INVESTMENT IN THE PARTNERSHIP IS SUITABLE ONLY FOR INVESTORS OF SUBSTANTIAL FINANCIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT.

The Partnership intends to sell Partnership Interests only to "eligible investors." An "eligible investor" in the Partnership must be an "accredited investor," as defined in Rule 501(a) of Regulation D under the Securities Act.

In order to satisfy the criteria for an "***accredited investor***," in the case of individuals, an investor must have either (i) an annual income in excess of $200,000 for each of the previous two years (or a combined income with such person's spouse in excess of $300,000), and reasonably anticipate the same level of income for the current year, or (ii) a net worth in excess of $1,000,000 (excluding the value of such person's primary residence). Other types of accredited investors permitted to invest in the Partnership include (i) banks or savings and loan associations acting in an individual or fiduciary capacity, (ii) broker-dealers registered under the Securities Exchange Act of 1934, as amended, (iii) insurance companies, (iv) any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of making the investment, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D, and (v) a corporation, business trust or partnership not formed for the purpose of making the investment (x) which has total assets in excess of $5,000,000, or (y) in which all of the equity owners are accredited investors.

Employee benefit plans and individual retirement accounts ("***IRAs***") will qualify as accredited investors if either (i) the investment decision is made by a plan fiduciary which is a bank, savings and loan association, insurance company or investment adviser registered under the Advisers Act, (ii) the plan, including plans established by a state or its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of employees, has total assets in excess of $5,000,000, or (iii) the plan is a self-directed plan with investment decisions made solely by persons who are accredited investors. Foundations, endowments and other tax-exempt investors must not be formed for the purpose of investing in the Partnership and must have total assets in excess of $5,000,000. Other types of accredited investors include (i) any investment company registered under the Investment Company Act or a business development company as defined in Section 2(a)(48) of that Act; (ii) any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; (iii) any private business development company as defined in Section 202(a)(22) of the Advisers Act; or (iv) any entity in which all of the equity owners are accredited investors.

The Performance Allocation will only be applied to the Capital Accounts of Limited Partners who are "qualified clients." A "***qualified client***" is any person who comes within any of the following categories, or who the General Partner reasonably believes comes within any of the following categories, at the time of such Limited Partner's admission to the Partnership:

- A natural person who, or a company that, immediately after entering into the contract, has at least $1,000,000 under the management of the General Partner and its affiliates;

- A natural person who, or a company that, immediately prior to entering into the contract has a net worth (together, in the case of a natural person, with assets held jointly with a spouse but excluding the value of such person's primary residence) of more than $2,100,000 at the time the contract is entered into; or

- A qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act at the time the contract is entered into.

The Partnership reserves the right to reject subscriptions in its sole discretion. Each purchaser will be required to represent that such purchaser's overall commitment to investments which are not readily marketable is not disproportionate to such purchaser's net worth, and that such purchaser's investment in the Partnership will not cause such overall commitment to become excessive; that such purchaser can sustain a complete loss of such purchaser's investment in the Partnership and has no need for liquidity in such purchaser's investment in the Partnership; and that such purchaser has evaluated the risks of investing in the Partnership.

Limited Partners may not be able to liquidate their investment in the event of an emergency or for any other reason because there is not now any public market for the Partnership Interests and none is expected to develop.

The Partnership will not be registered as an investment company under the Investment Company Act of 1940, in reliance on Section 3(c)(1) thereof. As a Section 3(c)(1) fund, the Partnership must offer Interests in a private placement and may have no more than one hundred (100) beneficial owners. The Partnership Interests therefore may not be resold except in a transaction registered under the Securities Act and the laws of certain states or in a transaction exempt from such registration. (See "*Restrictions on Transfer of Interests*.")

Investors who reside in certain states may be required to meet standards different from or in addition to those described above. Investors will be required to represent in writing that they meet any such standards that may be applicable to them. The General Partner may, without the consent of the existing Limited Partners, admit new Partners to the Partnership. The General Partner may reject a subscription request for any reason in its sole and absolute discretion. If a subscription is rejected, the payment remitted by the Investor will be returned without interest.

Rule 506(d) of Regulation D of the Securities Act provides for disqualification of a Rule 506 offering in the event 20% or more of the Partnership's Interests are beneficially owned by a Limited Partner involved in a "disqualifying event" (a "***Bad Actor Event***"). A prospective investor subject to a Bad Actor Event may be denied admittance to the Partnership in the General Partner's

sole discretion. An existing Limited Partner must inform the General Partner immediately upon being subject to a Bad Actor Event. The General Partner may remove such Limited Partner from the Partnership at its sole discretion. The following eight infractions constitute Bad Actor Events:

1. Conviction, within ten years before the sale of the securities (or five years, in the case of issuers, their predecessors and affiliated issuers), of any felony or misdemeanor: in connection with the purchase or sale of any security; involving the making of any false filing with the SEC; or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities.

2. Being subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years before the sale of the securities, that, at the time of such sale, restrains or enjoins you from engaging or continuing to engage in any conduct or practice: in connection with the purchase or sale of any security; involving the making of any false filing with the SEC; or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities.

3. Being subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the Commodity Futures Trading Commission; or the National Credit Union Administration that, at the time of the sale of the securities, bars you from: association with an entity regulated by such commission, authority, agency or officer; engaging in the business of securities, insurance or banking; or engaging in savings association or credit union activities; or constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten years before the applicable subscription date.

4. Being subject to an order of the SEC entered pursuant to section 15(b) or 15B(c) of the Exchange Act or section 203(e) or 203(f) of the Advisers Act that, at the time of the sale of the securities: suspends or revokes your registration as a broker, dealer, municipal securities dealer, municipal securities dealer or investment adviser; places limitations on the activities, functions or operations of, or imposes civil money penalties on such person; or bars you from being associated with any entity or from participating in the offering of any penny stock.

5. Being subject to any order of the SEC, within five years of the date of your subscription, that, at the time of such sale, orders you to cease and desist from committing or causing a future violation of: any scienter-based anti-fraud provision of the federal securities laws, including, but not limited to, Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 206(1) of the Advisers Act or any other rule or regulation thereunder, or Section 5 of the Securities Act.

6. Being suspended or expelled from membership in, or suspended or barred from association with a member of, a securities self-regulatory organization (*e.g.*, a registered national securities exchange or a registered national or affiliated securities association) for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade.

7. Having filed (as a registrant or issuer), or having been named as an underwriter in any registration statement or Regulation A offering statement filed with the SEC that, within five

years of your subscription date, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, as of the subscription date, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued.

8. Being subject to a United States Postal Service false representation order entered within five years before the sale of the securities, or, at the time of the sale of the securities, being subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

EACH PROSPECTIVE INVESTOR MUST INDEPENDENTLY DETERMINE WHETHER THE PURCHASE OF THE SECURITIES OFFERED HEREBY IS SUITABLE FOR HIM OR HER IN LIGHT OF HIS OR HER INDIVIDUAL INVESTMENT OBJECTIVES.

FEDERAL TAX ASPECTS

The following is a summary of certain aspects of the federal income taxation of the Partnership which should be considered by a potential purchaser of a Partnership Interest. The summary is based on the Internal Revenue Code of 1986, as presently amended (the "***Code***"), judicial decisions and administrative regulations, rulings and procedures, all of which are subject to change.

It is expected that, for federal income tax purposes, the Partnership will be treated as a partnership and will not constitute an association or a publicly-traded partnership taxable as a corporation. This expectation is based on application of federal income tax law, regulations and existing interpretations relating thereto. These conclusions are not binding on the Internal Revenue Service ("***IRS***") or on any court, and there can be no assurance that the IRS will not assert that the Partnership should be treated as an entity taxable as a corporation. If the Partnership were taxable as a corporation in any taxable year, the Partnership's income, gains, losses, deductions and credits would be reflected only on its tax return rather than being passed through to investors, and the Partnership's taxable income would be taxed at corporate rates. In addition, losses realized by the Partnership would not flow through to investors. This Memorandum assumes that the Partnership will be classified as a partnership for federal income tax purposes.

Under the Code, a "publicly traded partnership" ("***PTP***") generally is treated as a corporation for federal income tax purposes. A partnership is a PTP if interests therein (1) are traded on an established securities market (as defined under the applicable regulations) or (2) are readily tradable on a secondary market (or the substantial equivalent thereof). The Interests will not be listed for trading on an established securities market, and the Partnership will use its best efforts to ensure that its Interests will not be readily tradable. For purposes of determining the number of partners, a person owning a partnership interest through a partnership, grantor trust or S corporation (a "flow-through entity") is counted as a partner only if substantially all the value of that person's interest in the flow-through entity is attributable to the underlying partnership and a principal purpose for using a tiered structure was to satisfy the 100-beneficial-owner condition. Because the offering of Interests is not required to be registered under the Securities Act, if the Partnership has no more than 100 beneficial owners (as determined in accordance with the rules regarding "flow-through" entities noted above), the Partnership will meet this "private placement safe harbor" and thus should not be treated as a publicly traded partnership for federal tax purposes. The Partnership Agreement of the Partnership restricts the total number of beneficial owners to 100 (as determined in accordance with the rules regarding "flow-through" entities). Thus, the Partnership should qualify for the "private placement safe harbor." Accordingly, the Partnership is not expected to pay any federal income tax. Treatment of the Partnership as a corporation for federal income tax purposes would materially reduce the anticipated benefits of an investment in the Partnership.

No federal income tax is payable by an entity that is treated as a partnership for federal income tax purposes. Instead, each partner of the Partnership must report on its federal income tax return that the Partner is a partner, its distributive share of the items of income, gain, loss,

deduction and credit of the Partnership, whether or not cash is distributed to that Partner during the taxable year. The Partnership will make regular distributions only to those Participating Partners who affirmatively opt-in to the Partnership's Distribution Program. The Partnership is not required to make distributions to Partners that do not opt-in to the Distribution Program and, in fact, the General Partner has no present intention of making any distributions to Partners that do not opt-in to the Distribution Program. Accordingly, Partners may be required to find other sources from which to pay the federal, state, and local income taxes arising out of such Partner's investment in the Partnership.

The Partnership's investments usually will be marked to market on a monthly basis for financial statement presentation purposes. This treatment is inconsistent with the general tax rule that holding a security does not result in a gain or loss until it is closed by an actual sale or other disposition. The difference between accounting and tax treatment may result in a variation between financial statement income (or loss) and taxable income (or loss) reported by the Partnership. Also, the Partnership may engage in transactions, the losses from which might not be currently deductible for tax purposes, and may recognize income or gain before the Partnership actually disposes of certain investments.

The business and activities of the Partnership are expected to involve both trading and investment in securities and other related instruments, including long and short positions in the U.S. and international securities and option markets. Although the holding period of the Partnership with respect to any investment may not be predicted with any accuracy, the Partnership's investment strategy is such that it is likely to generate both short-term and long-term capital gains.

If the Partnership is a trader for federal income tax purposes, the Partnership may elect, in the General Partner's sole discretion, pursuant to Section 475(f) of the Code, to "mark to market" its securities at the end of each taxable year. Pursuant to this election, the Partnership's securities generally would be treated for federal income tax purposes as though sold for fair market value on the last business day of the taxable year. This election would apply to all taxable years of the Partnership unless revoked with the consent of the IRS. If this election were made, the Partnership's gains and losses generally would be considered ordinary income or loss, rather than capital gain or loss. Since, for federal income tax purposes, capital losses generally may be deducted only against capital gains, a Limited Partner would be unable to deduct capital losses realized from his or her other investments against his or her share of the Partnership's income if the Partnership were to make this election.

The taxation of the Partnership's assets and activities will depend on the specific circumstances and, in certain cases, may be complex and uncertain. Accordingly, this discussion does not purport to describe all the tax consequences (including federal income tax and any relevant foreign tax) of all of the instruments the Partnership may hold or activities that the Partnership may engage in, as such consequences will depend on the specific instruments utilized or activities pursued.

Generally, a cash distribution to a Partner, including amounts received by a Partner upon a redemption of its Partnership Interest, is taxable only to the extent the distribution exceeds the

Partner's tax basis in its Partnership Interest. The amount of that excess generally would be taxable as capital gain. An economic loss realized by a Partner upon a redemption can be recognized only upon a complete redemption of all of its Partnership Interest in the Partnership. A Partner's tax basis in its Partnership Interest will include the amount of money that the Partner contributes to the Partnership, increased by the Partner's allocable share of any Partnership taxable income and gain, and decreased, but not below zero, by distributions from the Partnership to the Partner and by the Partner's allocable share of Partnership tax losses and deductions. A Partner will be treated as having only one aggregate tax basis in the Partnership, even if the Partner acquires Partnership Interests at different times and for different amounts.

Capital gain or loss on a redemption (or other disposition) of Partnership Interests generally will be long-term capital gain or loss to the extent of the portion of the Partner's Partnership Interest (redeemed and retained) that were held for more than 12 months, and short-term capital gain or loss to the extent of the portion of the Partner's Partnership Interests (redeemed and retained) that were held for 12 months or less. A Partner will begin a new holding period each time the Partner makes an additional investment in the Partnership as to the portion of its Partnership Interests in the Partnership that were received in consideration for such additional subscription.

The Partnership is generally required to adjust the tax basis of its assets in cases of distributions that result in a "substantial basis reduction" (*i.e.*, in excess of $250,000) in respect of the Partnership's property. The Partnership is also required to adjust the tax basis of 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 a "substantial built-in loss" (*i.e.*, in excess of $250,000) in respect of Partnership property immediately after the transfer. For this reason, the Partnership will require (i) a Partner who receives a distribution from the Partnership 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 Partnership with information regarding its adjusted tax basis in its Interest.

Certain benefit plans, IRAs and other entities exempt from federal income taxation under Code Section 501(a) will be subject to taxation on their "unrelated business taxable income" ("***UBTI***") from all sources in any taxable year in which such income exceeds $1,000. The tax is imposed at such income tax rates as would be applicable to the organization if it were not otherwise exempt from taxation. If UBTI were earned by the Partnership (because, for example, it incurs debt that generates UBTI), a tax-exempt Partner's allocable share of such income (including any "unrelated debt-financed income") would be subject to tax. Moreover, if a tax-exempt Partner borrows any amount to fund its Partnership Interest, some or all of its distributive share of income from the Partnership could be taxable to such tax-exempt Partner (and which could give rise to additional tax liability for certain limited categories of tax-exempt Partners). Prospective tax-exempt investors should consult with their tax advisers regarding the tax consequences of an investment in the Partnership.

Certain expenses (including the payment of fees to the General Partner) incurred by the Partnership may or may not be deductible (in whole or in part) for federal income tax purposes.

The extent, if any, to which the federal alternative minimum tax will be imposed on any Partner will depend on the Limited Partner's overall tax situation for the taxable year. Prospective investors should consult with their tax advisers regarding the alternative minimum tax consequences of an investment in the Partnership.

Partners (as well as the Partnership) may be subject to various state or local income taxes (including filing requirements).

Foreign Partners may be subject to tax withholding and reporting requirements. Prospective foreign investors should consult with their tax advisers regarding the tax consequences of an investment in the Partnership.

The IRS may audit the federal income tax or information returns filed by the Partnership. Adjustments resulting from any such audit may require each Limited Partner to adjust a prior year's tax liability and could result in an audit of the Limited Partner's own return. Any audit of a Limited Partner's return could result in adjustments of non-partnership items as well as partnership items. Partnerships are generally treated as separate entities for purposes of federal tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined at the partnership level in a unified partnership proceeding rather than in separate proceedings with the Limited Partners.

The Bipartisan Budget Act of 2015 applies to partnership tax return audits beginning with filings for the 2018 tax year, and is intended to substantially increase the number of partnership audits and to collect taxes, interest and penalties that flow from a partnership tax audit adjustment directly from an affected partnership. The Partnership Agreement designates the General Partner as the Partnership's "Tax Representative" with respect to tax audits and provide tax audit procedures that contemplate a "push out" allocation of any final tax adjustments to the persons who were Partners during the respective tax years under audit, even if they have previously fully withdrawn from the Partnership.

The Partnership has not sought a ruling from the IRS or any other federal, state or local agency with respect to any of the tax issues affecting the Partnership, nor has it obtained an opinion of counsel with respect to any tax issue.

Unless otherwise required by law, the Partnership will have the calendar year as its taxable year. However, because the taxable year of an entity treated as a partnership is determined under rules which take into account the taxable years of owners of interests in the entity, it is possible, subject to certain exceptions and transition rules, that the Partnership would be required to have a taxable year other than the calendar year. In this respect, the Partnership may have a fiscal year for financial reporting purposes that differs from the year that the Partnership will use to report its income for federal income tax purposes. Prospective investors should consult their own tax advisors regarding the consequences of a taxable year other than the calendar year, and of any required changes in the Partnership's taxable year.

THE FOREGOING ANALYSIS IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. IT IS NOT POSSIBLE TO PREDICT THE EFFECT OF THE TAX LAWS ON EACH INDIVIDUAL INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR IS URGED TO SEEK, AND SHOULD DEPEND UPON, THE ADVICE OF HIS, HER OR ITS TAX ADVISOR WITH RESPECT TO AN INVESTMENT IN THE PARTNERSHIP INTERESTS.

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ERISA CONSIDERATIONS

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE PARTNERSHIP OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA ISSUES AFFECTING THE PARTNERSHIP AND THE INVESTOR.

General

Persons who are fiduciaries with respect to a U.S. employee benefit plan or trust within the meaning of and subject to the provisions of ERISA (an "***ERISA Plan***"), an individual retirement account or a Keogh plan subject solely to the provisions of the Code[1] (an "***Individual Retirement Fund***") should consider, among other things, the matters described below before determining whether to invest in the Partnership. ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor ("***DOL***") regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, the risk and return factors of the potential investment, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan's funding objectives, and the limitation on the rights of Limited Partners to withdraw all or any part of their Interests or to transfer their Interests. Before investing the assets of an ERISA Plan in the Partnership, a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Partnership may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

Plan Assets Defined

ERISA and applicable DOL regulations describe when the underlying assets of an entity in which benefit plan investors ("***Benefit Plan Investors***") invest are treated as "plan assets" for purposes of ERISA. Under ERISA, the term Benefit Plan Investors is defined to include an

[1] References hereinafter made to ERISA include parallel references to the Code.

"employee benefit plan" that is subject to the provisions of Title I of ERISA, a "plan" that is subject to the prohibited transaction provisions of Section 4975 of the Code, and entities the assets of which are treated as "plan assets" by reason of investment therein by Benefit Plan Investors. Under ERISA, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan's assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. However, when an ERISA Plan acquires an "equity interest" in an entity that is neither: (a) a "publicly offered security"; nor (b) a security issued by an investment fund registered under the Investment Company Act, then the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an "operating company"; or (ii) the equity participation in the entity by Benefit Plan Investors is limited. Under ERISA, the assets of an entity will not be treated as "plan assets" if Benefit Plan Investors hold less than 25% (or such higher percentage as may be specified in regulations promulgated by the DOL) of the value of each class of equity interests in the entity. Equity interests held by a person with discretionary authority or control with respect to the assets of the entity and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of an entity will be treated as "plan assets" for purposes of ERISA. The Benefit Plan Investor percentage of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the DOL takes the position that a redemption of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests), thus triggering an application of the Benefit Plan Investor percentage of ownership test at the time of the redemption.

Limitation on Investments by Benefit Plan Investors

It is the current intent of the General Partner to monitor the investments in the Partnership to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% of the value of any class of the Interests in the Partnership (or such higher percentage as may be specified in regulations promulgated by the DOL) so that assets of the Partnership will not be treated as "plan assets" under ERISA. Interests held by the General Partner and its affiliates are not considered for purposes of determining whether the assets of the Partnership will be treated as "plan assets" for the purpose of ERISA. If the assets of the Partnership were treated as "plan assets" of a Benefit Plan Investor, the General Partner would be a "fiduciary" (as defined in ERISA and the Code) with respect to each such Benefit Plan Investor, and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. In such circumstances, the Partnership would be subject to various other requirements of ERISA and the Code. In particular, the Partnership would be subject to rules restricting transactions with "parties in interest" and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the Partnership obtained appropriate exemptions from the DOL allowing the Partnership to conduct its operations as described herein. The Partnership reserves the right to require the withdrawal of all or part of the Interest held by any Limited Partner, including, without limitation, to ensure compliance with the percentage limitation on investment in the Partnership by Benefit Plan Investors as set forth above.

Representations by Plans

An ERISA Plan proposing to invest in the Partnership will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Partnership's investment objectives, policies and strategies, and that the decision to invest plan assets in the Partnership was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA. WHETHER OR NOT THE ASSETS OF THE PARTNERSHIP ARE TREATED AS "PLAN ASSETS" UNDER ERISA**,** AN INVESTMENT IN THE PARTNERSHIP BY AN ERISA PLAN IS SUBJECT TO ERISA. ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE PARTNERSHIP.

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

Certain prospective ERISA Plan and Individual Retirement Fund investors may currently maintain relationships with the General Partner or other entities that are affiliated with the General Partner. Each of such entities may be deemed to be a party in interest to and/or a fiduciary of any ERISA Plan or Individual Retirement Fund to which any of the General Partner or its affiliates provides investment management, investment advisory or other services. ERISA prohibits ERISA Plan assets to be used for the benefit of a party in interest and also prohibits an ERISA Plan fiduciary from using its position to cause the ERISA Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Similar provisions are imposed by the Code with respect to Individual Retirement Funds. ERISA Plan and Individual Retirement Fund investors should consult with counsel to determine if participation in the Partnership is a transaction that is prohibited by ERISA or the Code. The provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. The discussion of ERISA contained herein is, of necessity, general and may be affected by future publication of regulations and rulings. Potential investors should consult with their legal advisors regarding the consequences under ERISA of the acquisition and ownership of Interests.

None of the Partnership, the General Partner, the Investment Manager, or any of their respective affiliates has recommended the Interests as a suitable investment, provided investment advice to any current or prospective investor, or acted in a fiduciary capacity in connection with any determination to invest in the Partnership. Current and prospective investors are solely responsible, together with such advisors as they determine appropriate, to determine whether a proposed or current investment in the Partnership is appropriate for them.

RESTRICTIONS ON TRANSFER OF INTERESTS

The Partnership Interests offered hereby have not been registered under the Securities Act, in reliance upon the exemptions provided by the Securities Act and Regulation D thereunder, nor have the Interests been registered under the securities laws of any state in which they will be offered in reliance upon applicable exemptions in such states. Therefore, the Partnership Interests cannot be re-offered or resold unless they are subsequently registered under the Securities Act and any other applicable state securities laws or an exemption from registration is available under the Securities Act or such other laws. Pursuant to the terms of the Partnership's subscription agreement, Limited Partners will agree to pledge, transfer, convey or otherwise dispose of their Interests only in a transaction that is the subject of (i) an effective registration under the Securities Act and any applicable state securities laws or (ii) an opinion of counsel satisfactory to the Partnership to the effect that the registration of such transaction is not required. Accordingly, prospective investors in the Partnership must be willing to bear the economic risk of an investment in the Partnership for the period of time stipulated in the withdrawal provisions of the Partnership Agreement.

ADDITIONAL INFORMATION

Prospective investors should understand that the discussions and summaries of documents in this Memorandum are not intended to be complete. Such discussions and summaries are subject to and are qualified in their entirety by reference to such documents. The Partnership will deliver to any prospective investor, upon request, a copy of any and all such documents. The General Partner will afford prospective investors and their purchaser representatives the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and to obtain any additional information which the Partnership possesses or can acquire without unreasonable effort or expense.

In the future, the General Partner or affiliated entities may sponsor the formation of an offshore company (the "***Offshore Feeder***") which will offer its interests primarily to non-U.S. individuals and U.S. tax-exempt entities. In such event, the Partnership, together with the Offshore Feeder (when and if established), may place all or substantially all of its assets in, and conduct its investment activities primarily through, a master fund structured as an offshore company or partnership (the "***Master Fund***") utilizing a "Master-Feeder" structure. In such case, the General Partner or an affiliate will serve as the investment manager to the Offshore Feeder and the Master Fund and will conduct the investment activities of the Master Fund. The Partnership and the Offshore Feeder would participate on a *pro rata* basis in the profits and losses of the Master Fund and would bear a *pro rata* portion of all expenses of the Master Fund based on the net asset value of their respective interests in the Master Fund. The purpose of establishing the Master Fund would be to achieve trading and administrative efficiencies.

PRIVACY NOTICE

EVERGREEN REAL INCOME FUND, LP

Current regulations require financial institutions (including investment funds) to provide their investors with an initial and annual privacy notice describing the institution's policies regarding the sharing of information about their investors. In connection with this requirement, we are providing this Privacy Notice to each of our investors.

We do not disclose nonpublic personal information about our investors or former investors to third parties other than as described below.

We collect information about you (such as name, address, social security number, assets and income) from our discussions with you, from documents that you may deliver to us (such as subscription documents) and in the course of providing services to you. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to firms that assist us in servicing your account and have a need for such information, such as the advisor, prime broker, distributor, legal counsel, fund administrator, auditors, or accountants. We do not otherwise provide information about you to outside firms, organizations or individuals except as required or permitted by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose.

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