

# **EXHIBIT 18**

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**Todd Jurkowski** <[REDACTED]>  
To: Alan Grayson <[REDACTED]@graysonlaw.net>

Wed, May 11, 2011 at 4:59 PM

Congressman,

Please let me know what you decide to do. I have forwarded you a response from Holland & Knight about this as well.

Thanks.

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[Quoted text hidden]

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**Alan Grayson** <[REDACTED]@graysonlaw.net>  
To: Todd Jurkowski <[REDACTED]>

Sat, May 14, 2011 at 1:03 PM

Dear Todd:

Per our brief conversation a few days ago, I did not realize until now that the 2% management fee and the 20% incentive allocation would be going to two different entities. I think that both the fee and the allocation will generate substantial revenue and profit. I was under the impression that one LLC, in which I would own no more than 50%, would get both. Does the master-feeder arrangement necessitate two different recipients? If so, then I would expect that the children would own 50% of both, unless there is some rule against that. Also, if the wholly-owned entity can or somehow must pass its profits through to the family entity, then that would be OK too.

Sincerely,

Alan

**From:** Todd Jurkowski [mailto:[REDACTED]]  
**Sent:** Wednesday, May 11, 2011 5:00 PM  
**To:** Alan Grayson  
**Subject:** Re: Regarding Alan Grayson

Congressman,

# **EXHIBIT 19**

***The Grayson Fund (Cayman) Ltd.***

(a company incorporated with limited liability  
under the law of the Cayman Islands)  
*Continuous Private Offering of Participating Shares*

Investment Adviser

*The Grayson Fund Management Company, LLC*

Administrator

G&S Fund Services

Dated [\_\_\_\_\_], 2011

## **RISK & OTHER DISCLOSURE STATEMENTS**

INVESTORS OF THE GRAYSON FUND (CAYMAN) LTD. (THE "FUND") SHOULD READ THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM ("INFORMATION MEMORANDUM" OR "MEMORANDUM") AND THE FUND'S ARTICLES OF ASSOCIATION (THE "ARTICLES" OR "ARTICLES OF ASSOCIATION") CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING WHETHER TO PURCHASE THE FUND'S NON-VOTING REDEEMABLE PARTICIPATING SHARES, PAR VALUE U.S. \$0.01 PER SHARE (THE "SHARES"), AND SHOULD PAY PARTICULAR ATTENTION TO THE INFORMATION UNDER THE HEADING "CERTAIN RISK FACTORS". CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS ASCRIBED TO THEM IN THE MEMORANDUM AND THE ARTICLES OF ASSOCIATION.

THIS MEMORANDUM IS BEING DISTRIBUTED FOR INFORMATIONAL PURPOSES ONLY. PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO RELY UPON THIS MEMORANDUM FOR THE PURPOSES OF MAKING A DECISION TO SUBSCRIBE FOR SHARES OR ANY ASSOCIATED INVESTMENT DECISIONS WITH RESPECT TO THE FUND. NO PERSON HAS BEEN AUTHORISED TO MAKE ANY REPRESENTATIONS CONCERNING THE FUND OR THE SHARES WHICH ARE INCONSISTENT WITH OR CONTRARY TO THE FOREGOING STATEMENT AND ANY SUCH REPRESENTATIONS SHOULD ACCORDINGLY BE TREATED AS UNAUTHORISED AND MAY NOT BE RELIED UPON BY THE RECIPIENT.

THE SHARES MAY NOT BE OFFERED FOR SUBSCRIPTION TO THE PUBLIC IN THE CAYMAN ISLANDS (WHICH DOES NOT INCLUDE SOPHISTICATED AND HIGH NET-WORTH PERSONS, OR EXEMPTED AND ORDINARY NON-RESIDENT COMPANIES SITUATED IN THE CAYMAN ISLANDS). ALL HOLDERS OF SHARES SHALL BE BOUND BY THE MEMORANDUM AND ARTICLES OF ASSOCIATION, COPIES OF WHICH MAY BE OBTAINED FROM THE FUND AND/OR ADMINISTRATOR, THE ADDRESSES AND TELEPHONE NUMBERS OF WHICH ARE SET FORTH IN THE DIRECTORY OF THIS MEMORANDUM.

IT IS ANTICIPATED THAT THE OFFERING AND SALE OF THE SHARES WILL BE EXEMPT FROM, AND/OR NOT SUBJECT TO, REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND THE VARIOUS U.S. STATE SECURITIES LAWS AND THAT THE FUND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940. THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY OTHER GOVERNMENTAL AUTHORITY AND NEITHER THE SEC NOR ANY SUCH OTHER AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT, THE SECURITIES LAWS OF ANY U.S. STATE, OR THE SECURITIES LAWS OF ANY JURISDICTION OUTSIDE OF THE U.S. (EXCLUDING THE CAYMAN ISLANDS) AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH U.S. SECURITIES ACT AND SUCH LAWS ("INVESTORS" OR "SHAREHOLDERS"), RATHER THAN BY MEANS OF A PUBLIC OFFERING. EACH INVESTOR MUST BE QUALIFIED TO PURCHASE SHARES AND WILL BE REQUIRED TO REPRESENT THAT IT IS AN "ACCREDITED" INVESTOR AS DEFINED UNDER REGULATION D OF THE U.S. SECURITIES ACT.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND, THE SHARES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SHARES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL, STATE OR FOREIGN JURISDICTION SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS MEMORANDUM CONSTITUTES AN OFFER ONLY IF THE NAME OF THE OFFEREE APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE OF THIS MEMORANDUM AND ONLY IF DELIVERY OF THIS MEMORANDUM IS PROPERLY AUTHORIZED BY THE FUND. THIS MEMORANDUM HAS BEEN PREPARED BY THE FUND SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE PROPOSED SALE OF THE SHARES, AND ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE FUND, IS PROHIBITED. ANY CONTRARY ACTION MAY BE A VIOLATION OF STATE, FEDERAL AND OTHER SECURITIES LAWS.

PURSUANT TO RULES ISSUED BY THE COMMODITY FUTURES TRADING COMMISSION (THE "CFTC"), THE INVESTMENT ADVISER IS NOT REQUIRED TO REGISTER, AND IS NOT REGISTERED, WITH THE CFTC AS A COMMODITY POOL OPERATOR ("CPO") OR A COMMODITY TRADING ADVISOR ("CTA"). THE INVESTMENT ADVISER IS EXEMPT FROM SUCH REGISTRATION BECAUSE: (A) THE INVESTMENT ADVISER REASONABLY BELIEVES THAT EACH INVESTOR IN THE FUND IS AN "ACCREDITED INVESTOR", (B) NO MORE THAN 100% OR 5% OF THE FUND'S ASSETS' LIQUIDATION VALUE WILL BE ALLOCATED TO NET NOTIONAL VALUE OR INITIAL MARGIN AND PREMIUMS, RESPECTIVELY, OF COMMODITIES, AND (C) THE FUND IS NOT MARKETED AS A VEHICLE FOR TRADING COMMODITIES. UNLIKE A REGISTERED CPO OR CTA, THE INVESTMENT ADVISER IS NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT AND A CERTIFIED ANNUAL REPORT TO INVESTORS IN THE FUND. TO CLAIM THE EXEMPTION FROM CPO AND CTA REGISTRATION, THE INVESTMENT ADVISER IS REQUIRED TO FILE, AND HAS FILED, A PRESCRIBED NOTICE WITH THE NATIONAL FUTURES ASSOCIATION.

INVESTMENTS IN SHARES BY AND TRANSFERS OF SHARES TO BENEFIT PLAN INVESTORS WILL BE LIMITED SO THAT BENEFIT PLAN INVESTORS WILL HOLD LESS THAN 25% OF THE VALUE OF THE SHARES (OR SUCH OTHER AMOUNTS THAT MAY BE DEEMED "SIGNIFICANT" PURSUANT TO 29 C.F.R. 2510.3-101 OR OTHER RELEVANT ERISA GUIDELINES), EXCEPT IN THE DISCRETION OF THE INVESTMENT ADVISER. SEE "ERISA CONSIDERATIONS".

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF SUCH INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF (i) THE FUND AND (ii) ANY TRANSACTIONS DESCRIBED HEREIN, AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE.

PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS FOR, AND THE TAX CONSEQUENCES OF, THE ACQUISITION, HOLDING OR DISPOSAL OF THE SHARES AND ANY FOREIGN EXCHANGE RESTRICTIONS THAT MAY BE APPLICABLE TO THEM UNDER THE LAWS OF THE JURISDICTIONS OF WHICH THEY ARE CITIZENS, RESIDENTS OR DOMICILIARIES OR IN WHICH THEY CONDUCT BUSINESS.

THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND, IN ANY EVENT, MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR OTHER APPLICABLE SECURITIES LAWS, PURSUANT TO REGISTRATION THEREUNDER OR EXEMPTION THEREFROM. ADDITIONAL RESTRICTIONS ON TRANSFERABILITY ARE DESCRIBED IN THIS MEMORANDUM, INCLUDING THE RESTRICTION THAT THE SHARES MAY ONLY BE TRANSFERRED TO QUALIFIED INVESTORS.

THE SHARES ARE SUITABLE FOR SOPHISTICATED INVESTORS FOR WHOM AN INVESTMENT IN THE FUND DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS (INCLUDING AN ENTIRE

LOSS OF PRINCIPAL) INVOLVED IN THE FUND'S INVESTMENT PROGRAM. THE SHARES ARE SUITABLE ONLY FOR THOSE THAT DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENTS AND WHO ARE AWARE OF THE RISKS IN INVESTING IN SECURITIES OF THE NATURE OF THOSE PURCHASED BY THE FUND. THE FUND'S INVESTMENT PRACTICES, BY THEIR NATURE, MAY BE CONSIDERED TO HAVE A SUBSTANTIAL DEGREE OF RISK. INVESTORS SHOULD BE AWARE THAT THEY MAY NOT BE ABLE TO LIQUIDATE THEIR INVESTMENT QUICKLY OR ON ACCEPTABLE TERMS AND MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

EACH PROSPECTIVE INVESTOR IS INVITED TO MEET WITH AUTHORIZED REPRESENTATIVES OF THE FUND TO DISCUSS WITH, ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM SUCH PERSONS CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING OF THE SHARES, AND TO OBTAIN ANY ADDITIONAL INFORMATION (TO THE EXTENT SUCH PERSONS POSSESS SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE) NECESSARY TO VERIFY THE INFORMATION CONTAINED HEREIN.

THE FUND IS CONSTITUTED UNDER THE LAWS OF THE CAYMAN ISLANDS AND REGISTERED AS A MUTUAL FUND PURSUANT TO SECTION 4(1)(b) OF THE CAYMAN ISLANDS MUTUAL FUNDS LAW THEREUNDER. THE SHARES MAY NOT BE OFFERED FOR SUBSCRIPTION TO MEMBERS OF THE PUBLIC IN THE CAYMAN ISLANDS (WHICH DOES NOT INCLUDE EXEMPTED AND ORDINARY NON-RESIDENT COMPANIES SITUATED IN THE CAYMAN ISLANDS). ACCORDINGLY, NO OFFER OR INVITATION TO SUBSCRIBE FOR SHARES IS MADE TO MEMBERS OF THE PUBLIC IN THE CAYMAN ISLANDS.

NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FUND SINCE THE DATE HEREOF. THE INFORMATION CONTAINED HEREIN IS CURRENT ONLY AS OF THE DATE HEREOF AND YOU SHOULD NOT, UNDER ANY CIRCUMSTANCES, ASSUME THAT THERE HAS NOT BEEN ANY CHANGE IN THE MATTERS DISCUSSED HEREIN SINCE THE DATE HEREOF.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION NOR MAKE ANY REPRESENTATIONS CONCERNING THE FUND OR ITS SHARES NOT CONTAINED IN THIS MEMORANDUM, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND, ITS BOARD OF DIRECTORS, THE INVESTMENT ADVISER OR THE ADMINISTRATOR. PROSPECTIVE INVESTORS MUST SUBSCRIBE SOLELY ON THE BASIS OF THE INFORMATION SET FORTH HEREIN. NEITHER DELIVERY OF THIS MEMORANDUM NOR ANYTHING STATED HEREIN SHOULD BE TAKEN TO IMPLY THAT ANY INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE ON THE COVER HEREOF.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN PROFESSIONAL ADVISERS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER CONSIDERATIONS RELEVANT TO THE CONSEQUENCES OF AN INVESTMENT BY SUCH INVESTOR IN THE SHARES.

THIS MEMORANDUM IS A SUMMARY ONLY AND DOES NOT PURPORT TO BE COMPLETE. ACCORDINGLY, REFERENCE IS MADE TO THE ARTICLES OF ASSOCIATION AND THE OTHER AGREEMENTS, DOCUMENTS, STATUTES AND REGULATIONS REFERRED TO HEREIN FOR THE EXACT TERMS OF SUCH ARTICLES OF ASSOCIATION AND OTHER AGREEMENTS, DOCUMENTS, STATUTES AND REGULATIONS.

THIS MEMORANDUM IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY THE FUND FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT IN THE SHARES AS DESCRIBED HEREIN. THIS MEMORANDUM IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

THE FUND IS REGISTERED IN THE CAYMAN ISLANDS PURSUANT TO SECTION 4(1)(b) OF THE MUTUAL FUNDS LAW (2009 REVISION) OF THE CAYMAN ISLANDS, BUT SUCH REGISTRATION DOES NOT INVOLVE A DETAILED EXAMINATION OF THE MERITS OF THE FUND OR SUBSTANTIVE SUPERVISION OF THE INVESTMENT PERFORMANCE OR PORTFOLIO CONSTITUTION OF THE FUND BY THE CAYMAN ISLANDS GOVERNMENT OR THE CAYMAN ISLANDS MONETARY AUTHORITY. THERE IS NO FINANCIAL OBLIGATION OR COMPENSATION SCHEME IMPOSED ON OR BY THE GOVERNMENT OF THE CAYMAN ISLANDS IN FAVOR OF OR AVAILABLE TO THE INVESTORS OF THE FUND.

UNDER THE PROCEEDS OF CRIME LAW, 2008 OF THE CAYMAN ISLANDS AND RELATED REGULATIONS AND LEGISLATION IN THE CAYMAN ISLANDS, THE FUND MUST ADOPT PROCEDURES TO ASCERTAIN THE IDENTITY OF THE INVESTORS, OBSERVE ALL APPLICABLE MONEY LAUNDERING LAWS AND IN CERTAIN CIRCUMSTANCES REPORT TO THE AUTHORITIES ANY TRANSACTIONS WHICH THE FUND SUSPECTS MAY INVOLVE THE PROCEEDS OF CRIME.

WHENEVER THE MASCULINE OR FEMININE GENDER IS USED IN THIS OFFERING MEMORANDUM, IT WILL EQUALLY, WHERE THE CONTEXT PERMITS, INCLUDE THE OTHER, AS WELL AS INCLUDE ENTITIES.

ALL REFERENCES TO "DOLLARS," "\$," "U.S. DOLLARS" OR "US\$" ARE TO UNITED STATES DOLLARS.

THIS MEMORANDUM CONTAINS STATEMENTS THAT CONSTITUTE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS APPEAR IN A NUMBER OF PLACES IN THIS MEMORANDUM AND INCLUDE STATEMENTS REGARDING THE INTENT, BELIEF OR CURRENT EXPECTATIONS OF THE FUND OR THE INVESTMENT ADVISER WITH RESPECT TO, AMONG OTHER THINGS, (I) THE USE OF PROCEEDS OF THIS OFFERING; (II) THE ABILITY OF THE FUND TO IDENTIFY INVESTMENT OPPORTUNITIES; AND (III) THE PERFORMANCE OF THE FUND OR ITS AFFILIATES.

PROSPECTIVE INVESTORS ARE CAUTIONED THAT ANY SUCH FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES, AND THAT ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS. THE ACCOMPANYING INFORMATION CONTAINED IN THIS MEMORANDUM, INCLUDING, WITHOUT LIMITATION, THE INFORMATION UNDER "THE OFFERING" AND "CERTAIN RISK FACTORS" IDENTIFIES IMPORTANT FACTORS THAT COULD CAUSE SUCH DIFFERENCES.

THIS MEMORANDUM HAS BEEN PREPARED IN CONNECTION WITH A PRIVATE OFFERING OF SHARES TO QUALIFIED INVESTORS. EACH INVESTOR WILL BE REQUIRED TO EXECUTE A SUBSCRIPTION AGREEMENT (WHICH WILL BE SUBJECT TO REVIEW AND ACCEPTANCE). THIS MEMORANDUM IS NOT AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY SHARES TO ANY UNQUALIFIED INVESTORS, OR TO ANY PERSON OTHER THAN THE PERSON WHOSE NAME APPEARS ON THE COVER, AND IT IS NOT TO BE REPRODUCED OR REDISTRIBUTED.

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**THESE SHARES ARE SPECULATIVE AND  
INVOLVE A HIGH DEGREE OF RISK.**

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## ADDITIONAL COUNTRY ACKNOWLEDGMENTS

PROSPECTIVE INVESTORS FROM ANY OF THE FOLLOWING COUNTRIES ACKNOWLEDGE THE FOLLOWING APPLICABLE DISCLOSURE NOTICES IN CONNECTION WITH THEIR SUBSCRIPTION FOR SHARES IN THE FUND.

ARGENTINA. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION NACIONAL DE VALORES (THE ARGENTINEAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN ARGENTINA EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER ARGENTINEAN LAWS AND REGULATIONS.

AUSTRALIA. NO OFFER FOR SUBSCRIPTION OR PURCHASE OF THE SHARES OFFERED HEREBY, NOR ANY INVITATION TO SUBSCRIBE FOR OR BUY SUCH SHARES HAS BEEN MADE OR ISSUED IN AUSTRALIA, OTHERWISE THAN BY MEANS OF AN EXCLUDED ISSUE, EXCLUDED OFFER OR EXCLUDED INVITATION WITHIN THE MEANING OF SECTION 66(2) OR 66(3) OF THE CORPORATIONS LAW. ACCORDINGLY, THIS MEMORANDUM HAS NOT BEEN LODGED WITH THE AUSTRALIAN SECURITIES COMMISSION. FURTHER, THE SHARES OFFERED HEREBY MAY NOT BE RESOLD IN AUSTRALIA WITHIN A PERIOD OF SIX (6) MONTHS AFTER THE DATE OF ISSUE OTHERWISE THAN BY MEANS OF AN EXCLUDED OFFER OR EXCLUDED INVITATION AS DESCRIBED ABOVE.

THE COMMONWEALTH OF THE BAHAMAS. THE SHARES MAY NOT BE OFFERED OR SOLD OR OTHERWISE DISPOSED OF IN ANY MANNER TO PERSONS DEEMED BY THE CENTRAL BANK OF THE BAHAMAS AS RESIDENT FOR EXCHANGE CONTROL PURPOSES, UNLESS SUCH PERSONS DEEMED AS RESIDENT OBTAIN THE PRIOR APPROVAL OF THE CENTRAL BANK OF THE BAHAMAS.

BELGIUM. THE OFFERING OF SHARES HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE BELGIAN BANKING AND FINANCE COMMISSION (COMMISSIE VOOR HET BANK-EN FINANCLZEWEZEN/COMMISSION BANCAIRE ET FINANCIERE) NOR HAS THIS MEMORANDUM BEEN OR WILL IT BE APPROVED BY THE BELGIAN BANKING AND FINANCE COMMISSION. THE SHARES SHALL NOT, WHETHER DIRECTLY OR INDIRECTLY, BE OFFERED, SOLD, TRANSFERRED OR DELIVERED IN BELGIUM, AS PART OF THEIR INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, TO ANY INVESTOR OTHER THAN (I) CREDIT INSTITUTIONS AND INVESTMENT FIRMS REFERRED TO IN ARTICLE 3.2, A OF THE BELGIAN ROYAL DECREE OF JANUARY 9, 1991 ON THE PUBLIC CHARACTER OF TRANSACTIONS WHICH AIM TO SOLICIT PUBLIC SAVINGS AND THE ASSIMILATION OF CERTAIN TRANSACTIONS WITH A PUBLIC OFFER, (II) INSTITUTIONS FOR COLLECTIVE INVESTMENT REFERRED TO IN BOOK III OF THE BELGIAN ACT OF DECEMBER 4, 1990 ON THE FINANCIAL TRANSACTIONS AND THE FINANCIAL MARKETS, (III) INSURANCE COMPANIES REFERRED TO IN ARTICLE 2§1 OF THE BELGIAN ACT OF JULY 9, 1975 ON THE SUPERVISION OF INSURANCE COMPANIES AND (IV) PENSION FUNDS REFERRED TO IN ARTICLE 2§3, 6 OF THE BELGIAN ACT OF JULY 9, 1975 ON THE SUPERVISION OF INSURANCE COMPANIES AND IN THE BELGIAN ROYAL DECREE OF MAY 15, 1985 ON THE ACTIVITIES OF PRIVATE MUTUAL FUNDS, EACH ACTING ON THEIR OWN ACCOUNT IN RELIANCE ON ARTICLE 3.2 OF THE BELGIAN ROYAL DECREE OF JANUARY 9, 1991. THE MEMORANDUM HAS BEEN DISTRIBUTED IN BELGIUM ONLY TO INVESTORS MENTIONED HEREBY FOR THEIR PERSONAL USE AND EXCLUSIVELY FOR THE PURPOSES OF THE OFFERING OF SHARES. ACCORDINGLY, THIS MEMORANDUM MAY NOT BE USED FOR ANY OTHER PURPOSE NOR PASSED ON TO ANY OTHER PERSON IN BELGIUM.

BERMUDA. THIS MEMORANDUM IS NOT SUBJECT TO AND HAS NOT RECEIVED APPROVAL FROM EITHER THE BERMUDA MONETARY AUTHORITY OR THE REGISTRAR OF COMPANIES IN BERMUDA, AND NO STATEMENT TO THE CONTRARY, EXPLICIT OR IMPLICIT, IS AUTHORIZED TO BE MADE IN THIS REGARD. THE SHARES BEING OFFERED MAY BE OFFERED OR SOLD IN BERMUDA ONLY IN COMPLIANCE WITH THE PROVISIONS OF THE INVESTMENT

BUSINESS ACT, 2003 OF BERMUDA, AS AMENDED. ENGAGING IN THE ACTIVITY OF MARKETING THE SHARES BEING OFFERED IN BERMUDA TO PERSONS IN BERMUDA MAY BE DEEMED TO BE CARRYING ON BUSINESS IN BERMUDA AND NOT PERMITTED UNLESS THE FUND IS LISTED ON THE BERMUDA STOCK EXCHANGE.

BOLIVIA. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION NACIONAL DE VALORES (THE BOLIVIAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN BOLIVIA EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER BOLIVIAN LAWS AND REGULATIONS.

BRAZIL. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISSAO DE VALORES MOBILIARIOS AND MAY NOT BE OFFERED OR SOLD IN BRAZIL EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER BRAZILIAN LAWS AND REGULATIONS.

BRITISH COLUMBIA AND ONTARIO, CANADA. THIS MEMORANDUM CONSTITUTES AN OFFERING OF THE SECURITIES DESCRIBED HEREIN ONLY IN THOSE JURISDICTIONS AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE, AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE SECURITIES DESCRIBED THEREIN IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS MEMORANDUM OR THE MERITS OF THE SECURITIES DESCRIBED THEREIN, AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENSE.

IF THIS MEMORANDUM, TOGETHER WITH ANY AMENDMENT THERETO, CONTAINS AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMITTS TO STATE A MATERIAL FACT THAT IS REQUIRED TO BE STATED OR IS NECESSARY IN ORDER TO MAKE ANY STATEMENT THEREIN NOT MISLEADING IN THE LIGHT OF THE CIRCUMSTANCES IN WHICH IT WAS MADE (A "MISREPRESENTATION") AND IT WAS A MISREPRESENTATION ON THE DATE OF PURCHASE, PURCHASERS IN BRITISH COLUMBIA AND ONTARIO TO WHOM THIS MEMORANDUM WAS SENT OR DELIVERED AND WHO PURCHASE SHARES SHALL HAVE A RIGHT OF ACTION AGAINST THE COMPANY FOR RESCISSION (WHILE STILL THE OWNER OF SUCH SHARES) OR ALTERNATIVELY, FOR DAMAGES, EXERCISABLE ON WRITTEN NOTICE GIVEN NOT MORE THAN 180 DAYS SUBSEQUENT TO THE DATE OF PURCHASE IN THE CASE OF RESCISSION AND BY THE EARLIER OF (I) 180 DAYS AFTER THE PURCHASER FIRST HAD KNOWLEDGE OF THE FACTS GIVING RISE TO THE CAUSE OF ACTION AND (II) 3 YEARS AFTER THE DATE OF PURCHASE IN THE CASE OF DAMAGES, PROVIDED THAT THE COMPANY WILL NOT BE LIABLE: (A) IF THE PURCHASER PURCHASED SUCH SHARES WITH KNOWLEDGE OF THE MISREPRESENTATION; (B) FOR ALL OR ANY PORTION OF ANY DAMAGES THAT THE COMPANY PROVES DO NOT REPRESENT THE DEPRECIATION IN VALUE OF SUCH SHARES AS A RESULT OF THE MISREPRESENTATION; OR (C) FOR AMOUNTS IN EXCESS OF THE PRICE AT WHICH SUCH SHARES WERE SOLD TO THE PURCHASER. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS OF EITHER THE SECURITIES ACT (BRITISH COLUMBIA) OR THE SECURITIES ACT (ONTARIO), WHICHEVER THE CASE MAY BE, AND REFERENCE IS MADE TO THE COMPLETE TEXT OF SUCH PROVISIONS.

BRITISH VIRGIN ISLANDS. THE FUND, THIS MEMORANDUM AND THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, RECOGNIZED OR REGISTERED UNDER THE LAWS AND REGULATIONS OF THE BRITISH VIRGIN ISLANDS. THE SHARES MAY NOT BE OFFERED OR SOLD IN THE BRITISH VIRGIN ISLANDS EXCEPT IN CIRCUMSTANCES IN WHICH THE FUND, THIS MEMORANDUM AND THE SHARES DO NOT REQUIRE THE RECOGNITION BY OR REGISTRATION WITH THE AUTHORITIES OF THE BRITISH VIRGIN ISLANDS.

CAYMAN ISLANDS. NO OFFER OR INVITATION MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE SHARES UNLESS THE FUND IS LISTED ON THE

CAYMAN ISLANDS STOCK EXCHANGE. CAYMAN ISLANDS EXEMPTED AND ORDINARY NON-RESIDENT COMPANIES AND CERTAIN OTHER PERSONS ENGAGED IN EXEMPTED BUSINESS UNDER CAYMAN ISLANDS LAW, HOWEVER, MAY BE PERMITTED TO ACQUIRE SHARES.

CHILE. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (THE CHILEAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN CHILE EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER CHILEAN LAWS AND REGULATIONS.

COLOMBIA. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE SUPERINTENDENCIA DE VALORES (THE COLOMBIAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN COLOMBIA EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER COLOMBIAN LAWS AND REGULATIONS.

REPUBLIC OF CHINA. NO INVITATION TO OFFER FOR, OR OFFER FOR, OR SALE OF, THE SHARES SHALL BE MADE TO THE PUBLIC IN CHINA OR BY ANY MEANS THAT WOULD BE DEEMED PUBLIC UNDER THE LAWS OF CHINA. THE OFFER OF SHARES IS PERSONAL TO THE INVESTOR TO WHOM THIS MEMORANDUM HAS BEEN ADDRESSED BY THE FUND. BUSINESS ENTITIES INCORPORATED UNDER THE LAWS OF CHINA (EXCLUDING FOREIGN INVESTMENT BUSINESS ENTITIES) SHALL APPLY FOR APPROVAL FROM THE CHINESE GOVERNMENT AUTHORITIES BEFORE PURCHASING THE SHARES. FURTHERMORE, ALL BUSINESS ENTITIES INCORPORATED UNDER THE LAWS OF CHINA AND CHINESE CITIZENS RESIDING IN CHINA SHALL OBTAIN THE PRIOR APPROVAL FROM THE CHINESE FOREIGN EXCHANGE AUTHORITY BEFORE PURCHASING SHARES.

COSTA RICA. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION NACIONAL DE VALORES (THE COSTA RICAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED OR SOLD IN COSTA RICA EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER COSTA RICAN LAWS AND REGULATIONS.

ECUADOR. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE SUPERINTENDENCIA DE COMPANIAS DEL ECUADOR (THE ECUADORIAN SECURITIES AND EXCHANGE COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN ECUADOR EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER ECUADORIAN LAWS AND REGULATIONS. THIS COMMUNICATION IS FOR INFORMATIVE PURPOSES ONLY; IT DOES NOT CONSTITUTE A PUBLIC OFFERING OF ANY KIND.

FRANCE. THE SHARES OFFERED HEREBY DO NOT COMPLY WITH THE CONDITIONS IMPOSED BY FRENCH LAW FOR ISSUANCE, DISTRIBUTION, SALE, PUBLIC OFFERING, SOLICITATION AND ADVERTISING WITHIN FRANCE. THE DISTRIBUTION OF THIS MEMORANDUM AND THE OFFERING OF SHARES OF THE FUND IN FRANCE ARE THEREFORE RESTRICTED BY FRENCH LAW. ALSO FRENCH LAW REQUIRES THAT INVESTMENT MANAGERS MUST BE REGULATED BY A RECOGNIZED COMPETENT REGULATORY AUTHORITY. PROSPECTIVE SHAREHOLDERS SHOULD INFORM THEMSELVES AS TO THE RESTRICTIONS WITH RESPECT TO THE MANNER IN WHICH THEY MAY DISPOSE OF THE SHARES IN FRANCE.

GERMANY. ANY PERSON WHO IS IN POSSESSION OF THIS MEMORANDUM UNDERSTANDS THAT NO ACTION HAS OR WILL BE TAKEN WHICH WOULD ALLOW AN OFFERING OF THE SHARES TO THE PUBLIC IN GERMANY. ACCORDINGLY, THE SHARES MAY NOT BE OFFERED, SOLD OR DELIVERED AND NEITHER THIS MEMORANDUM NOR ANY OTHER OFFERING MATERIALS RELATING TO THE SHARES MAY BE DISTRIBUTED OR MADE AVAILABLE TO THE PUBLIC IN GERMANY. INDIVIDUAL SALES OF THE SHARES TO ANY PERSON IN

GERMANY MAY ONLY BE MADE ACCORDING TO GERMAN SECURITIES, TAX AND OTHER APPLICABLE LAWS AND REGULATIONS.

GREECE. THE SHARES MAY NOT BE OFFERED OR SOLD IN ANY MANNER THAT CONSTITUTES AN OFFER OR SALE TO THE PUBLIC IN THE HELLENIC REPUBLIC WITHIN THE LAWS AND REGULATIONS FROM TIME TO TIME APPLICABLE TO PUBLIC OFFERS OR SALES OF SECURITIES.

GUATEMALA. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION DE VALORES (THE GUATEMALAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN GUATEMALA EXCEPT IN CIRCUMSTANCES, WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER GUATEMALAN LAWS AND REGULATIONS.

HONG KONG. THIS MEMORANDUM RELATES TO A PRIVATE PLACEMENT AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN HONG KONG TO SUBSCRIBE FOR SHARES. NO STEPS HAVE BEEN TAKEN TO REGISTER THIS MEMORANDUM AS A PROSPECTUS IN HONG KONG. THE OFFER OF THE SHARES IS PERSONAL TO THE PERSON TO WHOM THE MEMORANDUM HAS BEEN DELIVERED BY OR ON BEHALF OF THE FUND, AND A SUBSCRIPTION FOR SHARES WILL ONLY BE ACCEPTED FROM SUCH PERSON (OR A COMPANY THAT SUCH PERSON SHALL HAVE CERTIFIED TO BE ITS CONTROLLED SUBSIDIARY) FOR SUCH MINIMUM AMOUNT OF SHARES AS DESCRIBED IN THIS MEMORANDUM. IT IS A CONDITION OF THE OFFER THAT EACH PERSON WHO AGREES TO SUBSCRIBE FOR SHARES PROVIDES A WRITTEN UNDERTAKING THAT IT (OR ITS PRINCIPAL) IS ACQUIRING SUCH SHARES FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO DISTRIBUTE OR RESELL SUCH SHARES AND THAT IT WILL NOT OFFER FOR SALE, RESELL OR OTHERWISE DISTRIBUTE OR AGREE TO DISTRIBUTE SUCH SHARES WITHIN SIX (6) MONTHS FROM THEIR DATE OF SALE TO SUCH PERSON.

IRELAND. THE FUND HAS NOT BEEN APPROVED BY, AND IS NOT REGULATED BY, THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY. THIS MEMORANDUM DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO THE PUBLIC TO SUBSCRIBE FOR OR PURCHASE SHARES IN THE FUND AND SHALL NOT BE CONSTRUED AS SUCH AND NO PERSON OTHER THAN THE PERSON TO WHOM THIS MEMORANDUM HAS BEEN ADDRESSED OR DELIVERED SHALL BE ELIGIBLE TO SUBSCRIBE FOR OR PURCHASE SHARES IN THE FUND. SHARES IN THE FUND SHALL NOT BE MARKETED IN IRELAND WITHOUT THE PRIOR APPROVAL IN WRITING OF THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY.

ISLE OF MAN. THE FUND IS NOT A RECOGNIZED COLLECTIVE INVESTMENT SCHEME FOR THE PURPOSES OF SECTIONS 12 OR 13 OF THE FINANCIAL SERVICES ACT 1988 (THE "FS ACT") OF THE ISLE OF MAN AND IS ACCORDINGLY SUBJECT TO THE PROHIBITION ON THE PROMOTION OF COLLECTIVE INVESTMENT SCHEMES AS CONTAINED IN SECTION 1(1) OF THE FS ACT. ACCORDINGLY, THIS MEMORANDUM MAY ONLY BE ISSUED OR PASSED ON TO ANY PERSON IN THE ISLE OF MAN BY WAY OF THE TWO LIMITED EXCEPTIONS TO THIS GENERAL PROHIBITION CONTAINED IN SECTION 1(2) OF THE FS ACT AND THE FINANCIAL SUPERVISION (PROMOTION OF UNREGULATED SCHEMES (EXEMPTION)) FS REGULATIONS 1992 (THE "EXEMPTION REGULATIONS"). UNDER REGULATION 3(2) OF THE EXEMPTION REGULATIONS, ANY ADVERTISEMENT ISSUED IN THE ISLE OF MAN IN CONNECTION WITH THE FUND MUST CONTAIN A STATEMENT EITHER (A) THAT PARTICIPANTS IN THE FUND ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION SCHEME; OR (B) THAT PARTICIPANTS IN THE FUND ARE PROTECTED BY A STATUTORY COMPENSATION SCHEME AND PARTICULARS SUFFICIENT TO IDENTIFY THE COMPENSATION ARRANGEMENTS.

ISRAEL. THE SHARES ARE OFFERED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS, IN ALL CASES UNDER CIRCUMSTANCES DESIGNED TO PRECLUDE A DISTRIBUTION WHICH WOULD BE OTHER THAN A PRIVATE PLACEMENT. THIS MEMORANDUM MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, NOR BE FURNISHED TO ANY

OTHER PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT. ISRAELI RESIDENTS, OTHER THAN THOSE CONSIDERED "EXEMPTION HOLDERS" UNDER THE GENERAL CURRENCY CONTROL PERMIT, 1978, REQUIRE A SPECIAL PERMIT FROM THE ISRAELI CONTROLLER OF FOREIGN CURRENCY IN ORDER TO PURCHASE THE SHARES.

ITALY. THE MEMORANDUM IS SOLELY INTENDED FOR THE INDIVIDUALS TO WHOM IT IS DELIVERED AND MAY NOT BE CONSIDERED OR USED AS A PUBLIC OFFERING IN THE MEANING OF AND FOR THE PURPOSE OF THE ART 1/18 TER L.N. 216/74. IN ADDITION, ANY PERSON WHO IS IN POSSESSION OF THIS MEMORANDUM UNDERSTANDS THAT NO ACTION HAS OR WILL BE TAKEN WHICH WOULD ALLOW AN OFFERING OF THE SHARES TO THE PUBLIC IN ITALY. ACCORDINGLY, THE SHARES MAY NOT BE OFFERED, SOLD OR DELIVERED AND NEITHER THIS MEMORANDUM NOR ANY OTHER OFFERING MATERIALS RELATING TO THE SHARES MAY BE DISTRIBUTED OR MADE AVAILABLE TO THE PUBLIC IN ITALY. INDIVIDUAL SALES OF THE SHARES TO ANY PERSON IN ITALY MAY ONLY BE MADE ACCORDING TO ITALIAN SECURITIES, TAX AND OTHER APPLICABLE LAWS AND REGULATIONS.

JAPAN. UNDER ARTICLE 23-14 PARAGRAPH 1 OF THE SECURITIES EXCHANGE LAW (THE "SEL"), THE PURCHASE OF SHARES CANNOT BE MADE UNLESS THE PURCHASER AGREES TO THE CONDITION THAT IT WILL NOT MAKE AN ASSIGNMENT OF THE SHARES TO ANY PERSON OTHER THAN A NON-RESIDENT OF JAPAN (HAVING THE SAME MEANINGS AS DEFINED IN ARTICLE 6, PARAGRAPH 1(6) OF THE FOREIGN EXCHANGE AND FOREIGN TRADE CONTROL LAWS), EXCEPT FOR THE CASE THAT ALL THE SHARES (EXCLUDING THE SHARES ASSIGNED TO NON-RESIDENTS OF JAPAN) ARE ASSIGNED TO ONE PERSON. FURTHERMORE, DISCLOSURE UNDER THE SEL HAS NOT BEEN MADE. THE SHARES WILL NOT BE REGISTERED UNDER THE SEL. THE OFFER AND SALE OF THE SHARES IN JAPAN MAY BE MADE ONLY IN ACCORDANCE WITH AN EXEMPTION AVAILABLE UNDER THE SEL AND WITH ALL OTHER APPLICABLE LAWS AND REGULATIONS OF JAPAN.

JERSEY. THIS MEMORANDUM RELATES TO A PRIVATE PLACEMENT AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC OF JERSEY TO SUBSCRIBE FOR THE SHARES OFFERED HEREBY. NO REGULATORY APPROVAL HAS BEEN SOUGHT TO THE OFFER IN JERSEY. THE OFFER OF THE SHARES IS PERSONAL TO THE PERSON TO WHOM THIS MEMORANDUM IS BEING DELIVERED BY OR ON BEHALF OF THE FUND, AND A SUBSCRIPTION FOR THE SHARES WILL BE ACCEPTED ONLY FROM SUCH PERSON. THIS MEMORANDUM MAY NOT BE PRODUCED OR USED FOR ANY OTHER PURPOSE, NOR BE FURNISHED TO ANY OTHER PERSON OTHER THAN THOSE TO WHOM IT HAS BEEN SO DELIVERED.

KOREA. THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCE IS TO BE CONSTRUED AS, A PUBLIC OFFERING OF SECURITIES IN KOREA. NEITHER THE FUND NOR THE MANAGER IS MAKING ANY REPRESENTATION WITH RESPECT TO THE ELIGIBILITY OF ANY RECIPIENTS OF THIS MEMORANDUM TO ACQUIRE THE SHARES UNDER THE LAWS OF KOREA, INCLUDING WITHOUT LIMITATION THE FOREIGN EXCHANGE MANAGEMENT ACT AND REGULATIONS THEREUNDER. THE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES AND EXCHANGE ACT OF KOREA AND NONE OF THE SHARES MAY BE OFFERED, SOLD OR DELIVERED, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT PURSUANT TO APPLICABLE LAWS AND REGULATIONS OF KOREA.

LIECHTENSTEIN. THE SHARES ARE OFFERED TO A NARROWLY DEFINED CATEGORY OF INVESTORS, IN ALL CASES UNDER CIRCUMSTANCES DESIGNED TO PRECLUDE A PUBLIC SOLICITATION. THIS MEMORANDUM MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, NOR BE FURNISHED TO ANY OTHER PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT.

LUXEMBOURG. THE SHARES ARE OFFERED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS, IN ALL CASES UNDER CIRCUMSTANCES DESIGNED TO PRECLUDE A DISTRIBUTION THAT WOULD BE OTHER THAN A PRIVATE PLACEMENT. THIS MEMORANDUM

MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, NOR BE FURNISHED TO ANY OTHER PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT.

MEXICO. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION NACIONAL BANCARIA Y DE VALORES (THE MEXICAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN MEXICO EXCEPT IN CIRCUMSTANCES, WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER MEXICAN LAWS AND REGULATIONS.

NETHERLANDS. THE SHARES MAY NOT BE SOLICITED, ACQUIRED OR OFFERED IN OR FROM WITHIN THE NETHERLANDS, AND THIS MEMORANDUM MAY NOT BE CIRCULATED IN THE NETHERLANDS, TO ANY INDIVIDUAL OR LEGAL ENTITY AS PART OF THEIR INITIAL DISTRIBUTION OR ANYTIME THEREAFTER, OTHER THAN TO INDIVIDUALS OR LEGAL ENTITIES WHO OR WHICH TRADE OR INVEST IN SECURITIES IN THE CONDUCT OF A PROFESSION OR TRADE, INCLUDING BANKS, BROKERS, DEALERS AND (OTHER) INSTITUTIONAL INVESTORS INVESTING IN SECURITIES, AS DEFINED IN ACT ON THE SUPERVISION OF INVESTMENT INSTITUTIONS OF JUNE 27, 1990 (THE "NETHERLANDS ACT"), AND IN THE REGULATION DATED OCTOBER 9, 1990, IN RESPECT OF THE IMPLEMENTATION OF ARTICLE 14 OF THE NETHERLANDS ACT AND THE RESPECTIVE ACCOMPANYING MEMORANDA THERETO OF THE MINISTER OF FINANCE OF THE NETHERLANDS. IN THE EVENT OF A SOLICITATION, ACQUISITION OR OFFERING MADE TO OR BY PROFESSIONAL INVESTORS AND THEREFORE EXEMPT FROM THE GENERAL PROHIBITION AS CONTAINED IN THE NETHERLANDS ACT NO SUBSEQUENT OFFERING OF THE PARTICIPATION RIGHTS IN A "SECONDARY OFFERING" BY SUCH PROFESSIONAL INVESTORS MAY BE MADE. ACTING IN VIOLATION OF THE FOREGOING MAY CONSTITUTE A CRIMINAL OFFENSE FOR THE INVESTMENT INSTITUTION (OR ITS DIRECTORS) AND THE PERSON OR LEGAL ENTITY WHO SOLICITS, ACQUIRES OR OFFERS PARTICIPATION RIGHTS IN SUCH INVESTMENT INSTITUTION. IN ADDITION, CONTRACTUAL TERMS CONFLICTING WITH THE PROHIBITION PROVISION OF THE NETHERLANDS ACT OR IN VIOLATION OF RESTRICTIONS OR CONDITIONS CONTAINED IN AN EXEMPTION MAY BE DEEMED NULL AND VOID OR VOIDABLE UNDER THE GENERAL RULES OF NETHERLANDS CIVIL LAW.

NEW ZEALAND. THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR AND THE OFFER MADE IN IT IS MADE SOLELY TO HABITUAL INVESTORS (BEING PERSONS DEFINED IN SECTION 3(2)(A)(II) OF THE NEW ZEALAND SECURITIES ACT 1978).

NORWAY. THIS MEMORANDUM HAS NOT BEEN FILED WITH THE OSLO STOCK EXCHANGE IN ACCORDANCE WITH THE NORWEGIAN SECURITIES TRADING ACT, SECTION 5-1, AND MAY THEREFORE NOT BE DISTRIBUTED TO MORE THAN FIFTY POTENTIAL INVESTORS IN NORWAY.

OMAN. THIS MEMORANDUM AND THE SHARES OFFERED HEREBY ARE NOT AVAILABLE TO ANY MEMBER OF THE PUBLIC AND ARE RESTRICTED TO INVESTORS HAVING AN EXISTING BUSINESS RELATIONSHIP WITH THE FUND. APPLICATION FOR THE SHARES MADE BY OR ON BEHALF OF INVESTORS NOT HAVING AN EXISTING RELATIONSHIP WITH THE MANAGER WILL NOT BE ACCEPTED. ANY INVESTOR THAT CONSIDERS PURCHASING THE SHARES OFFERED BY THIS MEMORANDUM SHOULD CONSULT A PROFESSIONAL ADVISER BEFORE DOING SO.

PANAMA. THE SHARES HAVE NOT AND WILL NOT BE REGISTERED WITH THE COMISION NACIONAL DE VALORES (THE NATIONAL SECURITIES COMMISSION) OF THE REPUBLIC OF PANAMA UNDER CABINET DECREE NO. 247 OF 1970 ("PANAMA'S SECURITIES LAWS") AND MAY NOT BE OFFERED OR SOLD IN A PRIMARY OFFERING WITHIN PANAMA, EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF PANAMA'S SECURITIES LAWS.

PARAGUAY. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION NACIONAL DE VALORES (THE PARAGUAYAN SECURITIES

COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN PARAGUAY EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER PARAGUAYAN LAWS AND REGULATIONS.

PERU. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION NACIONAL SUPERVISORA DE EMPRESAS Y VALORES (THE PERUVIAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN PERU EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER PERUVIAN LAWS AND REGULATIONS.

PORTUGAL. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISSAO DO MERCADO DE VALORES MOBILIARIOS (THE PORTUGUESE SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN PORTUGAL EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER PORTUGUESE LAWS AND REGULATIONS.

RUSSIA. THE SHARES ARE NOT INTENDED TO BE SOLD OR OFFERED IN (OR ON THE TERRITORY OF) THE RUSSIAN FEDERATION OR TO RUSSIAN RESIDENTS AND THIS MEMORANDUM HAS NOT BEEN REGISTERED WITH, AND WILL NOT BE REGISTERED WITH, THE FEDERAL SECURITIES MARKETS COMMISSION OF THE RUSSIAN FEDERATION.

EL SALVADOR. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE SUPERINTENDENCIA DE VALORES (THE SALVADORIAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN EL SALVADOR EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER SALVADORIAN LAWS AND REGULATIONS.

SINGAPORE. THIS MEMORANDUM HAS NOT BEEN REGISTERED WITH THE REGISTRAR OF COMPANIES IN SINGAPORE AND THE SHARES WILL BE OFFERED IN SINGAPORE PURSUANT TO AN EXEMPTION INVOKED UNDER SECTIONS 106C AND 106D OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE ("SINGAPORE ACT"). ACCORDINGLY, THE SHARES MAY NOT BE OFFERED OR SOLD, NOR MAY THIS MEMORANDUM OR ANY OTHER OFFERING DOCUMENT OR MATERIAL RELATING TO THE SHARES BE CIRCULATED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, TO THE PUBLIC OR ANY MEMBER OF THE PUBLIC OTHER THAN (1) TO AN INSTITUTIONAL INVESTOR OR OTHER BODY OR PERSON SPECIFIED IN SECTION 106C OF THE SINGAPORE ACT, OR (2) TO A SOPHISTICATED INVESTOR SPECIFIED IN SECTION 106D OF THE SINGAPORE ACT, OR (3) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, SECTION 106E(2) OF THE SINGAPORE ACT OR ANY OTHER APPLICABLE EXEMPTION INVOKED UNDER DIVISION 5A OF PART IV OF THE SINGAPORE ACT.

SOUTH AFRICA. THE SHARES OFFERED HEREBY ARE FOR YOUR ACCEPTANCE ONLY AND MAY NOT BE OFFERED OR BECOME AVAILABLE TO PERSONS OTHER THAN YOURSELF AND MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED IN SOUTH AFRICA AND THIS MEMORANDUM MAY ONLY BE CIRCULATED TO SELECTED INDIVIDUALS.

SPAIN. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION NACIONAL DEL MERCADO DE VALORES DE ESPAÑA (THE SPANISH SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN SPAIN EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER SPANISH LAWS AND REGULATIONS.

SWITZERLAND. THE SHARES OFFERED HEREBY MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED IN SWITZERLAND PURSUANT TO ARTICLE 2 OF THE SWISS INVESTMENT FUND ACT 1995, AND THIS MEMORANDUM MAY ONLY BE CIRCULATED TO A LIMITED NUMBER OF PERSONS IN SWITZERLAND. THEREFORE, NO STEPS HAVE BEEN TAKEN TO REGISTER THE FUND AND/OR THIS MEMORANDUM AS A PROSPECTUS IN SWITZERLAND.

UNITED KINGDOM. THIS MEMORANDUM HAS NOT BEEN DELIVERED FOR REGISTRATION TO THE REGISTRAR OF COMPANIES IN ENGLAND AND WALES. THE SHARES MAY NOT BE OFFERED OR SOLD IN THE UNITED KINGDOM EXCEPT IN ACCORDANCE WITH ALL APPLICABLE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "UK ACT") AND ALL APPLICABLE ORDERS, RULES AND REGULATIONS RELATING THERETO. PURCHASES OF THE SHARES IN THE UNITED KINGDOM MAY ONLY BE MADE ON THE TERMS SET FORTH IN THIS PARAGRAPH. THE SHARES ARE INTERESTS IN A COLLECTIVE INVESTMENT SCHEME WHICH HAS NOT BEEN AUTHORIZED OR RECOGNIZED BY THE FINANCIAL SERVICES AUTHORITY OF THE UNITED KINGDOM. ACCORDINGLY, THIS MEMORANDUM IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON, TO THE GENERAL PUBLIC IN THE UNITED KINGDOM. THE DISTRIBUTION IN THE UNITED KINGDOM OF THIS MEMORANDUM ON AND AFTER THE DATE ON WHICH SECTION 19 OF THE UK ACT COMES INTO FORCE (A) IF MADE BY A PERSON WHO IS NOT AN AUTHORIZED PERSON UNDER THE UK ACT, IS BEING MADE ONLY TO THE FOLLOWING PERSONS: (I) PERSONS WHO ARE "INVESTMENT PROFESSIONALS" AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001 (THE "FINANCIAL PROMOTION ORDER"), (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 49 OF THE FINANCIAL PROMOTION ORDER AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE AND (B) IF MADE BY A PERSON WHO IS AN AUTHORIZED PERSON UNDER THE UK ACT, IS BEING MADE ONLY TO THE FOLLOWING PERSONS: (I) PERSONS FALLING WITHIN ONE OF THE CATEGORIES OF "INVESTMENT PROFESSIONALS" AS DEFINED IN ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTION) ORDER 2001 (THE "PROMOTION OF CISS ORDER"), (II) PERSONS FALLING WITHIN ANY CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 22 OF THE PROMOTION OF CISS ORDER AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE IN ACCORDANCE WITH THE PROMOTION OF CISS ORDER.

URUGUAY. THE SHARES OFFERED HEREBY CORRESPOND TO A PRIVATE ISSUE AND ARE NOT REGISTERED WITH THE CENTRAL BANK OF URUGUAY.

VENEZUELA. THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE COMISION NACIONAL DE VALORES (THE VENEZUELAN SECURITIES COMMISSION) AND MAY NOT BE OFFERED AND SOLD IN VENEZUELA EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER VENEZUELAN LAWS AND REGULATIONS.

ALL OTHER COUNTRIES. THE FUND, THIS MEMORANDUM AND THE SHARES OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, RECOGNIZED OR REGISTERED UNDER THE LAWS AND REGULATIONS OF ANY COUNTRY. THE SHARES GENERALLY MAY NOT BE OFFERED OR SOLD IN ANY COUNTRY EXCEPT IN CIRCUMSTANCES IN WHICH THE FUND, THIS MEMORANDUM AND THE SHARES DO NOT REQUIRE ANY RECOGNITION BY, OR REGISTRATION WITH, ANY REGULATORY AUTHORITY BASED IN ANY COUNTRY.



## DIRECTORY

<b>REGISTERED OFFICE OF THE FUND</b>	C/O Maples Corporate Services Limited PO Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands Tel: [REDACTED] Fax: [REDACTED]
<b>INVESTMENT ADVISER</b>	The Grayson Fund Management Company, LLC 4705 S. Apopka Vineland Road Suite 110 Orlando, FL 32819 Tel: [REDACTED] Fax: [REDACTED]
<b>ADMINISTRATOR</b>	G&S Fund Services 114 West 47th Street, Suite 1725 New York, NY 10036 Tel: [REDACTED] Fax: [REDACTED]
<b>PRIME BROKER AND CUSTODIAN</b>	NorthPoint Trading Partners A ConvergeEx Company 11175 Cicero Drive, Suite 575 Alpharetta, GA 30022 Tel: [REDACTED] Fax: [REDACTED]
<b>AUDITORS</b>	McGladrey & Pullen, Cayman 2 <sup>nd</sup> Floor Harbour Place Georgetown PO Box 10311 Grand Cayman KY1-1003 Tel: [REDACTED] Fax: [REDACTED]
<b>US LEGAL COUNSEL TO THE FUND AND INVESTMENT ADVISER</b>	Holland & Knight LLP 200 South Orange Avenue Suite 2600 Orlando, Florida 32801 USA Tel: [REDACTED] Fax: [REDACTED]
<b>CAYMAN ISLANDS LEGAL COUNSEL TO THE FUND AND INVESTMENT ADVISER</b>	Maples and Calder PO Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands Tel: [REDACTED] Fax: [REDACTED]

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## DEFINITIONS

Where used in this Memorandum, the following expressions have the meanings set forth below unless the context otherwise requires.

<b><u>Term</u></b>	<b><u>Definition</u></b>
"Administration Agreement"	the agreement entered into between the Fund and the Administrator.
"Administrator"	G&S Fund Services
"Articles"	the articles of association of the Fund.
"Book Value"	means the original price at which the illiquid investment was purchased (adjusted for amortizations of premiums or discounts, reserves, principal amortization or other factors) or, with respect to an existing investment that becomes an illiquid investment, the value of the investment immediately preceding the time it became an illiquid investment.
"Business Day"	any day, other than Saturday or Sunday, on which banks are open for business in the Cayman Islands and the United States.
"Code"	the United States Internal Revenue Code of 1986, as amended.
"Dealing Day"	has the meaning set forth on page 62.
"Directors"	the members of the board of directors of the Fund for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time.
"Fund"	The Grayson Fund (Cayman) Ltd., a Cayman Islands exempted company limited by shares.
"Incentive Allocation"	the incentive allocation payable by the Master Fund to the Master Fund General Partner.
"Initial Offering Period"	the initial offering period during which the Shares are offered for subscription at a fixed price which will begin at the date of this Memorandum and end on the thirtieth day thereafter, unless extended by the Administrator.
"Investment Adviser"	The Grayson Fund Management Company, LLC
"Investment Advisory Agreement"	the agreement entered into between the Fund and the Investment Adviser.
"Investor"	a registered holder of Shares.
"Management Fee"	the management fee payable by the Fund to the Investment Adviser.
"Management Shares"	voting, non-participating shares of par value US\$1.00 each in the capital of the Fund.
"Master Fund"	The Grayson Master Fund (Cayman), LP
"Master Fund General Partner"	The Grayson Fund General Partner, LLC
"Net Asset Value"	the net asset value of the Fund or of a series, as appropriate, determined in accordance with the Articles.
"Net Asset Value per Share"	shall equal, in relation to any series, the Net Asset Value attributable to such series divided by the number of Shares of such series outstanding.
"Placement Fee"	a fee that may be charged by a Placement Agent.
"Prime Broker and Custodian"	NorthPoint Trading Partners, a ConvergeX Company

SEC	the United States Securities & Exchange Commission
"Shares"	non-voting, redeemable participating shares of par value US\$0.01 each in the capital of the Fund.
"Shareholder"	a registered holder of Shares.
"Subscription Agreement"	the subscription agreement provided to prospective investors for Shares.
"U.S. Advisers Act"	the United States Investment Advisers Act of 1940, as amended.
"U.S. Company Act"	the United States Investment Company Act of 1940, as amended.
"U.S. Securities Act"	the United States Securities Act of 1933, as amended.

## SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere in this Information Memorandum. Prospective investors in the Fund should read the entire Information Memorandum, the Articles and the Subscription Agreement before making a decision to invest in the Fund.

### *The Fund and Master Fund:*

The Grayson Fund (Cayman) Ltd. (the "Fund") is a Cayman Islands exempted company incorporated with limited liability on [INSERT DATE]. The sole director of the Fund is Alan Grayson. The Fund will invest directly in securities as more particularly set forth herein. The Fund does not intend to register under the U.S. Securities Act, as amended, and U.S. Company Act.

The Fund currently intends to conduct all of its investment and trading activities through The Grayson Master Fund (Cayman), LP, a Cayman Islands exempted limited partnership registered under the Exempted Limited Partnership Law (as revised) of the Cayman Islands (the "Master Fund"), for which The Grayson Fund General Partner, LLC serves as general partner (the "General Partner") and the Investment Adviser (defined below) serves as the investment adviser. Neither the General Partner nor the Investment Adviser is registered as an investment adviser under the U.S. Adviser's Act, or any similar state or international law. The Master Fund is not a regulated mutual fund for the purposes of the Mutual Funds Law (Revised) of the Cayman Islands. The Master Fund is exempt from registration with the Cayman Islands Monetary Authority ("CIMA") pursuant to section 4(4) of that law, which exempts mutual funds where the equity interests in each such fund are held by not more than fifteen investors, the majority of whom are capable of appointing and removing the operator (which, in the case of the Master Fund, means the General Partner) of such fund. The General Partner has the general authority to operate the business of the Master Fund and has delegated investment discretion over the Master Fund's assets to the Investment Adviser. The Master Fund will issue its interests to, and act as a central investment mechanism for, the Fund and one or more other investment vehicles or feeder funds including The Grayson Fund, LP, which has been formed to meet the needs of U.S. Investors. The Fund will own one class of interests of the Master Fund, which may create additional series or classes of interests, having the same or different terms as the class owned by the Fund, for additional investors or feeder funds in the future. While the Fund's investment activities will be conducted indirectly (through its investment in the Master Fund), the Fund will not be precluded from subsequently making direct investments consistent with the investment program described in this Memorandum. Documents related to the Master Fund are available upon request.

Neither the Fund nor Master Fund intend to register under the U.S. Company Act, as amended (the "Company Act"), by virtue of section 3(c)(1) thereunder.

THE PROVISIONS REFERENCED TO THE FUND WITHIN THIS MEMORANDUM MAY ALSO BE DEEMED TO APPLY, AND SHOULD BE READ TO APPLY EQUALLY, TO THE MASTER FUND AND/OR VICE VERSA, WHERE RELEVANT.

### *Investment Adviser:*

The Grayson Fund Management Company, LLC, a limited liability company organized under the laws of Delaware on April 19, 2011, serves as the Fund's investment adviser. Alan Grayson and/or related family entities or persons are the sole members of the Investment Adviser. The Investment Adviser is not registered as an investment adviser under the U.S. Adviser's Act, or any similar state or international law. Pursuant to the Investment Advisory Agreement, the Investment Adviser is responsible for various fund related matters, including: (i) monitoring the Fund's investments and deciding on the securities to be purchased and sold by the Fund consistent with the Fund's investment objectives; and (ii) making all other decisions with respect to the

Fund's portfolio in accordance with the Investment Advisory Agreement. Alan Grayson (or his designee) will have primary responsibility for the Investment Adviser's responsibilities to the Fund under the Investment Advisory Agreement. Todd Jurkowski will generally oversee marketing, investor relations and certain administrative activities for the Fund. The Investment Adviser may, in its sole discretion, appoint one or more sub-advisers. See "The Investment Adviser."

The Investment Adviser, in consultation with the Directors, reserves the right to alter or modify some or all of the investment strategies of the Fund without notice to Investors.

See also "Investment Adviser Fees and Fund Expenses."

**References in this Information Memorandum to the Investment Adviser and/or Administrator should be construed as being references to the Directors and/or the General Partner of the Master Fund, and vice versa, as the context requires.**

*Advisory Board:*

The Investment Adviser currently intends, but is not required, to establish an advisory board (the "Advisory Board") to regularly and periodically provide such advice and counsel as is requested by the Investment Adviser in connection with general business and/or other matters related to the Fund and Master Fund (currently expected to include, but not be limited to, Master Fund policies and investment strategies); the members of the Advisory Committee shall be appointed and removed in the sole discretion of the Investment Adviser and are currently expected to include affiliates of the Investment Adviser (namely, employees), but may also include, in the sole discretion of the Investment Adviser, Investors and unrelated third parties (which may pose certain conflicts of interest). The Investment Adviser will retain ultimate responsibility for all decisions relating to the operation and management of the Fund and Master Fund, including investment decisions.

*Investment Objective & Strategy:*

The Fund's investment objective, under normal market conditions, is to seek capital appreciation by investing and/or trading in securities. The Fund currently intends, but is not required, to accomplish its investment objective by investing and/or trading in both U.S. and non-U.S. securities. See "Certain Risks of Foreign Securities" below under "CERTAIN RISK FACTORS". However, notwithstanding the foregoing, the Investment Adviser retains broad investment flexibility and may change the foregoing practices and policies at any time without notice to Investors. Accordingly, the Fund may invest and/or trade, on margin and otherwise, directly or indirectly, long and short, in public and private investments or securities, whether U.S. or non-U.S. issued, including without limitation, equities, common stock, preferred stock, convertible securities and debentures, exchange traded funds ("ETFs"), exchange traded notes ("ETNs"), "new issues" (i.e. initial public offerings), restricted securities, private placements, illiquid securities, mezzanine and hybrid securities, American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs"), Global Depositary Receipts ("GDRs"), Holding Company Depositary Receipts ("HOLDRs"), New York Registered Shares ("NYRs"), American Depositary Shares ("ADSs"), options (including, but not limited to, purchasing put and call options and writing put and call options), swaps, warrants, rights, caps, floors, collars, commodities (including any futures and options on futures), currencies and spot contracts, forward contracts on currencies and commodities, repurchase agreements, reverse repurchase agreements, other funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with the Investment Adviser), collateralized debt obligations ("CDOs") (which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs"), collateralized commodity obligations ("CCOs") and other similarly structured securities), asset backed securities, mortgage backed securities, real estate securities, direct or indirect investments in real estate, mortgage dollar rolls, guaranteed investment contracts ("GICs"), funding agreements, fixed-income

securities, corporate bonds and notes, high yield fixed income securities and junk bonds, municipal obligations, U.S. government agency obligations, U.S. government securities, U.S. Treasury obligations, inflation-indexed bonds, auction rate certificates or securities ("ARS"), pay-in-kind securities, receipts, senior loans, structured notes, step coupon bonds ("STEPS"), tender option bonds, variable and floating rate instruments, zero coupon bonds, commercial paper and other cash equivalents, bank obligations, banker acceptances, certificates of deposit, demand instruments, time deposits, and other instruments and investments, in each case of every kind and character, whether or not commonly defined or registered as a "security" (collectively "**Securities**"), and may lend funds or assets and borrow money, with and without collateral. The Fund will not be subject to specific percentage limitations with respect to any style, country, region, Security, issuer, or industry. Accordingly, the Fund may, from time to time, invest and/or trade, on margin and otherwise, long and short, a substantial portion of the Fund's assets into any one of the Securities described herein, or any single issuer thereof. Furthermore, there is no limit as to the percentage of an issuer's Securities that the Fund may own. Positions in Securities may be held for very short periods, even as little as a portion of one day. Any such turnover may increase transaction costs and lead to realization of taxable gain. In addition, the Fund may from time to time, for temporary or defensive or other purposes, invest up to 100% of its assets directly or indirectly in cash, cash equivalents, bank deposits, and/or similar instruments, including short-term high quality obligations of corporate issuers or the United States or other Government (including any agencies or instrumentalities thereof).

The Investment Adviser will not necessarily do any or all of the foregoing in all cases when selecting or purchasing investments and may use other means in selecting and purchasing investments without notice to Investors.

There can be no assurance that the Fund will achieve its investment objectives. See "CERTAIN RISK FACTORS".

*Leverage & Derivatives*

The Fund reserves the right to borrow money, utilize margin, or utilize any financial instruments necessary (including, but not limited to, swaps, options, repurchase agreements, forward contracts, and other derivative instruments) for any purpose, including, but not limited to: (1) leveraging Fund assets for any purpose, including, but not limited to, enhancing the Fund's returns, if any; (2) seeking to hedge the Fund's investments and/or other assets; and (3) making speculative investments. The use of leverage entails substantial risks. See "Risks of Leverage & Derivatives" under "CERTAIN RISK FACTORS".

*Offering:*

The Fund is offering non-voting, redeemable participating shares on the terms described in this Memorandum, the Articles and the Subscription Agreement. The Shares are being offered hereby in a private placement generally to non-US Persons and tax-exempt US Persons who are who are "accredited investors" as defined under Rule 501 of Regulation D of the U.S. Securities Act of 1933, as amended. In order to allocate any Incentive Allocations payable by the Fund to the Master Fund General Partner equitably among investors, the Shares will be issued in separate series. Shares offered during the Initial Offering Period shall be Series 1 Shares. Shares issued on following Dealing Days including, but not limited to, Shares issued to the same subscriber, will be issued in separate series. The minimum investment for an Investor is \$500,000 (USD). The minimum additional investment is \$100,000 (USD). No Investor will be required or obligated to contribute any capital in addition to its initial investment. There currently is no minimum limits for total capital contributions to the Fund; the current maximum limits for total capital contributions to the Fund is \$1 billion (USD). The Initial Offering Period will begin as of the date of this Information Memorandum and end on the thirtieth day thereafter, unless extended by the Administrator. During the Initial Offering Period, the Shares will be offered for subscription at an issue price of \$100.00 per share and this price will not be adjusted to reflect any intervening event or investment by the Fund. After the Initial



Offering Period, Shares will be offered on monthly subscription dates on the first Business Day of each calendar month (each, a "Dealing Day") at a price equal to the Net Asset Value per Share of Series 1 Shares. The Fund may begin operations without receiving any prescribed minimum amount of capital from Investors. Significant portions of the Fund's capitalization may, but is not required to, consist of investments by the Investment Adviser and its affiliates.

In order to subscribe for Shares, a prospective investor must complete and deliver to the Administrator the Subscription Agreement by 12:00 P.M. U.S. Eastern Standard Time at least three Business Days prior to the Dealing Day on which the Investor desires to purchase Shares; Investors must effect payment for the Shares subscribed for, if paying by wire, by 12:00 P.M. U.S. Eastern Standard Time at least one Business Day prior to the Dealing Day on which the Investor desires to purchase Shares. All investments in Shares must be made in readily available federal funds, or, at the sole discretion of the Investment Adviser, other property. The Investment Adviser reserves the right to reject any subscription in its entirety, for any reason whatsoever, or to allocate to any subscriber a lesser number of Shares, or fractions thereof, than it has offered to purchase. The Directors, after consultation with the Investment Adviser, may suspend or terminate the offering of Shares in their sole discretion at any time. See "Subscription for Shares."

The Investment Adviser and its principals may, but are not required to, invest in the Fund.

Notwithstanding any other statement herein, each Investor may have different economics and/or holdings within the Fund by special Series or Classes of Shares.

*Initial Offering Period:* The Initial Offering Period is expected to commence on [\_\_\_\_\_, 2011], or an earlier or later date if the offering has been moved up or extended, respectively, in either case at the sole discretion of the Investment Adviser.

*Term:* The Fund's business shall commence upon the Initial Offering Period and shall continue until all outstanding Shares have been redeemed in accordance with the Memorandum and the Articles.

*Risks:* Investment in the Shares entails a significant degree of risk, including without limitation, the risk of loss of the entire amount invested, allocation risk, liquidity risk, and delays and risks associated with the use of leverage. In analyzing the offering, prospective investors should carefully consider the risks disclosed in various sections of this Information Memorandum, including, without limitation, under the caption "CERTAIN RISK FACTORS." Prospective investors should have the financial ability and willingness to understand and accept the risks, including the potential risk of losing all or a portion of their investment, and limited liquidity involved in an investment in the Fund. There is no assurance that the investment objective of the Fund will be met and results may vary substantially over time. See "CERTAIN RISK FACTORS."

*Administrator:* G&S Fund Services serves as the Fund's administrator. Pursuant to the Administrative Agreement, the Administrator is responsible for the day-to-day administration of the Fund, including maintenance of the Fund's books and records, accepting subscriptions for Shares, accepting requests for redemptions, preparation of reports to Shareholders, responding to Shareholder inquiries relating to the Fund and the determination of the Net Asset Value of the Fund.

*Brokerage* The choice of brokers and dealers employed in connection with the investment and reinvestment of the assets of the Fund is exclusively within the control and discretion of the Investment Adviser. In its selection of brokers and dealers to effect Fund transactions, the Investment Adviser may not necessarily seek best net price and best execution for its transactions. The Investment Adviser will have no obligation in

selecting a broker or dealer to seek competitive bids, the lowest available commission costs, or best execution. The Fund may not be the direct or exclusive beneficiary of any ancillary or related services provided by brokers and another broker or dealer may be willing to charge a lower commission on a particular transaction. The Investment Adviser, on behalf of the Fund, may enter into brokerage arrangements pursuant to which the Fund allocates transactions to a particular broker-dealer in consideration of fees due to the broker-dealer in connection with research or other products or services provided to the Fund. Such services may include the sale of Shares by the broker-dealer. In connection with such arrangements, the Fund may pay a brokerage commission in excess of that which another broker might charge for executing the same transaction. See "BROKERAGE COMMISSIONS; RESEARCH AND OTHER SERVICES".

*Prime Broker and  
Custodian:*

The Investment Adviser may appoint one or more financial institutions (each a "Prime Broker") as the prime broker for the Fund. To the extent that the Fund does not hire a prime broker, the Fund's executing broker who provides trade execution, which may include clearing and settlement, will act as custodian. Credit Suisse will serve as the Prime Broker and custodian of the Fund's securities. Generally, portfolio transactions for the Fund will be cleared through the brokerage accounts maintained by the Fund with the Prime Broker or such other brokerage firm(s) selected by the Investment Adviser. Unless the Fund hires a separate custodian, any Prime Broker (or its affiliates) generally also will provide or arrange for custody for the assets of the Fund. The Prime Broker will be independent of, and not affiliated with, the Fund, or the Investment Adviser or their respective principals. Any other brokerage firms retained by the Investment Adviser for the Fund may contract with the Fund and the Prime Broker to act as sub-custodians in respect of all Fund assets held by or to the order of each such broker and thereby assume sole responsibility for such assets. The Prime Broker will act pursuant to its standard form agreements relating to the operation of brokerage accounts (the "Brokerage Agreement") entered into between the Fund and the Prime Broker. The Prime Broker will not be responsible for the custody of any Fund assets that have been transferred to an authorized transferee, such as a broker where the Fund maintains its trading accounts.

From time to time, certain conflicts of interest between the Fund on one hand, and the Prime Broker and its affiliates on the other hand, may arise. The Prime Broker and its affiliates may also engage in business activities, other than those of the Fund, whether or not such activities are competitive with the Fund. Furthermore, the Prime Broker and its affiliates may make investment decisions for other clients which are contrary to positions taken on behalf of the Fund.

*Additional Information:* Prospective Investors are invited to meet with the Investment Adviser for a further explanation of the terms and conditions of this offering of Shares in the Fund and to obtain certain additional information necessary to verify the information contained in this Information Memorandum. Requests for such information should be directed to the Investment Adviser at the address set forth in the Directory.

*Management and  
Incentive Allocations:*

The Fund shall pay the Investment Adviser, as compensation for its services, a management fee (the "Management Fee") payable quarterly in advance, at an annual rate of 2.00% of the Net Asset Value of the Fund (before fees have been assessed), pro rated for any permitted mid-quarter investments. Investors will only incur one Management Fee with respect to the Investment Adviser, which is currently expected to occur at the Fund level and not at the Master Fund level. However, in the sole discretion of the Investment Adviser, the Management Fee may be waived at the Fund level and incurred at the Master Fund level at any time.

The Master Fund General Partner will be allocated for each calendar quarter, for each limited partner of the Master Fund (e.g. the Fund), an amount equal to 20% of the Master Fund's profit (including unrealized gains and adjusted for Management Fees

and other expenses paid at the Fund level but not reflected in the balances of Master Fund capital accounts (i.e. the Fund's capital account)) credited to such partner's capital account in such quarter, subject to a loss carryforward or "high water mark" provision (the "Incentive Allocation"). The profit or loss of the Master Fund for a given accounting period will be the net investment income, plus the realized and unrealized gain or loss on investments from the beginning to the end of the relevant accounting period (after deduction of the Management Fee and other expenses accrued or reimbursable to the Master Fund General Partner). The Fund may keep track of each Investor's high water mark and pro rata part of the Incentive Allocation based on each Series of Share's such Investor owns.

Investors will only incur one Incentive Allocation with respect to the Master Fund General Partner, which is currently expected to occur at the Master Fund level and not at the Fund level. However, in the sole discretion of the Directors and/or Master Fund General Partner, the Incentive Allocation may be waived at the Master Fund level and incurred at the Fund level (payable to the Investment Adviser) at any time.

The Master Fund General Partner and/or Investment Adviser may waive or modify, in whole or in part, its Management Fee and/or Incentive Allocation for any account, including those of an affiliate or family member of the Investment Adviser or its principals.

*Organizational & Offering Expenses*

All offering and organizational expenses will be paid by the Fund or paid by the Investment Adviser and reimbursed by the Fund, amortized over a maximum period of sixty months. Such practice may not be in accordance with generally accepted accounting standards or such other industry accepted accounting standard. The Fund will be required to pay its pro rata portion of such expenses of the Master Fund.

*Other Fees & Expenses*

The Investment Adviser may, within its sole discretion, pay a fee or commission ("Sales Commission") to registered brokers or others who initiate sales of Shares. The Investment Adviser and not the Fund is currently expected to pay such expenses, and sellers of the Fund may charge fees to Investors directly. Such payments may pose conflicts of interest. See "CONFLICTS OF INTEREST".

The Investment Adviser will make personnel and facilities available to the Fund (some of which may be compensated or reimbursed by the Fund for administrative assistance) and may hire providers of ongoing accounting, administration and reporting functions at Fund expense.

The Investment Adviser will pay all of its own ordinary administrative and overhead expenses in managing Fund investments, including salaries, benefits and rent.

Except as noted above, the Fund will pay, from its own assets, all other expenses attributable to the activities of the Fund, including but not limited to: fees, costs, brokerage commissions, research services and products (including the research services and products of the type more fully described under BROKERAGE COMMISSIONS), and other expenses (including travel costs) related to the purchase and sale of investments; expenses for custodians, outside counsel and accountants; printing; mailing; insurance for the Investment Adviser; any litigation expenses; any taxes, fees or other governmental charges levied against the Fund; and any other expenses not expressly agreed to be paid by the Investment Adviser. The Fund will be required to pay its pro rata portion of such expenses of the Master Fund. Such expenses may be significant and potentially exceed the Management Fee.

*Net Asset Value:*

The Net Asset Value of the Fund means the Fund's assets, at fair value, less its liabilities at fair value and any accrued but unpaid expenses. Net Asset Value will be calculated separately with respect to the Fund's different series of Shares.

Management fees, incentive allocations and other expenses specific to a particular series of Shares will be accrued and allocated separately. Common fees and expenses will be allocated among series based on respective Net Asset Values. Net Asset Value per Share of any series shall equal the Net Asset Value attributable to such series divided by the number of Shares of such series outstanding. The Fund's Net Asset Value as of any Dealing Day shall be calculated by the Administrator as of the close of business on the immediately preceding Business Day. See "Net Asset Value Determination."

*6 Month Lock-Up Period*

Shares purchased, whether by newly accepted subscribers or existing Investors, may not be redeemed, either in whole or in part, until six (6) months after the "Purchases" of such Shares are made (the "Lock-Up Period"), unless otherwise permitted in the sole discretion of the Investment Adviser. For purposes of this paragraph, "Purchases" mean receipt by the Investment Adviser or its delegate of the initial or additional purchases of Shares by Investors. Each Purchase will be subject to its own Lock-Up. The Fund may use a First In First Out approach for determining the age of Purchases. Once Shares have, or will have, been held for their complete Lock-Up Period, unless otherwise permitted in the Investment Adviser's sole discretion, such Shares may be redeemed subject to the other terms generally applicable to redemptions specified in this Memorandum and in the Articles.

*Redemptions:*

Once the Lock-Up Period no longer applies to the Shares, and subject to the potential limitations discussed in this Memorandum and under "Designated Investments", a Shareholder may, upon written notice to the Investment Adviser not less than one hundred twenty (120) days prior to the end of any calendar quarter or such other time as the Investment Adviser may determine, redeem any or all of its Shares following the close of business of the last business day of such quarter, or as otherwise permitted by the Directors (the "Redemption Date"), at the Net Asset Value per Share of the relevant series as of such Redemption Date, adjusted if necessary for any unallocated Incentive Allocation, less reserves determined in good faith by the Investment Adviser and less any accrued, but unpaid, Management Fee and Fund expenses. Redemption requests shall be sent in writing and will be processed in the order received by the Administrator. A notice of redemption is irrevocable, except as provided in the sole discretion of the Investment Adviser. The minimum redemption amount is \$100,000, subject to waiver in the Investment Adviser's discretion. If after giving effect to a partial redemption, the value of the shareholder's remaining Shares would be less than \$100,000, the Administrator may treat any such request as a request for redemption of all the Shares registered in the name of such Shareholder [IS THIS REQUIRED UNDER CAYMAN LAW?]. The Administrator may not effect aggregate redemptions in excess of 15% of the Net Asset Value of the Fund as of any given Redemption Date. Such a percentage limit is often referred to as a "Gate". If Shareholders request redemptions for any Redemption Date which, in the aggregate, exceed 15% of the Net Asset Value of the Fund, then each Shareholder requesting a redemption shall be permitted to redeem a pro-rata portion of its requested redemption amount so that the total of all such redemptions equals 15% of the Net Asset Value of the Fund. Redemption requests received after the required 120 day notice period has passed, and redemptions which are not permitted due to the aggregate 15% gate limitation described above, will be deemed cancelled and must be resubmitted if the Investor continues to desire a redemption. This limitation on redemptions may result in a Shareholder not being able to redeem Shares as of a desired Redemption Date and may cause a Shareholder to redeem, if it continues to desire to make a redemption, such Shares at a later Redemption Date on which the Fund's Net Asset Value may be lower. In addition, a redemption will generally not be permitted if, immediately following such redemption, Benefit Plan Investors would hold 25% or more of the Shares in the Fund (or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines).

Under normal market conditions, at least 90% of the Net Asset Value of the redeemed Shares will be paid, in cash or in kind in the discretion of the Investment Adviser, within 30 days following the applicable Redemption Date with the balance generally to be paid within sixty (60) days after finalization of the annual audit, subject to reserves and any necessary adjustments. No interest shall be paid for the period between the effective date of redemption and any date of payment.

Notwithstanding any other statement herein, the Directors, in consultation with the Investment Adviser, may limit or prohibit redemptions, notwithstanding whether or not valuation of the Fund's Net Asset Value has been suspended, including under extraordinary or emergency circumstances or if, in their discretion, such redemptions would not be in the best interests of the Fund or maximize the return available by having to sell an investment to satisfy such redemptions; in addition to the foregoing reasons, in the sole discretion of the Directors, in consultation with the Investment Adviser, the Fund may also refuse requests for redemptions or delay redemptions or payments if the Master Fund suspends or limits redemptions with respect to the Fund or if the Fund is not sufficiently liquid, which shall be determined in the sole discretion of the Directors, in consultation with the Investment Adviser. In any of the foregoing circumstances, the Management Fee and Incentive Allocation will still be applied to the Shares (including based on estimates of the Fund's Net Asset Value in the event that redemptions and/or valuation of the Fund's assets are suspended).

The Investment Adviser may use its authority to redeem an Investor and to pay redemptions in kind to form and distribute interests in special purpose or liquidating vehicles holding certain illiquid Fund assets, which may have a similar impact to suspending redemptions without actually doing so. Notwithstanding any other statement herein, the Directors and/or Investment Adviser may treat some Investors differently (i.e. giving preferential terms and rights to one or more Investors, as permitted in the sole discretion of the Directors and/or Investment Adviser) with respect to dividends and redemptions at any time, including during times when redemptions have been otherwise suspended with respect to the Fund as a whole.

The Fund may, but is not obligated to, hold un-invested cash, sell investments or borrow in order to honor redemptions.

The Fund's ability to make redemptions will be in large part dependent upon the Fund receiving redemptions from the Master Fund.

The Investment Adviser may, at its sole discretion, expressly waive any of the foregoing restrictions for any Investor, including, but not limited to, the Lock-Up Period and 15% "Gate" limitation. See "Redemptions."

*Designated  
Investments:*

The Investment Adviser may designate some or all of the investments held directly or indirectly by the Fund as "Designated Investments" (an accountant sometimes refers to Designated Investments as "side pockets") if such investments are, in the judgment of the Investment Adviser, long-term, illiquid and/or without a Readily Ascertainable Market Value (defined below). At the time an investment, whether existing or newly acquired, is marked as a Designated Investment, the Fund may issue Shares with respect to such Designated Investment to each Shareholder who is a Shareholder at the time when the Fund marks such investment as a Designated Investment. An illiquid or other investment will generally, but is not required to, be maintained on the Fund's books as a Designated Investment until such Designated Investment has a "Readily Ascertainable Market Value", which means a value is established (or re-established, as the case may be) when (i) a Designated Investment becomes liquid (including, without limitation, when there is trading activity, over-the-counter or otherwise, of the securities constituting the Designated Investment which activity the Investment Adviser determines, in its sole discretion, reasonably values the Designated Investment), (ii) a Designated Investment is disposed of by the Fund at arms-length for consideration other than for another Designated Investment, or (iii)

circumstances otherwise exist that, in the sole discretion of the Investment Adviser, a value other than Book Value or a prior Recently Ascertainable Market Value (including, without limitation, when a certain passage of time occurs or when additional securities substantially similar to the Designated Investment have been issued by the issuer of the Designated Investment) can be reasonably established. Accordingly, the Investment Adviser may adjust the value of a Designated Investment in circumstances in which there is not a traditional "value event". Designated Investments may include cash reserves as determined prudent by the Investment Adviser to support such investments or provide for follow-on investments. Notwithstanding any other statement herein, the Investment Adviser may, in its sole discretion, maintain an investment as a Designated Investment whether or not such Designated Investment has a Readily Ascertainable Market Value. The Management Fee and Fund expenses will apply to, and be charged against, Shares attributed to a Designated Investment based upon the lower or higher of Book Value or fair value assigned to such Shares, as determined in the sole discretion of the Investment Adviser (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The Incentive Allocation will immediately apply to any profit attributable to a Designated Investment. A follow-on investment to a Designated Investment shall be treated as an independent Designated Investment.

In the event that an Investor redeems all or some of its Shares prior to the sale or other disposition of such Designated Investment(s) in which such Investor participates, unless the Investment Adviser determines otherwise, such Investor's Shares attributable to such Designated Investment(s) may be maintained and not redeemed until the sale or other disposition of such Designated Investment(s) by the Fund. In such event, for so long as the Fund continues to own or hold such Designated Investment(s), such Investor would (a) remain entitled to receive its allocable share of the gains, losses and expenses (i.e. Fund expenses) related thereto but (b) would be a Shareholder in the Fund only to the extent of its interest in Shares attributable to such Designated Investment(s).

In its sole discretion, the Investment Adviser instead may allow or require an Investor to redeem, in cash or in kind, its Shares attributable to a Designated Investment. If such a redemption is made, the redeeming Investor will have no further participating interest in such Designated Investment and the Investment Adviser may elect to mark, in its sole discretion, the value of the redeemed Shares in such Designated Investment as of the Redemption Date at the lower or higher of Book Value or fair value (with an option to mark the value of the redeemed Shares in such Designated Investment as of the Redemption Date at fair value). In any case, especially if the lower value is used, such redeemed Shares may not reflect the full value realizable over time by the Fund from the holding of the Designated Investment.

*ERISA Considerations:* Shares in the Fund may, subject to certain conditions described herein, be sold and transferred to pension plans or similar retirement accounts ("Benefit Plan Investors"). A fiduciary of any Benefit Plan Investor that proposes to cause such Benefit Plan Investor to acquire any Shares in the Fund should consult with its own legal counsel with respect to the applicability of The Employee Retirement Income Security Act of 1974 ("ERISA") and the Code to such investment, including the availability of any prohibited transaction exemption. Prospective purchasers and subsequent transferees of Shares in the Fund will be required to make certain representations regarding compliance with ERISA. The Fund intends to keep the Shares of Benefit Plan Investors to less than 25% of Fund assets (excluding Shares of the Investment Adviser and affiliates) or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines. Notwithstanding the preceding limits on the amount of equity participation in the Fund by Benefit Plan Investors, the Investment Adviser reserves the right to allow such equity participation by certain benefit plans (e.g. individual retirement accounts and Keogh plans) to exceed 25% or any other amounts deemed "significant", provided that at such time, no equity participation in the Fund is owned by a person or plan subject to ERISA. Furthermore, regardless of whether equity participation in the Fund

is owned by a person or plan subject to ERISA, under no circumstance will equity participation in the Fund by government plans, non-U.S. plans, and non-electing church plans be counted toward such 25% limitation or limited with respect to their equity participation in the Fund. See "ERISA Considerations."

*ERISA Reporting:*

Compensation related disclosures in this Memorandum are intended to satisfy the "alternative reporting option" described by the Department of Labor with respect to Schedule C of Form 5500.

*Limitations on Resale:*

The Shares may not be transferred unless, among other things, registered where relevant or an exemption from such registration is available. The Fund is not registered in any jurisdiction outside the Cayman Islands and the Shares are not for sale in any country in which such sale is prohibited or requires registration. Investors should consult their own counsel with respect to the laws of their home jurisdiction governing investment in the Fund. Regardless of any exemption from registration that may exist, except as otherwise provided in the Articles, the Shares may not be sold, transferred, assigned, pledged, or otherwise hypothecated or disposed of, in whole or in part, without the prior written consent of the Directors, which consent may be withheld in the Directors' sole discretion, and any attempt to do so shall be null and void. In addition, no Shares in the Fund may be transferred if such transfer would result in Benefit Plan Investors holding 25% or more of the Shares in the Fund (or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines).

*Orderly Realisation:*

The Investment Adviser may make a determination that the investment strategy should no longer be continued and the Fund may then be managed with the objective of returning the Fund's assets to the Investors in an orderly manner (an "Orderly Realisation"). The Directors may, in such circumstances, resolve to effect an Orderly Realisation should it determine that doing so is in the best interests of the Fund's shareholders. Such Orderly Realisation shall not constitute a dissolution or winding up of the Fund for any purposes, but rather only the continued management of the Fund's portfolio so as to reduce such portfolio to cash (to the extent reasonably practicable) and return such cash as well as all other assets of the Fund to the Investors.

The Directors, in consultation with the Investment Adviser, shall establish what it considers to be a reasonable time by which the Orderly Realisation should be effected (the "Realisation Period"). Any resolution to undertake an Orderly Realisation and the process thereof shall be deemed to be integral to the business of the Fund and may be carried out without a formal liquidation of the Fund. Please also refer to the General Information section of this Memorandum. Management Fees shall be payable during an Orderly Realisation.

*Tax Considerations:*

Potential investors are not to construe the contents of this Information Memorandum or any prior or subsequent communications from the Fund or any of its directors, officers or agents as financial, legal or tax advice. Potential investors are advised to consult their own tax advisers as to the consequences of an investment in the Fund under the tax laws of the countries of their incorporation, citizenship, residence or domicile, including the consequences of the sale or redemption of Shares, and the effect, if any, of withholding taxes or other taxes imposed on interest or dividend income, if any, received by the Fund or gains realized by the Fund. See "Tax Considerations."

**NOTICE PURSUANT TO IRS CIRCULAR 230:** THIS DISCUSSION IS NOT INTENDED OR WRITTEN BY THE FUND OR ITS COUNSEL TO BE USED, AND

CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED UNDER U.S. TAX LAWS. THIS DISCUSSION IS PROVIDED TO SUPPORT THE PROMOTION OR MARKETING BY THE FUND OF THE SHARES OFFERED HEREBY. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR CONCERNING THE POTENTIAL TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES.

*Conflicts of Interest:*

Certain potential conflicts of interest between the Fund on the one hand, and the Investment Adviser, the Administrator, the Prime Broker and Custodian, the Directors, and/or their affiliates on the other hand, may arise.

The Investment Adviser and its affiliates may also engage in business activities, other than those of the Fund, whether or not such activities are competitive with the Fund. In some cases, the Investment Adviser may cause the Fund to do business with its affiliates.

The Investment Adviser and its affiliates may make investment decisions for other clients which are contrary to positions taken on behalf of the Fund.

*Dividend Policy:*

All Shares have the right to participate in any dividends declared by the Fund, however the Fund does not anticipate that any dividends or other distributions will be paid to shareholders out of the Fund's current earnings and profits, but rather such income will be reinvested. If, in the sole discretion of the Fund's Directors, a distribution is made, it will generally be made in proportion to the Net Asset Value of the Shares. The Fund's ability to pay distributions will be in large part dependent upon the Fund receiving distributions or redemptions from the Master Fund. However, notwithstanding any other statement herein, the Directors may make distributions at any time to some or all Investors as determined in their sole discretion (including based on estimated values with respect to Designated Investments or Fund assets generally when it is not reasonable for the Fund to fairly determine the value of the Fund's assets). While generally distributions will be made in cash, the Fund may make distributions in kind if the Directors, in their sole discretion, determine that it is appropriate to do so. Such distributions may be made, for example, if significant redemptions are requested at a time when the Fund is unable to liquidate positions or is able to liquidate positions only at prices which the Fund believes do not reflect the true value of such positions and would adversely affect the Investors.

*Financial Statements:*

The Fund will have a December 31 fiscal year end. Audited financial statements for the Fund will generally be available within 120 days, if available, after each fiscal year end or as soon as reasonably practicable thereafter. Notwithstanding any other statement herein, the Fund's first audit will not be provided until after December 31, 2012 and will include the relevant portion of the Fund's fiscal calendar year for 2011 and all of the Fund's fiscal calendar year for 2012. Requests for copies of audited financial statements of the Fund should be directed to the Administrator. Unaudited monthly account statements will be sent to Shareholders.

*Valuation of the Fund's Assets*

The Fund's liquid assets, as determined in the sole discretion of the Investment Adviser, will be valued monthly, or more frequently if there are permitted mid-month investments or redemptions. For liquid assets (i.e. securities with readily available market quotations), valuations will generally be based upon the closing price or final bid price for a security held long and asked price for a short position on the applicable exchange or market as of the close of business. For purposes of the Fund's annually audited financial statements, the Investment Adviser or its delegate will try to



determine the fair value of any illiquid assets of the Fund (i.e. securities without readily available market values, including, but not limited to, any Designated Investments) at least annually. However, for purposes of the accounting of the Net Asset Value of the Fund, the Fund may carry illiquid assets at the lower or higher of Book Value or fair value, as determined in the sole discretion of the Investment Adviser (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards.

The Investment Adviser, or its delegate, may further adopt, in connection with the foregoing, valuation methods and procedures or override valuations provided by methods described above when it deems such prices unreliable.

The value of the Fund's assets will generally equal the value of the Fund's pro-rata interest in the Master Fund's assets reduced by the applicable Fund and Master Fund level fees and expenses. Accordingly, the foregoing valuation practices should be read to apply equally to the Master Fund's assets.

*Eligible Investors:* The Directors, in their sole discretion, have the right to restrict or prevent the ownership of Shares by any person, firm or corporate body. See "Subscription for Shares."

*Fiscal Year:* The Fiscal Year of the Fund is December 31 of each calendar year.

*US Counsel:* Holland & Knight LLP acts as counsel to the Fund, Master Fund, and the Investment Adviser. Holland and Knight LLP does not represent the Investors as investors in the Fund. Holland & Knight LLP's representation has been limited to specific matters addressed to it. No Investor shall assume that Holland & Knight LLP has undertaken an evaluation of the merits of an investment in the Fund. The Fund, Master Fund, and the Investment Adviser are represented by the same legal counsel and accountants which may pose conflicts of interest.

*Cayman Counsel:* Maples and Calder acts as Cayman Islands legal counsel to the Fund and Master Fund. In connection with the offering of Shares and subsequent advice to the Fund and Master Fund, Maples and Calder will not be representing Investors. No independent legal counsel has been retained to represent the Investors. Maples and Calder's representation of the Fund is limited to specific matters as to which it has been consulted by the Investment Adviser.

## THE FUND & MASTER FUND

### General Structure

The Grayson Fund (Cayman) Ltd. (the "Fund") is a Cayman Islands exempted company incorporated with limited liability on [INSERT DATE]. The sole director of the Fund is Alan Grayson. The Fund will invest directly in securities as more particularly set forth herein. The Fund does not intend to register under the U.S. Securities Act, as amended, and U.S. Company Act.

The Fund currently intends to conduct all of its investment and trading activities through the Master Fund (see "The Master Fund" below), for which The Grayson Fund General Partner, LLC serves as general partner (the "General Partner") and the Investment Adviser (defined below) serves as the investment adviser. Neither the General Partner nor the Investment Adviser is registered as an investment adviser under the U.S. Adviser's Act, or any similar state or international law. The Master Fund is not a regulated mutual fund for the purposes of the Mutual Funds Law (Revised) of the Cayman Islands. The Master Fund is exempt from registration with the Cayman Islands Monetary Authority ("CIMA") pursuant to section 4(4) of that law, which exempts mutual funds where the equity interests in each such fund are held by not more than fifteen investors, the majority of whom are capable of appointing and removing the operator (which, in the case of the Master Fund, means the General Partner) of such fund. The General Partner has the general authority to operate the business of the Master Fund and has delegated investment discretion over the Master Fund's assets to the Investment Adviser. The Master Fund will issue its interests to, and act as a central investment mechanism for, the Fund and one or more other investment vehicles or feeder funds including The Grayson Fund, LP, which has been formed to meet the needs of U.S. Investors. The Fund will own one class of interests of the Master Fund, which may create additional series or classes of interests, having the same or different terms as the class owned by the Fund, for additional investors or feeder funds in the future. While the Fund's investment activities will be conducted indirectly (through its investment in the Master Fund), the Fund will not be precluded from subsequently making direct investments consistent with the investment program described in this Memorandum. Documents related to the Master Fund are available upon request.

Neither the Fund nor Master Fund intend to register under the U.S. Company Act, as amended (the "Company Act"), by virtue of section 3(c)(1) thereunder.

THE PROVISIONS REFERENCED TO THE FUND WITHIN THIS MEMORANDUM MAY ALSO BE DEEMED TO APPLY, AND SHOULD BE READ TO APPLY EQUALLY, TO THE MASTER FUND AND/OR VICE VERSA, WHERE RELEVANT.

### The Master Fund

The Master Fund is to be constituted as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (as revised). A Cayman Islands exempted limited partnership is constituted by the signing of the relevant partnership agreement and its registration with the Registrar of Exempted Limited Partnerships in the Cayman Islands.

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any property of the Master Fund shall be held or deemed to be held by the General Partner, and if more than one then by the general partners jointly upon trust, as an asset of the Master Fund in accordance with the terms of the partnership agreement. Similarly, the General Partner for and on behalf of the Master Fund incurs the debts or obligations of the Master Fund. Registration under the Exempted Limited Partnership Law (as revised) entails that the Master Fund becomes subject to, and the limited partners therein are afforded the limited liability and other benefits of the law.

Under Cayman Islands law, the business of an exempted limited partnership will be conducted by its general partner(s) who will be liable for all debts and obligations of the exempted limited partnership to the extent the partnership has insufficient assets. As a general matter, a limited partner of an exempted limited partnership will not be liable for the debts and obligations of the exempted limited partnership save (i) as expressed in the partnership agreement, (ii) if such limited partner becomes involved in the conduct of the partnership's business and holds himself out as a general partner to third parties or (iii) if such limited partner

is obliged pursuant to section 14(1) of the under the Exempted Limited Partnership Law (as revised) to return a distribution made to it where the exempted limited partnership is insolvent.

## **Share Capital**

The authorized share capital of the Fund is US\$50,000 divided into 100 management shares of US\$1.00 each (the "Management Shares") and 4,990,000 non-voting redeemable participating shares of US\$0.01 each (the "Shares"). All of the Management Shares have been issued for cash at par and are held by the Investment Adviser.

The Management Shares confer no rights on the holders thereof to receive dividends or otherwise participate in the profits or assets of the Fund other than the right on the liquidation of the Fund to repayment of the nominal amount paid up thereon (subject to and after repayment of the nominal amount paid up on the Shares). Management Shares do however confer on the holders thereof the right to receive notice of and to attend and vote at any general meeting of the Fund. As indicated immediately below, the Shares do not carry voting rights and, consequently, voting control of the Fund at shareholder level vests exclusively with the holders of the Management Shares.

The Shares confer on the holders thereof the right to receive dividends (if declared) and otherwise to participate in the profits and assets of the Fund. The Shares shall be redeemable and redeemed in the manner and upon and subject to the terms and conditions set out in the Articles and in this Memorandum. Upon a winding up of the Fund, the holders of the Shares shall rank first in the repayment of the nominal value paid up thereon and, subject to and after repayment of the nominal value paid up on the Management Shares, the surplus assets of the Fund attributable to each series of Shares will be distributed among the holders of the Shares of that series according to the number of the Shares held by each of them. The Shares do not however entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the Fund save in respect of those matters under consideration that are a material variation of their class rights.

## **Directors of the Fund**

The Directors are responsible for the overall management and control of the Fund. The sole Director of the Fund is Alan Grayson. See "THE INVESTMENT ADVISER" for Mr. Grayson's biography.

The Articles provide that the Fund shall indemnify and hold harmless each of its Directors, to the fullest extent permitted by the applicable Cayman Islands law, out of the assets of the Fund, against any loss, cost or expense which they may sustain or incur as a result of the performance of the duties of their office or otherwise in relation thereto save in respect of fraud, willful default or gross negligence. In addition, directors' liability insurance may be purchased by the Fund out of Fund assets.

## **Winding-Up of the Fund**

Under the laws of the Cayman Islands, the Fund may be voluntarily wound up following the passing of a Special Resolution to that effect. Only the holders of Management Shares shall be entitled to vote upon any such resolution and, accordingly, the Fund may be placed in voluntary liquidation by the Investment Adviser, as the holder of the Management Shares, without obtaining any consent or approval from the holders of the Shares.

## **Cayman Islands Mutual Fund Law**

The Master Fund is not a regulated mutual fund for the purposes of the Mutual Funds Law (Revised) of the Cayman Islands. The Master Fund is exempt from registration with the Cayman Islands Monetary Authority ("CIMA") pursuant to section 4(4) of that law, which exempts mutual funds where the equity interests in each such fund are held by not more than fifteen investors, the majority of whom are capable of appointing and removing the operator (which, in the case of the Master Fund, means the Master Fund General Partner) of such fund. The Master Fund offers for subscription redeemable, participating, voting interests ("Equity Interests"). Provided that the Equity Interests of the Master Fund are held by not more than fifteen investors (the majority of whom are capable of appointing or removing the General Partner of the Master Fund), the Master Fund will be entitled to rely on Section 4(4) of the Law, which provides that mutual funds which comply

with that section are not required to be licensed or to employ a licensed mutual fund administrator or to register with the Managing Director of the Cayman Islands Monetary Authority (the "CIMA"). Currently, the Master Fund intends to sell its Equity Interests only to the Fund and The Grayson Fund (Cayman) Ltd. Neither the CIMA nor any other regulatory authority in the Cayman Islands has passed upon or approved the offering of the Equity Interests of the Master Fund, nor is it intended that they will.

## INVESTMENT OBJECTIVE

The Fund's investment objective, under normal market conditions, is to seek capital appreciation by investing and/or trading in securities. The Fund currently intends, but is not required, to accomplish its investment objective by investing and/or trading in both U.S. and non-U.S. securities. See "Certain Risks of Foreign Securities" below under "CERTAIN RISK FACTORS". However, notwithstanding the foregoing, the Investment Adviser retains broad investment flexibility and may change the foregoing practices and policies at any time without notice to Investors. Accordingly, the Fund may invest and/or trade, on margin and otherwise, directly or indirectly, long and short, in public and private investments or securities, whether U.S. or non-U.S. issued, including without limitation, equities, common stock, preferred stock, convertible securities and debentures, exchange traded funds ("ETFs"), exchange traded notes ("ETNs"), "new issues" (i.e. initial public offerings), restricted securities, private placements, illiquid securities, mezzanine and hybrid securities, American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs"), Global Depositary Receipts ("GDRs"), Holding Company Depositary Receipts ("HOLDRS"), New York Registered Shares ("NYRs"), American Depositary Shares ("ADSs"), options (including, but not limited to, purchasing put and call options and writing put and call options), swaps, warrants, rights, caps, floors, collars, commodities (including any futures and options on futures), currencies and spot contracts, forward contracts on currencies and commodities, repurchase agreements, reverse repurchase agreements, other funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with the Investment Adviser), collateralized debt obligations ("CDOs") (which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs"), collateralized commodity obligations ("CCOs") and other similarly structured securities), asset backed securities, mortgage backed securities, real estate securities, direct or indirect investments in real estate, mortgage dollar rolls, guaranteed investment contracts ("GICs"), funding agreements, fixed-income securities, corporate bonds and notes, high yield fixed income securities and junk bonds, municipal obligations, U.S. government agency obligations, U.S. government securities, U.S. Treasury obligations, inflation-indexed bonds, auction rate certificates or securities ("ARS"), pay-in-kind securities, receipts, senior loans, structured notes, step coupon bonds ("STEPS"), tender option bonds, variable and floating rate instruments, zero coupon bonds, commercial paper and other cash equivalents, bank obligations, banker acceptances, certificates of deposit, demand instruments, time deposits, and other instruments and investments, in each case of every kind and character, whether or not commonly defined or registered as a "security" (collectively "**Securities**"), and may lend funds or assets and borrow money, with and without collateral. The Fund will not be subject to specific percentage limitations with respect to any style, country, region, Security, issuer, or industry. Accordingly, the Fund may, from time to time, invest and/or trade, on margin and otherwise, long and short, a substantial portion of the Fund's assets into any one of the Securities described herein, or any single issuer thereof. Furthermore, there is no limit as to the percentage of an issuer's Securities that the Fund may own. Positions in Securities may be held for very short periods, even as little as a portion of one day. Any such turnover may increase transaction costs and lead to realization of taxable gain. In addition, the Fund may from time to time, for temporary or defensive or other purposes, invest up to 100% of its assets directly or indirectly in cash, cash equivalents, bank deposits, and/or similar instruments, including short-term high quality obligations of corporate issuers or the United States or other Government (including any agencies or instrumentalities thereof).

The Investment Adviser will not necessarily do any or all of the foregoing in all cases when selecting or purchasing investments and may use other means in selecting and purchasing investments without notice to Investors.

There can be no assurance that the Fund will achieve its investment objectives. See "CERTAIN RISK FACTORS". The Fund is not managed to provide tax benefits to Investors.

## DESCRIPTION OF PORTFOLIO SECURITIES

The Fund may invest directly or indirectly in investments of all types, including one or more of the following instruments. The Fund may choose to invest anywhere from 0 to 100% of its assets directly or indirectly in any single type of instrument or issuer thereof.

**Foreign Securities.** The Fund may, and currently intends to, substantially invest, without limitation, in securities of issuers domiciled outside of the United States or that are denominated in various foreign currencies and multination and multinational foreign currency units. Investing in securities of foreign entities and securities denominated in foreign currencies involves certain risks not involved in domestic investments, including, but not limited to fluctuations in foreign exchange rates, future foreign political and economic developments, different legal systems and the possible imposition of exchange controls for other foreign governmental laws or restrictions. See "Certain Risks of Foreign Securities" below under "CERTAIN RISK FACTORS".

**Depository Receipts and New York Registered Shares.** Depository receipts are instruments generally issued by domestic banks or trust companies that represent the deposits of a security of a foreign issuer. Generally, investors may pay a fee to convert depository receipts to the home-market shares. To the extent the Fund may invest in foreign securities (see below), it may purchase American Depository Receipts ("ADRs"), European Depository Receipts ("EDRs"), Global Depository Receipts ("GDRs"), Holding Company Depository Receipts ("HOLDRs"), New York Registered Shares ("NYRs") or American Depository Shares ("ADSs"). ADRs are traded in U.S. dollars on U.S. exchanges or over-the-counter, are typically issued by a U.S. bank or trust company, and evidence ownership of underlying foreign securities. Certain institutions issuing ADRs may not be sponsored by the issuer. A non-sponsored depository may not provide the same shareholder information that a sponsored depository is required to provide under its contractual arrangements with the issuer. EDRs are issued by European financial institutions and typically trade in Europe and GDRs are issued by European financial institutions and typically trade in both Europe and the United States. HOLDRs trade on the American Stock Exchange and are fixed baskets of U.S. or foreign stocks that give an investor an ownership interest in each of the underlying stocks. NYRs, also known as Guilder Shares since most of the issuing companies are Dutch, are dollar-denominated certificates issued by foreign companies specifically for the U.S. market. ADSs are shares issued under a deposit agreement that represents an underlying security in the issuer's home country. (An ADS is the actual share trading, while an ADR represents a bundle of ADSs.) Investments in these types of securities involve similar risks to investments in foreign securities.

Generally, foreign security depository receipts in registered form are designed for use in the U.S. securities market and foreign security depository receipts in bearer form are designed for use in securities markets outside the United States. Depository receipts in which the Fund may invest are typically denominated in U.S. dollars, but may be denominated in other currencies. Depository receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities traded in the form of depository receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities underlying unsponsored programs and there may not be a correlation between such information and the market value of the depository receipts. Depository receipts evidencing ownership of a foreign corporation also involve the risks of other investments in foreign securities.

Unlike depository receipts of foreign companies, NYRs are not receipts backed by the home market security, but represent dollar-denominated direct claims on the issuing company's capital. Investment in NYRs, therefore, involves similar risks to investing directly in other types of foreign securities. Like depository receipts, however, investors may pay a fee to convert to the home-market shares.

**Common Stocks and Equivalents.** The Fund may invest in common stocks. Common stocks may include issues listed on a national securities exchange or traded in the over-the-counter market or issues that are unlisted, or listed but thinly traded. Securities similar to or convertible into or exercisable for common stocks may include convertible debt securities (such as bonds, debentures and notes), preferred stocks, options, warrants and rights. In certain instances, a security of one issuer may be convertible into or exercisable or exchangeable for securities of a different issuer. Although certain securities in which the Fund may invest may be issued by blue-chip issuers, others may be issued by less recognized and smaller companies.

**Options.** The Fund is authorized to use portfolio management techniques employing options on individual Securities, stock indexes, commodities, and any other instruments in the sole discretion of the Investment Adviser. See "Commodities" below. These techniques may include the purchase or sale (write) of call and put

options. These options are expected to be used for either risk control or return enhancement purposes including but not limited to where, in the judgment of the Investment Adviser, operational constraints make it difficult or not cost effective to assemble individual security positions in the cash markets. These options may, but need not, be listed on exchanges or traded in established over-the-counter markets. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows the purchaser or writer greater flexibility to tailor an option to its needs, OTC options generally are less liquid and involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded. See "Certain Risk Factors - Derivatives."

Purchasing Put and Call Options. By purchasing a put option, the purchaser obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the purchaser pays the current market price for the option (known as the option premium). Options have various types of underlying instruments, including specific securities, indices of securities prices, and futures contracts. The purchaser may terminate its position in a put option by allowing it to expire or by exercising the option. If the option is allowed to expire, the purchaser will lose the entire premium. If the option is exercised, the purchaser completes the sale of the underlying instrument at the strike price. A purchaser may also terminate a put option position by closing it out in the secondary market at its current price, if a liquid secondary market exists.

The buyer of a typical put option might realize a gain if security prices fall substantially. However, if the underlying instrument's price does not fall enough to offset the cost of purchasing the option, a put buyer could suffer a loss (limited to the amount of the premium, plus related transaction costs).

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A call buyer typically attempts to participate in potential price increases of the underlying instrument with risk limited to the cost of the option if security prices fall. At the same time, the buyer could suffer a loss if security prices do not rise sufficiently to offset the cost of the option.

Writing Put and Call Options. The writer of a put or call option takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the writer of a put option assumes the obligation to pay the strike price for the option's underlying instrument if the other party to the option chooses to exercise it. The writer may seek to terminate a position in a put option before exercise by closing out the option in the secondary market at its current price. If the secondary market is not liquid for a put option, however, the writer must continue to be prepared to pay the strike price while the option is outstanding, regardless of price changes.

If security prices rise, a put writer would generally expect to profit, although its gain would be limited to the amount of the premium it received. If security prices remain the same over time, it is likely that the writer will also profit, because it should be able to close out the option at a lower price. If security prices fall, the put writer could suffer a loss. This loss should be less than the loss from purchasing the underlying instrument directly, however, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates the writer to sell or deliver the option's underlying instrument, in return for the strike price, upon exercise of the option. The characteristics of writing call options are similar to those of writing put options, except that writing calls generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer mitigates the effects of a price decline. At the same time, because a call writer must be prepared to deliver the underlying instrument in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in security price increases.

Combined Positions. The Fund may purchase and write options in combination with each other, or in combination with futures or forward contracts, to adjust the risk and return characteristics of the overall position. For example, purchasing a put option and writing a call option on the same underlying instrument would construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, to reduce the risk of the written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

Commodities. The Fund may buy and sell commodities (e.g. futures contracts and options on futures contracts).

**Futures Contracts.** In purchasing a futures contract, the buyer agrees to purchase a specified underlying instrument at a specified future date. In selling a futures contract, the seller agrees to sell a specified underlying instrument at a specified future date. The price at which the purchase and sale will take place is fixed when the buyer and seller enter into the contract. Some currently available futures contracts are based on specific securities, such as U.S. Treasury bonds or notes, and some are based on indices of securities prices, such as the Standard & Poor's 500<sup>SM</sup> Index (S&P 500<sup>®</sup>). Certain futures can be held until their delivery dates, or can be closed out before then if a liquid secondary market is available. The value of a futures contract tends to increase and decrease in tandem with the value of its underlying instrument. Therefore, purchasing futures contracts will tend to increase the Fund's exposure to positive and negative price fluctuations in the underlying instrument, much as if it had purchased the underlying instrument directly. When the Fund sells a futures contract, by contrast, the value of its futures position will tend to move in a direction contrary to the market. Selling futures contracts, therefore, will tend to offset both positive and negative market price changes, much as if the underlying instrument had been sold.

Unlike the purchase or sale of portfolio securities, no price is paid or received by the Fund upon the purchase or sale of a futures contract. Initially, the Fund will be required to deposit with the broker an amount of cash or cash equivalents, known as initial margin, based on the value of the contract. The nature of initial margin in futures transactions is different from that of margin in securities transactions in that futures contract margin does not involve the borrowing of funds by the customer to finance the transactions. Rather, the initial margin is in the nature of a performance bond or good faith deposit on the contract which is returned to the Fund upon termination of the futures contract, assuming all contractual obligations have been satisfied. Subsequent payments, called variation margin, to and from the broker, will be made on a daily basis as the price of the underlying instruments fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking to the market." For example, when the Fund has purchased a futures contract and the price of the contract has risen in response to a rise in the price of the underlying instruments, that position will have increased in value and the Fund will be entitled to receive from the broker a variation margin payment equal to that increase in value. Conversely, where the Fund has purchased a futures contract and the price of the futures contract has declined in response to a decrease in the underlying instruments, the position would be less valuable and the Fund would be required to make a variation margin payment to the broker. At any time prior to expiration of the futures contract, the Advisor may elect to close the position by taking an opposite position, subject to the availability of a secondary market, which will operate to terminate the Fund's position in the futures contract. A final determination of variation margin is then made, additional cash is required to be paid by or released to the Fund, and the Fund realizes a loss or gain.

**Options on Futures Contracts.** The Fund may purchase and write options on the futures contracts. A futures option gives the holder, in return for the premium paid, the right to buy from (call) or sell to (put) the writer of the option a futures contract at a specified price at any time during the period of the option. Upon exercise, the writer of the option is obligated to pay the difference between the cash value of the futures contract and the exercise price. Like the buyer or seller of a futures contract, the holder, or writer, of an option has the right to terminate its position prior to the scheduled expiration of the option by selling or purchasing an option of the same series, at which time the person entering into the closing transaction will realize a gain or loss. The Fund will be required to deposit initial margin and variation margin with respect to put and call options on futures contracts written by it pursuant to requirements similar to those described above under "Futures Contracts". Net option premiums received will be included as initial margin deposits.

**Limitations on Commodity Transactions.** The Investment Adviser is not registered as a "commodity pool operator" with the Commodity Futures Trading Commission ("CFTC") and currently does not intend to become so registered. As a result, the Fund will employ derivative instruments, such as futures trading contracts and options thereon, only to the extent consistent with the Investment Adviser's registration exemptions under the Commodity Exchange Act. The Investment Adviser is currently exempt because, inter alia, no more than 100% or 5% of the Fund's assets' liquidation value will be allocated to net notional value or initial margin and premiums, respectively, of commodities. With respect to the Fund's indirect investments in commodities through its investments in other funds, if any, the Fund may satisfy the percentage limitations in the preceding sentence by allocating no more than 50% of the Fund's assets to other funds that trade commodity interests (without regard to the level of commodity interest trading engaged in by such other funds).

**New Issues.** The Fund may, from time to time, invest in "new issues" (basically, shares of U.S. initial public offerings or "IPOs".) In such circumstances, to the extent required by the Conduct Rules of the U.S. Financial

Industry Regulatory Authority, Inc. ("FINRA"), as amended from time to time, the securities comprising any "new issue" will be allocated to the extent required by law so that the shares of any new issue, and any profits and losses thereon, may only be held by Investors whose beneficial owners are not restricted persons, as set forth in such Conduct Rules, including, but not limited to, Rules 5130 and 5131. Investors will be required to specify in the Subscription Agreement whether they are "Restricted Persons" and "Restricted Investors", but the Investment Adviser's determination as to whether an Investor is a "Restricted Person" or "Restricted Investor" will be conclusive. Accordingly, a potentially small number of Investors who are not Restricted Persons or Restricted Investors may be allocated the entire risk and return of any new issues. The Investment Adviser may determine not to purchase "new" issues in its sole discretion.

**Currency Transactions.** The Fund may conduct foreign currency transactions on a spot (i.e., cash) or forward basis (i.e., by entering into forward contracts to purchase or sell foreign currencies). In the event these instruments are used, the Fund may take long or short foreign exchange positions to reflect the foreign exchange element of the underlying local currency cash position of the derivative or cash instrument. Although foreign exchange dealers generally do not charge a fee for such conversions, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency at one rate, while offering a lesser rate of exchange should the counterparty desire to resell that currency to the dealer. Forward contracts are customized transactions that require a specific amount of a currency to be delivered at a specific exchange rate on a specific date or range of dates in the future. Forward contracts are generally traded in an interbank market directly between currency traders (usually large commercial banks) and their customers. The parties to a forward contract may agree to offset or terminate the contract before its maturity, or may hold the contract to maturity and complete the contemplated currency exchange. The Fund may conduct foreign currency transactions on a spot or forward basis for any reason, including, but not limited to, hedging and speculative purposes.

The Fund may also use swap agreements, indexed securities, and options and futures contracts relating to foreign currencies for the same purposes. Currency futures contracts are similar to forward currency exchange contracts, except that they are traded on exchanges (and have margin requirements) and are standardized as to contract size and delivery date. Most currency futures contracts call for payment or delivery in U.S. dollars. The underlying instrument of a currency option may be a foreign currency, which generally is purchased or delivered in exchange for U.S. dollars, or may be a futures contract. The purchaser of a currency call obtains the right to purchase the underlying currency, and the purchaser of a currency put obtains the right to sell the underlying currency.

**Illiquid Securities.** Some of the securities in which the Fund may invest may be illiquid in that the Fund may not be able to dispose of them for a sales price generally reflecting what the Fund believes them to be worth.

**Leverage and Short Sales.** The Fund may use leverage and may enter into short sales of securities in executing its investment strategy. The use of leverage, which can be described as exposure to changes in price at a ratio greater than the amount of equity invested ("leverage"), magnifies both the favorable and unfavorable effects of price movements in the investments made by the Fund. The Fund may borrow funds, engage in short sales, or utilize any financial instruments necessary (including, but not limited to, swaps, options, repurchase agreements and reverse repurchase agreements, forward contracts and any other derivative instruments) for any purpose, including, but not limited to, enhancing returns, meeting operating expenses and redemption requests while maintaining investment capacity, and increasing the amount of capital available for securities investments. The Fund may be exposed to additional borrowings and leverage through its investment, if any, in other funds.

Short sales are transactions in which the Fund sells securities it borrows in anticipation of a decline in the market price of such securities. A short sale results in a gain when the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss when the price of the security sold short increases. Any gain is decreased, and any loss is increased, by the amount of any transaction costs that the Fund incurs with respect to the borrowed securities. In the sole discretion of the Investment Adviser, the Fund may make short sales of securities which it deems to be relatively overpriced.

The Articles do not restrict the extent to which the Fund may engage in leverage and short sales. Leverage and short sales present special risks. See "Certain Risk Factors."

**Convertible Securities.** The Fund may invest in convertible securities. Convertible securities are bonds, corporate notes, debentures, preferred stocks and other securities that are exchangeable or "convertible" for equity securities of foreign and domestic companies within a particular time period at a specified formula or



price. Companies issue convertible securities that allow the holders to convert their securities to a predetermined amount of equity securities at a discount to the market price at the time of conversion. Convertible securities have several defining characteristics: (1) capital appreciation if the value of the underlying equity security increases; (2) a relatively high yield received from preferred dividend or interest payments as compared to common stock dividends; and (3) a decreased risk of decline in value relative to common stock due to the fixed income nature of certain convertible securities.

**Fixed Income Securities.** From time to time, the Fund may take long and/or short positions in foreign or U.S. corporate, government or agency bonds and notes and other similar instruments of various maturities, credit quality, and rating (if any) including to hedge long or short equity positions, to capitalize on a change in the direction of interest rates, to achieve maximum income or to increase or decrease overall financial leverage and portfolio volatility.

**Short Sales "Against the Box".** These are short sales of securities that the Fund owns or has the right to obtain (equivalent in kind or amount to the securities sold short). If the Fund enters into a short sale against the box, it will be required to set aside securities equivalent in kind and amount to the securities sold short (or securities convertible or exchangeable into such securities) and will be required to hold such securities while the short sale is outstanding. The Fund will incur transaction costs, including interest expenses, in connection with opening, maintaining, and closing short sales against the box.

**Arbitrage.** The Fund may engage in arbitrage trades which profit from differences in price when the same or similar security is traded on two or more markets. For example, deal arbitrage trades may be made after the announcement of a merger of two public companies. Arbitrage may also be used on both the long and short side of the investment equation with respect to the securities of the same issuer.

**Dividend Capture.** The Fund may from time to time utilize a method of buying common or preferred stock so as to collect an entire quarterly dividend while holding the stock for a relatively short period of time. This entails purchasing shares before the stock's ex-dividend date and holding the shares for a short period of time, thereby potentially increasing the annualized return on investment.

**Exchange Traded Funds (ETFs).** While actively managed ETFs are growing in number, ETFs, like index funds, typically represent shares of ownership in funds, unit investment trusts, or depository receipts that hold set portfolios of Securities which may track the performance and dividend yield of specific indices (i.e. broad market indices, sector indices, international indices... etc.) without being actively managed. ETFs give investors the opportunity to buy or sell an entire portfolio of stocks in a single security. Unlike traditional mutual and index funds, ETFs sometimes issue and redeem shares only in large increments called "Creation Units" (e.g. a single Creation Unit may consist of 50,000 or 100,000 shares worth several million dollars). Purchases of Creation Units are made by tendering a basket of designated stocks to an ETF and redemption proceeds are paid with a basket of securities from an ETF's portfolio. These are called "in-kind" transactions. ETFs calculate their share's value ("NAV") once a day in the same fashion as traditional mutual and index funds. An ETF's shares can also be purchased and sold in much smaller increments and for cash in the secondary market. Because ETFs trade like stock (unlike traditional mutual and index funds), the Fund can margin, utilize hedging strategies on, and sell short ETFs in addition to simply buying ETFs long. These transactions, however, are not made at the ETF's NAV, but rather are made at market prices which may vary throughout the day and may differ from the ETF's NAV. Like any listed security, ETF shares can generally be purchased and sold at any time a secondary market is open. *Except when aggregated in Creation Units, shares of an ETF are not redeemable securities. Accordingly, there is no guarantee that ETF shares will trade at or near NAV (see "CERTAIN RISK FACTORS").*

The Fund may incur certain fees charged directly by an ETF when purchasing, holding, or selling Creation Units of an ETF ("Creation Unit Fees"). The Fund may also be subject to an expense fee that is typically based upon a small percentage of an ETF's NAV accrued daily ("ETF Expense Fee"). If the Fund purchases shares of an ETF in the secondary market, it will generally not be subject to Creation Unit Fees, but will be subject to ETF Expense Fees. As a result of Creation Unit Fees and ETF Expense Fees, Investors in the Fund may bear an additional level of fees in addition to those fees charged by the Fund (i.e. the Management and any Incentive Allocation) if the Fund invests and/or trades ETFs. Furthermore, brokerage commissions accumulated by the Fund in trading and/or investing in ETF shares may reduce the Fund's profits, if any.

**Exchange Traded Notes ("ETNs").** ETNs are unsecured obligations (i.e. they are not secured debt) of issuers that trade on exchanges. They are designed to provide investors a return that is linked to the performance of a market index, minus investor fees. With ETNs, investors are subject to credit risk from the issuer and are

essentially getting a promise from the issuer to pay the index return plus any accrued interest at maturity. On the other hand, ETF investors are buying a piece of a basket of securities, which secures their investment. Both ETFs and ETNs can be sold short. ETNs can typically be liquidated in one of three ways: (1) sell in the secondary market during trading hours; (2) redeem a large block of securities, typically 50,000 securities directly to the issuer, who may charge redemption fees; and (3) hold until maturity and receive a cash payment from the issuer generally equal to the principal amount of the units times the index factor on the final valuation date, less the investor fee on the final valuation date. ETNs generally do not make interest or dividend payments to investors thereof. ETNs do not offer principal protection and the value of the ETNs may go up or down, depending on the performance of the underlying index. ETNs are not equities or index funds; they are debt securities and grantor trusts without voting rights and are generally registered under the Securities Act and not the U.S. Company Act. Since ETNs are not registered investment companies, daily net asset values are not calculated for ETNs; instead, an intraday "indicative value" meant to approximate the intrinsic economic value of each ETN is generally calculated and published by Bloomberg or a similar entity. See "Certain Risks of Exchange Traded Notes" under "CERTAIN RISK FACTORS".

**Other Funds and Managers.** The Fund may invest in discretionary accounts managed by other money managers, hire subadvisers to manage portions of the Fund at Fund expense, and invest in other funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with the Investment Adviser) (collectively, "Other Funds and Managers"). These Other Funds and Managers will charge their own management and other fees, so that if the Fund invests in them, an Investor will bear an additional level of fees and expenses. Some of these funds may pay fees to the Investment Adviser or its affiliates. Also, U.S. mutual funds generally must distribute all gains, including to investors who may not have an economic gain, which can lead to negative tax effects on Investors, particularly non-U.S. persons. The Fund may also invest in unit investment trusts or other similar vehicles designed to track the performance of a specific index or sector. The Fund may hire sub-advisors to manage portions of the Fund at Fund expense.

**Collateralized Debt Obligations.** The Fund may invest in collateralized debt obligations ("CDO"), which include collateralized bond obligations ("CBO"), collateralized loan obligations ("CLO"), collateralized commodity obligations ("CCO") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. A CCO is a type of synthetic CDO comprised of a portfolio of commodity trigger swaps that reference a basket of commodity products.

For many CDOs, the cash flows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the "equity" tranche which bears the bulk of defaults from the bonds or loans in the trust and serves to protect the other, more senior tranches from default in all but the more severe circumstances. Since it is partially protected from defaults, a senior tranche from a CDO trust typically has higher ratings and lower yields than its underlying securities, and can be rated investment grade. Despite the protection from the equity tranche, CDO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults, as well as aversion to CDO securities as a class.

**Asset-Backed Securities.** The Fund may purchase asset-backed securities (i.e., securities backed by mortgages, installment sales contracts, credit card receivables or other assets). The average life of asset-backed securities varies with the maturities of the underlying instruments. The average life of an asset-backed instrument is likely to be substantially less than the original maturity of the asset pools underlying the securities as the result of unscheduled principal payments and prepayments. The rate of such prepayments, and hence the life of the securities, will be primarily a function of current interest rates and current conditions in the relevant markets. Because of these and other reasons, an asset-backed security's total return may be difficult to predict precisely.

**Mortgage-Backed Securities.** The Fund may invest in mortgages and mortgage pass-through certificates and multiple-class pass-through securities, such as fixed and adjustable rate mortgage securities, whole loan-based mortgage securities, real estate mortgage investment conduits, mortgage-backed derivatives, including, without limitation, stripped mortgage backed securities, adjustable rate mortgage-backed securities and inverse floating rate mortgage-backed securities, pass-through certificates and collateralized mortgage obligations

(collectively, "Mortgage-Backed Securities"). Investing in Mortgage-Backed Securities involves certain risks, including adverse interest rate changes and the effects of prepayments on mortgage cash flows. Further, the yield characteristics of Mortgage-Backed Securities differ from those of traditional fixed income securities. The major differences typically include more frequent interest and principal payments (usually monthly), the adjustability of interest rates, and the possibility that prepayments of principal may be made substantially earlier than their final distribution dates or, conversely, that prepayments of principal may be slower than expected, extending the duration of the mortgage-backed security.

**Mortgage Dollar Rolls.** In a mortgage dollar roll transaction, the Fund sells a mortgage-related security, such as a security issued by a GNMA (as defined below), to a dealer and simultaneously agrees to repurchase a similar security (but not the same security) in the future at a pre-determined price. A dollar roll can be viewed, like a reverse repurchase agreement, as a collateralized borrowing in which the Fund pledges a mortgage-related security to a dealer to obtain cash. Unlike in the case of reverse repurchase agreements, the dealer with which the Fund enters into a dollar roll transaction is not obligated to return the same securities as those originally sold by the Fund, but only securities which are similar.

The Fund's obligations under a dollar roll agreement must be covered by designating, or "segregating," on its records cash or liquid assets equal in value to the securities subject to repurchase by the Fund. Furthermore, because dollar roll transactions may be for terms ranging between one and six months, dollar roll transactions may be deemed illiquid.

**Unregistered Securities.** Investments may include securities which have not been registered under the 1933 Act or the blue sky laws of any state, or for which there is no active trading market.

**Private Placements, Venture Capital and Other Similar Investments.** The Fund may from time to time invest its assets in unregistered securities of public companies and in the securities of private companies for which no or a limited market exists and/or which are restricted as to their transferability under federal or state securities laws.

**Companies With Limited Operating Histories.** The Fund may invest in securities of companies which have limited operating histories or that may not be profitable. The investments in such companies offer opportunities for capital gains, but entail significant risks including, but not limited to, the volatility of the securities related to such companies and the viability of the firms' operations.

**Control Positions.** The Fund may acquire, either alone or with one or more other persons or entities, a large enough percentage of the outstanding stock of a publicly owned company that it would be deemed to have a "control" position under the Securities Exchange Act of 1934 (the "Exchange Act"). In such an event the Fund would be subject to certain reporting and disclosure obligations under the Exchange Act, or resale restrictions, and its position may increase the likelihood of the Fund becoming involved in litigation concerning its holdings in such a company.

**Guaranteed Investment Contracts and Funding Agreements.** The Fund may invest in guaranteed investment contracts ("GICs") or funding agreements ("Funding Agreements") issued by U.S. insurance companies. GICs and Funding Agreements are normally general obligations of the issuing insurance company. In some cases Funding Agreements may be part of an insurance company's separate account, but they still benefit from a guarantee from the general account. Pursuant to a GIC or a Funding Agreement, the Fund makes cash contributions to a deposit fund of the insurance company's general account. The insurance company then credits the Fund on a periodic basis with interest that is based on an index. Generally, GICs and Funding Agreements are not assignable or transferable without the permission of the issuing insurance company, and an active secondary market in GICs and Funding Agreements does not currently exist. Therefore, GICs and Funding Agreements will normally be considered illiquid investments.

**Direct and Indirect Investments in Real Estate.** The Fund may buy real estate-related securities, including REITs, and direct leasehold or ownership interests in existing or newly constructed, income or non-income producing properties, including single-family residential, multi-family residential, condominium, office, industrial and retail properties. The Fund may invest in real estate development projects or undeveloped land.

**Warrants.** The Fund may invest in warrants, including warrants acquired together with or attached to other securities. Warrants are pure speculation in that they have no voting rights, pay no dividends and have no rights with respect to the assets of the corporation issuing them. Warrants basically are options to purchase

equity securities at a specific price valid for a specific period of time. Warrants unexercised at their expiration date become void and of no value.

**Interest Rate Swaps, Caps, Floors and Collars.** The Fund may enter into interest rate swap transactions or purchase or sell interest rate caps, floors or collars in order to obtain the desired exposure to a particular interest rate sector, for the purpose of profiting from interest rate differentials or to protect the value of the Fund's portfolio from interest rate fluctuations. Interest rate swaps involve the exchange by the Fund with another party of their respective commitments to make or receive interest payments (e.g., an exchange of floating rate payments for fixed rate payments). On each payment date under an interest rate swap, the parties net payments owed by each party, and only the net amount is paid by one party to the other. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate floor. A collar is a combination of a cap and a floor, which preserves a certain return within a predetermined range of values.

**Repurchase Agreements.** The Fund may invest in repurchase agreements, which are agreements pursuant to which securities are acquired by the Fund from a third party with the understanding that they will be repurchased by the seller at a fixed price on an agreed date. When the Fund enters into a repurchase agreement, the seller will generally be required to maintain the value of the securities and other collateral subject to the repurchase agreement, marked to market daily, at not less than an agreed amount. The Fund's custodian or other agent will have custody of securities acquired by the Fund under a repurchase agreement. These agreements will generally be limited to terms of less than one year and collateralized by government or emerging markets securities. Repurchase agreements may be entered into in conjunction with simultaneous reverse repurchase agreements involving the same securities pursuant to which the Fund obtains part or all of the funds to pay the purchase price under the repurchase agreement.

**Reverse Repurchase Agreements.** In a reverse repurchase agreement, the Fund sells a security to another party, such as a bank or broker-dealer, in return for cash and agrees to repurchase that security at an agreed-upon price and time. The Fund will seek to enter into reverse repurchase agreements with parties whose creditworthiness has been reviewed and found satisfactory by the Investment Adviser. Such transactions may increase fluctuations in the market value of the Fund's assets and may be viewed as a form of leverage.

**Securities Lending.** The Fund may lend securities to parties such as broker-dealers or other institutions. Securities lending allows the Fund to retain ownership of the securities loaned and, at the same time, earn additional income. The borrower provides the Fund with collateral in an amount at least equal to the value of the securities loaned. The Fund may seek to maintain the ability to obtain the right to vote or consent on proxy proposals involving material events affecting securities loaned. See "Securities Lending Risks" under "CERTAIN RISK FACTORS".

**Corporate Bonds.** Corporations issue bonds and notes to raise money for working capital or for capital expenditures such as plant construction, equipment purchases and expansion. In return for the money loaned to the corporation by bondholders, the corporation promises to pay bondholders interest, and repay the principal amount of the bond or note.

**High Yield Fixed Income Securities; Junk Bonds.** Junk bonds generally have more credit risk than higher-rated securities. Companies issuing high yield, fixed income securities typically are not as strong financially as those issuing securities with higher credit ratings.

**Municipal Obligations.** The Fund may invest in municipal obligations. Municipal obligations are issued by or on behalf of states, territories and possessions of the United States and their political subdivisions, agencies and instrumentalities to obtain funds for various public purposes. The interest on most of these obligations is generally exempt from regular Federal income tax in the hands of most individual investors, although it may be subject to the individual and corporate alternative minimum tax. The two principal classifications of municipal obligations are "notes" and "bonds". Municipal notes are generally used to provide for short-term capital needs and generally have maturities of one year or less while municipal bonds are generally used to meet longer term capital needs and generally have maturities of more than one year when issued.

**U.S. Government Agency Obligations.** Certain Federal agencies such as the Government National Mortgage Association ("GNMA") have been established as instrumentalities of the United States Government to supervise and finance certain types of activities. Securities issued by these agencies, while not direct obligations of the United States Government, are either backed by the full faith and credit of the United States (e.g., GNMA securities) or supported by the issuing agencies' right to borrow from the Treasury. The securities issued by other agencies are supported only by the credit of the instrumentality.

*Federal National Mortgage Association ("FNMA")* is a government-sponsored enterprise ("GSE") of the U.S. federal government, which, in September of 2008, was placed into the conservatorship of the Federal Housing Finance Agency whereby, among other things, new common stock in FNMA was issued to the U.S. federal government. FNMA is regulated by the Secretary of Housing and Urban Development. FNMA purchases conventional mortgages from a list of approved sellers and service providers, including state and federally-chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Securities issued by FNMA are agency securities, which means FNMA, but not the U.S. government, guarantees their timely payment of principal and interest.

*Federal Home Loan Mortgage Corporation ("FHLMC")* is a GSE of the U.S. federal government, which, in September of 2008, was placed into the conservatorship of the Federal Housing Finance Agency whereby, among other things, new common stock in FHLMC was issued to the U.S. federal government. Congress created FHLMC in 1970 to increase the availability of mortgage credit for residential housing. FHLMC issues Participation Certificates (PCs) which represent interests in conventional mortgages. Like FNMA, FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. government.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") required the U.S. Department of the Treasury to report its recommendations regarding options for ending the conservatorship of the GSEs. This report was released on February 11, 2011. While the report does not provide any definitive timeline for reform, it does recommend using a combination of federal housing policy changes to wind down the GSEs, shrink the government's footprint in housing finance, and help bring private capital back to the mortgage market. It is uncertain what role the GSEs may play in the housing finance system in the future. It is difficult to estimate when Congressional action would be final and how long any associated phase-in period may last.

**U.S. Government Securities.** Bills, notes and bonds issued by the U.S. Government and backed by the full faith and credit of the United States.

**U.S. Treasury Obligations.** Bills, notes and bonds issued by the U.S. Treasury, and separately traded interest and principal component parts of such obligations that are transferable through the Federal book-entry system known as Separately Traded Registered Interest and Principal Securities ("STRIPS"). Under the STRIPS program, the Fund will be able to have its beneficial ownership of securities recorded directly in the book-entry record-keeping system in lieu of having to hold certificates or other evidences of ownership of the underlying U.S. Treasury securities. When U.S. Treasury obligations have been stripped of their unmatured interest coupons by the holder, the stripped coupons are sold separately or grouped with other coupons with like maturity dates and sold in such bundled form. The principal or corpus is sold at a deep discount because the buyer receives only the right to receive a future fixed payment on the security and does not receive any rights to periodic interest (cash) payments. Purchasers of stripped obligations acquire, in effect, discount obligations that are parallel to the securities that the Treasury sells itself. Other facilities are available to facilitate the transfer of ownership of non-Treasury securities by accounting separately for the beneficial ownership of particular interest coupon and corpus payments on such securities through a book-entry record-keeping system.

**Auction Rate Securities.** Auction Rate Securities ("ARS"), are generally considered cash management instruments with intermediate to perpetual maturities. ARS seek to offer the potential for short-term hold periods. An "auction" is held for each security at predetermined intervals (for example, every seven days) to reset the dividend/interest rate. The periodic auctions, which are organized pursuant to certain procedures, seek to provide the opportunity for the ARS to be adjusted to reflect current market conditions. But see "CERTAIN RISK FACTORS".

ARS generally have auction cycles of 7, 28, 35, or 49 days. Auction cycles are in multiples of 7 to keep the auction cycle on the same day of the week (for example, every fifth Wednesday would equal a 35-day holding period). Auction cycles for ARS are known in advance, allowing investors to evaluate whether a particular cycle suits their investment parameters and cash needs. The ARS structure generally allows the securities to trade at their par values at each reset date, which is generally considered by some to be a major

advantage compared to traditional floating-rate instruments. New and existing investors typically reset the rates through a competitive bidding process that enables bidders to take into account factors such as the current interest rate environment, comparable yields in alternative short-term cash instruments, and the credit quality of the issue.

The ARS market is comprised of many different product types. These different products can generally be broken down into five principal areas: Taxable Preferred, Taxable Debt, Tax-Exempt Preferred, Tax-Exempt Debt, and DRD Preferred. The tax treatment of income flows range from fully tax-exempt, to tax-advantaged, to fully taxable. Tax-Exempt Preferred and Tax-Exempt Debt issues are generally exempt from federal income tax and, where applicable, state income tax. DRD Preferreds provide a tax benefit for corporations, through the Dividend Received Deduction, whereby 70% or more of qualified dividend income is exempt from taxable income, subject to a minimum holding period of 46 days.

ARS Issuers include U.S. industrial corporations, utilities, not-for-profit issuers, state and local municipalities, student loan providers, and closed-end funds.

**Inflation-Indexed Bonds.** Inflation-indexed bonds are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. Two structures are common. The U.S. Treasury and some other issuers use a structure that accrues inflation into the principal value of the bond. Most other issuers pay out the Consumer Price Index ("CPI") accruals as part of a semiannual coupon.

**Pay-In-Kind (PIK) Securities.** The Fund may invest in securities which pay interest either in cash or additional securities. These securities are generally high yield securities and, in addition to the other risks associated with investing in high yield securities, are subject to the risks that the interest payments which consist of additional securities are also subject to the risks of high yield securities.

**Receipts.** Receipts are separately traded interest and principal component parts of U.S. Treasury obligations that are issued by banks or brokerage firms and are created by depositing U.S. Treasury obligations into a special account at a custodian bank. The custodian bank holds the interest and principal payments for the benefit of the registered owners of the receipts. The custodian bank arranges for the issuance of the receipts evidencing ownership and maintains the register.

**Senior Loans.** Senior Loans generally are arranged through private negotiations between a borrower and the lenders represented in each case by one or more agents of the several lenders. Senior Loans in which the Fund may purchase interests generally pay interest at rates that are periodically re-determined by reference to a base lending rate plus a premium. These base lending rates are generally Prime Rate, LIBOR, the CD rate or other base lending rates used by commercial lenders.

**Structured Notes.** The Fund may invest in structured notes, including "total rate of return swaps," with rates of return determined by reference to the total rate of return on one or more loans referenced in such notes. The rate of return on the structured note may be determined by applying a multiplier to the rate of total return on the referenced loan or loans. Application of a multiplier is comparable to the use of leverage, which magnifies the risk of loss, because a relatively small decline in the value of a referenced note could result in a relatively large loss in value. Structured notes are treated as Senior Loans.

**Step Coupon Bonds (STEPS).** The Fund may invest in debt securities which pay interest at a series of different rates (including 0%) in accordance with a stated schedule for a series of periods. In addition to the risks associated with the credit rating of the issuers, these securities may be subject to more volatility risk than fixed rate debt securities.

**Tender Option Bonds.** A tender option bond is a municipal security (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term tax-exempt rates, that has been coupled with the agreement of a third party, such as a bank, broker-dealer or other financial institution, pursuant to which such institution grants the security holders the option, at periodic intervals, to tender their securities to the institution and receive the face value thereof. As consideration for providing the option, the financial institution receives periodic fees equal to the difference between the municipal security's fixed coupon rate and the rate, as determined by a remarketing or similar agent at or near the commencement of such period, that would cause the securities, coupled with the tender option, to trade at par on the date of such determination. Thus, after payment of this fee, the security holder effectively holds a demand obligation that bears interest at the prevailing short-term tax exempt rate.

**Variable and Floating Rate Instruments.** Certain of the obligations purchased by the Fund may carry variable or floating rates of interest, may involve a conditional or unconditional demand feature and may include variable amount master demand notes. Such instruments bear interest at rates which are not fixed, but which vary with changes in specified market rates or indices, such as a Federal Reserve composite index. The interest rates on these securities may be reset daily, weekly, quarterly or some other reset period, and may have a floor or ceiling on interest rate changes. There is a risk that the current interest rate on such obligations may not accurately reflect existing market interest rates. A demand instrument with a demand notice exceeding seven days may be considered illiquid if there is no secondary market for such securities.

**Zero Coupon Bonds.** These securities make no periodic payments of interest, but instead are sold at a discount from their face value. When held to maturity, their entire income, which consists of accretion of discount, comes from the difference between the issue price and their value at maturity. The amount of the discount rate varies depending on factors including the time remaining until maturity, prevailing interest rates, the security's liquidity and the issuer's credit quality. The market value of zero coupon securities may exhibit greater price volatility than ordinary debt securities because a stripped security will have a longer duration than an ordinary debt security with the same maturity. The Fund's investments, if any, in pay-in-kind, delayed and zero coupon bonds may require it to sell certain Fund securities to generate sufficient cash to satisfy certain income distribution requirements.

**Commercial Paper and Other Cash Equivalents.** Commercial paper is the term for short-term promissory notes issued by domestic corporations to meet current working capital needs. Commercial paper may be unsecured by the corporation's assets but may be backed by a letter of credit from a bank or other financial institution. The letter of credit enhances the paper's creditworthiness. The issuer is directly responsible for payment but the bank "guarantees" that if the note is not paid at maturity by the issuer, the bank will pay the principal and interest to the buyer. Commercial paper is sold either in an interest-bearing form or on a discounted basis, with maturities generally not exceeding 270 days.

**Bank Obligations.** The Fund may invest in a security issued by a commercial bank.

**Bankers' Acceptance.** A bill of exchange or time draft drawn on and accepted by a commercial bank. It is used by corporations to finance the shipment and storage of goods and to furnish dollar exchange. Maturities are generally six months or less.

**Certificates of Deposit.** A negotiable interest bearing instrument with a specific maturity. Certificates of deposit are issued by banks and savings and loan institutions in exchange for the deposit of funds and normally can be traded in the secondary market prior to maturity. Certificates of deposit generally carry penalties for early withdrawal and may therefore be considered illiquid.

**Demand Instruments.** Certain instruments may involve a conditional or unconditional demand feature which permits the holder to demand payment of the principal amount of the instrument. Demand instruments may include variable amount master demand notes.

**Time Deposits.** A non-negotiable receipt issued by a bank in exchange for the deposit of funds. Like a certificate of deposit, it earns a specified rate of interest over a definite period of time; however, it cannot be traded in the secondary market. Time deposits with a withdrawal penalty are considered to be illiquid securities.

**Cash Investments.** The Fund may from time to time, for temporary or defensive or other purposes, invest up to 100% of its assets directly or indirectly in cash, cash equivalents, bank deposits, and/or similar instruments, including short-term high quality obligations of corporate issuers or the United States or other Government (including any agencies or instrumentalities thereof).

**Potential Changes in Investment Approach.** The Fund reserves the right to alter any investment policy or strategy as deemed appropriate from time to time in its discretion without requiring Shareholder approval and without notice.

## LEVERAGE AND DERIVATIVES

The Fund reserves the right to borrow money, utilize margin, or utilize any financial instruments necessary (including, but not limited to, swaps, options, repurchase agreements, forward contracts, and other derivative instruments) for any purpose, including, but not limited to: (1) leveraging Fund assets for any purpose, including, but not limited to, enhancing the Fund's returns, if any; (2) seeking to hedge the Fund's investments and/or other assets; and (3) making speculative investments. The use of leverage entails substantial risks. See "Leverage; Interest Rates; Margin" under "CERTAIN RISK FACTORS".

## MODIFICATION OF OBJECTIVES, POLICIES, AND RESTRICTIONS

The Investment Adviser, in consultation with the Directors of the Fund, reserves the right to alter or modify some of the Fund's investment objectives and strategies at any time for any or no reason, without Shareholder approval.

## USE OF PROCEEDS

The net proceeds of the offering of the Shares will be invested in accordance with the policies described in this Information Memorandum. Pending such investment, the Fund may, but is not required to, invest such accepted funds in money market instruments, securities issues registered investment companies and other marketable securities.

## CERTAIN RISK FACTORS

*An investment in the Fund is speculative and involves certain risk factors and other special considerations which prospective investors should consider before subscribing for Shares. An investment in the Fund is suitable only for investors who are willing to accept substantial risks of loss, including loss of entire principal.*

*This Memorandum contains statements which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various facts.*

### Certain Risks of Foreign Securities

Generally. The Fund may, and currently intends to substantially, invest in foreign securities, foreign currencies, securities issued by U.S. entities with substantial foreign operations, and/or assets located outside the U.S. *which are in addition to the usual risks inherent in domestic investments* (see "Other Business Risks" below). The value of foreign securities (like U.S. securities) is affected by general economic conditions and individual issuer and industry earnings prospects. Investments in depositary receipts also involve some or all of the risks described below.

It is anticipated that in many cases the best available market for foreign securities will be on an exchange or in over-the-counter (OTC) markets located outside of the United States. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers may be less liquid and more volatile than securities of comparable U.S. issuers. Foreign security trading, settlement and custodial practices (including those involving securities settlement where fund assets may be released prior to receipt of payment) are often less developed than those in U.S. markets, and may result in increased risk or substantial delays in the event of a failed trade or the insolvency of, or breach of duty by, a foreign broker-dealer, securities depositary, or foreign sub-custodian. In



addition, the costs associated with foreign investments, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than with U.S. investments.

Some foreign securities impose restrictions on transfer within the United States or to U.S. persons. Although securities subject to such transfer restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions.

There is the possibility of cessation of trading on foreign exchanges, expropriation, nationalization of assets, confiscatory or punitive taxation, withholding and other foreign taxes on income or other amounts, foreign exchange controls (which may include suspension of the ability to transfer currency from a given country), restrictions on removal of assets, political or social instability, military action or unrest, or diplomatic developments that could affect investments in securities of issuers in foreign nations. There is no assurance that the Investment Adviser will be able to anticipate these potential events. In addition, the value of securities denominated in foreign currencies and of dividends and interest paid with respect to such securities will fluctuate based on the relative strength of the U.S. dollar.

There may be less publicly available information about foreign issuers comparable to the reports and ratings published about issuers in the U.S. Foreign issuers generally are not subject to uniform accounting or financial reporting standards. Auditing practices and requirements may not be comparable to those applicable to U.S. issuers. Certain countries' legal institutions, financial markets and services are less developed than those in the U.S. or other major economies. The Fund may have greater difficulty voting proxies, exercising shareholder rights, securing dividends and obtaining information regarding corporate actions on a timely basis, pursuing legal remedies, and obtaining judgments with respect to foreign investments in foreign courts than with respect to domestic issuers in U.S. courts. The costs associated with foreign investments, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than with U.S. investments.

Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company. Some countries limit the investment of foreign persons to only a specific class of securities of an issuer that may have less advantageous terms than securities of the issuer available for purchase by nationals. Although securities subject to such restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions. In some countries the repatriation of investment income, capital and proceeds of sales by foreign investors may require governmental registration and/or approval. The Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for repatriation.

From time to time, trading in a foreign market may be interrupted. Foreign markets also have substantially less volume than the U.S. markets and securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. The Fund, therefore, may encounter difficulty in obtaining market quotations for purposes of valuing its portfolio and calculating its net asset value.

In many foreign countries there is less government supervision and regulation of stock exchanges, brokers, and listed companies than in the U.S., which may result in greater potential for fraud or market manipulation. Foreign over-the-counter markets tend to be less regulated than foreign stock exchange markets and, in certain countries, may be totally unregulated. Brokerage commission rates in foreign countries, which sometimes are fixed rather than subject to negotiation as in the U.S., are likely to be higher. Foreign security trading, settlement and custodial practices (including those involving securities settlement where assets may be released prior to receipt of payment) are often less developed than those in U.S. markets, may be cumbersome and may result in increased risk or substantial delays. This could occur in the event of a failed trade or the insolvency of, or breach of duty by, a foreign broker-dealer, securities depository, or foreign sub-custodian.

To the extent that the Fund invests a significant portion of its assets in a specific geographic region or country, the Fund will have more exposure to economic risks related to such region or country than a fund whose investments are more geographically diversified. Adverse conditions in a certain region can affect securities of other countries whose economies appear to be unrelated. In the event of economic or political turmoil or a deterioration of diplomatic relations in a region or country where a substantial portion of the Fund's assets are invested, the Fund may have difficulty meeting a large number of redemption requests.

The holding of foreign securities may be limited by the Fund to avoid investment in certain Passive Foreign Investment Companies (PFICs) and the imposition of a PFIC tax on the Fund resulting from such investments.

Developing markets or emerging markets. Investments in companies domiciled or with significant operations in developing market or emerging market countries may be subject to potentially higher risks than investments in developed countries. These risks include, among others (i) less social, political and economic stability; (ii) smaller securities markets with low or nonexistent trading volume, which result in greater illiquidity and greater price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities, including restrictions on investment in issuers or industries deemed sensitive to national interests; (iv) foreign taxation, including less transparent and established taxation policies; (v) less developed regulatory or legal structures governing private or foreign investment or allowing for judicial redress for injury to private property; (vi) the absence, until recently in many developing market countries, of a capital market structure or market-oriented economy; (vii) more widespread corruption and fraud; (viii) the financial institutions with which the Fund may trade may not possess the same degree of financial sophistication, creditworthiness or resources as those in developed markets; and (ix) the possibility that recent favorable economic developments in some developing market countries may be slowed or reversed by unanticipated economic, political or social events in such countries.

In addition, many developing market countries have experienced substantial, and during some periods, extremely high rates of inflation, for many years. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain countries. Moreover, the economies of some developing market countries may differ unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, debt burden, capital reinvestment, resource self-sufficiency and balance of payments position. The economies of some developing market countries may be based on only a few industries, and may be highly vulnerable to changes in local or global trade conditions.

Settlement systems in developing market countries may be less organized than in developed countries. Supervisory authorities may also be unable to apply standards which are comparable with those in more developed countries. There may be risks that settlement may be delayed and that cash or securities belonging to the Fund may be in jeopardy because of failures of or defects in the settlement systems. Market practice may require that payment be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the "counterparty") through whom the relevant transaction is effected might result in a loss being suffered by the Fund. The Fund seeks, where possible, to use counterparties whose financial status reduces this risk. However, there can be no certainty that the Fund will be successful in eliminating or reducing this risk, particularly as counterparties operating in developing market countries frequently lack the substance, capitalization and/or financial resources of those in developed countries. Uncertainties in the operation of settlement systems in individual markets may increase the risk of competing claims to securities held by or to be transferred to the Fund. Legal compensation schemes may be non-existent, limited or inadequate to meet the Fund's claims in any of these events.

Securities trading in developing markets presents additional credit and financial risks. The Fund may have limited access to, or there may be a limited number of, potential counterparties that trade in the securities of developing market issuers. Governmental regulations may restrict potential counterparties to certain financial institutions located or operating in the particular developing market. Potential counterparties may not possess, adopt or implement creditworthiness standards, financial reporting standards or legal and contractual protections similar to those in developed markets. Currency and other hedging techniques may not be available or may be limited.

The local taxation of income and capital gains accruing to nonresidents varies among developing market countries and may be comparatively high. Developing market countries typically have less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting its investment activities or valuing its assets.

Many developing market countries suffer from uncertainty and corruption in their legal frameworks. Legislation may be difficult to interpret and laws may be too new to provide any precedential value. Laws regarding foreign investment and private property may be weak or non-existent. Investments in developing market countries may involve risks of nationalization, expropriation and confiscatory taxation. For example, the

Communist governments of a number of Eastern European countries expropriated large amounts of private property in the past, in many cases without adequate compensation, and there can be no assurance that such expropriation will not occur in the future. In the event of expropriation, the Fund could lose all or a substantial portion of any investments it has made in the affected countries.

Accounting, auditing and reporting standards in certain countries in which the Fund may invest may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. In addition, it is possible that purported securities in which the Fund invested may subsequently be found to be fraudulent and as a consequence the Fund could suffer losses.

Finally, currencies of developing market countries are subject to significantly greater risks than currencies of developed countries. Some developing market currencies may not be internationally traded or may be subject to strict controls by local governments, resulting in undervalued or overvalued currencies and associated difficulties with the valuation of assets, including the Fund's securities, denominated in that currency. Some developing market countries have experienced balance of payment deficits and shortages in foreign exchange reserves. Governments have responded by restricting currency conversions. Future restrictive exchange controls could prevent or restrict a company's ability to make dividend or interest payments in the original currency of the obligation (usually U.S. dollars). In addition, even though the currencies of some developing market countries, such as certain Eastern European countries, may be convertible into U.S. dollars, the conversion rates may be different from the actual market values and may be adverse to the Fund's Investors.

Foreign corporate debt securities. Foreign corporate debt securities, including Samurai bonds, Yankee bonds, Eurobonds and Global Bonds, may be purchased to gain exposure to investment opportunities in other countries in a certain currency. A Samurai bond is a yen-denominated bond issued in Japan by a non-Japanese company. Eurobonds are foreign bonds issued and traded in countries other than the country and currency in which the bond was denominated. Eurobonds generally trade on a number of exchanges and are issued in bearer form, carry a fixed or floating rate of interest, and typically amortize principal through a single payment for the entire principal at maturity with semiannual interest payments. Yankee bonds are bonds denominated in U.S. dollars issued by foreign banks and corporations, and registered with the SEC for sale in the U.S. A Global Bond is a certificate representing the total debt of an issue. Such bonds are created to control the primary market distribution of an issue in compliance with selling restrictions in certain jurisdictions or because definitive bond certificates are not available. A Global Bond is also known as a Global Certificate.

Foreign currency exchange rates. Changes in foreign currency exchange rates will affect the U.S. dollar market value of securities denominated in such foreign currencies and any income received or expenses paid by the Fund in that foreign currency. This may affect the Fund's Net Asset Values, income and dividends (if any) to Investors. Some countries may have fixed or managed currencies that are not free-floating against the U.S. dollar. It will be more difficult for the investment manager to value securities denominated in currencies that are fixed or managed. Certain currencies may not be internationally traded, which could cause illiquidity with respect to the Fund's investments in that currency and any securities denominated in that currency. Currency markets generally are not as regulated as securities markets. The Fund endeavors to buy and sell foreign currencies on as favorable a basis as practicable. Some price spread in currency exchanges (to cover service charges) may be incurred, particularly when the Fund changes investments from one country to another or when proceeds of the sale of securities in U.S. dollars are used for the purchase of securities in foreign countries. Some countries may adopt policies that would prevent the Fund from transferring cash out of the country or withhold portions of interest and dividends at the source. Certain currencies have experienced a steady devaluation relative to the U.S. dollar. Any devaluations in the currencies in which the Fund's portfolio securities are denominated may have a detrimental impact on the Fund. Where the exchange rate for a currency declines materially after the Fund's income has been accrued and translated into U.S. dollars, the Fund may need to redeem portfolio securities to make required distributions. Similarly, if an exchange rate declines between the time the Fund incurs expenses in U.S. dollars and the time such expenses are paid, the Fund will have to convert a greater amount of the currency into U.S. dollars in order to pay the expenses.

Investing in foreign currencies for purposes of gaining from projected changes in exchange rates further increases the Fund's exposure to foreign securities losses.

Foreign governmental and supranational debt securities. The Fund's investments in debt securities may include debt securities of sovereign, governmental or supranational issuers. Such investments are subject to all the risks associated with investment in U.S. and foreign securities and certain additional risks.

Foreign government and sovereign debt securities include debt securities issued, sponsored or guaranteed by: governments or governmental agencies, instrumentalities, or political subdivisions located in emerging or developed market countries; government owned, controlled or sponsored entities located in emerging or developed market countries; entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by any of the above issuers.

A supranational entity is a bank, commission or company established or financially supported by the national governments of one or more countries to promote reconstruction, trade, harmonization of standards or laws, economic development, and humanitarian, political or environmental initiatives. Supranational debt obligations include: Brady Bonds (which are debt securities issued under the framework of the Brady Plan as a means for debtor nations to restructure their outstanding external indebtedness); participations in loans between emerging market governments and financial institutions; and debt securities issued by supranational entities such as the World Bank, Asia Development Bank, European Investment Bank and the European Economic Community.

Foreign government and sovereign debt securities are subject to risks in addition to those relating to debt securities generally. Governmental issuers of foreign debt securities may be unwilling to pay interest and repay principal, or otherwise meet obligations, when due and may require that the conditions for payment be renegotiated. As a sovereign entity, the issuing government may be immune from lawsuits in the event of its failure or refusal to pay the obligations when due. The debtor's willingness or ability to repay in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its non-U.S. reserves, the availability of sufficient non-U.S. exchange on the date a payment is due, the relative size of the debt service burden to the issuing country's economy as a whole, the sovereign debtor's policy toward principal international lenders and the political constraints to which the sovereign debtor may be subject. Governmental debtors also will be dependent on expected disbursements from foreign governments or multinational agencies and the country's access to, or balance of, trade. Some emerging market governmental debtors have in the past rescheduled their debt payments or declared moratoria on payments, and similar occurrences may happen in the future. There is no bankruptcy proceeding by which the Fund may collect in whole or in part on debt subject to default by a government.

Foreign Repurchase Agreements. Foreign repurchase agreements involve an agreement to purchase a foreign security and to sell that security back to the original seller at an agreed-upon price in either U.S. dollars or foreign currency. Unlike typical U.S. repurchase agreements, foreign repurchase agreements may not be fully collateralized at all times. The value of a security purchased by the Fund may be more or less than the price at which the counterparty has agreed to repurchase the security. In the event of default by the counterparty, the Fund may suffer a loss if the value of the security purchased is less than the agreed-upon repurchase price, or if the Fund is unable to successfully assert a claim to the collateral under foreign laws. As a result, foreign repurchase agreements may involve higher credit risks than repurchase agreements in U.S. markets, as well as risks associated with currency fluctuations. In addition, as with other emerging market investments, repurchase agreements with counterparties located in emerging markets or relating to emerging markets may involve issuers or counterparties with lower credit ratings than typical U.S. repurchase agreements.

Country and/or Geographic Specific Risks. Geographic regions around the world (including, but not limited to, Canada, Europe, Japan, Asia Pacific, Latin America, Emerging Markets, Russia, Middle East, and Africa) contain numerous specific and special additional risks which may materially and adversely impact the Fund and Shareholders.

## **Other Business Risks**

No Assurance of Investment Return. The Fund cannot provide assurance that it will be able to choose, make, and realize investments in any particular company or portfolio of companies or securities or instruments thereof. There can be no assurance that the Fund will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment. Past activities of investment entities associated with the Investment Adviser provide no assurance of future success.

Securities Risks in General; Equity Risks. The Fund may invest in equity securities, which generally involves a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements

may result from factors affecting individual companies or industries. Furthermore, the Fund is not subject to a specific percentage limit on any particular industry or issuer. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of the Fund's investments may decline if the particular companies in which the Fund invests do not perform well in the market. Furthermore, the prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. The prices of growth stocks also may fall or fail to appreciate as anticipated by the Investment Adviser, regardless of movements in the securities markets.

General Economic and Market Conditions. The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, oil prices, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Such volatility or illiquidity could impair the Fund's profitability or result in losses.

Extraordinary Events. Terrorist activity and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

Initial Public Offerings. Securities issued through an IPO can experience an immediate drop in value if the demand for the securities does not continue to support the offering price. Information about the issuers of IPO securities is also difficult to acquire since they are new to the market and may not have lengthy operating histories. The Fund may engage in short-term trading in connection with its IPO investments, which could produce higher trading costs and adverse tax consequences. The number of securities issued in an IPO is limited, so it is likely that IPO securities will represent a small component of the Fund's portfolio as the Fund's assets increase (and thus have a more limited effect on the Fund's performance).

Illiquid and Long-Term Investments. The Fund may invest in illiquid investments (including, but not limited to, private placements and other similar investments) valued at cost or otherwise until disposition. The return of capital and the realization of gains, if any, from such illiquid investments generally will occur only upon the partial or complete disposition of such investment. In addition, the lack of an established, liquid secondary market for some of the Fund's investments may have an adverse effect on the market value of the Fund's investments and on the Fund's ability to dispose of them. Additionally, the Fund's investments may be subject to certain transfer restrictions that may also contribute to illiquidity. Finally, assets of the Fund that are typically traded in a liquid market may become illiquid if the applicable trading market tightens as a result of a significant macro-economic shock or for any other reason. Therefore, no assurance can be given that, if the Fund is determined to dispose of a particular investment, the Fund could dispose of such investment at the prevailing market price. The Fund may sometimes not be able to sell securities it holds publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. Although it currently does not intend to, the Fund may, as described elsewhere herein, designate certain Securities as Designated Investments. As a result of the foregoing, a Shareholder should view its investment in the Fund as a longer-term investment than most hedge funds.

Past Market Conditions. In 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of the credit markets to function. In reaction to these events, regulators in the U.S. and several other countries undertook unprecedented regulatory actions. In the U.S., the SEC issued emergency orders that temporarily banned short selling of equity securities of more than 900 financial firms and required institutional investment managers, including large private investment fund managers, to make weekly disclosures of all new short sales in a broad range of publicly traded securities. Several other countries, including the United Kingdom, issued similar short-selling restrictions. The Investment Adviser believes that the restrictions on short-selling and potential public disclosure of short selling activities may have materially affected and may be continuing to materially affect the markets, including the prices of securities.

Evolving Regulatory Oversight; Business and Regulatory Risks of Hedge Funds. The Fund is not required to register as an investment company, and has not registered as such, under the U.S. Company Act. Thus, the provisions of the U.S. Company Act intended to provide various protections to investors are not applicable. Moreover, Other Funds and Managers are generally not registered as investment companies and the Fund, in turn, is not provided the protections of the U.S. Company Act. The investment activities of the Fund and Other

Funds and Managers are not subject to U.S. Company Act provisions that limit the use of leverage and regulate other investment practices. Other Funds and Managers do not generally maintain their securities and other assets in the custody of a bank or a member of a securities exchange, as generally required of registered investment companies, in accordance with certain rules of the SEC. A registered investment company that places its securities in the custody of a member of a national securities exchange is required to have a written custodial agreement, which provides that securities held in custody will be at all times individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and which contains other provisions designed to protect the assets of the investment company. Other Funds and Managers generally maintain custody of their assets with brokerage firms that do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act, the bankruptcy of any such brokerage firm could have a greater adverse effect on the Fund than would be the case if custody of assets were maintained in accordance with the requirements applicable to registered investment companies. There is also a risk that an Other Fund or Manager could convert to its own use assets committed to it by the Fund or that a custodian could convert to its own use assets committed to it by a Other Fund or Manager. There can be no assurance that Other Funds and Managers or the entities they manage will comply with all applicable laws and that assets entrusted to Other Funds and Managers will be protected.

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Fund and the ability of Other Funds and Managers to obtain leverage they might otherwise obtain or to pursue their trading strategy. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. For instance, the SEC issued an emergency order in September 2008 to temporarily ban short-selling of any publicly traded securities of certain financial firms and require institutional investment managers, including hedge fund managers, to make disclosure on a weekly basis of short positions on publicly traded equity securities. On or about the same time, other jurisdictions (e.g., United Kingdom, Australia, Ireland) enacted emergency regulations, imposing similar regulations to those enacted by the SEC. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability to trade in securities or employ, or brokers and other counterparties to extend, credit in their trading (as well as other regulatory changes that result) could have a material adverse impact on the Fund's or Other Funds' and Managers' performance and, consequently, on the Fund's portfolio.

The Fund and Other Funds and Managers may also be subject to regulation in jurisdictions in which Other Funds and Managers engage in business, which, in turn, could have a material adverse impact on value of the investments of the Fund. Investors should understand that the Fund's and Other Funds' and Managers' business is dynamic and expected to change over time. Therefore, the Fund and Other Funds and Managers may be subject to new or additional regulatory constraints in the future. This Memorandum cannot address or anticipate every possible current or future regulation that may affect the Fund or its affiliates or Other Funds and Managers or their respective businesses. Such regulations may have a significant impact on the Investors, the operations of the Fund, including, without limitation, restricting the types of investments the Other Funds and Managers and/or the Fund may make, preventing them from exercising voting rights with regard to certain financial instruments, requiring them to disclose the identity of their investors or otherwise. The Investment Adviser may, in its sole discretion, cause the Fund to be subject to such regulations if it believes that an investment or business activity is in the Fund's interest, even if such regulations may have a detrimental effect on one or more Investors. Prospective investors are encouraged to consult their own advisors regarding an investment in the Fund.

Additionally, on July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). Dodd-Frank could affect the Fund by increasing transaction and/or regulatory compliance costs. In addition, greater regulatory scrutiny may increase the Fund's and Investment Adviser's exposure to potential liabilities. Dodd-Frank creates a new framework for, amongst other things, over-the-counter derivatives markets which could impact various activities of the Fund. The impact of Dodd-Frank and other regulatory initiatives could affect the Fund in substantial and unforeseen ways.

Concentration of Investments. The Investment Adviser is not limited in the amount of Fund capital which it may commit to any one investment. The Fund may hold a few, relatively large securities positions in relation to

the Fund's capital. The result of such concentration of investments is that a loss in any such position could materially reduce the Fund's capital.

Volatility. Volatility produces various adverse effects. In general, volatility has a tendency to discourage the participation of small investors and reduce the participation of some professionals in the financial market. This lack of participation, in turn, may tend to reduce liquidity, the ability to enter into transactions at a price close to that of the previous transaction. A consequence of illiquidity is that market-makers and specialists tend to increase the spread between the price they are willing to pay for a security (the bid) and the price at which they are willing to sell a security (the offer). For these reasons illiquid markets and/or securities may be more difficult to trade and may possess greater risk. Although volatility provides the opportunity for significant profits it also can result in equally significant losses. Such volatility theoretically could result in losses greater than the amount which would cause the Fund to dissolve. This could occur if prices in the financial markets "gap" (open much higher or lower than the previous days' close).

Smaller Companies. While smaller companies may offer substantial opportunities for capital growth, they also involve substantial risks and should be considered speculative. Historically, smaller company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller companies to changing economic conditions. In addition, smaller companies may lack depth of management and resources, be unable to generate funds necessary for growth or development, be unable to borrow funds at low cost, or be dependent on narrower product lines or business than larger companies, and therefore may be more susceptible to particular economic events or competitive factors than are larger, more broadly diversified companies. The risk that a smaller company will not have enough cash flow to meet financial obligations is a serious risk. Smaller companies typically have limited operating histories and limited following from Wall Street. Smaller companies are also more prone to market manipulation by private investment funds and market makers. Some of the smaller companies that the Fund may buy are quoted on the pink sheet over-the-counter system; such smaller companies do not need to meet minimum requirements or file with the SEC and entail significant risks.

Venture Capital Risks. Although venture capital investments offer the opportunity for significant gains, each investment involves a high degree of business and financial risk that can result in substantial losses. Among these are the risks associated with investing in companies in an early stage of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and service capabilities, and a larger number of qualified managerial and technical personnel.

Fund's Limited Rights as Investor. The Fund will generally not be able to direct or administer the day-to-day operations of any company. The Fund, however, may exercise its rights as a shareholder or lender and may, although it is not required to, communicate its views on important matters of policy to management, the Board of Directors, shareholders of a company, and holders of other securities of the company when the Investment Adviser determines that such matters could have a significant effect on the value of the fund's investment in the company. The activities in which the Fund may engage, either individually or in conjunction with others, may include, among others, supporting or opposing proposed changes in a company's corporate structure or business activities; seeking changes in a company's directors or management; seeking changes in a company's direction or policies; seeking the sale or reorganization of the company or a portion of its assets; supporting or opposing third-party takeover efforts; supporting the filing of a bankruptcy petition; or foreclosing on collateral securing a security. This area of corporate activity is increasingly prone to litigation and it is possible that the Fund could be involved in lawsuits related to such activities. The Investment Adviser will generally seek to monitor such activities with a view to mitigating, to the extent possible, the risk of litigation against the Fund and the risk of actual liability if the Fund is involved in litigation. No guarantee can be made, however, that litigation against the Fund will not be undertaken or liabilities incurred.

Convertible Securities. Convertible securities are subject to credit and interest rate risk. When the interest rate rises, the value of such securities may decline. The interest rate or dividend performance on a convertible security may be less than that of a common stock equivalent if the yield on the convertible security is at a level which causes it to sell at a discount. In addition, companies may require the convertible securities holders to convert the securities to common stock by "calling the bonds," a technique known as forced conversion. Thus, an investment may be subject to additional risk depending on the price at which the convertible security is callable. Furthermore, the credit risk may be affected by the credit quality of the issuer. Convertible securities may or

may not be rated within the four highest categories by S&P and Moody's and if not so rated, would not be investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities.

Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of the Fund's holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.

As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent.

Preferred Stock. The Fund may invest in preferred stock. Preferred stock has a preference over common stock in liquidation (and generally dividends as well) but is subordinated to the liabilities of the issuers in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

Certain Risks of Other Funds and Managers and Separately Managed Accounts. An investment in Other Funds and Managers may cause the Fund indirectly to hold opposite positions in an investment, thereby decreasing or eliminating the possibility of positive returns from such investment. Certain Other Funds and Managers that the Fund may invest in will not be registered, as applicable, under the U.S. Company Act or the U.S. Advisers Act (or any other similar state or federal laws). Some of the Other Funds and Managers may also be recently organized and have no operating histories upon which the Fund may evaluate their possible performance. Regardless of whether the Fund utilizes leverage, the Shareholders may indirectly be exposed to the use of leverage through the Fund's investments, if any, in Other Funds and Managers. The Investment Adviser and Fund generally will have no power to control the management of certain Other Funds and Managers including investments, valuation, brokerage policies, conflicts of interest, etc. Certain Other Funds and Managers may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Investment Adviser. These strategies may involve risks under some market conditions that are not anticipated by the Investment Adviser or the Other Funds and Managers. The strategies employed by Other Funds and Managers may involve significantly more risk and higher transaction costs than more traditional investment methods. If invested in any Other Funds and Managers, the Fund will receive periodic reports at the same time as, and containing the same information provided to, any other investor in such Other Funds and Managers. The Investment Adviser may make requests for additional, more detailed information from such Other Funds and Managers, but there can be no assurance that any such additional information will be provided. Such lack of access may also impact the Investment Adviser's ability to value the Fund's assets. The ability of the Fund to withdraw all or part of its investment from its Other Funds and Managers is generally limited to a quarterly, semiannual or annual basis depending upon the investment, and may be subject to lock-ups and additional restrictions (including possible redemption fees) imposed by the managers or general partners of such Other Funds and Managers. The Fund may be unable to make redemption payments to the Shareholders to the extent it has invested in such Other Funds and Managers that do not permit redemptions, will not honor the Fund's redemption requests or that have invested in or distributed to the Fund a side pocket or illiquid investment. To the extent that the Fund invests in Other Funds and Managers, the Fund will bear additional costs and expenses in addition to the Fund's own expenses, Management Fee, and Incentive Allocation. Such Other Funds and Managers will charge their own advisory fees (which may include both management fees and performance fees) and expenses. To the extent any of the Other Funds and Managers are, or invest in stock of non-U.S. corporations that are, classified as passive foreign investment companies ("PFICs"), U.S. Investors will be subject to special rules with respect to the Fund's or its Other Funds and Managers' interest in such PFICs.

Events in the world financial markets, such as those that occurred in September and October 2008, may materially adversely affect Other Funds and Managers, potentially limiting the Fund's ability to fully exercise its redemption rights with regard to Other Funds and Managers due to "gates," suspensions and distributions in kind. Additionally, in some cases Other Funds and Managers may also suspend the



determination of the net asset value of all or a portion of their portfolios. The absence of such valuations will make it more difficult for the Investment Adviser to accurately value the Fund's portfolio.

The Fund may invest in Other Funds and Managers, and other investors may invest with the Investment Adviser, via separately managed accounts. Managed accounts offer greater visibility and flexibility for larger investors in general by giving them direct ownership of underlying assets and the option to sell such assets if they want to get out quickly. However, investors in private investment funds (e.g. the Fund or certain of the Other Funds and Managers) could be disadvantaged if managed account holders with the Investment Adviser or the adviser of certain Other Funds and Managers pull out of an asset before such private investment fund investors are able to redeem from such private investment fund or the Investment Adviser or such adviser are able to sell such assets of the Fund or Other Funds and Managers, respectively. Accordingly, a risk to investors of private investment funds is that managed account investors of the advisers to such private investment funds get an edge on private fund investors by having the ability to sell their positions whenever they want, independent of the fund manager. If this occurs before the fund manager sells a private investment fund's positions, then, among other things: (1) less liquid assets could see prices depressed; and (2) selling the Fund's positions could be harder.

Misconduct or Bad Judgment of Other Funds and Managers and Their Service Providers. Misconduct by employees of Other Funds and Managers or by their third-party service providers could cause losses to the Fund. Employee misconduct may include binding a fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) or other fraud. Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. Although the Investment Adviser will seek to monitor Other Funds and Managers, such measures may not be effective in all cases in detecting fraud or misconduct.

In addition, the Fund will still face the risk of Other Funds' and Managers' misrepresentation, material strategy alteration or poor judgment. Although Other Funds and Managers are required to adhere to the offering documents for the respective funds, the Investment Adviser cannot control the investments made by Other Funds and Managers. The Investment Adviser's sole remedy in the event of a deviation by a Other Fund or Manager from its offering documents (such as in the case of "style drift") may be to cause the Fund to withdraw capital, subject to any applicable redemption restrictions.

Style Drift. The Investment Adviser relies primarily on information provided by Other Funds and Managers in assessing Other Funds' and Managers' defined investment strategies, the underlying risks of such strategies and, ultimately, determining whether, and to what extent, it will allocate the Fund's assets to such Other Funds and Managers. "Style drift" is the risk that a Other Fund or Manager may deviate from the stated or expected investment strategy. Style drift can occur abruptly if a manager believes it has identified an investment opportunity for higher returns from a different approach (and the manager disposes of an interest quickly to pursue this approach) or it can occur gradually, such as if, for instance, a "value" oriented manager gradually increases investments in "growth" stocks. Style drift can also occur if a manager focuses on factors it had deemed immaterial in its offering documents - such as particular statistical information or returns relative to certain benchmarks. Additionally, style drift may result in a manager pursuing investment opportunities in an area in which it has a competitive disadvantage or is outside the manager's area of expertise (e.g., a large-cap manager focusing on small-cap investment opportunities). Moreover, style drift poses a particular risk for multiple-manager structures since, as a consequence, the Fund may be exposed to particular markets or strategies to a greater extent than was anticipated by the Investment Adviser when it assessed the portfolio's risk-return characteristics and allocated assets to Other Funds and Managers (and which may, in turn, result in overlapping investment strategies among various Other Funds and Managers).

Exchange Traded Funds ("ETFs"). An ETF's NAV changes daily based on changes in market conditions and interest rates and in response to other economic, political, or financial developments. Factors that may cause an ETF's NAV to react to such developments include, but are not limited to, (1) the types of securities in which an ETF invests, (2) the financial condition, industry and economic sector, and geographic location of an issuer, and (3) an ETF's level of investment in the Securities of an issuer. An ETF's performance could depend heavily on the performance of an industry or group of industries and could be more volatile than the performance of less concentrated funds. In addition, because certain ETF's may invest a significant percentage of their assets in a single issuer, such an ETF's performance could be closely tied to one such issuer and could be more volatile than the performance of other, more diversified, funds.

An ETF's NAV will generally fluctuate with changes in the market value of an ETF's holdings. ETFs are listed and can be bought and sold in the secondary market at market prices. Although an ETF's market price is expected to approximate its NAV, it is possible that the market price and NAV will vary significantly. As a result, the Fund may pay more than the ETF's NAV when buying such ETF in the secondary market and receive less than the ETF's NAV when selling such ETF.

The market price of ETFs during the trading day, like the price of any exchange-traded security, includes a "bid/ask" spread charged by the exchange specialist, market makers, or other participants that trade the particular security. In times of severe market disruption, the bid/ask spread can increase significantly. At those times, ETFs are most likely to be traded at a discount to NAV, and the discount is likely to be greatest when the price of ETFs are falling fastest, which may be the time that the Fund most wants to sell its interest in an ETF.

A lack of liquidity can lead to wide bid/ask spreads. Wider spreads may have a negative impact on the Fund's returns when it buys or sells ETFs. Lack of liquidity may also cause an ETF to trade at a large premium or discount to NAV, meaning that the Fund may overpay for a portfolio when buying or obtain less than the basket of securities is worth when selling.

Funds with lower levels of assets may also experience wide spreads in bid/ask prices. ETF market makers often receive rebates from exchanges that are calculated on a per-share basis. Thus, market makers may not have much incentive to maintain narrow gaps between bid and ask prices in funds with low trading volume. There are also risks when an issuer suspends issuing shares because wide gaps can develop between the ETF share price and the value of its underlying holdings.

Authorized participants may swap a basket of the ETF's underlying holdings for ETF shares, or vice versa. This process may help arbitrage away significant gaps between the ETF's share price and its NAV. However, when underlying holdings are costly to trade and/or difficult to obtain, authorized participants may be less willing to round up that basket of securities which may cause wide gaps to develop between the ETF's share price and NAV. Additionally, when underlying holdings are traded less frequently (or not at all), an ETF's returns may diverge from the benchmark which it is designed to track.

The performance of an index based ETF (an "Indexed ETF") and its corresponding index ("Index") may vary somewhat due to factors such as fees and expenses of an Indexed ETF, imperfect correlation between an Indexed ETF's securities and those in the Index, timing differences associated with additions to and deletions from the Index, and changes in the shares outstanding of the component securities. An Indexed ETF may not be fully invested at times. The use of sampling techniques or futures or other derivative positions may affect an Indexed ETF's ability to achieve close correlation with the Index.

Although shares of ETFs are listed, there can be no assurance that an active trading market will be maintained. Trading of ETFs in the secondary market may be halted, for example, due to activation of marketwide "circuit breakers."

Certain Risks of Exchange Traded Notes ("ETNs"). ETNs are riskier than ordinary unsecured debt securities and have no principal protection. ETN investors are taking on credit risk that the issuer will be solvent when they want to sell shares or when they reach maturity. Investing in ETNs are not equivalent to investing directly in index components or the relevant index itself. The price at which the Fund can sell its ETNs for prior to their maturity will depend on a number of factors, and may be substantially less than the amount the Fund paid for such ETNs. The market value of ETNs may be influenced by many unpredictable factors. Risks include limited portfolio diversification, uncertain principal repayment, and illiquidity. Even though ETNs are listed on exchanges, there is no guarantee a trading market will exist for ETNs at anytime. ETNs may be subject to foreign exchange risk since ETNs may be denominated in USD while the underlying components of the relevant index may be denominated in other currencies. Also, investors in ETNs will be subject to fees, which will reduce the amount of investors' returns at maturity or on redemption of the ETNs, and as a result they may receive less than the principal amount of their investment at maturity or upon redemption of the ETNs, even if the value of the relevant index has increased. Brokerage commissions will apply to purchases and sales of ETNs in the secondary market. The sale, redemption or maturity of ETNs will generate tax consequences. The indicative value calculation of ETNs is provided for reference purposes only and is not intended as a price or quotation, or as an offer or solicitation for the purchase, sale, redemption, or termination of ETNs, nor does it reflect hedging or transaction costs, credit considerations, market liquidity, or bid-offer spreads. Published index levels from the sponsors of the indexes underlying the ETNs may occasionally be subject to delay or

postponement. Any such delays or postponements will affect the current index level and therefore the indicative value of the ETNs. Index levels provided by the sponsors of the indexes underlying the ETNs do not necessarily reflect the depth and liquidity of the underlying relevant market. For this reason and others, the actual trading price of the ETNs may be different from their indicative value. The trading prices of ETNs will reflect changes in their intrinsic value as well as market supply-and-demand, among other factors. Regardless of their published indicative value, the trading prices of ETNs may also be influenced by changes in the credit rating of the issuers thereof. Significant valuation risks and tax consequences, many of which are uncertain, exist when investing in ETNs. Among other risks, ETNs may have limited following, if any, from Wall St.

Private Placements and Other Similar Investments. Investments in private placements and other similar investments all may involve a high degree of business and financial risk that can result in substantial losses. Furthermore, these assets will be illiquid and difficult to value and the Fund may not be able to readily sell such investments or may only be able to sell them at substantial discounts.

Risks Related to Collateralized Debt Obligations ("CDOs"). The risks of an investment in a CDO depend largely on the type of the collateral securities, the degree of diversification within the CDO and the tranche of the CDO in which the Fund invests. Normally, the CDO is privately offered and sold, and thus, are not registered under the securities laws. As a result, investments in CDOs may be characterized by the Fund as illiquid securities, however an active dealer market may exist for CDOs allowing a CDO to qualify for Rule 144A transactions. In addition to the normal risks associated with fixed income securities discussed elsewhere in this Memorandum (e.g., interest rate risk and default risk), CDOs carry additional risks including, but are not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the Funds may invest in CDOs that are subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Securities Lending Risks. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. These delays and costs could be greater for foreign securities. If the Fund is not able to recover the securities loaned, the Fund may sell the collateral and purchase a replacement investment in the market. The value of the collateral could decrease below the value of the replacement investment by the time the replacement investment is purchased. Cash received as collateral through loan transactions may be invested in other Securities. Investing this cash subjects that investment, as well as the securities loaned, to market appreciation or depreciation.

Real Estate Investments. The Fund's investment program may include direct and indirect investments in real estate and real estate development. Investments in real estate are subject to various risks, including: (i) adverse changes in local, national or international economic conditions; (ii) adverse local market conditions; (iii) the financial condition of tenants, buyers and sellers of properties, (iv) environmental laws and regulations; (v) zoning and land use laws and other governmental rules; (vi) costs resulting from the clean-up of, and liability to third parties for damages resulting from, whether known or unknown, environmental problems, casualty or condemnation losses, and/or uninsured damages from, whether as a result of acts of God or man, floods, hurricanes, fire, natural disasters, or other uninsurable losses; (vii) possible declines in the value of real estate; (viii) delays in the acquisition of properties and costs associated with failed acquisition transactions of properties, including, but not limited to, those that do not have satisfactory due diligence reviews; (ix) possible lack of availability of mortgage financing funds; (x) overbuilding and overdevelopment; (xi) increases in competition; (xii) property taxes and operating expenses; (xiii) changes in interest rates; and (xiv) other factors beyond the control of the Investment Adviser. Because of the illiquid nature of real estate, the Fund might not be able to sell a property at a particular time for its full value, particularly in a poor market or upon short notice. This might make it difficult to raise cash quickly and also could lead to Fund losses. Furthermore, if the Fund needs to dispose of property in order to generate cash flow it may have to accept a lower sale price than if it had the ability to hold the property for a longer time period. The Fund may need to provide financing if no cash buyers are available. See also "Tax Risks" below for potential negative tax implications of any Fund real estate investment and development activities.

Effect of Redemptions. Redemptions by Shareholders could require the Fund to liquidate or close out positions more rapidly than would otherwise be desirable, which could reduce the value of Fund assets and cause a resulting reduction in the value of Shares, and can lead to increased trading costs and negative tax effects. Substantial redemptions could also force the Fund to sell its more liquid holdings, leaving it with a higher proportion of relative illiquid securities in its portfolio and further reducing the Fund's ability to distribute in

the event of further redemptions. Redemptions could also cause increased brokerage commissions and realization of taxable gains if the Fund needs to sell securities in order to raise cash for redemptions.

Effect of Fund Size and Growth. Early Shareholders to the Fund may find risks and expenses amplified by the small size of the Fund. As the Fund grows, it may experience greater difficulty in finding acceptable investments without adversely affecting the prices at which it buys and sells the securities. Also, new securities purchases will cause brokerage commissions that will be shared by all Shareholders.

Master-Feeder Structure. The Fund is a part of a master-feeder structure and invests substantially all of its assets (as a "feeder fund") into the Master Fund, which is a vehicle utilized to pool assets of potentially multiple feeder funds in order to attempt to optimize each feeder fund's portfolio (a "master-feeder structure").

Feeder funds and master funds bear additional costs and expenses. As a result, the Fund, and indirectly Investors in the Fund, when investing in the master-feeder structure, will bear multiple levels of expense, which in the aggregate will exceed the expenses which would typically be incurred by an investment with a single investment pool. However, the Investors will generally only be charged one Management Fee and Incentive Allocation when investing in the master-feeder structure. The Management Fee will generally occur at the Fund level and not at the Master Fund level. The Incentive Allocation will generally occur at the Master Fund level and not at the Fund level.

Other investors in the Master Fund may be much bigger than the Fund and may redeem from the Master Fund, which may result in a less diversified portfolio of investments and could indirectly adversely affect the liquidity and performance of the Fund's investment in the Master Fund. Additionally, other investors in the Master Fund may have competing interests with the Fund; in light of such other investor's competing interests, the Master Fund may make investment and other decisions at times that are adverse or not as favorable to the interests of the Fund.

There may be additional factors in making investments or entering such transactions which may also cause significant delays, during which the Master Fund's capital will be committed and interest charges on any funds borrowed to finance the Master Fund's investments may be incurred.

There is no assurance that the Fund's interest in the Master Fund will result in superior performance to that which would have been achieved without the use of a master-feeder structure.

Any interest in the Master Fund is illiquid and may not be freely transferable, which may affect the Fund.

Handling of Master Fund mail. Mail addressed to the Master Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the Investment Adviser to be dealt with. None of the Master Fund, the Investment Adviser or any of its or their directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular the principals of the Investment Adviser will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the Master Fund).

## **Leverage and Derivatives**

Generally. The Fund reserves the right to borrow money, utilize margin, or utilize any financial instruments necessary (including, but not limited to, swaps, options, repurchase agreements, forward contracts, and other derivative instruments) for any purpose, including, but not limited to: (1) leveraging Fund assets for any purpose, including, but not limited to, enhancing the Fund's returns, if any; (2) seeking to hedge the Fund's investments and/or other assets; and (3) making speculative investments.

Leverage; Interest Rates; Margin. The use of leverage will expose the Fund and its Shareholders to substantial risk of loss. The Fund may utilize substantial leverage and the amount of borrowings outstanding at any time may therefore be large in relation to its capital. Consequently, the level of interest rates generally, and the rates at which the Fund can borrow in particular, will affect the operating results of the Fund. The low margin deposits normally required in connection with certain of the Fund's activities permit a considerable degree of leverage and, as a result, relatively small price movements can result in immediate and substantial losses.

The Fund may use short-term margin borrowings in purchasing Securities (including, but not limited to, swaps, commodities, derivatives, or other instruments purchased for speculative, leveraging, hedging, and/or performance enhancing purposes). In general, the use of short-term margin borrowings, if any, results in certain additional risks. For example, should the securities pledged to brokers to secure margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value, which could require the liquidation of Fund assets at inopportune times. Furthermore, in the event of a sudden precipitous drop in the value of its assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

The Fund's margin provider will have a lien over the assets of the Fund which are deposited with the margin provider as collateral. In the event of the insolvency of the margin provider, those assets may become available to the creditors of the margin provider. The insolvency of the margin provider could seriously damage the operations of the Fund, as assets of the Fund which are deposited with the margin provider as margin will become available to the creditors of the margin provider.

When the Fund purchases an option in the United States, often times, there is no margin requirement because the option premium may be paid for in full. The premiums for certain options traded on foreign exchanges may be paid for on margin. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the securities markets directly. Whether any margin deposit will be required for over-the-counter ("OTC") options will depend on the credit determinations and agreement of the parties to the transaction.

Short Selling. The Fund's investment program may include short selling. Short sales may occur if the Fund determines that an event is likely to have a downward impact on the market price of a company's securities. In addition, short positions may be taken if in the view of the Fund such positions will reduce the risk inherent in taking long positions. The extent to which the Fund engages in short sales will depend upon its investment strategy. Such practices can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position or a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Options. The seller ("writer") of a put option which is covered (*i.e.*, the writer has a short position in the underlying security, currency or commodity) assumes the risk of an increase in the market price of the underlying security, currency or commodity above the sales price (in establishing the short position) of the underlying security, currency or commodity plus the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time as or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security, currency or commodity below the exercise price of the option. The buyer of a put option assumes the risk of losing his, her or its entire investment in the put option. If the buyer of the put holds the underlying security, currency or commodity, the loss on the put will be offset in whole or in part by any gain on the underlying security, currency or commodity.

The seller ("writer") of a call option which is covered (*i.e.*, the writer holds the underlying security, currency or commodity) assumes the risk of a decline in the market price of the underlying security, currency or commodity below the purchase price of the underlying security, currency or commodity less the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security, currency or commodity above the exercise price of the option. The buyer of a call option assumes the risk of losing his, her or its entire investment in the call option. If the buyer of the call sells short the underlying security, currency or commodity, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security, currency or commodity.

Hedging Transactions. The Fund may utilize financial instruments such as forward contracts, currency options, stock index futures and options, and interest rate swaps, caps and floors both for investment purposes and to seek to hedge against fluctuations in the relative values of its portfolio as a result of changes in currency exchange rates, market interest rates and equity prices. Hedging against a decline in the value of a portfolio

position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Fund to hedge against an exchange rate, interest rate or equity price fluctuation that is so generally anticipated that it is not able to enter into a hedging transaction at a price sufficient to protect it from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

The success of hedging transactions will be subject to the Fund's ability to anticipate movements in the direction of currency exchange and interest rates and equity prices. Therefore, while the Fund may enter into such transactions to seek to reduce currency exchange rate, interest rate or equity value risks, unanticipated changes in currency exchange or interest rates may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Fund may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose it to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of portfolio holdings. The Fund is under no obligation to hedge any existing exposures.

Repurchase Agreements. The use of repurchase agreements by the Fund involves certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying securities. If the seller fails to repurchase the securities, the Fund may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price.

Reverse Repurchase Agreements. The Fund also may obtain leverage through reverse repurchase agreements whereby it effectively will "borrow" funds by selling its interests in investments to a financial institution for cash and agreeing to repurchase those interests at a specified future date for an amount equal to the sales price plus interest at a negotiated rate. Although similar in many respects to a secured loan, the reverse repurchase transaction provides for the outright transfer of the securities that are subject to the reverse repurchase agreement from the Fund to the buyer. As the seller of the securities, the Fund will be subject to the risk that its counterparty may default on its obligation to return those securities upon tender of the repurchase price. The reverse repurchase agreement generally will apply the concept of set-off of exposure of the counterparties to each other in the event of insolvency or other default. The occurrence of an event of default will have the effect of accelerating outstanding transactions, converting delivery obligations in respect of the securities to cash sums based on the default market value of the securities, and then netting outstanding amounts to result in a single sum payable from one party to the other. The counterparty may not be able to discharge any such payment obligation to the Fund.

Forward Contracts on Securities or Currencies. The Fund may trade in forward purchases and sales of securities and purchase and sell forward contracts on currencies ("forwards"). The principal risks relating to the use of forwards are: (a) when used for hedging purposes, the possible imperfect correlation between the prices of the forwards and the market value of the securities or currencies in the Fund's portfolio intended to be hedged by the forwards; (b) possible lack of a liquid secondary market for closing out a forwards position; (c) losses on forwards resulting from interest rate or currency movements not anticipated by the Fund; and (d) the risk of counterparty default (see below).

Futures and Options on Futures Trading. In addition to the risks with trading in futures and options on futures that arise from the leverage and volatility associated with such investments, futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuations limits" or "daily limits." Under such daily limits, during a single day trading no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Investment Adviser from promptly liquidating unfavorable positions and subject the Fund to substantial losses.

Other Derivative Instruments. New derivative techniques and instruments continue to be developed, and the Fund reserves the right to use any such techniques and instruments as may be developed to the extent it determines that they are consistent with applicable regulatory requirements.

Imperfect Correlation of Price Changes. The Fund may invest in options and futures contracts based on securities with different issuers, maturities, or other characteristics from the securities in which the Fund typically invests, which involves a risk that the options or futures position will not track the performance of the Fund's other investments. Accordingly, the Fund may purchase such options and futures contracts for purely speculative and return enhancement, if any, purposes.

Options and futures prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match the Fund's investments well. Options and futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the options and futures markets and the securities markets, from structural differences in how options and futures and securities are traded, or from imposition of daily price fluctuation limits or trading halts.

Risk of Counterparty Default. The stability and liquidity of futures contracts, repurchase agreements, swap transactions, forwards and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. The creditworthiness of firms with which the Fund will enter into futures contracts, repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives may or may not be monitored on an ongoing basis by the Fund. If there is a default by the counterparty to such a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction; however, exercising such contractual rights may involve days or costs which could result in the net asset value of the Fund being less than if the Fund had not entered into the transaction. If one or more of the Fund's securities counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Fund may use counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund, which could be material.

## **Certain Fixed-Income Risks**

Generally. The total return of a debt instrument is composed of two elements: the percentage change in the security's price and interest income earned. The yield to maturity of a debt security estimates its total return only if the price of the debt security remains unchanged during the holding period and coupon interest is reinvested at the same yield to maturity. The total return of a debt instrument, therefore, will be determined not only by how much interest is earned, but also by how much the price of the security and interest rates change.

Interest Rates; Price. The price of a debt security generally moves in the opposite direction from interest rates (i.e., if interest rates go up, the value of the bond will go down, and vice versa). In general, securities with longer maturities are more sensitive to these price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt securities. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies (see "Credit Ratings" below). Prices often are closely linked with the company's stock prices and typically rise and fall in response to factors that affect stock prices. In addition, the entire high yield securities market can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sustained sales by major investors, a high profile default, or other factors.

Prepayment Risk. Lower rates motivate issuers to pay off fixed income securities if they're callable. The Fund may then have to reinvest the proceeds from such prepayments, if any, at lower interest rates, which can reduce its yield, if any. The unexpected timing of prepayments caused by the variations in interest rates may also shorten or lengthen the average maturity of the Fund's fixed income portfolio, if any. If left unattended, drifts in the average maturity of the Fund, if applicable, can have the unintended effect of increasing or reducing the effective duration of the Fund, if applicable, which may adversely affect the expected performance of the Fund.

Extension Risk. The other side of prepayment risk occurs when interest rates are rising. Rising interest rates can cause the average maturity of the Fund's fixed income portfolio, if any, to lengthen unexpectedly due to a drop in prepayments. This would increase the sensitivity of the Fund to rising rates and its potential for price declines.

Credit Ratings. Coupon interest is offered to shareholders of fixed income securities as compensation for assuming risk, although short-term Treasury securities, such as 3-month treasury bills, are generally considered "risk free." Corporate fixed income securities offer higher yields than Treasury securities because their payment of interest and complete repayment of principal is less certain. The credit rating or financial condition of an issuer may affect the value of a debt security. Generally, the lower the quality rating of a security, the greater the risks that the issuer will fail to pay interest and return principal. To compensate shareholders for taking on increased risk, issuers with lower credit ratings usually offer their shareholders a higher "risk premium" in the form of higher interest rates above comparable Treasury securities.

Changes in shareholder confidence regarding the certainty of interest and principal payments of a corporate debt security will result in an adjustment to this "risk premium." If an issuer's outstanding debt carries a fixed coupon, adjustments to the risk premium must occur in the price, which effects the yield to maturity of the bond. If an issuer defaults or becomes unable to honor its financial obligations, the bond may lose some or all of its value.

A security rated within the four highest rating categories by a rating agency is generally called "investment-grade" because its issuer is more likely to pay interest and repay principal than an issuer of a lower rated bond. Adverse economic conditions or changing circumstances, however, may weaken the capacity of the issuer to pay interest and repay principal.

Debt securities rated below investment-grade (junk bonds) are highly speculative securities that are usually issued by smaller, less credit worthy and/or highly leveraged (indebted) companies. A corporation may issue a junk bond because of a corporate restructuring or other similar event. Compared with investment-grade bonds, junk bonds carry a greater degree of risk and are less likely to make payments of interest and principal. Market developments and the financial and business condition of the corporation issuing these securities influences their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the junk bond market may make it more difficult to dispose of junk bonds and may cause the Fund to experience sudden and substantial price declines. A lack of reliable, objective data or market quotations may make it more difficult to value junk bonds accurately.

Rating agencies are organizations that assign ratings to securities based primarily on the rating agency's assessment of the issuer's financial strength. The Fund may, but is not required to, use ratings compiled by Moody's Investor Services ("Moody's"), Standard and Poor's Ratings Services ("S&P"), and Fitch. Credit ratings are only an agency's opinion, not an absolute standard of quality, and they do not reflect an evaluation of market risk. Furthermore, rating agencies often face conflicts of interest when rating securities (including, but not limited to, not maintaining appropriate independence from the issuers and underwriters), which may result in inaccurate ratings of securities or the failure to adjust credit ratings in a timely manner; such inaccurate ratings could adversely impact the Fund's investments and portfolio decisions.

The Investment Adviser may use ratings produced by ratings agencies as guidelines to determine the rating of a security at the time the Fund buys it. A rating agency may change its credit ratings at any time. The Fund is not obligated to dispose of securities whose issuers subsequently are in default or which are downgraded. The Fund may invest in securities of any rating.

Municipal Securities and Tax Reform Risk. As the Fund may purchase the debt securities of municipal issuers, changes or proposed changes in federal tax laws could impact the value of those securities. Of particular concern would be large changes in marginal income tax rates or the elimination of the tax preference for municipal interest income versus currently taxable interest income. Also, the failure or possible failure of such



debt issuances to qualify for tax-exempt treatment may cause the prices of such municipal securities to decline, possibly adversely affecting the value of the Fund's portfolio. In addition, the municipal market is a fragmented market that is very technically driven. There can be regional variations in economic conditions or supply-demand fundamentals. Municipals essentially cannot be shorted or be the subject of standard repurchase agreements, and any interest or other expenses incurred for their purchase cannot be deducted. The municipal market is also still predominantly a retail buyer driven market. For these reasons, it is subject to very different supply-demand fundamentals. Public information in the municipal market is also less available than in other markets, increasing the difficulty of evaluating and valuing securities. Many bonds in the municipal market are insured by private companies. Changes in market conditions affecting the bonds insured, the availability of capacity to insure, or the downgrade of any or all of the insurers could have a negative impact on the municipal market and the Fund's performance.

There is no guarantee that municipal securities will remain free from taxation of the federal government and the state in which they were issued and that the Fund will be able to purchase municipal securities qualifying for tax-exempt treatment by any state. Unanticipated changes in state or federal tax law may materially impact the Fund. See also "Tax Risks" below.

Certain Credit Related, Mezzanine, and Subordinated Debt Investment Risks. When investing in credit related investments, including, but not limited to, subordinated debt instruments, the ability of the Fund to influence a portfolio company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the Fund of its rights as a creditor. Accordingly, the Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities in which the Fund may invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt instruments are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. The Fund's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected.

Fixed Income Liquidity Risks. Most of the Fund's fixed income securities may be highly liquid. However, high yield securities, which the Fund may own without limitation, generally are less liquid than higher quality securities. Many of these securities do not trade frequently, and when they do their prices may be significantly higher or lower than expected. At times, it may be difficult to sell these securities promptly at an acceptable price, which may limit the Fund's ability to sell securities in response to specific economic events or to meet redemption requests.

Auction Rate Securities ("ARS"). If there are more ARS offered for sale than there are buyers for those ARS in any auction, the auction will fail and existing holders of such ARS will not be able to sell some or all of the ARS for which they have submitted sell orders through the auction. The relative buying and selling interest of market participants in the ARS and in the auction rate securities market as a whole vary over time, and may be adversely affected by, among other things, news relating to the issuer, the attractiveness of alternative investments, the perceived risk of owning the ARS (whether related to credit, liquidity or any other risk), the tax or accounting treatment accorded the ARS (as further described in part below), reactions of market participants to regulatory actions or press reports, financial reporting cycles and market conditions generally. Shifts of demand in response to any of the foregoing factors cannot be predicted and may be short lived or exist for longer periods.

Corporations are generally big buyers of ARS due to their attractive yields; however, there have been various interpretations from accounting firms over the past couple of years as to whether corporations can classify ARS as cash and cash equivalents on their balance sheets. If a strict interpretation of this ruling were to cause corporations to reduce and/or eliminate their exposure to ARS, this could lead to reduced demand that could possibly cause disruptions in the auction process.

Investment banks that issue ARS and run the auction process for the life of the bond are not legally bound to ensure an orderly market. A secondary market for ARS may not develop, continue, or be sufficiently liquid for re-sales. Any auction procedures and transfer requirements may limit the liquidity and marketability of ARS and may not yield a holder thereof the best possible price. Furthermore, issuers generally have the

ability to convert an ARS into a long-term bond, thereby eliminating the auction process and the systematic yield resets.

Credit and Sub-Prime Risks. Developments in the credit market may have a substantial impact on the companies that the Fund invests in, and may in large part affect the success of such companies. Events in the sub-prime mortgage market have at times caused a decrease in global liquidity and significant dislocations and volatility in the structured credit, leveraged loan and high-yield bond markets, as well as in the wider global financial markets. Since 2007, the U.S. credit markets have been dealing with the effects of numerous defaults by homeowners on "sub-prime" mortgage loans. During 2007 and 2008, these defaults had also begun to increase with respect to mortgages considered to be of less credit risk than "sub-prime" mortgages. It is expected that mortgage default rates may continue to increase potentially beyond 2011. These defaults have not only had a materially adverse impact on the spending power of the borrowers of such defaulted mortgage loans, but have also reduced the value of investment portfolios containing securities affected by such mortgages. To the extent that such marketplace events are not temporary and continue, this may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the companies that the Fund invests in may suffer a partial or total loss of capital loaned to, or invested in, such companies, which could, in turn, have an adverse effect on the Fund's returns. The sub-prime and credit crisis could cause significant market disruption and may restrict the ability of the Fund, or the companies that the Fund invests in, to sell or liquidate investments at favorable times or for favorable prices.

## **Management Risks**

Officers of the Investment Adviser Not Full Time. The Investment Adviser and its members, officers and employees, and their respective affiliates, will devote the time and effort that they deem adequate to develop and operate the Fund's business, but may not devote their full working time to the operations of the Fund. In addition, they are not prohibited from engaging in other investment related activities similar to or different from the investment activities engaged in by the Fund. The members, managers and employees of the Investment Adviser and its respective affiliates who perform services for the Fund, may also perform similar or different services for others or for their own account and, accordingly, may have conflicts in allocating management time, services and functions among the Fund and other accounts for which they provide services, including other affiliates of the Investment Adviser. In addition, the Investment Adviser may manage accounts for other clients. There is no specific limit as to the number of accounts which may be managed or advised by the Investment Adviser. In connection with its advisory activities on behalf of other accounts or entities, the Investment Adviser may receive compensation which exceeds that which is received from the Fund. In such event, the Investment Adviser may have an incentive to favor such other accounts and/or entities. The performance of the Fund could also be adversely affected by the manner in which particular orders are entered or trades are allocated for all such other accounts and entities; however, the Investment Adviser will allocate trades fairly and reasonably with respect to the Fund.

Lack of Management Control by Shareholders. Under the Articles, the Shareholders do not have the right to participate in the management, control or operation of the Fund or to remove the Investment Adviser.

Reliance upon Investment Adviser. The success of the Fund depends on the ability of the Investment Adviser to identify, select and realize investments consistent with the Fund's objectives.

Dependence of the Fund on Key Individuals. The Fund is dependent on the experience and expertise of the principal officers of the Investment Adviser. In the event of death, disability or departure of such persons, the business of the Fund could be adversely affected.

## **Fund Risks**

Proprietary Investment Strategies. The Investment Adviser may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Investors. These strategies may involve risks under some market conditions that are not anticipated by the Investment Adviser. The Investment Adviser generally uses investment strategies that are different from those typically employed by traditional managers of portfolios of stocks and bonds. Such strategies may not be, or may become less, profitable over time, if at all, as the Investment Adviser and competing asset managers or investors manage a larger group of

assets in the same or similar manner or market conditions change. The strategies employed by the Investment Adviser may involve significantly more risk and higher transactions costs than more traditional investment methods.

Lack of Transferability of Shares. The Shares may not be transferred unless, among other things, registered where relevant or an exemption from such registration is available. The Shares are not registered in any jurisdiction outside the Cayman Islands and are not for sale in any country in which such sale is prohibited or requires registration. Consequently, the Shares are restricted securities and will not be liquid investments and there is no public market for the Shares, and no public market for the Shares is contemplated. Investors should consult their own counsel with respect to the laws of their home jurisdiction governing investment in the Fund. Regardless of any exemption from registration that may exist, except as otherwise provided in the Articles, the Shares may not be sold, transferred, assigned, pledged, or otherwise hypothecated or disposed of, in whole or in part, without the prior written consent of the Investment Adviser, which consent may be withheld in the Investment Adviser's sole discretion, and any attempt to do so shall be null and void. In addition, no Shares in the Fund may be transferred if such transfer would result in Benefit Plan Investors holding 25% or more of the Shares in the Fund (or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines).

Negotiation of the Organizational Documents. The Directors have generally determined the terms of the Fund's Articles, which were not negotiated on an arm's-length basis. Legal counsel for the promoters of the Fund has not acted as counsel for or represented the interests of the Shareholders. Potential investors should consult with their own legal counsel with respect to the Fund.

Lack of Insurance. The assets of the Fund 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 (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, the Fund may be unable to recover all of its funds or the value of its securities so deposited.

Lack of Operating History. Each of the Fund and the Investment Adviser is newly organized and has no operating history upon which Investors may evaluate its possible performance.

Portfolio Turnover. The Fund intends to purchase or sell short a given security whenever it believes the transaction will contribute to its stated objective, even if the same security has only recently been traded. Similarly, a security position may be liquidated regardless of its holding period, whether the liquidation is at a gain or at a loss. It is generally not possible to estimate the rate of turnover and any portfolio turnover may be significant. Turnover may lead to realization of taxable gains for Shareholders and increased brokerage and other transaction costs borne by Shareholders.

Redemptions. There are a number of restrictions on redemptions. Redemptions are generally only permitted after a six month holding period. Thereafter, redemptions may only be made quarterly upon not less than one hundred twenty (120) days notice prior to the end of a calendar quarter. If the aggregate of all redemptions by Shareholders in any calendar quarter exceed 15% of the Fund's net assets, then each Shareholder requesting a redemption shall only be permitted to redeem a pro-rata portion of its requested redemption amount so that the total of all such redemptions equal 15% of the Fund's net assets. In addition, no redemption will be permitted if, immediately following such redemption, Benefit Plan Investors would hold 25% or more of the Shares (or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines). Furthermore, notwithstanding any other statement herein, the Investment Adviser may limit or prohibit redemptions, notwithstanding whether or not valuation of the Fund's assets have been suspended, including under extraordinary or emergency circumstances or if, in its discretion, such redemptions would not be in the best interests of the Fund or maximize the return available by having to sell an investment to satisfy such redemptions; in addition to the foregoing reasons, in the Investment Adviser's sole discretion, the Fund may also refuse requests for redemptions or delay redemptions or payments if the Master Fund suspends or limits redemptions with respect to the Fund or if the Fund is not sufficiently liquid, which shall be determined in the sole discretion of the Investment Adviser. In any of the foregoing circumstances, the Management Fee and Incentive Allocation will still be applied to the Shares (including based on estimates of the Fund's assets and Share values in the event that redemptions and/or valuation of the Fund's assets are suspended). The Fund may, but is not obligated to, hold un-invested cash, sell investments or borrow in order to honor redemptions. Valuation estimates may cause uncertainty in the redemption amount the Shareholder will receive. Some of the Fund's non-U.S. investments may pose valuation and liquidity risks and there is no

guarantee that such limited redemption rights will allow a Shareholder to withdraw all, or any portion of, its investment at the most opportune time, if any. Accordingly, a Shareholder should view its investment in the Fund as a longer-term investment than many hedge funds. As a result, Shareholders should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Additionally, substantial redemptions within a short period of time could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Fund's investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recapture losses due, among other things, to reductions in the Fund's ability to take advantage of particular investment opportunities.

Designated Investments. The Investment Adviser may designate some or all of the investments held directly or indirectly by the Fund as "Designated Investments" (an accountant sometimes refers to Designated Investments as "side pockets") if such investments are, in the judgment of the Investment Adviser, long-term, illiquid and/or without a Readily Ascertainable Market Value (defined below). At the time an investment, whether existing or newly acquired, is marked as a Designated Investment, the Fund may issue Shares with respect to such Designated Investment to each Shareholder who is a Shareholder at the time when the Fund marks such investment as a Designated Investment. Shares acquired or issued after the Fund's direct or indirect acquisition of a Designated Investment may generally not participate in the gain, loss or income of such Designated Investment. An illiquid or other investment will generally, but is not required to, be maintained on the Fund's books as a Designated Investment until such Designated Investment has a "Readily Ascertainable Market Value", which means a value is established (or re-established, as the case may be) when (i) a Designated Investment becomes liquid (including, without limitation, when there is trading activity, over-the-counter or otherwise, of the securities constituting the Designated Investment which activity the Investment Adviser determines, in its sole discretion, reasonably values the Designated Investment), (ii) a Designated Investment is disposed of by the Fund at arms-length for consideration other than for another Designated Investment, or (iii) circumstances otherwise exist that, in the sole discretion of the Investment Adviser, a value other than Book Value or a prior Recently Ascertainable Market Value (including, without limitation, when a certain passage of time occurs or when additional securities substantially similar to the Designated Investment have been issued by the issuer of the Designated Investment) can be reasonably established. Accordingly, the Investment Adviser may adjust the value of a Designated Investment in circumstances in which there is not a traditional "value event". Designated Investments may include cash reserves as determined prudent by the Investment Adviser to support such investments or provide for follow-on investments. Notwithstanding any other statement herein, the Investment Adviser may, in its sole discretion, maintain an investment as a Designated Investment whether or not such Designated Investment has a Readily Ascertainable Market Value. The Management Fee and Fund expenses will apply to, and be charged against, Shares attributed to a Designated Investment based upon the lower or higher of Book Value or fair value assigned to such Shares, as determined in the sole discretion of the Investment Adviser (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The Incentive Allocation will immediately apply to any profit attributable to a Designated Investment. A follow-on investment to a Designated Investment shall be treated as an independent Designated Investment.

In the event that an Investor redeems all or some of its Shares prior to the sale or other disposition of such Designated Investment(s) in which such Investor participates, unless the Investment Adviser determines otherwise, such Investor's Shares attributable to such Designated Investment(s) may be maintained and not redeemed until the sale or other disposition of such Designated Investment(s) by the Fund. In such event, for so long as the Fund continues to own or hold such Designated Investment(s), such Investor would (a) remain entitled to receive its allocable share of the gains, losses and expenses (i.e. Fund expenses) related thereto but (b) would be a Shareholder in the Fund only to the extent of its interest in Shares attributable to such Designated Investment(s).

In its sole discretion, the Investment Adviser instead may allow or require an Investor to redeem, in cash or in kind, its Shares attributable to a Designated Investment. If such a redemption is made, the redeeming Investor will have no further participating interest in such Designated Investment and the Investment Adviser may elect to mark, in its sole discretion, the value of the redeemed Shares in such Designated Investment as of the Redemption Date at the lower or higher of Book Value or fair value (with an option to mark the value of the redeemed Shares in such Designated Investment as of the Redemption Date at fair value). In any case, especially if the lower value is used, such redeemed Shares may not reflect the full value realizable over time by the Fund from the holding of the Designated Investment.

Cayman Islands Residence. The Fund is organized and has its principal office in the Cayman Islands. The books and records of the Fund will be maintained in the Cayman Islands and will not generally be available for inspection by Shareholders. The Cayman Islands organization and residence of the Fund may make it more difficult for holders of Shares to enforce their legal rights than if it were organized and resident in a major capital market country such as the United States. It is unlikely that the Cayman Islands courts would accept jurisdiction over claims based on the violation of the securities laws of the United States or other countries. Therefore, it may be difficult for an investor to enforce his rights under his home country's investor protection laws against the Fund. See also "Legal Risk" below.

Involuntary Liquidation of an Investor's Shares. The Investment Adviser may, in its sole discretion, upon written notice to any Shareholder, terminate and redeem the interest of any Shareholder in the Fund.

Trade Error Risks. On occasion, errors may occur with respect to trades executed on behalf of the Fund. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, when the correct security is purchased or sold but for the wrong account, and when the wrong quantity is purchased or sold (e.g. 1,000 shares instead of 10,000 shares are traded). Trade errors frequently result in losses but may, occasionally, result in gains. The Investment Adviser will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker, the Investment Adviser will strive to recover any losses associated with such error from such third party. The Investment Adviser, in its sole discretion, will determine whether any trade error has resulted from gross negligence on its part, and, unless it finds that to be the case, any losses will be borne by (and any gains will benefit) the Fund. Investors should be aware that, in making such determinations, the Investment Adviser will have a conflict of interest.

Valuation Risks. The Fund's liquid assets, as determined in the sole discretion of the Investment Adviser, will be valued monthly, or more frequently if there are permitted mid-month investments or redemptions. For liquid assets (i.e. securities with readily available market quotations), valuations will generally be based upon the closing price or final bid price for a security held long and closing price or asked price for a short position on the applicable exchange or market as of the close of business. For purposes of the Fund's annually audited financial statements, the Investment Adviser or its delegate will try to determine the fair value of any illiquid assets of the Fund (i.e. securities without readily available market values, including, but not limited to, any Designated Investments) at least annually. However, for purposes of the accounting of the Net Asset Value of the Fund, the Fund may carry illiquid assets at the lower or higher of Book Value or fair value, as determined in the sole discretion of the Investment Adviser (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The Investment Adviser, or its delegate, may further adopt, in connection with the foregoing, detailed or simple (e.g. cost) valuation methods and procedures to override valuations provided by methods described above when it deems such prices unreliable. However, mistakes may be made in valuations, which may cause them to be inaccurate. There is no guarantee that valuations will represent the value that will be realized by the Fund on the eventual disposition of any Security. Furthermore, the value of any Security may decrease due to subsequent events. Therefore, valuations may not reflect a decrease in the value of any Security due to events subsequent to the date of the valuations. As a result of any of the foregoing, Shareholders redeeming from the Fund, prior to realization of any Security not designated as a Designated Investment at the time of purchase by the Fund, may not necessarily participate in gains or losses therefrom. Inaccurate valuations may impact the Management Fee, Incentive Allocation, and the Shares of Investors whether or not they invest or redeem based on such valuations. See "Valuation of Investments" under "CONFLICTS OF INTEREST". Furthermore, once a Shareholder redeems, notwithstanding any inaccurate valuations at the time of such redemption, such Shareholder no longer has any claims with respect to its past Shares if it turns out such Shares were really worth more; however, notwithstanding any other statement herein, the Fund may seek, and Shareholders agree to allow the Fund, to recover amounts distributed to Shareholders if such amounts are later found to have been distributed in excess based on: (1) later, more accurate, valuations; or (2) the discovery or recognition after any period of a liability that relates to the period in which such distribution was based upon. The Fund may, but is not required to, designate any illiquid or other Security as a Designated Investment. Absent bad faith or manifest error, the Investment Adviser's asset value determinations are conclusive and binding on all Shareholders.

For future Investors in the Fund, the Investment Adviser may, in effect, "sell" a piece of each current Investor's indirect interest in each specific investment to such future Investors. Implicit in any such "sale" is that the Fund carries each such investment at an estimated fair value, which may be cost. If the Investment Adviser's estimate of fair value is wrong under such circumstances, say too low, then the Investment Adviser may have "sold" it to the future Investor at a discount, which may be viewed as an adverse consequence to

current Investors. Conversely, if the estimated fair value is too high a value for such investment, any future Investor will be "paying" too much for such investment, which may be viewed as an adverse consequence to future Investors.

Cayman Islands Residence of the Master Fund. The Master Fund is organized and has its registered office in the Cayman Islands. The books and records of the Master Fund, including the register of limited partnership interests, will be maintained by the Administrator in the United States. The register of limited partnership interests is open to inspection by any partner or any other person with the consent of the Master Fund General Partner, during normal business hours. The courts of the Cayman Islands may decline to accept jurisdiction in an action in certain circumstances, including where it determines that another jurisdiction is a more appropriate forum. For instance, it is likely that the courts of the Cayman Islands would decline to accept jurisdiction in respect of any claim by an investor for breach of non-Cayman securities regulations. Subject to certain limitations, however, the courts of the Cayman Islands will recognize and enforce a foreign judgment of a court of competent jurisdiction.

Absence of Regulatory Oversight. This offering has not been registered under the U.S. Securities Act in reliance on the exemptive provisions of Section 4(2) of the U.S. Securities Act and Regulation D promulgated thereunder. Similar reliance has been placed on apparently available exemptions from securities qualification requirements under applicable state securities laws. No assurance can be given that the offering currently qualifies or will continue to qualify under one or more of such provisions due to, among other things, the adequacy of disclosure and the manner of distribution, the existence of similar offerings in the past or in the future, or the retroactive change of any securities law or regulation. If, and to the extent that, claims or suits for rescission are brought and successfully concluded for failure to register this offering or other offerings or for acts or omissions constituting offenses under the U.S. Securities Act, the Exchange Act or applicable state securities laws, the Fund could be materially and adversely affected, jeopardizing the ability of the Fund to operate successfully. Furthermore, the human and capital resources of the Fund and the Investment Adviser could be adversely affected by the need to defend actions under these laws, even if the Fund is ultimately successful in its defense.

The Investment Adviser believes that, by virtue of Section 3(c)(1) of the U.S. Company Act, the Fund should not be deemed to be an "investment company" and, accordingly, should not be required to register as such under the U.S. Company Act. That provision depends, in part, however, on the Fund's voting securities (if the Shares were to be deemed "voting securities" for purposes of Section 3(c)(1) of the U.S. Company Act) being held by not more than 100 U.S. beneficial owners. The rules and interpretations of the SEC and the courts, relating to the definition of "voting securities" and the counting of "beneficial owners" are highly complex and uncertain in numerous respects. As a result, no assurance can be given that the Fund will not be deemed an "investment company" for purposes of the U.S. Company Act and required to register as such thereunder, in which event the Fund and the Investment Adviser could be subject to legal actions by regulatory authorities and others and could be forced to dissolve. The costs of defending any such action could constitute a material part of the Fund's assets and dissolution could have materially adverse effects on the Fund and the value of the Interest.

Securities and investment businesses generally are comprehensively and intensively regulated under state, federal, and international laws and regulations. Any investigation, litigation or other proceeding undertaken by state, federal or other regulatory agencies or private parties could necessitate the expenditure of material amounts of the Fund's funds for legal and other costs and could have other materially adverse consequences for the Fund.

The Fund is not registered and does not intend to register as an investment company under the U.S. Company Act, in reliance upon an exemption available to privately offered investment companies. Accordingly, the Fund will not be subject to the provisions of such statute, such as conflict of interest rules, requirements for disinterested directors and other substantive provisions which were enacted to protect investors. The Investment Adviser is not registered as an investment adviser under the U.S. Advisers Act (or any similar state law).

Pursuant to rules of the Commodity Futures Trading Commission ("CFTC"), the Master Fund General Partner and Investment Adviser are not required to register and are not registered with the CFTC as a Commodity Pool Operator ("CPOs"). To be exempt from registration as a CPO, the rules require that the aggregate notional value of the Fund's commodity interest positions does not exceed one hundred percent of the liquidation value of the Fund's portfolio or the aggregate initial margin and premiums required to establish such positions not exceed 5% of such liquidation value. With respect to the Fund's indirect investments in commodities through its investments in other funds, if any, the Fund may satisfy these percentage limitations

by allocating no more than 50% of the Fund's assets to other funds that trade commodity interests (without regard to the level of commodity interest trading engaged in by such other funds). Additionally, pursuant to CFTC rules, the Master Fund General Partner and Investment Adviser are not required to register, and are not registered, with the CFTC as a Commodity Trading Advisors ("CTAs"). The Master Fund General Partner and Investment Adviser have filed claims of exemption with the National Futures Association with respect to the foregoing exemptions. As a result of these exemptions, the Master Fund General Partner and Investment Adviser are not subject to certain statutory provisions and regulations intended to protect commodity pool investors, nor is the Master Fund General Partner or Investment Adviser currently subject to examination by the CFTC, NFA or state regulatory authorities with respect to its commodity trading activities.

Increased Regulations. Events during the past few years (including market volatility and disruptions and the bankruptcy, failure, improper practices, and adverse financial results of certain financial institutions, trading firms, and private investment funds) have focused attention upon the necessity of firms engaging in the trading of highly leveraged securities, commodities, and derivatives to maintain adequate risk controls and compliance procedures. In addition, these events have led to increased governmental and self-regulatory authority scrutiny of various trading participants and the "hedge fund" industry in general, particularly with regard to business practices, short sales, transparency and monitoring of trading positions, and protection of customer funds. Regulators have increased scrutiny, reporting requirements, restrictions, and regulations pertaining to short sales of Securities (including, but not limited to, short sales of publicly traded financial companies and transactions in excess of \$10,000,000), regardless of whether or not the entity engaging in shorting investment activities is a public or private entity; such regulations may limit the Fund's strategy and increase compliance risks to the Fund. Additionally, inquiries have been conducted to ascertain the investor protection implications of the growth of private investment funds, and proposals have been made with regard to best business practices and additional regulation of such funds, their operators and advisers, and certain of their activities, including proposed restrictions on certain types of trading and proposals for increased public and private disclosure of financial, trading, and risk management information. The regulation of futures, forward and options transactions in the United States is a rapidly changing area of law and is subject to modification by government and judicial action. In addition, various national governments have expressed concern regarding the disruptive effects of speculative trading in the currency markets and the need to regulate the "derivatives" markets in general. Any regulations that restrict the ability of the Fund to employ, or broker-dealers and counterparties to extend, credit in connection with the Fund's trading, or otherwise restrict the Fund's trading activities, or require the Fund to disclose proprietary information, or subject the Fund to additional regulation, could adversely impact the Fund's profit potential.

Incentive Allocation and Other Risks. The Incentive Allocation as described below may create an incentive for the Master Fund to make investments that are riskier than it would otherwise make. In addition, because the Incentive Allocation is calculated on a basis that includes unrealized appreciation of the Master Fund's assets, it may be greater than if such allocation was based solely on realized gains. The Incentive Allocation is calculated over a period of time shorter than that used by many investment funds, which increases the risk that an Investor will pay a performance fee for only short-term positive performance. In addition, the Master Fund General Partner and/or Investment Adviser's investment in the Fund or Master Fund may be relatively small, so that the Master Fund may make riskier investments than would otherwise be the case.

The Master Fund's "high water mark" provision means that if there is a loss carryforward in a prior calendar quarter, no Incentive Allocation will be paid with respect to any subsequent calendar quarter until the aggregate Profit in such subsequent calendar quarter is greater than the sum of such net Loss, for that and such preceding calendar quarters, and then, only to the extent that the Profit exceeds the loss carry forward (the "High Water Mark"). While generally the High Water Mark seeks to achieve, but does not guarantee, that you (indirectly) will only incur an Incentive Allocation on cumulative Profits, the Incentive Allocation may be made even if the Master Fund doesn't generate a Profit over the life of your investment, indirectly through the Fund, in the Master Fund. The Incentive Allocation will, in certain circumstances, be calculated separately for each Designated Investment and the Master Fund's other investments. For example, Loss realized with respect to a Designated Investment after the redemption of a Shareholder will not reduce the Incentive Allocation with respect to Profit on the Master Fund's other investments or on other Designated Investments prior to the redemption of such Shareholder. Conversely, Loss realized with respect to a Designated Investment prior to the redemption of a Shareholder will reduce the Incentive Allocation with respect to Profit on the Master Fund's other investments or on other Designated Investments realized during that accounting period or, to the extent there is loss carryforward from such Loss, future accounting periods. However, any Loss resulting from a Designated Investment will not offset Incentive Allocations already earned for prior periods.

There is a potential conflict of interest between the responsibility of the Investment Adviser to maximize profits from investment and trading and the possible desire of the Investment Adviser to avoid taking risks which might reduce the net asset value of the Master Fund and, consequently, reduce, indirectly, the Management Fee paid to the Investment Adviser. Conversely, there is also a potential conflict of interest between the responsibility of the Investment Adviser to minimize risk from investment and trading and the possible desire of the Investment Adviser to take excessive risks in order to increase the net asset value of the Master Fund and, consequently, increase, indirectly, the Management Fee paid to the Investment Adviser.

Use of Side Letters. The Fund may from time to time seek to induce investment by offering investment terms which are not available to other investors in the Fund. In such cases the parties may enter into a written side arrangement varying the terms of the offer. Such variations may include, without limitation, variations to fees, minimum investment or redemption terms, with the effect that not all investors in the Fund will invest on the same terms and some investors may enjoy more favorable terms and information than other investors. There is no limit with respect to the percentage of Investors who may receive side letters in the Investment Adviser's discretion. Accordingly, a significant percentage of Investors may have special rights.

In some cases you may be at a disadvantage and suffer losses if we grant other Investors preferred access to information, especially if coupled with preferred rights to redeem. We believe such practice to be reasonable however, because it is fully disclosed, and we expect that in many cases preferential terms will be given to large Investors or early Investors who provide benefits of scale to the Fund that benefit all Investors.

Similarly, the Master Fund General Partner may from time to time seek to induce investment from financial institutions by offering investment terms which are not available to other investors in the Master Fund. In such cases the parties will enter into a written side arrangement varying the terms of the offer. Such variations may include, without limitation, variations to fees, minimum investment or redemption terms, with the effect that not all investors in the Master Fund (i.e. the Fund) will invest on the same terms and some investors may enjoy more favorable terms than other investors.

No Separate Counsel. Holland & Knight LLP acts as U.S. counsel to the Fund and the Investment Adviser in connection with its offering of Interests. Maples & Calder acts as Cayman Islands counsel to the Fund and Master Fund. In connection with the Fund's offering of Interests and subsequent advice to the Investment Adviser, and/or principals of the Master Fund and their affiliates, neither Holland & Knight LLP nor Maples & Calder represent Investors of the Fund or Master Fund. No independent counsel has been retained to represent Investors of the Fund or Master Fund.

Legal Risk. Many of the laws that govern private and foreign investment, securities transactions and other contractual relationships are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. Furthermore, it may be difficult to obtain and enforce a judgment in a court outside of the Cayman Islands or the United States.

Contagion Risk Factor. The Fund has the power to issue Shares in classes or series. The Articles provide for the manner in which the liabilities are to be attributed across the various classes or series (liabilities are to be attributed to the specific class or series in respect of which the liability was incurred). However, the Fund is a single legal entity and there is no limited recourse protection for any class or series. Accordingly, all of the assets of the Fund will be available to meet all of its liabilities regardless of the class or series to which such assets or liabilities are attributable. In practice, cross-class or cross-series liability is only expected to arise where liabilities referable to one class or series are in excess of the assets referable to such class or series and it is unable to meet all liabilities attributed to it. In such a case, the assets of the Fund attributable to other classes or series may be applied to cover such liability excess and the value of the contributing classes or series will be reduced as a result.

Handling of mail. Mail addressed to the Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the Investment Adviser to be dealt with. None of the Fund, its directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding



address. In particular the Directors will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the Fund).

Limitation of auditor liability. Cayman Islands law does not restrict the ability of auditors to limit their liability and the engagement letter or agreement the Fund has entered into with the auditors may contain exculpation provisions and provisions requiring the Fund to indemnify the auditors under certain circumstances.

Subscription Monies. Where a subscription for Shares is accepted, the Shares will be treated as having been issued with effect from the relevant subscription date notwithstanding that the subscriber for those Shares may not be entered in the Fund's register of members until after the relevant subscription date. The subscription monies paid by a subscriber for Shares will accordingly be subject to investment risk in the Fund from the relevant subscription date.

## **Tax Risks**

All statements contained in this Memorandum concerning the income tax consequences of an investment in the Fund are based upon existing law. No assurance can be given that the currently anticipated income tax treatment of an investment in the Fund will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of the Shareholders. The tax laws of the United States change with some frequency. It is possible that the tax laws of the United States could be modified to subject some or all of the income to be realized by the Fund to United States income taxation. The Fund has been established only in conjunction with the current state of United States income tax laws and any amendment to such laws could have a substantial negative impact to the net income of the Fund.

Certain Shareholders may be subject to laws, rules and regulations that may regulate their participation in the Fund or their engaging directly, or indirectly through an investment in the Fund, in investment strategies of the types the Fund may utilize from time to time. Each type of entity may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Fund.

The Fund may take positions as to which the tax consequences are unclear. A brief summary of some but not all of the tax consequences and attendant risks of an investment in the Fund is included in this Memorandum. See "TAX CONSIDERATIONS" below.

**Prospective Investors should consult with their tax advisor with specific reference to their own tax situations for a complete and comprehensive discussion, analysis and explanation of the federal income tax considerations applicable to an investment in the Fund, as well as the effect and application of state, local and other tax laws and any possible changes in the tax laws after the date hereof.**

**NOTICE PURSUANT TO IRS CIRCULAR 230:** THIS DISCUSSION IS NOT INTENDED OR WRITTEN BY THE FUND OR ITS COUNSEL TO BE USED, AND CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED UNDER U.S. TAX LAWS. THIS DISCUSSION IS PROVIDED TO SUPPORT THE PROMOTION OR MARKETING BY THE FUND OF THE SHARES OFFERED HEREBY. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR CONCERNING THE POTENTIAL TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES.

**The foregoing list of risk factors does not purport to be a complete enumeration of the risks involved in an investment in the Fund. Prospective Investors should read the entire Memorandum and consult with their own advisors before deciding to subscribe for an Interest.**

**Prospective Investors should consult their tax advisor with specific reference to their own tax situations for a complete and comprehensive discussion, analysis and explanation of the federal income tax considerations applicable to an investment in the Fund, as well as the application and effect of state, local and other tax laws and any possible changes in the tax laws after the date hereof.**

## CONFLICTS OF INTEREST

The Investment Adviser, the Fund and their affiliates may be subject to various conflicts of interest in their relationships with the Fund. The Investment Adviser, Fund and affiliates may also engage in other business activities, whether or not such activities are competitive with the Fund. The Investment Adviser and its affiliates may also trade on their own behalf in competition with the Fund, but will allocate trades fairly with respect to the Fund. The Investment Adviser and its principals may invest alongside the Fund in the Fund's underlying investments, which may pose certain risks and/or conflicts of interest. The Investment Adviser and its affiliates may make investment decisions for other clients which are contrary to positions taken on behalf of the Fund.

The Investment Adviser and its affiliates may not devote all of their time to the management of the Fund, and may continue to manage assets other than those of the Fund. Alan Grayson may seek and hold public office, which may impact the time he is able to devote to the Fund or create an inability for him to trade on certain information. Seeking and/or holding public office may also create unwarranted attention from the media (whether justified or not), an increased possibility of closing down the Fund, and enhanced scrutiny of the Fund, which may be more prone to examination by regulators and other relevant parties as a result of seeking and/or holding public office.

Transactions with Affiliated Accounts and Separate Account Conflicts. The Investment Adviser will act in a manner which, in its sole discretion, it considers fair and reasonable in allocating investment opportunities among the Fund and all other separate accounts, mutual funds or investment companies managed by the Investment Adviser or any affiliate for the account of any third party or itself. In determining a fair and reasonable allocation, the Investment Adviser may allocate any particular investment opportunity generally to other managed accounts prior to or without allocating any portion of such investment opportunity to the Fund.

Investment decisions for the Fund may be made independently from those of all other accounts. From time to time, the same security may be held in the Fund and also held in one or more other managed accounts. The Fund may purchase securities from or sell securities to other accounts managed by the Investment Adviser or its affiliates. The Fund may invest excess cash in other pooled accounts managed by the Investment Adviser, or its affiliates, some of which may pay fees to the Investment Adviser. Simultaneous transactions are inevitable when several accounts are managed by the same investment adviser. In such cases, the prices and amounts will be allocated in a manner considered by the Investment Adviser to be equitable to the Fund and each such managed account. In some cases this could have a detrimental effect on the price or volume of the security as far as the Fund is concerned.

To the extent not prohibited by applicable law, the Investment Adviser shall be entitled to effect transactions for the Fund in which it or its affiliates has directly or indirectly a material interest (other than an interest arising solely from its participation in the transaction) or a relationship with another party which may involve a conflict with its duty to the Fund. Such transactions may include, among other things, the following: (a) Buying an investment from or selling an investment to the Fund when acting as a principal or as an agent for an affiliate or other client; (b) Acting in the same transaction as both an agent for the Fund and also as an agent for the counterparty; (c) Purchasing, holding or selling for the benefit of the Fund securities issued or guaranteed by companies in which the Investment Adviser or any of its affiliates, directors or employees, has an interest, through holding or dealing in its securities, serving as a director or otherwise; and (d) Purchasing, holding or selling for the benefit of the Fund securities issued by an affiliate or client of the Investment Adviser or any of its affiliates.

Other investors may invest with the Investment Adviser, via separately managed accounts. Managed accounts offer greater visibility and flexibility for larger investors in general by giving them direct ownership of underlying assets and the option to sell such assets if they want to get out quickly. However, investors in private investment funds (e.g. the Fund) could be disadvantaged if managed account holders with the Investment Adviser pull out of an asset before Fund investors are able to redeem from the Fund or the Investment Adviser is able to sell such assets of the Fund. Accordingly, a risk to investors of the Fund is that managed account investors of the Investment Adviser get an edge on Fund investors by having the ability to sell their positions whenever they want, independent of the Investment Adviser. If this occurs before the Investment Adviser sells the Fund's positions, then, among other things: (1) less liquid assets could see prices depressed; and (2) selling the Fund's positions could be harder. The foregoing separate account risks should also be deemed to apply to the advisers of Other Funds and Managers to the extent the Fund invests in Other Funds and Managers.

Conflicts Relating to Portfolio Transactions. The Fund's brokerage practices (see "BROKERAGE COMMISSIONS; RESEARCH AND OTHER SERVICES") pose conflicts of interest. While the Fund will generally seek reasonably competitive spreads or commissions, the Fund will not necessarily be paying the lowest spread or commission available. The Fund may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction, regardless of whether it is in recognition of the value of the Services provided by the broker. The receipt of Services from brokers is not expected to reduce significantly the expenses of the Fund. Some of the Fund's soft dollar arrangement with certain brokers may require a targeted dollar amount of commissions to be directed to such broker in order for the Fund to receive Services from such broker. Furthermore, the Services furnished to the Fund by a broker or other party, which are paid by the Fund with soft and/or hard dollars, may benefit the Investment Adviser and/or its affiliates in rendering investment services to other clients. Such brokerage practices and benefits to the Investment Adviser and/or its affiliates may lead to conflicts of interest, higher frequency of Fund trades, and increased commission costs borne by the Fund.

The Investment Adviser may execute portfolio transactions for the Fund through brokers or similar entities in which the Investment Adviser or its affiliates have direct or indirect beneficial interests. Such arrangements pose conflicts of interest. The commissions or fees that the Fund pays to such affiliated brokers or similar entities may not have been negotiated in an arm's length transaction. The Investment Adviser may not have an incentive to seek lower fees from unaffiliated brokers or similar entities and such arrangements may result in an incentive for the Investment Adviser to overtrade the Fund to generate additional revenue for the Investment Adviser.

Conflicts Relating to Multiple Positions. The Fund may make an investment in a position which is already held by one or more other funds or accounts or a position that is subordinated or senior to or otherwise adverse to a position held by one or more other funds or accounts. For example, the Fund may own debt of a portfolio company while another fund or account managed by the Investment Adviser or its affiliates owns equity in the same portfolio company. It is possible that the activities or strategies used for other funds or accounts could conflict with the activities and strategies employed in managing the assets of the Fund and affect the prices and availability of the securities and instruments in which the Fund invests.

Valuation of Investments. There currently is no centralized source for pricing information for certain Securities or assets in which the Fund may invest, and reliable pricing information may at times not be available from any source. For purposes of valuing such Securities or assets, including any Designated Investments, valuation decisions will be made by the Investment Adviser based upon such information, if any, as is available to it. Furthermore, the Investment Adviser may adjust the value of a Designated Investment in circumstances in which there is not a traditional "value event" (see "VALUATION OF FUND ASSETS"). Accordingly, certain valuations may be uncertain and based on estimates or cost. Because these valuation decisions affect the Incentive Allocation, Management Fee, Net Asset Value, and redemption amounts, there may be a conflict in the Investment Adviser's role in valuing the Fund's assets and such valuation decisions may impact you negatively whether or not you redeem based on such valuations.

Sales Conflicts. As discussed below, the Investment Adviser may pay a fee or commission ("Sales Commission") to registered brokers or others who initiate sales of Interests in the Fund. Sellers of the Fund may charge fees to Investors directly. Such payments may pose conflicts of interest. The Investment Adviser paying for Fund distribution with proceeds received from the Management Fee can be viewed as the Fund indirectly paying for such distribution with Fund assets. Additionally, the Fund may direct brokerage commissions to brokers and dealers in consideration of Fund referrals. This practice can be viewed as charging the Fund for distribution expenses. This practice also may cause the Fund to pay more than the lowest commission available and poses conflicts of interest for the Investment Adviser because sales of Fund Interests may increase the Investment Adviser's fees and income from the Fund.

In its sole discretion, the Investment Adviser (or one of its affiliates), from its own or Fund assets, may retain certain persons (including, but not limited to, selected brokerage firms or other persons, including affiliates of the Investment Adviser) to act as placement agents or in a similar capacity to sell interests in the Fund for a fee based on, among other things, gross sales and current assets as determined in the sole discretion of the Investment Adviser. The amount of these payments may be substantial and such practices raise conflicts of interest. Any minimum aggregate sales required for eligibility for such payments, and the factors in selecting the brokerage firms and other persons to which they will be made, are determined from time to time by the Investment Adviser. Other such placement agents or persons may be added over time without notice. Accordingly, Investors should assume any intermediary through which they invest in the Fund has been

compensated by the Fund or its Investment Adviser (or affiliates) unless specifically confirmed to the contrary by authorized Fund personnel. In addition, the Investment Adviser or its affiliates may pay fees, from their own or Fund assets, to brokers, banks, financial advisors, retirement plan service providers and other persons for providing distribution-related or shareholder services. These payments pose conflicts of interests for the parties that receive them. An Investor should obtain from its intermediary any details of any such payments received by such intermediary.

Allocation of Management Time and Services. The Fund and Investment Adviser will not have independent management or employees, and conflicts of interest may arise in allocating management time, services or functions among the Fund and other entities for which the Investment Adviser or its affiliates may provide services.

Lack of Separate Representation. The Fund and the Investment Adviser may be represented by the same legal counsel and accountants. Neither Holland & Knight LLP nor Maples and Calder (a) represent any Shareholders as investors in the Fund (or its affiliates); or (b) review the merits of an investment in the Shares.

Disclosure of Fund Information and Holdings. The Investment Adviser may disclose, to the extent permitted by law, in its sole discretion, any Fund information, including Fund holdings and specific strategies, to any person, including, but not limited to, Shareholders and outside third parties. The Investment Adviser may disclose varying amounts and levels of information among such persons. The Investment Adviser may, but is not required to, seek to limit the disclosure of Fund information to outside third parties for viable reasons. Irrespective of the reason, if any, for the disclosure of Fund information, such disclosure poses conflicts of interest, and in some cases you may be at a disadvantage and suffer losses if we grant outside parties access to such information, including, but not limited to, Fund holdings and specific strategies. Notwithstanding any other statement herein, the Fund has the right to keep confidential from Shareholders any information which the Investment Adviser believes to be in the nature of a trade secret.

## **THE INVESTMENT ADVISER**

The Grayson Fund Management Company, LLC, a limited liability company organized under the laws of Delaware on April 19, 2011, serves as the Fund's investment adviser. Alan Grayson and/or related family entities or persons are the sole members of the Investment Adviser. The Investment Adviser is not registered as an investment adviser under the U.S. Adviser's Act, or any similar state or international law. Pursuant to the Investment Advisory Agreement, the Investment Adviser is responsible for various fund related matters, including: (i) monitoring the Fund's investments and deciding on the securities to be purchased and sold by the Fund consistent with the Fund's investment objectives; and (ii) making all other decisions with respect to the Fund's portfolio in accordance with the Investment Advisory Agreement. Alan Grayson (or his designee) will have primary responsibility for the Investment Adviser's responsibilities to the Fund under the Investment Advisory Agreement. Todd Jurkowski will generally oversee marketing, investor relations and certain administrative activities for the Fund. The Investment Adviser may, in its sole discretion, appoint one or more sub-advisers.

The Investment Advisory Agreement provides that the Investment Adviser and its officers, directors, employees and agents are not liable to the Fund or its Shareholders for any error of judgment or for any loss suffered by the Fund, unless caused by fraud, willful misconduct or gross negligence. Pursuant to the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to indemnification by the Fund against third parties and to be held harmless by the Fund out of assets of the Fund against any loss, cost or expense which it or its officers, directors, employees and agents may sustain or incur as a result of the performance of its duties under the Investment Advisory Agreement, unless such losses, costs or expenses are attributable to the Investment Adviser's fraud, willful misconduct or gross negligence. Subject to the provisions of the Investment Advisory Agreement, the Directors of the Fund, in its sole discretion, may change the Investment Adviser of the Fund, at which time deferred fees, if any, to the Investment Adviser will become payable.

The Principals of the Investment Adviser include:

### **Alan Grayson**

Alan Grayson is the former U.S. Representative for Florida's 8th congressional district, serving from 2009 until 2011. He served on the Financial Services Committee, as well as the Subcommittees on Capital Markets and on Oversight and Investigations.

Alan has travelled extensively throughout his life. He visited more than 180 countries, including every country with a stock market. Alan has owned between one and ten percent of a dozen public companies, and has traded nearly \$200 million in stock in his personal accounts before starting The Grayson Fund, LP.

Alan grew up in the Bronx and graduated from the Bronx School of Science. He went on to Harvard and earned a bachelor's degree in only three years, with high honors, and he was Phi Beta Kappa. Alan graduated from Harvard in the top two percent of his class.

Alan took economics classes at Harvard, and he worked as an economist after college. But he decided to go back to school, and learn more. He returned to Harvard. In only four years, Alan received a J.D. with honors from Harvard Law School, Alan earned a master's degree from the Harvard School of Government, and Alan finished all of the course work and passed the general exams for a Ph.D. in Government.

In the early 1990s, Alan took leave from the practice of law, and joined with others to start a business. Alan was the first President of IDT Corp., a telecom/internet company. The business started on the second floor of a funeral home. It grew to be a \$2 billion-a-year business, on the Fortune 1000 list, and traded on the New York Stock Exchange.

Later, Alan decided to leave that business, and return to the practice of law. Alan began to represent whistleblowers, who witnessed fraud against the Government. Alan is the only attorney to bring a fraud case to trial against those who profited illegally from the war in Iraq, and win.

Alan and his wife, Lolita, live in Orlando, Florida, with their five children: Skye, Star, Sage, Storm and Stone.

#### **Todd Jurkowski**

Todd Jurkowski holds the title of "Associate - Client Relations" at the Investment Adviser. Prior to that, he worked as Communications Director for Congressman Alan Grayson (D-Fla.). He came to Capitol Hill after working for 13 years as a television anchor and reporter. During his journalism career, Todd won an Emmy and was recognized by the Associated Press and Society of Professional Journalists for his reporting, which focused primarily on politics. He also worked as an adjunct instructor of journalism at the University of Central Florida.

Todd graduated from Florida State University with degrees in communications and political science. In college, he was elected president and treasurer of the F.S.U. chapter of Delta Tau Delta Fraternity and served on the campus Judicial Board. Todd lives in Orlando with his wife and daughter.

**There has not been any material administrative, civil or criminal action against the Investment Adviser any principal thereof.**

## **THE ADMINISTRATOR**

The Fund may enter into an agreement (the "Administration Agreement") with a third party administrator (the "Administrator"), under which the Administrator would serve as administrator for the Fund and handle the accounting of the Fund, at Fund expense, under the overall direction of the Directors and/or Investment Adviser. The Fund currently intends, but is not required to, utilize G&S Fund Services as the Administrator. In the sole discretion of the Directors, whether or not an Administrator has been retained, the Investment Adviser, or an affiliate thereof, may in the future perform some or all of the Fund's administration activities on its own. As administrator, the Administrator would be expected to perform certain day-to-day administrative tasks on behalf of the Fund, including, but not limited to, accounting; preparing and maintaining the Fund's books, records, and accounts, including a general ledger, portfolio results and expenses; delivering to the Fund financial statements and statements of changes in equity; calculating the Fund's Net Asset Value and fees; and providing other shareholder services as mutually agreed.

To the extent that the Administrator relies on information supplied by the Fund or any brokers or other financial intermediaries engaged by the Fund in connection with making any of the aforementioned calculations, the Administrator's liability for the accuracy of such calculations may be limited to the accuracy of its computations. The Administrator may not be liable for the accuracy of the underlying data provided to it. It

is anticipated that any Administration Agreement may be terminated by either party thereto upon certain conditions, including upon dissolution of the Fund.

The Fund may indemnify the Administrator from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (other than those resulting from the fraud, willful misconduct or gross negligence on the part of the Administrator or any agent appointed by it) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties.

In the event that the Fund employs an Administrator, the Fund would be obligated to pay an additional fee to such Administrator (the "Administration Fee") on a monthly basis plus out-of-pocket expenses. The Administration Fee is expected to be an annual percentage of the initial Net Asset Value of the Fund, subject to a minimum. The effective rate of the Administration Fee may depend on the total asset size of the Fund. Such fee may be significant, and at some asset levels may exceed the Management Fee.

## **THE PRIME BROKER AND CUSTODIAN**

The Fund may retain at Fund expense one or more financial institutions or brokers as prime broker. Currently, the Fund intends, but is not required, to utilize NorthPoint Trading Partners, a ConvergeX Company, as its prime broker. NorthPoint Trading Partners' address is as set forth in the Directory. Unless the Fund hires a separate custodian, any prime broker (or its affiliates) generally also will provide or arrange for custody for the assets of the Fund. For more information regarding any prime broker the Fund may utilize, please refer to the Fund's directory for relevant contact information, contact the Investment Adviser, or refer to the prime broker's websites or other publicly available information. Notwithstanding any other statement herein, the Fund may, in its sole discretion, add or change one or more prime brokers, if any, without notice to Investor at any time. Accordingly, Investors may periodically ask the Investment Adviser about the status of the Fund's prime broker, if any.

The prime broker processes certain trades and may receive and deliver securities, act as custodian, and provide daily and other frequent portfolio accounting and tax reports if these functions are not performed by the Investment Adviser. Such prime broker may, at the request of the Fund, open accounts with brokers or other intermediaries in the name of the Fund and may make such arrangements concerning trading authorizations and other forms of authority with respect to such accounts or accounts as it deems advisable. The prime broker may not be responsible for the safekeeping of investments or cash deposited with or remaining in any such account or accounts and may not be liable for any loss occasioned by reason of the liquidation, bankruptcy or insolvency of such broker or other intermediary. Any assets of the Fund which are deposited as margin with such accounts need not be segregated and may be available to the creditors of such brokers or other intermediaries. Otherwise, the Fund assets held by brokers or other intermediaries generally will be held in segregated accounts so as to attempt to ensure their protection for the Fund. The use of multiple prime brokers could pose risks that no single broker has access to all the data needed to assess properly the leverage employed by the Fund.

Certain risks may materialize when utilizing any prime broker for any of the foregoing or other services. Because Securities of the Fund held by broker-dealers (i.e. prime brokers) generally may not be required to be held in the Fund's name, a failure of such a broker-dealer may have a greater adverse impact on the Fund than if such Securities were registered in the Fund's name. In the event of the bankruptcy of, or the happening of other extraordinary circumstances to, the prime broker, the Fund's assets could be at risk or frozen and/or the Fund could experience difficulty or delay in executing transactions with respect to any assets at such prime broker. If the Fund has secured and paid back loans with its prime broker, the prime broker may not be able to quickly return the Fund's collateral as a result of the prime broker using the collateral elsewhere. Additionally, under extraordinary or other circumstances, the prime broker could abruptly cut off financing to the Fund, which could force the Fund to liquidate investments, possibly sustaining losses, to repay such loans.

It is expected that any contract with the prime broker would require the Fund to indemnify the prime broker and custodian from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (other than those resulting from the fraud, willful misconduct or gross negligence on the part of the prime broker and custodian or any agent appointed by it) which may be imposed on, incurred by or asserted against the prime broker and custodian in performing its obligations or duties.

From time to time, certain potential conflicts of interest between the Fund on one hand, and the prime broker and its affiliates on the other hand, may arise. The prime broker and its affiliates may also engage in business activities, other than those of the Fund, whether or not such activities are competitive with the Fund. Furthermore, the prime broker and its affiliates may make investment decisions for other clients which are contrary to positions taken on behalf of the Fund.

## **INVESTMENT ADVISER FEES AND FUND EXPENSES**

### **Management Fee**

The Fund shall pay the Investment Adviser, as compensation for its services, a management fee (the "Management Fee") payable quarterly in advance, at an annual rate of 2.00% of the Net Asset Value of the Fund (before fees have been assessed), pro rated for any permitted mid-quarter investments.

Any portion of the Management Fee attributable to an Investor's Shares related to a Designated Investment shall be payable based upon the lower or higher of Book Value or fair value assigned to such Shares, as determined in the sole discretion of the Investment Adviser (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards.

The Management Fee generally is calculated and paid prior to the Incentive Allocation. The Investment Adviser may set aside a certain portion of the Fund's assets as cash in order to ensure sufficient funds to cover its Management Fees, whether accrued or anticipated. Alternatively, the Investment Adviser may, in its sole discretion, sell or assign, regardless of whether such selling or assignment would otherwise occur in the normal course of the Fund's business, a respective portion of the Fund's assets necessary to cover its Management Fees, whether accrued or anticipated. The Investment Adviser may, in its sole discretion, (1) receive an in-kind distribution of Fund assets, and/or (2) cause the Fund to borrow funds for the sole purpose of covering its Management Fees, whether accrued or anticipated.

The Investment Adviser or Master Fund General Partner may waive or modify, in whole or in part, its Management Fee and/or Incentive Allocation, as applicable, for any account, including those of an affiliate or family member of the Investment Adviser or its principals.

Investors will only incur one Management Fee with respect to the Investment Adviser, which is currently expected to occur at the Fund level and not at the Master Fund level. However, in the sole discretion of the Investment Adviser, the Management Fee may be waived at the Fund level and incurred at the Master Fund level at any time.

### **Incentive Allocation**

At the end of each calendar quarter of the Master Fund, for each of its limited partners (with an adjustment made, if necessary, following any annual audit), the Master Fund General Partner will be allocated an amount equal to twenty percent (20%) of any Master Fund profit (including unrealized gains and adjusted for Management Fees and other expenses paid at the Fund level but not reflected in the balances of Master Fund capital accounts (i.e. the Fund's capital account)) allocated to such limited partner's capital account in such calendar quarter in excess of net losses which have been carried forward in prior quarters (the "Incentive Allocation"). The Incentive Allocation is paid after calculation of the Management Fee, which is paid at the Fund level. The Master Fund General Partner may modify or waive, in whole or in part, the Incentive Allocation in its discretion, for any Investor, including its affiliates and their family members.

The Incentive Allocation will be calculated on a cumulative basis on amounts remaining invested. The Master Fund General Partner will not receive an Incentive Allocation for any calendar quarter in which the gross return is less than or equal to zero. Furthermore, if there is a loss carryforward in a prior calendar quarter, no Incentive Allocation will be paid with respect to any subsequent calendar quarter until the aggregate profit in such subsequent calendar quarter is greater than the sum of such net loss, for that and such preceding calendar quarters, and then, only to the extent that the profit exceeds the loss carry forward (the "High Water Mark"). The High Water Mark seeks to achieve, but does not guarantee, that Investors will only

incur an Incentive Allocation on cumulative profits. In the event of redemptions during any calendar quarter with respect to which there is a loss carryforward, the loss carryforward will be proportionately reduced. ***The Fund may keep track of each Investor's high water mark and pro rata part of the Incentive Allocation based on each Series of Share's such Investor owns.***

The Incentive Allocation will immediately apply to any profit allocated to a Master Fund capital account that results from any Designated Investment. However, the Incentive Allocation will, in certain circumstances, be calculated separately for each Designated Investment and the Master Fund's other investments. For example, Loss realized with respect to a Designated Investment after the withdrawal of a limited partner (i.e. a withdrawal of the Fund from the Master Fund) will not reduce the Incentive Allocation with respect to profit on the Master Fund's other investments or on other Designated Investments prior to the withdrawal of such limited partner. Conversely, Loss realized with respect to a Designated Investment prior to the withdrawal of a limited partner will reduce the Incentive Allocation with respect to profit on the Master Fund's other investments or on other Designated Investments realized during that accounting period or, to the extent there is loss carryforward from such loss, future accounting periods. However, any loss resulting from a Designated Investment will not offset Incentive Allocations already earned for prior periods.

The Investment Adviser may set aside a certain portion of the Master Fund's assets as cash in order to ensure sufficient funds to cover the Master Fund General Partner's Incentive Allocations, if any, whether accrued or anticipated. Alternatively, the Investment Adviser may, in its sole discretion, sell or assign, regardless of whether such selling or assignment would otherwise occur in the normal course of the Master Fund's business, a respective portion of the Master Fund's assets necessary to cover the Master Fund General Partner's Incentive Allocations, if any, whether accrued or anticipated. The General Partner may, in its sole discretion, (1) receive an in-kind distribution of Master Fund assets, and/or (2) cause the Master Fund to borrow funds for the sole purpose of covering its Incentive Allocations, if any, whether accrued or anticipated.

Investors will only incur one Incentive Allocation with respect to the Master Fund General Partner, which is currently expected to occur at the Master Fund level and not at the Fund level. However, in the sole discretion of the Master Fund General Partner, the Incentive Allocation may be waived at the Master Fund level and incurred at the Fund level at any time.

In the event that the Fund is terminated other than at the end of a calendar month, or the effective date of an Investor's redemption is other than at the end of the calendar month, then the Net Asset Value of the Fund shall be determined for the period from the beginning of the month through the termination or redemption date.

In the event that the Fund is terminated other than at the end of a calendar quarter, or the effective date of an Investor's redemption is other than at the end of the calendar quarter, then the Incentive Allocation shall be determined for the period from the beginning of the quarter through the termination or redemption date.

Upon a determination by the Investment Adviser that a Designated Investment, if any, no longer constitutes a Designated Investment or if the Master Fund liquidates, in whole or in part, a Designated Investment, an Incentive Allocation will be allocated to the Master Fund General Partner on any profit attributable to such Designated Investment at such time.

**Under no circumstances will any portion of any Incentive Allocation made to the Master Fund General Partner for any prior period be returned to an Investor. Accordingly, notwithstanding the High Water Mark, in some circumstances the Master Fund General Partner may receive Incentive Allocations in cases in which an Investor may not have aggregate profits over the life of its investment in the Fund (and indirectly through the Fund, its investment in the Master Fund).**

## **Fund Expenses**

The Fund, from its own assets, bears expenses, including, but not limited to, the following: investment and/or transaction related expenses; research services and products (including research services and products of the type more fully described under BROKERAGE COMMISSIONS); expenses for custodians; interest



expenses; investment-related and/or business travel expenses; client services and marketing expenses (including entertainment and travel costs related to Fund marketing); attendance of Fund management at conferences; brokerage commissions; outside counsel; litigation expenses; administration; accounting; auditing and tax preparation expenses; any taxes, fees or other government charges levied against the fund; organizational expenses due at inception for the Fund; printing; mailing; costs of insurance for the Fund and the Investment Adviser and affiliates; expenses relating to the offer and sale of Shares; and any other expenses not expressly agreed to be paid by the Investment Adviser. Such expenses are shared in by all of the Shareholders. The Fund will be required to pay its pro rata portion of such expenses of the Master Fund. Such expenses may be significant and potentially exceed the Management Fee. To the extent that services are provided or paid for by the Investment Adviser, the Fund will reimburse the Investment Adviser.

The Fund will amortize organizational expenses of the Fund over five years (or such other time as determined in the sole discretion of the Investment Adviser), even though this approach may not be consistent with generally accepted accounting principles or such other industry accepted accounting standards and may result in the Fund's audited financial being qualified. In the event the Fund terminates its operations before the organizational expenses are fully amortized, amortization of the unamortized portion of such organizational expenses shall be accelerated and the unamortized portion will be debited against the Share's pro rata, thereby decreasing the amounts otherwise available for distribution or redemption to the Shareholders.

The Investment Adviser will render the services set forth in the Investment Advisory Agreement and will be responsible for the payment of all of its own ordinary administrative and overhead expenses (including salaries, benefits, and rent) associated with the rendering of such services.

The Investment Adviser may allocate among the Fund and other investment accounts under its management having the same or similar investment methodology as the Fund travel and other expenses incurred in connection with the investment activities of the Fund and such other investment accounts. To the extent that the Investment Adviser determines, in its sole discretion, that certain expenses relate specifically to a particular Designated Investment, the Investment Adviser shall have the authority to allocate, pro rata, such expenses to the Shares related to such Designated Investment.

The Investment Adviser will make personnel and facilities available to the Fund (some of which may be compensated or reimbursed by the Fund for administrative assistance) and may hire providers of ongoing accounting and reporting functions at Fund expense.

## **NET ASSET VALUE DETERMINATION**

The Net Asset Value of the Fund and the Net Asset Value per Share of each series will be determined as at the close of business on any date of determination (typically, monthly).

The Net Asset Value of the Fund will be determined by the Administrator, the Investment Adviser, or their delegate by deducting the value of the liabilities (including any accrued Incentive Allocation) of the Fund from the value of the Fund's assets.

Net Asset Value will be calculated separately with respect to the Fund's different series of Shares. Management Fees, Incentive Allocations and other expenses specific to a particular series of Shares will be accrued and allocated separately. Common fees and expenses will be allocated among series based on respective Net Asset Values. Net Asset Value per Share of any series shall equal the Net Asset Value attributable to such series divided by the number of Shares of such series outstanding.

In determining any value, the Directors and the Administrator shall be entitled to rely on any valuations provided or attributed to any asset or liability by the Investment Adviser. The Directors have delegated to the Administrator the determination of Net Asset Value and the Net Asset Value per Share of each series. Assets will be valued as discussed below and in the Articles.

The Fund's liquid assets, as determined in the sole discretion of the Investment Adviser, will be fair valued monthly, or more frequently if there are permitted mid-month investments or redemptions. For liquid assets (i.e. securities with readily available market quotations), valuations will generally be based, as described more fully below, upon the closing price or final bid price for a security held long and closing price or asked price for a short position on the applicable exchange or market as of the close of business.

For purposes of the Fund's annually audited financial statements, the Investment Adviser or its delegate will try to determine the fair value (taking into account actual market prices (if any), cost, market prices of comparable investments and/or such other factors (e.g., the tenor of the respective instrument) as it deems appropriate) of any illiquid assets of the Fund (i.e. securities without Readily Ascertainable Market Values, including, but not limited to, any Designated Investments) at least annually. However, notwithstanding any other statement herein, for purposes of the accounting of the Fund's Net Asset Value, the Fund may carry illiquid assets at the lower or higher of Book Value or fair value, as determined in the sole discretion of the Investment Adviser (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. As a result, the valuation of illiquid investments, if any, held by the Fund may be inaccurate since such valuations may be based on estimates or cost. A conflict exists to the extent the Investment Adviser's fees are based on these valuations. Furthermore, there is no guarantee that fair value will represent the value that will be realized by the Fund on the eventual disposition of the investment or that could, in fact, be realized upon an immediate disposition of the investment. As a result, an Investor redeeming from the Fund prior to realization of such an investment may not participate in gains or losses therefrom. The Fund may, but is not required to, designate any illiquid or other Security as a Designated Investment.

For future Shareholders in the Fund, the Investment Adviser may, in effect, "sell" a piece of each current Investor's indirect interest in each specific investment to such future Shareholders. Implicit in any such "sale" is that the Fund carries each such investment at an estimated fair value, which may be cost. If the Investment Adviser's estimate of fair value is wrong under such circumstances, say too low, then the Investment Adviser may have "sold" it to the future Investor at a discount, which may be viewed as an adverse consequence to current Shareholders. Conversely, if the estimated fair value is too high a value for such investment, any future Investor will be "paying" too much for such investment, which may be viewed as an adverse consequence to future Shareholders.

Subject to the foregoing, securities which are listed on a securities exchange may be valued at their last sales prices on the principal securities exchange on which they are traded on the date of determination (or, if the date of determination is not a date upon which that securities exchange was open for trading, on the last prior date on which that securities exchange was so open). If no sales of these securities occurred on the foregoing dates, the securities may be valued at the "bid" price for long positions and the "asked" price for short positions on the principal securities exchange on which they are traded on the date of determination (or, if the date of determination is not a date upon which that securities exchange was open for trading, on the last prior date on which it was so open). Securities which are not listed may be valued at their representative "bid" quotations if held long and representative "asked" quotations if held short, unless the securities are included in the NASDAQ National Market System or similar organized over-the-counter trading system, in which case they may be valued based upon their last sales prices as reported on such reporting system (if these prices are available). All other securities and accounts for which market quotations are not readily available will be valued at fair value as reasonably determined in good faith by the Investment Adviser, although the actual calculation may be done by others. Any assets or liabilities initially expressed in terms of currencies other than U.S. Dollars will be translated into U.S. Dollars at spot conversion rates as quoted on the day of such translation or, if no such rate is quoted on such date, at the previously quoted exchange rate or at such other appropriate rate as may be reasonably determined by the Investment Adviser. If the Investment Adviser determines that such valuation of any security does not fairly represent market value, the Fund will value the security in a manner which it reasonably chooses and will set forth the basis of that valuation in writing in its records. Notwithstanding any other statement herein, for Share accounting purposes, the Investment Adviser may value securities at prices other than those discussed above.

The value of the Fund's assets will generally equal the value of the Fund's pro-rata interest in the Master Fund's assets reduced by the applicable Fund and Master Fund level fees and expenses. Accordingly, the foregoing valuation practices should be read to apply equally to the Master Fund's assets.

The foregoing valuation methods may be changed by the Investment Adviser if it determines in good faith that such change is advisable to better reflect market conditions or activities. See also "Valuation of Investments" under "CONFLICTS OF INTEREST".

The Directors may suspend or postpone the calculation of the Fund's Net Asset Value. See "Redemptions."

## **SUBSCRIPTION FOR SHARES**

### **Subscription**

The Fund is offering its non-voting redeemable participating shares on the terms described in this Memorandum, the Articles and the Subscription Agreement. Shares offered during the Initial Offering Period shall be Series 1 Shares. Shares issued on following Dealing Days including, without limitation, Shares issued to the same subscriber, will be issued in separate series. Multiple series may be consolidated as of any Dealing Day if they have not suffered losses. The Initial Offering Period will begin as of the date of this Information Memorandum and end on the thirtieth day thereafter, unless extended by the Administrator. During the Initial Offering Period, the Shares will be offered for sale at a price of \$100.00 per share and this price will not be adjusted to reflect any intervening event or investment by the Fund. After the Initial Offering Period, Shares will be offered on monthly purchase dates on the first Business Day of each month (each, a "Dealing Day") at a price equal to the Net Asset Value of each Series 1 Share.

The Fund's Directors, after consultation with the Investment Adviser, may suspend or terminate the offering of Shares in their sole discretion at any time.

In order to purchase Shares, an investor, subject to waiver in the sole discretion of the Directors, Administrator, and/or Investment Adviser, must: (i) complete and deliver to the Administrator the Subscription Agreement by 12:00 P.M. U.S. Eastern Standard Time at least three Business Days prior to the Dealing Day on which the Investor desires to purchase Shares; and (ii) effect payment for the Shares subscribed for, if paying by wire, by 12:00 P.M. U.S. Eastern Standard Time at least one Business Day prior to the Dealing Day on which the Investor desires to purchase Shares. Any order may be rejected by the Administrator in its sole discretion.

All subscriptions are irrevocable. Generally, not more than 30 days after any Investor enters into a Subscription Agreement, the Investment Adviser will advise such Investor whether such Investor's subscription will be accepted. Prior to acceptance, which generally will occur on the Business Day of the next month, provided that the Investment Adviser receives sufficient notice of the subscription or, in its sole discretion, waives the untimeliness of such submission, the Investor will have no rights as an Investor in the Fund and will receive no interest on its subscription.

Shares will be held in registered book-entry form and the Fund's register of shareholders will be maintained by the Administrator.

However, subscription payments received at any time other than as set forth above may, at the sole discretion of the Directors, be deemed to have been timely received. Wire instructions will be provided by the Administrator. No person has or is entitled to be given an option to subscribe for any Shares.

The Fund may, in its absolute discretion, waive, reduce or vary any notice periods, conditions to subscriptions, periods for or terms of remittance of subscription proceeds, or other requirements or limitations relating to subscriptions, either for Shareholders generally or for particular Shareholders or classes of Shareholders and either at the time a particular subscription is proposed or in advance by agreement with one or more Shareholders.

### **Shares Issuable in Series**

A separate series of Shares shall be issued on each subscription date to new subscribers and existing Shareholders subscribing for more Shares in order to permit the Investment Adviser to track the relative investment performance experienced by Shareholders who subscribed for Shares on differing subscription dates throughout the year. The Shares issued during the Initial Offering Period will be designated Series 1 Shares. Shares issued as a separate series on any particular date thereafter will have a designation to reflect that separate series of Shares (Series 2 for Shares issued as of the next subscription date, Series 3 for Shares issued as of the next subscription date, and so forth). Shares issued as a separate series after the Initial Offer Period will be issued at a subscription price per Share equal to the Net Asset Value per Share of Series 1 Shares.

At the end of each fiscal year, Shares of all series that have experienced positive capital appreciation during that year will be consolidated into a master series of Shares based on the Net Asset Value per Share of

the master series. Such master series will be the longest outstanding series of Shares that has experienced appreciation in its Net Asset value per Share during that fiscal year. If there is no appreciation with respect to a series or there has been a net loss for that series, that series will maintain its independent series designation.

## **Accredited Investors**

The Shares are being offered in a private placement generally to qualified investors who are "accredited investors" as defined under Rule 501 of Regulation D of the U.S. Securities Act of 1933, as amended. An accredited investor is a person who qualifies as such, and so represents and warrants in the Subscription Agreement. In general, accredited investors are individuals having a certain minimum income or net worth, institutional investors, or management personnel of the Investment Adviser. For individuals, the following persons are "accredited investors":

- (a) Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000 (not including any equity in the primary residence of such person(s)); or
- (b) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or
- (c) Any director or executive officer of the Investment Adviser or its affiliates.

## **Transfers**

The Shares may not be transferred unless, among other things, registered where relevant or an exemption from such registration is available. The Fund is not registered in any jurisdiction (outside the Cayman Islands) and the Shares are not for sale in any country in which such sale is prohibited or requires registration. Shareholders should consult their own counsel with respect to the laws of their home jurisdiction governing investment in the Fund. Regardless of any exemption from registration that may exist, except as otherwise provided in the Articles, the Shares may not be sold, transferred, assigned, pledged, or otherwise hypothecated or disposed of, in whole or in part, without the prior written consent of the Investment Adviser, which consent may be withheld in the Investment Adviser's sole discretion, and any attempt to do so shall be null and void. The Administrator may condition approval of any sale or transfer of the Shares on receipt of an opinion of counsel, in form and substance satisfactory to the Administrator, that no such registration is required and no violation of any securities laws or regulations will result. There is no secondary market for the Shares.

## **REDEMPTIONS**

Shares purchased, whether by newly accepted subscribers or existing Investors, may not be redeemed, either in whole or in part, until six (6) months after the "Purchases" of such Shares are made (the "Lock-Up Period"), unless otherwise permitted in the sole discretion of the Investment Adviser. For purposes of this paragraph, "Purchases" mean receipt by the Investment Adviser or its delegate of the initial or additional purchases of Shares by Investors. Each Purchase will be subject to its own Lock-Up. The Fund may use a First In First Out approach for determining the age of Purchases. Once Shares have, or will have, been held for their complete Lock-Up Period, unless otherwise permitted in the Investment Adviser's sole discretion, such Shares may be redeemed subject to the other terms generally applicable to redemptions specified in this Memorandum and in the Articles.

Once the Lock-Up Period no longer applies to the Shares, and subject to the potential limitations discussed in this Memorandum and under "Designated Investments", a Shareholder may, upon written notice to the Investment Adviser not less than one hundred twenty (120) days prior to the end of any calendar quarter or such other time as the Investment Adviser may determine, redeem any or all of its Shares following the close of business of the last business day of such quarter, or as otherwise permitted by the Directors (the "Redemption Date"), at the Net Asset Value per Share of the relevant series as of such Redemption Date, adjusted if necessary for any un-allocated Incentive Allocation, less reserves determined in good faith by the Investment Adviser and

less any accrued, but unpaid, Management Fee and Fund expenses. Redemption requests shall be sent in writing and will be processed in the order received by the Administrator. A notice of redemption is irrevocable, except as provided in the sole discretion of the Investment Adviser. The minimum redemption amount is \$100,000, subject to waiver in the Investment Adviser's discretion. If after giving effect to a partial redemption, the value of the shareholder's remaining Shares would be less than \$100,000, the Administrator may treat any such request as a request for redemption of all the Shares registered in the name of such Shareholder [IS THIS REQUIRED UNDER CAYMAN LAW?]. The Administrator may not effect aggregate redemptions in excess of 15% of the Net Asset Value of the Fund as of any given Redemption Date. Such a percentage limit is often referred to as a "Gate". If Shareholders request redemptions for any Redemption Date which, in the aggregate, exceed 15% of the Net Asset Value of the Fund, then each Shareholder requesting a redemption shall be permitted to redeem a pro-rata portion of its requested redemption amount so that the total of all such redemptions equals 15% of the Net Asset Value of the Fund. Redemption requests received after the required 120 day notice period has passed, and redemptions which are not permitted due to the aggregate 15% gate limitation described above, will be deemed cancelled and must be resubmitted if the Investor continues to desire a redemption. This limitation on redemptions may result in a Shareholder not being able to redeem Shares as of a desired Redemption Date and may cause a Shareholder to redeem, if it continues to desire to make a redemption, such Shares at a later Redemption Date on which the Fund's Net Asset Value may be lower. In addition, a redemption will generally not be permitted if, immediately following such redemption, Benefit Plan Investors would hold 25% or more of the Shares in the Fund (or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines).

Under normal market conditions, at least 90% of the Net Asset Value of the redeemed Shares will be paid, in cash or in kind in the discretion of the Investment Adviser, within 30 days following the applicable Redemption Date with the balance generally to be paid within sixty (60) days after finalization of the annual audit, subject to reserves and any necessary adjustments. No interest shall be paid for the period between the effective date of redemption and any date of payment.

Notwithstanding any other statement herein, the Directors, in consultation with the Investment Adviser, may limit or prohibit redemptions, notwithstanding whether or not valuation of the Fund's Net Asset Value has been suspended, including under extraordinary or emergency circumstances or if, in their discretion, such redemptions would not be in the best interests of the Fund or maximize the return available by having to sell an investment to satisfy such redemptions; in addition to the foregoing reasons, in the sole discretion of the Directors, in consultation with the Investment Adviser, the Fund may also refuse requests for redemptions or delay redemptions or payments if the Master Fund suspends or limits withdrawals with respect to the Fund or if the Fund is not sufficiently liquid, which shall be determined in the sole discretion of the Directors, in consultation with the Investment Adviser. In any of the foregoing circumstances, the Management Fee and Incentive Allocation will still be applied to the Shares (including based on estimates of the Fund's Net Asset Value in the event that redemptions and/or valuation of the Fund's assets are suspended).

The Investment Adviser may use its authority to redeem an Investor and to pay redemptions in kind to form and distribute interests in special purpose or liquidating vehicles holding certain illiquid Fund assets, which may have a similar impact to suspending redemptions without actually doing so. Notwithstanding any other statement herein, the Directors and/or Investment Adviser may treat some Investors differently (i.e. giving preferential terms and rights to one or more Investors, as permitted in the sole discretion of the Directors and/or Investment Adviser) with respect to distributions and redemptions at any time, including during times when redemptions have been otherwise suspended with respect to the Fund as a whole.

The Fund may, but is not obligated to, hold un-invested cash, sell investments or borrow in order to honor redemptions.

The Fund's ability to make redemptions will be in large part dependent upon the Fund receiving redemptions from the Master Fund.

Notwithstanding any other statement or provision herein, the Fund may seek, and Shareholders shall agree to allow the Fund, to recover amounts distributed to Shareholders if such amounts are later found to have been distributed in excess, notwithstanding any annual audit related to the period in question, based on, among other things: (1) later, more accurate, valuations; or (2) the discovery or recognition after any period of a liability that relates to the period in which such distribution was based upon.

Designated Investments. The Investment Adviser may designate some or all of the investments held directly or indirectly by the Fund as "Designated Investments" (an accountant sometimes refers to Designated Investments

as "side pockets") if such investments are, in the judgment of the Investment Adviser, long-term, illiquid and/or without a Readily Ascertainable Market Value (defined below). At the time an investment, whether existing or newly acquired, is marked as a Designated Investment, the Fund may issue Shares with respect to such Designated Investment to each Shareholder who is a Shareholder at the time when the Fund marks such investment as a Designated Investment. An illiquid or other investment will generally, but is not required to, be maintained on the Fund's books as a Designated Investment until such Designated Investment has a "Readily Ascertainable Market Value", which means a value is established (or re-established, as the case may be) when (i) a Designated Investment becomes liquid (including, without limitation, when there is trading activity, over-the-counter or otherwise, of the securities constituting the Designated Investment which activity the Investment Adviser determines, in its sole discretion, reasonably values the Designated Investment), (ii) a Designated Investment is disposed of by the Fund at arms-length for consideration other than for another Designated Investment, or (iii) circumstances otherwise exist that, in the sole discretion of the Investment Adviser, a value other than Book Value or a prior Recently Ascertainable Market Value (including, without limitation, when a certain passage of time occurs or when additional securities substantially similar to the Designated Investment have been issued by the issuer of the Designated Investment) can be reasonably established. Accordingly, the Investment Adviser may adjust the value of a Designated Investment in circumstances in which there is not a traditional "value event". Designated Investments may include cash reserves as determined prudent by the Investment Adviser to support such investments or provide for follow-on investments. Notwithstanding any other statement herein, the Investment Adviser may, in its sole discretion, maintain an investment as a Designated Investment whether or not such Designated Investment has a Readily Ascertainable Market Value. The Management Fee and Fund expenses will apply to, and be charged against, Shares attributed to a Designated Investment based upon the lower or higher of Book Value or fair value assigned to such Shares, as determined in the sole discretion of the Investment Adviser (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The Incentive Allocation will immediately apply to any profit that results from a Designated Investment. A follow-on investment to a Designated Investment shall be treated as an independent Designated Investment.

In the event that an Investor redeems all or some of its Shares prior to the sale or other disposition of such Designated Investment(s) in which such Investor participates, unless the Investment Adviser determines otherwise, such Investor's Shares attributable to such Designated Investment(s) may be maintained and not redeemed until the sale or other disposition of such Designated Investment(s) by the Fund. In such event, for so long as the Fund continues to own or hold such Designated Investment(s), such Investor would (a) remain entitled to receive its allocable share of the gains, losses and expenses (i.e. Fund expenses) related thereto but (b) would be a Shareholder in the Fund only to the extent of its interest in Shares attributable to such Designated Investment(s).

In its sole discretion, the Investment Adviser instead may allow or require an Investor to redeem, in cash or in kind, its Shares attributable to a Designated Investment. If such a redemption is made, the redeeming Investor will have no further participating interest in such Designated Investment and the Investment Adviser may elect to mark, in its sole discretion, the value of the redeemed Shares in such Designated Investment as of the Redemption Date at the lower or higher of Book Value or fair value (with an option to mark the value of the redeemed Shares in such Designated Investment as of the Redemption Date at fair value). In any case, especially if the lower value is used, such redeemed Shares may not reflect the full value realizable over time by the Fund from the holding of the Designated Investment.

Mandatory Redemptions. The Administrator may, upon the determination of the Directors, in their absolute discretion (under the circumstances described in the following sentence), on giving not less than 5 days' notice to any Shareholder, effect the compulsory redemption of all or a portion of such Shareholder's Shares as of the day preceding any Dealing Day specified in such notice at a price equal to the Net Asset Value per Share as of such Dealing Day. The Directors may make such determination if they believe that the retention of such Shares by the Shareholder would adversely impact the tax or legal status of the Fund, otherwise subject the Fund to potential liability, or as they determine in their discretion.

Any Shareholder whose Shares are mandatorily redeemed due to a transfer of its Shares in violation of the provisions of this Information Memorandum or the Fund's Articles, a breach of a representation or warranty made by the Shareholder in the Subscription Agreement or conduct otherwise causing injury to the Fund shall be charged the costs incurred by the Fund as a result of such transfer, breach or injury and any costs associated with funding such redemption.

The Net Asset Value per Share at the time of redemption may be more or less than a Shareholder's cost per Share or the issue price of the Share being redeemed.

Suspension of the calculation of the Fund's Net Asset Value. The Directors may suspend the determination of the Net Asset Value of the Shares for the whole or any part of a period at any time for any or no reason. Where redemption rights are suspended, this suspension of rights will apply to all Shareholders equally. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

In the event of any such suspension, the Fund may cancel redemption requests (even after a timely redemption request for a Redemption Date has been submitted or even after the relevant Redemption Date has lapsed) or withhold payment to any person who has tendered a redemption request until after the suspension has been lifted. Notice of suspension will be given to any Shareholder that has tendered a redemption request. The Investment Adviser shall continue to receive its Management Fee and Incentive Allocation (based on estimates) on Designated Investments or in the event of suspension of redemptions and/or calculation of the Fund's Net Asset Value.

**The Fund and/or Investment Adviser may, in its absolute discretion, waive, reduce or vary any notice periods, conditions to redemptions, the Lock-Up Period, 15% "gate" limitation, periods for or terms of remittance of redemption proceeds, or other requirements or limitations relating to redemptions, either for Shareholders generally or for particular Shareholders or classes of Shareholders and either at the time a particular redemption is proposed or in advance by agreement with one or more Shareholders.**

## **BROKERAGE COMMISSIONS; RESEARCH AND OTHER SERVICES**

The Fund may pay commissions to brokers because it regards commissions as a necessary incentive to secure the best performance and Services from brokers. Generally, money market and certain other fixed income securities are purchased from the issuer or a primary market maker acting as principal and are traded on a net basis and do not involve brokerage commissions. Fixed income securities, as well as equity securities, may also be purchased from underwriters at prices which include underwriting fees. However, the cost of executing securities transactions for the Fund's portfolio will generally consist of dealer spreads and brokerage commissions. For purposes of this discussion, the term "brokerage commissions" may include both commissions paid to brokers in connection with transactions effected on an agency basis and markups, markdowns, commission equivalents or other fees paid to dealers in connection with certain transactions as encompassed by relevant SEC interpretation. The Fund's securities transactions may generate a substantial amount of brokerage commissions and other compensation, all of which the Fund, not the Investment Adviser, will be obligated to pay.

The Investment Adviser will have complete discretion in deciding what brokers and dealers it will use and in negotiating the rates of compensation the Fund will pay. The Investment Adviser may use affiliates in the execution of the Fund's securities transactions. In order for such persons to effect any portfolio transactions for the Fund, the commissions, fees or other remuneration received by such persons must be reasonable and fair compared to the commissions, fees or other remunerations paid to other brokers in connection with comparable transactions involving similar securities being purchased or sold during a comparable period of time. The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based to a large degree on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. This standard would often allow the affiliate to receive no more than the remuneration which would be expected to be received by an unaffiliated broker in a commensurate arms-length transaction. In addition to using brokers as "agents" and paying commissions, the Fund may also buy or sell securities directly from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters or dealers.

The Investment Adviser is not obligated to select, or allocate portfolio transactions to, brokers and dealers on the basis of best execution. The Investment Adviser may select, or allocate portfolio transactions to, brokers and dealers based upon one or more of a variety of factors in its sole discretion, including, but not limited to, the following: the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality, including trade

anonymity; liquidity; the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the facilities of the broker (including their back office operations and related services thereto being provided to the Fund and/or Investment Adviser, including those of the type described above under "Administrator"); the financial strength, integrity, reliability and stability of the broker; the competitiveness of commission rates in comparison with other brokers satisfying the Fund's other selection criteria; the quality, comprehensiveness and frequency of available "Research and Related Services or Products", defined below, considered to be of value; rebates of commissions by a broker to the Fund or to a third party service provider to the Fund to pay Fund expenses; and the broker's provision or payment of the costs of "Research and Related Services or Products", as defined below, and other services or property (collectively, with each factor named herein, constituting "**Services**"). Research and related services or products furnished by brokers may include: advice, whether directly or through writings or publications, as to the value of securities, the advisability of purchasing or selling specific securities, and the availability of securities or purchasers or sellers of securities; seminars, information, analyses, and reports concerning issuers, industries, securities, trading markets and/or methods, legislative developments, changes in accounting practices, economic or financial factors and trends, and portfolio strategy; statistics and pricing services; access to and/or discussions with research personnel, corporate management personnel, industry experts, economists, and government officials; quotation equipment and services; research or analytical computer software and services; products or services that assist in effecting transactions; as well as other hardware, software, databases, news, technical and telecommunications services and equipment utilized in the investment management process whether or not they qualify as "research" under the soft dollars safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended (collectively, "Research and Related Services or Products"). The Investment Adviser may also pay certain of its overhead and administrative expenses with soft dollars. In addition to the foregoing Services, the Investment Adviser may also consider referrals of potential Shareholders in the Fund as a factor in its selection of brokers and allocation of portfolio transactions. As such, the Fund may direct commissions in consideration of Fund referrals. This practice may cause the Fund to pay more than the lowest commission available and poses conflicts of interest for the Investment Adviser because sales of Fund Shares may increase the Investment Adviser's fees and income from the Fund.

The Investment Adviser may receive Research and Related Services or Products and/or related credits from brokers which are generated from underwriting commissions when purchasing new issues of fixed income securities or other assets. The Investment Adviser may purchase new issues of securities for client accounts in underwritten fixed price offerings. In these situations, the underwriter or selling group member may provide the Investment Adviser with research in addition to selling the securities (at the fixed offering price) to the advisory client. Because these offerings are executed at a fixed price, the Investment Adviser's receipt of research from a broker-dealer in these situations may benefit the Investment Adviser, its affiliates, and other clients at no additional cost. These arrangements may not fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 because the broker-dealer will be acting as principal in the underwritten transaction.

The receipt of Services from brokers is not expected to reduce significantly the expenses of the Fund. By allocating transactions in this manner, the Investment Adviser will be able to supplement its research and analysis with the views and information of other securities firms. It is not possible to place a dollar value on information and services to be received from brokers and dealers, since it is only supplementary to the research efforts and statistical analysis of the Investment Adviser. Obtaining Services from a broker using commissions ("soft dollars") may cause the Fund to pay more for such Services than if the Fund had otherwise purchased such Services directly from such broker using Fund assets ("hard dollars"). The Investment Adviser may, in its sole discretion, use soft dollars and/or hard dollars to obtain, and pay up to 100% of the cost of, Services. Up to 100% of the Fund's trades may be Soft Dollar trades. All, or any portion, of the Fund's trades may be used to purchase Services through the use of soft dollars. Certain Services may only be purchased from the Fund's brokers through the use of soft dollars and not hard dollars. Some of the Fund's soft dollar arrangements with certain brokers may require a targeted dollar amount of commissions to be directed to such broker in order for the Fund to receive Services from such broker. Such targets pose risks and conflicts because they may provide the Investment Adviser incentive to overtrade the Fund. The Investment Adviser believes that Services provided by brokers are of significant value to the Fund. Accordingly, when certain Services, including in particular research, may only be obtained through using soft dollars or reaching a targeted amount of directed commissions, the Investment Adviser may, in its sole discretion, use Fund assets to generate enough commissions necessary with a broker, regardless of whether or not such transactions would have otherwise been made, in order to obtain the desired Services from such broker. The Investment Adviser believes these practices are reasonable and not a breach of fiduciary duty in light of the value to Shareholders of the Services received. Brokerage commissions, and specifically soft dollar commissions, may be significant and potentially exceed the Management Fee. From time to time, the Investment Adviser may receive additional non-research Services



from other counterparties. The Investment Adviser is satisfied that these investment related Services assist in the performance of advisory duties and allow it to provide a cost effective service.

In some instances, the Services obtained from a broker in return for soft dollars may be provided directly to the Investment Adviser and its affiliates by a third party rather than the broker. In such cases, the broker will have a direct obligation to pay such third party rather than the Investment Adviser and its affiliates. As a result, the broker to whom the Investment Adviser is directing client transactions is effectively defraying the cost of such product or service to the Investment Adviser and its affiliates.

If the Investment Adviser acts as investment adviser or sub-adviser for investment company clients, the firm may direct brokerage for such clients to certain broker-dealers that have agreed to use a portion of the cost of commissions related to such brokerage to pay operating expenses of the applicable investment company client(s) to defray that client's expenses. The foregoing practices are subject to guidelines established by, and oversight by, the boards of trustees or other governing body of the relevant investment companies. In connection with such arrangements, the investment company may pay a brokerage commission in excess of that which another broker might charge for executing the same transaction.

The Services furnished by a broker or other party, which are paid by the Fund with soft and/or hard dollars, may benefit the Investment Adviser and/or its affiliates in rendering investment services to other clients and benefits the Investment Adviser by potentially saving the Investment Adviser from paying for Services itself. Such benefits to the Investment Adviser and/or its affiliates may lead to conflict of interest and increase commission costs borne by the Fund. Some of the Investment Adviser's clients may direct their own brokerage. Thus, those clients may require the Investment Adviser to send their trades to a particular broker in some cases so that the client may receive some direct benefit. Other Investment Adviser accounts may be somewhat limited in their brokerage placement discretion and very often send the bulk of trades to a broker-dealer sponsor, which may or may not provide research. Other advisory clients may prohibit the Investment Adviser from paying up for research or permit proprietary research but not third-party research. In each of these cases, these advisory clients may be benefiting, through an improved investment process, from research obtained through commission dollars of the Fund, which has not so restricted the Investment Adviser's brokerage discretion. The Investment Adviser may, but is not required to, make any appropriate allocations so that it bears the cost of any Services used for purposes other than for research (e.g., for administration). While the Fund generally will seek reasonably competitive spreads or commissions, the Fund will not necessarily be paying the lowest spread or commission available. The Fund may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the Services provided by the broker. Before causing the Fund to pay such higher compensation, the Investment Adviser will make a good faith determination that the compensation is reasonable in relation to the value of the Services provided viewed in terms of the particular transaction for the Fund or the Investment Adviser's overall responsibilities to the Fund. Since commission rates in the United States and certain other countries are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable. The Fund anticipates that because of the nature of its investment program, it may fall outside of the safe harbor for "soft dollars" under Section 28(e) of the Securities Exchange Act of 1934, as amended. That means for at least some purposes you should view brokerage commissions as if they were an increase to the Management Fee since the Fund's expenses will increase as a result of paying for premium brokerage and research and the Investment Adviser not paying the Fund back out of its Management Fee for the value of the resulting Services received.

When trading in a particular security, purchase and sale orders for the Fund may also, in the discretion of the Investment Adviser, be combined or "bunched" with orders for other accounts managed by the Investment Adviser, its affiliates and other accounts managed by them, with the Fund receiving an average price for jointly purchased or sold securities and paying its pro rata share of total commissions and trading costs. In some cases, the Fund may have obtained more favorable pricing or borne lower brokerage commission expense if it had traded independently.

From time to time, the Fund may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by the Fund may acquire or dispose of a security through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a mark-up or mark-down. The Fund believes that the use of a broker in such instances is consistent with its duty of obtaining best execution for the Fund. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

## TAX CONSIDERATIONS

### Generally

The following is a summary of certain aspects of the taxation of the Fund which should be considered by a potential purchaser of Shares. In view of the complexities of income tax laws and other similar tax laws which are applicable to corporations, investments and securities transactions, a prospective investor is urged to consult his own tax adviser in order to understand fully the federal, state, local and foreign tax consequences of an investment in the Fund, including the consequences of a sale or redemption of Shares, in such investor's particular situation. Prospective investors may be subject to tax under various jurisdictions, including under the laws of the countries of their citizenship, incorporation residence or domicile. The information set forth below is not intended to constitute tax advice or an opinion as to the tax situation of any Investor or to in any way lessen the necessity for prospective investors to consult with their own tax advisers prior to investing in the Fund. It is intended to be informative only, and not a substitute for careful tax planning. Moreover, the effect of existing income tax laws and possible changes in such laws will vary with the particular circumstances of each Investor.

This summary of certain tax considerations applicable to the Fund is considered to be a correct interpretation of existing laws and regulations in force on the date of this Memorandum and is based on the manner in which the Fund presently intends to conduct its activities. No assurance can be given that changes in existing laws or regulations or their interpretation will not occur after the date of this Information Memorandum.

### Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or Master Fund and their Shareholders or Partners, respectively. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Fund or Master Fund.

The Fund has applied for and can expect to receive an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Fund or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Shares. The only taxes which will be chargeable on the Fund in the Cayman Islands are (i) an annual charge calculated on the nominal amount of the authorized share capital of the Fund, which is approximately US\$731.71 per annum and (ii) a registration of approximately US\$3,658.54 and annual fees of approximately US\$3,658.54 under the Mutual Funds Law (2009 Revision).

***Tax Status of the Master Fund under Cayman Islands Law.*** Interest, dividends and gains payable to the Master Fund and all distributions by the Master Fund to its Partners will be received free of any Cayman Islands income or withholding taxes. The Master Fund has registered as an exempted limited partnership under Cayman Islands law and the Master Fund will apply for, and expects to receive, an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Master Fund or to any Partner thereof in respect of the operations or assets of the Master Fund or the interest of a Partner therein; and may further provide that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Partnership or the interests of the Partners therein.

## United States

**Generally.** The discussion below is a general summary of certain U.S. tax considerations currently applicable to the Fund, Non-U.S. Persons (as defined below) and U.S. tax-exempt entities that invest in the Fund. Counsel to the Fund has not rendered any legal opinion regarding any tax consequences to the Fund or an investment in the Fund. The discussion of U.S. Federal income taxation is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, published rulings, court decisions and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or different interpretations, possibly with retroactive effect. No advance rulings have been or will be sought from the Internal Revenue Service (the "IRS") regarding any matter discussed in this Memorandum. Thus, there can be no assurance that the IRS will not take a contrary position to those set forth below. With regard to U.S. Persons (as defined below), this summary does not discuss the consequences of an investment in the Fund by Shareholders which are not generally exempt from U.S. Federal income tax. For purposes of the discussion below, a "U.S. Person" is any person or entity, as applicable, that is a citizen or resident of the United States, a partnership or corporation created or organized in the United States or under the laws of any political subdivision therein or thereof, an estate the income of which is included in gross income for U.S. Federal income tax purposes regardless of its source or a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust or (ii) the trust was in existence on August 10, 1996 and properly elected to be treated as a U.S. person. A "Non-U.S. Person" is any person or entity, as applicable, that is not a U.S. Person.

**Tax Status of the Master Fund Under U.S. Law.** The Master Fund expects that it will be treated as a partnership and not an association or publicly traded partnership taxable as a corporation for United States federal income tax purposes. If it were determined that the Master Fund should be treated as an association or a publicly traded partnership taxable as a corporation for federal income tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, a material adverse change in facts, or otherwise), the taxable income of the Master Fund would be subject to corporate income taxation when recognized by the Master Fund; the Master Fund's partners (i.e. the Fund) would not be entitled to report their distributive shares of net gains, losses or other deductions and credits of the Master Fund on their own income tax returns; distributions from the Master Fund to its partners, other than in complete or substantial redemption of an interest in the Master Fund, would be treated as dividend income when received by the Master Fund's members to the extent of the current or accumulated earnings and profits of the Master Fund; and such dividend distributions likely would not be deductible by the Master Fund and would be taxable as ordinary income to the Master Fund's Members. Because the Master Fund is organized as a partnership, and is expected to be taxed as a U.S. partnership, under U.S. law, any tax discussion herein related to the Fund and its investors should also be read to apply equally, where relevant, to the Master Fund and Master Fund investors (i.e. the Fund) as well.

**The Fund.** The Fund anticipates that its income will not generally be subject to U.S. corporate income tax except as described below. The Fund will seek to structure its operations so that it will not be treated as being engaged in a U.S. trade or business for U.S. Federal income tax purposes, although there can be no assurance that this goal will be achieved.

In general, under current U.S. Federal income tax law, the Fund will be treated as a corporation for U.S. Federal income tax purposes. It is intended that the Fund's affairs will be conducted such that no income realized by the Fund will be effectively connected with the conduct of a U.S. trade or business or otherwise be subject to regular U.S. Federal income taxation on a net basis.

All income, gains, losses and deductions realized by the Master Fund will be allocated to the investors in the Master Fund, including the Fund.

Under current U.S. Federal income tax law, payments of principal and interest (including original issue discount) on debt obligations issued by a U.S. person or the U.S. government after July 18, 1984 are not subject to U.S. Federal withholding tax, provided that, with respect to interest (including original issue discount), certain certification and other requirements are met.

Payments of principal, premium and interest on debt obligations issued by a non-U.S. issuer generally will not be subject to U.S. withholding tax.

Certain dividends received from U.S. sources may be subject to U.S. Federal withholding tax at a 30% rate. U.S. Federal withholding tax on dividends will be imposed at a 30% rate because the Cayman Islands and the U.S. are not parties to an income tax treaty. A non-U.S. Shareholder that would be eligible for the benefits of an income tax treaty with the U.S. might have been able to receive dividends from a U.S. corporation subject to a reduced withholding tax rate if such non-U.S. Shareholder had held the stock of the U.S. payor directly. [DISCUSS WITHHOLDING AGENT ELECTION???

Gain (other than on account of original issue discount) allocated to the Fund by the Master Fund resulting from the sale, exchange or redemption of a debt obligation generally will not be subject to U.S. Federal withholding taxes (including "back-up" withholding taxes), provided that, in the case of securities held by a custodian or nominee in the United States, the Fund certifies to its non-U.S. status or otherwise establishes an exemption from back-up withholding.

As indicated above, it is not intended that the Fund will conduct a trade or business in the U.S. or invest in securities, the income from which is treated, for U.S. Federal income tax purposes, as arising from a U.S. trade or business. As a result, it is anticipated that none of the income of the Fund will be subject to U.S. Federal income taxation (except as described above relating to U.S. source dividends and certain interest). If, contrary to its intended method of operation or investment, the Fund is considered to be engaged in a U.S. trade or business, any income that is effectively connected with such U.S. trade or business, or otherwise treated as effectively connected with a U.S. trade or business, will be subject to regular U.S. Federal income taxation on a net basis and may be subject to a 30% U.S. branch profits tax.

**Non-U.S. Shareholders.** A Shareholder of the Fund who is a non-U.S. Person and who is not otherwise subject to a U.S. taxing jurisdiction will generally not be subject to U.S. Federal income taxation on distributions paid by the Fund in respect of a Share or gains recognized on the sale, exchange or redemption (complete or partial) of a Share in the Fund.

Different rules may apply in the case of a Shareholder who is a Non-U.S. Person and who is subject to special treatment under U.S. Federal income tax laws, including without limitation, a Shareholder (i) who has an office or fixed place of business in the United States or is otherwise carrying on a U.S. trade or business to which a distribution on or gain in respect of the Shares is attributable, (ii) in the case of a non-U.S. Shareholder who is an individual, the Shareholder is present in the United States for 183 or more days in the taxable year of the disposition and has a "tax home" in the United States for U.S. Federal income tax purposes or (iii) who is a former citizen or resident of the United States, a controlled foreign corporation, a foreign insurance company that holds Shares in connection with its U.S. trade or business, a foreign personal holding company or a corporation that accumulates earnings to avoid U.S. Federal income tax. Such a person in particular is urged to consult its U.S. tax advisors regarding the tax consequences of investing in the Fund.

In the case of Shares held in the United States by a custodian or nominee for a Non-U.S. Person, U.S. "back-up" withholding taxes may apply to distributions in respect of such Shares unless such Non-U.S. Person properly certifies as to its non-U.S. status or otherwise establishes an exemption from back-up withholding. U.S. Treasury regulations, generally effective for payments made after December 31, 2000, govern the withholding of tax and reporting for certain amounts paid to nonresident individuals and foreign corporations. Among other things, these regulations may require investors that are Non-U.S. Persons to furnish new certification of their foreign status after December 31, 2000. Prospective investors should consult their tax advisors concerning the applicability and effect of such Treasury Regulations on an investment in the Fund.

Non-U.S. Persons that are controlled foreign corporations may be subject to certain additional tax consequences as a result of purchasing Shares in the Fund. Accordingly, such prospective Investors are urged to consult their own tax counsel regarding such tax consequences under the laws of the United States as well as the jurisdictions of which they are citizens, residents or domiciliaries and in which they conduct business.

**U.S. Tax-exempt Shareholders.** An investment in the Fund Shares will not generate unrelated business taxable income or income from debt-financed property for U.S. Federal income tax purposes (collectively, "UBTI") for U.S. Persons that are pension plans, Keogh plans, individual retirement accounts, tax-exempt institutions and other investors exempt from U.S. federal income taxation under Section 501 of the Code ("U.S. Tax-Exempt Investors"), so long as such investor's acquisition of Shares is not debt-financed. If a U.S. Tax-Exempt Investor's acquisition of Shares is debt-financed, such investor's income attributable to the Fund (including dividends, interest and other similar income) will be included in UBTI and subject to U.S. Federal income taxation.

U.S. shareholders of the Fund (i.e. those shareholders who are U.S. Persons) will be taxable under the provisions of the Code applicable to a passive foreign investment company (a "PFIC") because the Fund will be a PFIC as defined in the Code. However, U.S. Tax-Exempt Investors are subject to the PFIC provisions only if such investor's acquisition of Shares is debt-financed for purposes of the UBTI provisions discussed above. The U.S. income tax attributable to gains and distributions with respect to the Shares under the PFIC provisions will generally be computed at the ordinary income rates prevailing during the period to which the gain or distribution is allocated, except that in the case of gains and distributions allocated to prior years, (i) the tax rate utilized will be the highest in effect for that taxable year, (ii) the tax will be computed generally without regard to offsets from deductions, losses and expenses and (iii) the tax will be increased by an interest charge computed on the hypothetical deferral of the tax attributable to that taxable year. As an alternative to the foregoing method of taxation, if the Fund were to agree to provide certain information, a U.S. Tax-Exempt Investor may make an election (a "QEF Election") to treat the Fund as a "qualified electing fund" (a "QEF"), in which event such investor must include in its taxable income each year as ordinary income its pro rata share of the Fund's ordinary earnings, and as long-term capital gain its pro rata share of the Fund's net capital gain, regardless of whether such investor receives distributions from the Fund. Because a U.S. Tax-Exempt Investor is generally not subject to the PFIC provisions unless such investor is otherwise taxable on the Shares under the UBTI provisions for debt-financed property discussed above (i.e., such investor has itself borrowed to acquire its investment in the Fund) the Fund does not intend to provide information necessary to make a QEF Election with respect to the Fund, which would be required to enable an investor to make a QEF Election.

US Persons owning shares in the Fund may indirectly be subject to the 30% withholding tax described under 26 U.S.C.S. 871(a) on all income received from certain sources within the United States (including, but not limited to, dividends but excluding "portfolio interest" as further described under 26 U.S.C.S. 871(h)).

The Fund will be classified as a controlled foreign corporation (a "CFC") under the Code if U.S. Persons own a sufficient percentage of the voting interests in the Fund as determined under the Code. However, Congressional committee reports accompanying legislation enacted have indicated that a U.S. Tax-Exempt Investor's "subpart F income" (as defined in the Code) derived from the Fund will not be treated as UBTI (assuming such U.S. Tax-Exempt Shareholder has not itself borrowed to acquire its Shares).

**NOTICE PURSUANT TO IRS CIRCULAR 230:** THIS DISCUSSION IS NOT INTENDED OR WRITTEN BY THE FUND OR ITS COUNSEL TO BE USED, AND CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED UNDER U.S. TAX LAWS. THIS DISCUSSION IS PROVIDED TO SUPPORT THE PROMOTION OR MARKETING BY THE FUND OF THE SHARES OFFERED HEREBY. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR CONCERNING THE POTENTIAL TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES.

## ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "Risk Factors."

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

The U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101 (the "Plan Asset Regulation"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the U.S. Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by "benefit plan investors" (as defined below) is not "significant." If the assets of the Fund were deemed to constitute the assets of a Plan, the fiduciary making an investment in the Fund on behalf of an ERISA Plan could be deemed to have delegated its asset management responsibility, the assets of the Fund could be subject to ERISA's reporting and disclosure requirements, and transactions involving the assets of the Fund could be subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code unless a statutory or administrative exemption were applicable to the transaction.

Shares in the Fund will be considered to be an "equity interest" in the Fund for purposes of the Plan Asset Regulation. In addition, the Fund will not be registered under the U.S. Company Act and the Fund will not attempt to qualify as an "operating company" for purposes of the Plan Asset Regulation. Therefore, if equity participation in the Fund by Benefit Plan Investors, as defined below, is "significant" within the meaning of the Plan Asset Regulation, the assets of the Fund could be considered to be the assets of holders of Shares in the Fund that are Plans. In such circumstances, in addition to considering the applicability of ERISA to the Shares in the Fund, a Plan fiduciary considering an investment in the Fund should consider the applicability of ERISA to transactions involving the Fund and its assets, including whether such transactions might constitute a prohibited transaction under ERISA or Section 4975 of the Code or otherwise may result in a breach of fiduciary duty under ERISA.

Presently, under the Plan Asset Regulation, equity participation in an entity by Benefit Plan Investors, as defined below, is "significant" on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more (or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines) of the value of any class of equity interests in the entity (the "25% Limitation") is held by Benefit Plan Investors. For purposes of this determination, the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any affiliate of such person) is disregarded (such a person is referred to as a "controlling person").

The Investment Adviser intends to limit equity participation in the Fund by Benefit Plan Investors so as not to exceed the 25% Limitation. No purchase of a Share in the Fund by or proposed transfer to a person that has represented that it is (i) any "employee benefit plan" (as defined in Section 3(3) of ERISA) (ii) any "plan" as defined in Section 4975 of the Code that is subject to Section 4975 of the Code or (iii) any entity whose underlying assets include Plan assets by reason of a Plan's investment in the entity (excluding government plans, non-U.S. plans, and non-electing church plans, such persons and entities described in clauses (i), (ii) and (iii) being referred to herein as "Benefit Plan Investors") or a controlling person will be permitted to the extent that such purchase or transfer would result in persons that have represented that they are Benefit Plan Investors owning Shares in excess of the 25% Limitation immediately after such purchase or proposed transfer (determined in accordance with the Plan Asset Regulation). In addition, no redemption from the Fund will be permitted if, immediately following such redemption, Benefit Plan Investors would hold Shares in excess of the 25% Limitation. Interests in the Fund held as principal by the Investment Adviser or its affiliates and persons that have represented that they are controlling persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with the 25% Limitation. Furthermore, under no circumstance will Shares in the Fund held by government plans, non-U.S. plans, and non-electing church plans be counted toward the 25% Limitation or limited with respect to their equity participation in the Fund.

Notwithstanding the preceding limits on the amount of equity participation in the Fund by Benefit Plan Investors, the Investment Adviser reserves the right to allow such equity participation by certain benefit plans (e.g. individual retirement accounts and Keogh plans) to exceed the 25% Limitation, provided that at such time, no equity participation in the Fund is owned by a person or plan subject to ERISA.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold Shares in the Fund should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the

Plan, an investment in the Fund is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in the Fund should consult with its counsel to confirm that such investment will not result in a prohibited transaction and will satisfy the other requirements of ERISA and the Code. The sale of any Shares in the Fund to a Benefit Plan Investor is in no respect a representation by the Investment Adviser that such an investment meets all relevant legal requirements with respect to investments by Benefit Plan Investors generally or any particular Benefit Plan Investor, or that such an investment is appropriate for Benefit Plan Investors generally or any particular Benefit Plan Investor.

There can be no assurance that there will not be circumstances in which transfers of Shares in the Fund will be required to be restricted in order to comply with the 25% Limitation. Moreover, there can be no assurance that, despite the restrictions relating to purchases by or proposed transfers to Benefit Plan Investors and controlling persons and the procedures to be employed by the Investment Adviser, Benefit Plan Investors will not exceed the 25% Limitation.

The fiduciary of a Plan that proposes to purchase and hold any Shares in the Fund also should consider whether such purchase and holding may involve the indirect extension of credit to a party in interest or a disqualified person with respect to the Plan or any other prohibited transaction between such Plan and such a party in interest or disqualified person. Depending on the identity of the Plan fiduciary making the decision to acquire or hold the Shares in the Fund on behalf of a Plan, Prohibited Transaction Class Exemption ("PTCE") 96-23 (relating to investments directed by an in-house asset manager), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 91-38 (relating to investments by a bank collective investment fund), PTCE 90-1 (relating to investments by an insurance company pooled separate account) or PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving Shares in the Fund.

Any Plan fiduciary that proposes to cause a Plan to purchase any Shares in the Fund should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA.

The sale of any Shares in the Fund to a Benefit Plan Investor is in no respect a representation by the Investment Adviser that such an investment meets all relevant legal requirements with respect to investments by Benefit Plan Investors generally or any particular Benefit Plan Investor, or that such an investment is appropriate for Benefit Plan Investors generally or any particular Benefit Plan Investor.

Any insurance company proposing to invest assets of its general account in the Fund should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank and under any subsequent legislation or other guidance that has or may become available relating to that decision, including the retroactive and prospective exemptive relief granted by the Department of Labor for transactions involving insurance company general accounts in PTCE 95-60 and the enactment of Section 401(c) of ERISA and regulations thereunder.

Compensation-related disclosures in this Memorandum are intended to satisfy the "alternative reporting option" described by the Department of Labor with respect to Schedule C of Form 5500.

## GENERAL INFORMATION

*Incorporation and Share Capital.* The Fund was incorporated on [\_\_\_\_\_] in the Cayman Islands under the provisions of the Companies Law (2010 Revision) with limited liability and unlimited duration and is registered in the Cayman Islands as an exempted company. It has not yet commenced operations as of the date of this Information Memorandum.

The authorized share capital of the Fund is US\$50,000 divided into 100 management shares of US\$1.00 each (the "Management Shares") and 4,990,000 non-voting, redeemable participating shares of

US\$0.01 each (the "Shares"). All of the Management Shares have been issued for cash at par and are held by the Investment Adviser.

*Rights attached to Shares.* The Management Shares confer no rights on the holders thereof to receive dividends or otherwise participate in the profits or assets of the Fund other than the right on the liquidation of the Fund to repayment of the nominal amount paid up thereon (subject to and after repayment of the nominal amount paid up on the Shares). Management Shares do however confer on the holders thereof the right to receive notice of and to attend and vote at any general meeting of the Fund. As indicated immediately below, the Shares do not carry voting rights and, consequently, voting control of the Fund at shareholder level vests exclusively with the holders of the Management Shares save in respect of those matters that constitute a material variation of a Shareholder's class rights.

The Shares confer on the holders thereof the right to receive dividends (if declared) and otherwise to participate in the profits and assets of the Fund. The Shares shall be redeemable and redeemed in the manner and upon and subject to the terms and conditions set out in the Articles. Upon a winding up of the Fund, the holders of the Shares shall rank first in the repayment of the nominal value paid up thereon and, subject to and after repayment of the nominal value paid up on the Management Shares, the surplus assets of the Fund attributable to each series of Shares will be distributed among the holders of the Shares of that series according to the number of the Shares held by each of them. The Shares do not however entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the Fund (save as set out above).

There are no rights of preemption attaching to the Shares.

The Shares are in registered form and no certificates will be issued.

In order to allocate the Management and Incentive Allocations payable by the Fund to the Investment Adviser or Master Fund General Partner, as applicable, equitably among investors, the Shares will be issued in separate series as described in more detail under "Subscription For Shares" above.

*Memorandum and Articles of Association.* The memorandum of association of the Fund provides that the Fund's objects are unrestricted. A copy of the memorandum of association is available as set out under "Available Documents" below.

Set out below is a summary of some of the main provisions of the Articles. Words and expressions defined in the Articles which are not expressly defined in this Information Memorandum shall have the same meaning wherever used in the following summary:

*Shares.* Subject to the Articles, all unissued Shares shall be under the control of the Directors, who may allot and dispose of or grant options over the same to such persons, on such terms and in such manner as they may think fit. The Directors may in their absolute discretion refuse to accept any application for Shares.

*Issue of Shares.* (i) On or before the allotment of any Share, the Directors (or the Investment Adviser and/or Administrator on their behalf) shall resolve the series to which such Share shall be designated.

(ii) The Directors may in their discretion refuse to allot and issue any Shares, and shall not issue any Shares to or for the account of a person other than an eligible investor.

(iii) The price at which the first issue of Shares of each series shall be effected and the time of such issue shall be determined by the Directors. Thereafter, shares of an existing series may be allotted and issued from time to time in the discretion of the Directors, provided that such additional shares are issued at not less than the then current net asset value per share of the same series.

(iv) The Directors may maintain Separate Accounts, for accounting purposes, which shall be segregated and kept separate for each series of Shares to which the assets and liabilities and income and expenditure attributable or allocated to each such series shall be applied or charged.

*Modification of Rights.* The Articles provide that, subject to the Companies Law of the Cayman Islands and the other provisions of the Articles, all or any of the class rights or other terms of offer whether set out in the Memorandum, Subscription Agreement or otherwise (including any representations, warranties or other disclosure relating to the offer or holding of Shares) (collectively referred to as "Share Rights") for the time being



applicable to any class or series of Shares in issue (unless otherwise provided by the terms of issue of those Shares) may (whether or not the Company is being wound up) be varied without the consent of the holders of the issued Shares of that Class or Series where such variation is considered by the Directors, not to have a material adverse effect upon such holders' Share Rights; otherwise, any such variation shall be made only with the prior consent in writing of the holders of not less than two-thirds by Net Asset Value of such Shares, or with the sanction of a resolution passed by a majority of at least two-thirds of the votes cast in person or by proxy at a separate meeting of the holders of such Shares. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of such Shares. Each subscriber for Shares will be required to agree that the terms of offer set out in the applicable Subscription Agreement and the rights attaching to the Shares can be varied in accordance with the provisions of the Articles.

The rights attaching to Shares shall not (unless otherwise expressly provided by the conditions of issue of such Shares) be deemed to be varied by: (i) the creation, allotment or issue of further Shares ranking *pari passu* therewith; (ii) by the creation, allotment, issue, repurchase or redemption of Shares of any class or series; (iii) by the conversion of Shares of any class or series into shares of another class or series; or (iv) in any other circumstances set out in the Articles.

*Transfer of Shares.* (i) Subject to the Articles, Shares shall be transferable by a transfer in any usual or common form in use in the Cayman Islands or in such other form as the Directors shall from time to time sanction or allow.

(ii) Instruments of transfer shall be signed by the transferor (and in the case of partly paid shares by the transferee).

(iii) The Shares may only be transferred with the prior approval of the Directors (or the Administrator on their behalf).

*Redemption of Shares.* Shares may be redeemed as described under the headings "Redemptions" above.

*Determination of Net Asset Value.* Net Asset Value and Net Asset Value per Share shall be determined, subject to the overall supervision of the Directors, by the Administrator and/or Investment Adviser at the close of business on the last Business Day of each calendar month and such other dates as the Directors shall from time to time determine in relation to any series of Shares. The method of determination of Net Asset Value is specified in the Articles and summarized under the heading "Net Asset Value Determination" above. The Net Asset Value for each series of Shares shall be determined separately by reference to the Separate Account designated by reference to that series of Shares. The Articles provide for suspension of the calculation of Net Asset Value in certain circumstances.

*General Meetings.* The Directors may, whenever they think fit, convene an extraordinary general meeting. There is no requirement however that there be an annual general meeting of the Fund.

*Directors.* (i) There shall be a board of directors consisting of not less than two or more than ten persons (exclusive of alternate directors). The business of the Fund shall be managed by the Directors who may exercise such powers of the Fund as are not, by law or by the Articles, required to be exercised by the Fund in general meeting. There shall be no shareholding qualification required for Directors.

(ii) The remuneration to be paid to the Directors shall be such remuneration as they shall from time to time determine. Directors may also be paid traveling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors or general meetings of the Fund or otherwise in connection with the business of the Fund. The Directors may by resolution award special remuneration to any Director undertaking any special work or services other than their ordinary routine work as Directors.

(iii) A Director may hold any other office or place of profit under the Fund (other than the office of auditor) in conjunction with the office of Director, or may act in a professional capacity to the Fund, on such terms as the Directors may determine.

(iv) A Director may be or become a director or other officer of or otherwise interested in any company promoted by the Fund or in which the Fund may be interested as shareholder or otherwise and no

such Director shall be accountable to the Fund for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

(v) No Director shall be disqualified by his office from contracting with the Fund in any capacity, nor shall any such contract or any contract or arrangement entered into by the Fund in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Fund for any profit realized by any such contract or arrangement by reason of such Director holding that office if such Director shall declare the nature of the Director's interest. A Director having disclosed his interest will be entitled to vote as a Director in respect of any contract or arrangement in which the Director is so interested.

(vi) The Fund may by ordinary resolution appoint any person to be a Director and may in like manner remove any Director. The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors (exclusive of alternate directors) shall not at any time exceed the number fixed in accordance with the Articles.

*Borrowing Powers.* The Directors may exercise all the powers of the Fund to borrow money (including the power to borrow for the purposes of redeeming shares) and to secure such borrowings in any manner and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Fund or of any third party.

*Dividends.* (i) No dividends shall be paid on the Management Shares.

(ii) Subject to the law, the Directors in their discretion may declare dividends, including interim dividends, on the Shares of any series.

(iii) All dividends declared in respect of Shares of a particular series shall be declared payable to the holders thereof registered as such on the record date specified by the Directors at the time such dividends are declared, and shall be debited to the relevant Separate Account.

(iv) No dividend shall be declared or paid except out of the profits of the Fund, realized or unrealized, or out of the share premium account or as otherwise permitted by the law.

*Winding Up.* Under the laws of the Cayman Islands, the Fund may be voluntarily wound up following the passing of a Special Resolution (as such term is defined in the Articles) to that effect at a general meeting. The assets available for distribution among the members on a winding up shall be applied first in the payment to the holders of the Shares of each series of the nominal amount paid up on the Shares and, secondly, in the payment to the holders of the Management Shares of sums up to the amount paid up thereon out of the assets of the Fund not comprised within any of the Separate Accounts and, thirdly, in the payment to the holders of each series of Shares of any balance then remaining in the relevant Separate Account, such payment being made in proportion to the number of Shares of that series held. On a winding up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of the Fund, distribute the assets of the Fund to the members in specie.

*Fiscal Year.* The fiscal year of the Fund shall end on 31 December in each year unless the Directors prescribe some other period therefor.

*Indemnity.* The Articles contain provisions indemnifying and exempting the Directors and officers from liability in the discharge of their duties.

*Exculpation.* In the absence of fraud, gross negligence or willful default, the Investment Adviser and its affiliates shall not be liable to any Investor or the Fund for mistakes of judgment or for action or inaction which said person reasonably believed to be in the best interests of the Fund, or for losses due to such mistakes, action or inaction or to the negligence, dishonesty or bad faith of any employee, broker-dealer or other agent of the Fund, provided that such employee, broker-dealer or agent was selected, engaged or retained by the Fund with reasonable care.

*No Investor Voting Rights.* Under the Articles, the Investors will have no rights to vote in Fund business affairs or remove the Investment Adviser. The Investors will have no voice in the appointment of the Fund management.

*Applicable Law.* The Articles will be construed and enforced in accordance with the laws of the Cayman Islands.

*Alteration and memorandum and articles of association.* The Fund's memorandum of association and the Articles may be altered by a Special Resolution of the Fund. Under the Articles, the passing of a Special Resolution requires at least two-thirds of the votes cast to be in favor. Only the holder(s) of the Management Shares shall be entitled to vote upon any such resolution (subject to the Modification of Rights paragraph above).

*Anti-Money Laundering Regulations.* In order to comply with legislation or regulations aimed at the prevention of money laundering the Fund is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, the Fund may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Fund, and the Administrator on the Fund's behalf, reserve the right to request such information as is necessary to verify the identity of a subscriber. In some cases the Directors, or the Administrator on the Fund's behalf may be satisfied that no further information is required since an exemption applies under the Money Laundering Regulations (2010 Revision) of the Cayman Islands, as amended and revised from time to time (the "Regulations"). Depending on the circumstances of each application, a detailed verification of identity might not be required where: (i) the subscriber makes the payment for their investment from an account held in the subscriber's name at a recognized financial institution; or (ii) the subscriber is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or (iii) the application is made through an intermediary which is regulated by a recognised regulatory authority and is based in or incorporated in, or formed under the law of a recognised jurisdiction and an assurance is provided in relation to the procedures undertaken on the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognised by the Cayman Islands Monetary Authority as having equivalent anti-money laundering regulations.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Fund, or the Administrator on the Fund's behalf, may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

The Fund, and the Administrator on the Fund's behalf, also reserve the right to refuse to make any redemption payment to a Shareholder if the Directors or the Administrator suspect or are advised that the payment of redemption proceeds to such Shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Administrator with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher pursuant to the Terrorism Law (2009 Revision) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

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

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

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

*Requests for Information.* The Fund, or any directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Cayman Islands Monetary Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Law (2010 Revision), or by the Tax Information Authority, under the Tax Information Authority Law (2009 Revision) or Reporting of Savings Income Information (European Union) Law (2007 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund, director or agent, may be prohibited from disclosing that the request has been made.

*Treatment of confidential information.* Without limitation to the foregoing, the Fund and the Administrator will treat information received from investors as confidential and generally will not disclose such information other than (i) to the their professional advisors or other service providers where the Fund or the Administrator (as the case may be) consider such disclosure necessary or advisable to enable them to conduct their affairs and (ii) where such disclosure is required by any law or order of any Court or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or governmental or regulatory or taxation authority (including, without limitation, the Cayman Islands Monetary Authority). By subscribing for participating shares, an investor is deemed to consent to any such disclosure and the subscription agreement contains an authorisation to this effect.

*Reports to Shareholders.* Audited financial statements will be prepared annually and generally furnished at the Investment Adviser's discretion to Shareholders within 120 days following the close of the Fund's calendar year, which ends on December 31, or as soon as reasonably practicable thereafter. Notwithstanding any other statement herein, the Fund's first audit will not be provided until after December 31, 2012 and will include the relevant portion of the Fund's fiscal calendar year for 2011 and all of the Fund's fiscal calendar year for 2012. Although not necessarily consistent with generally accepted accounting principles or such other industry accepted accounting standards, the Investment Adviser will not be required to provide to Shareholders the Fund's portfolio holdings or, except as otherwise required in the Articles, any other information. However, the Investment Adviser may disclose, to the extent permitted by law, in its sole discretion, any Fund information, including Fund holdings, to any person, including, but not limited to, Shareholders and outside parties. The Investment Adviser may disclose varying amounts and levels of information among such persons. Shareholders agree to keep confidential, except as otherwise required by law, and not disclose or trade on (other than acquiring or redeeming Shares) any information received from the Fund, including, but not limited to, Fund holdings.

Except as described elsewhere in this Memorandum, financial information contained in all reports to the Shareholders will be prepared on an accrual basis of accounting in accordance with United States generally accepted accounting principles or such other industry accepted accounting standards chosen by the Investment Adviser unless otherwise indicated and will include, where applicable, a reconciliation of information furnished to the Shareholders for income tax purposes. Requests for copies of audited financial statements of the Fund should be directed to the Administrator.

*Miscellaneous Information.* The Fund's auditors are McGladrey & Pullen, Cayman. Such accountants will provide audit services and assistance and consultation in connection with review of filings which may be required by any governmental agencies. The Fund's engagement letter with its auditor may contain an arbitration clause and waiver of punitive damages which may limit the Fund's recourse against its auditor. As

at the date of this document, the Fund has not commenced operations and no accounts have therefore been prepared.

There are no legal, arbitration or other proceedings pending or threatened against the Fund nor have there been since incorporation.

The first fiscal year of the Fund will end on 31 December 2011 and thereafter each fiscal year will be the twelve month period ending on 31 December.

*Dissolution.* The Fund shall be dissolved in accordance with the applicable terms of the Articles.

*Available Documents.* This Information Memorandum is not intended to provide a complete description of the Fund's memorandum and articles of association or the agreements described above. Copies of the Fund's memorandum and articles of association, the Investment Advisory Agreement, the Administration Agreement and any other material agreements relating to the Fund will be available to Shareholders and prospective investors upon request from the Administrator.

*Inquiries.* Inquiries concerning the Fund and the Shares (including information concerning subscription and redemption procedures and current Net Asset Value) should be directed to the Administrator at the address set out in the Fund Directory at the beginning of this document.

**Waiver of Jury Trial.** THE INVESTORS WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THE ARTICLES OR ANY DOCUMENTS RELATED THERETO.

## LEGAL MATTERS

Holland & Knight LLP acts as counsel to the Fund, Investment Adviser and certain of their affiliates. Holland & Knight LLP does not represent the Investors as "investors" in the Fund. Holland & Knight LLP's representation has been limited to specific matters addressed to it. No Investor shall assume that Holland & Knight LLP has undertaken an evaluation of the merits of an investment in the Fund. In connection with this private offering of Interests and subsequent advice to the Fund, Holland & Knight LLP will not be representing investors in the Fund; no independent counsel has been retained to represent Investors. Holland & Knight LLP's representation of the Fund, the Investment Adviser and certain of their respective affiliates is limited to specific matters as to which it has been consulted by the Fund, the Investment Adviser and certain of their respective affiliates. There may exist other matters which could have a bearing on the Fund, the Investment Adviser and certain of their respective affiliates as to which Holland & Knight LLP has not been consulted. In addition, Holland & Knight LLP does not undertake to monitor the compliance of the Investment Adviser and its affiliates with the investment program, valuation procedures and other guidelines set forth in the Memorandum, nor does it monitor compliance with applicable laws. In preparing this Memorandum, Holland & Knight LLP relies upon information furnished to it by the Fund and Investment Adviser and does not investigate or verify the accuracy and completeness of information set forth therein concerning the Fund, Investment Adviser and certain of their affiliates and personnel.

Maples and Calder acts as Cayman Islands legal counsel to the Fund. In connection with the offering of Shares and subsequent advice to the Fund, Maples and Calder will not be representing Investors. No independent legal counsel has been retained to represent the Investors. Maples and Calder's representation of the Fund is limited to specific matters as to which it has been consulted by the Investment Adviser. There may exist other matters that could have a bearing on the Fund as to which Maples and Calder has not been consulted. In addition, Maples and Calder does not undertake to monitor compliance by the Investment Adviser and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Maples and Calder monitor ongoing compliance with applicable laws. In connection with the preparation of this Memorandum, Maples and Calder's responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. In the course of advising the Fund, there are times when the interests of the Investors may differ from those of the Investment Adviser and the Fund. Maples and Calder does not represent the Investors' interests in resolving these issues. In reviewing this Memorandum, Maples and Calder has relied upon information furnished to it by the Investment Adviser and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund.

To the best knowledge of the Investment Adviser, neither the Fund nor them are a party to any pending, threatened or contemplated litigation which might materially affect the business of the Fund. The Fund cannot warrant that no such suits will arise.

#10512444\_v1

# **EXHIBIT 20**

8/18/2015

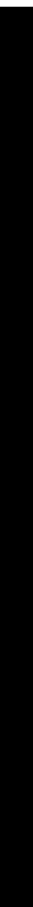
Alan...I can confirm that your wire was sent. Here's a screenshot:

[REDACTED]	USD 204,079.22	2014-11-07	2014-11-07	Sent	---
WIRE	[REDACTED]				

Dominic DeMichina  
 Vice President | Operations  
 ConvergeX Group | Prime Services  
 30000 Mill Creek Avenue, Ste. 200 | Alpharetta, GA 30022

T: [REDACTED] | F: [REDACTED]  
 Toll-free: [REDACTED]  
[www.convergeprime.com](http://www.convergeprime.com)

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Carla... Alan will just need to log into IB's Account Management portal and follow the below path:

1. Funding
2. Funds Transfers
3. Withdraw
4. Wire

Below is a screenshot of what it looks like. I would do it for you, but unfortunately wires at IB need to be entered by the account holder. Note, IB only does 1<sup>st</sup> Party wires.

<b>Transaction Type:</b> Withdraw	<b>Currency:</b> United States Dollar (USD)	<b>Method:</b> Wire
--------------------------------------	--	------------------------

Give me a call if you want to walk through it together.

Thanks!

Dominic

Dominic DeMichina  
 Vice President | Operations  
 Convergex Group | Prime Services  
 30000 Mill Creek Avenue, Ste. 200 | Alpharetta, GA 30022  
 T: [REDACTED]  
 F: [REDACTED]  
 Toll-free: [REDACTED]  
[www.convergexprime.com](http://www.convergexprime.com)

**From:** Carla Coleman [mailto:[REDACTED]]  
**Sent:** Friday, November 07, 2014 6:59 AM  
**To:** Dominic DeMichina  
**Subject:** FW: Fund Distribution  
**Importance:** High



Hey - Alan wants to take out some of the money from these accounts. What do I need to do to start it for him?  
Carla

-----Original Message-----  
From: Alan Grayson  
Sent: Thu 11/6/2014 9:55 PM  
To: Carla Coleman  
Subject: RE: Fund Distribution

Dear Carla:

Fine. Let's do that for the \$4079.22 for the management fees plus \$200,000 out of the incentive fees. Please tell me what I need to do in order to get this done  
Thanks.

Sincerely,

Alan

-----Original Message-----  
From: Carla Coleman  
Sent: Friday, October 24, 2014 11:09 AM  
To: Alan Grayson  
Subject: RE: Fund Distribution

From Veda -

The GP or who ever is authorized on the brokerage account, the last time the money was moved from Interactive Broker. The money has to be move from the brokerage account into the SunTrust LP account. Then we can move the money from the SunTrust LP account to the mgt LLC account. The GP (Alan) can withdraw \$4,079.22 for management fees and yes no prior fees were taken before. Regarding incentive fees which is also quarterly basis, the amount the GP can take as of 9/30/2014 is \$784,280.31. GP took incentive fees before on this account back in 2012.

So it looks like we need to initiate a wire transfer from IB through ConverEx.  
Carla

-----Original Message-----  
From: Alan Grayson  
Sent: Wed 10/22/2014 6:11 PM  
To: Carla Coleman  
Subject: Fund Distribution



8/18/2015

FW: Fund Distribution

Dear Carla:

Over time, the Fund generates management fees, profit, etc., that can be distributed to the owners of the Fund, meaning me, the children and Mom's trust. We've never done a distribution before. Can you please check, with G&SI guess, and find out: (a) how much (if any) the Fund now owes to its owners and (b) how such distributions are done? Thanks.

Sincerely,

Alan

The information in this message, including any attachment, is confidential and intended for use only by the designated recipient(s) named above. It is the property of ConvergeEx Group, LLC or its affiliates. If you are not the intended recipient, please return the message to the sender and delete all copies of it, including attachments, from your computer. Unauthorized use, disclosure, dissemination or copying of this message or any part hereof is strictly prohibited. This message is for information purposes only, is not intended to provide a sufficient basis on which to make an investment decision and should not be regarded as an offer to sell or a solicitation of an offer to buy any financial product. The information expressed herein may be changed at any time without notice or obligation to update. Email transmission cannot be guaranteed to be secure, virus-free or error-free. Therefore, we do not represent that this message is virus-free, complete or accurate and it should not be relied upon as such. ConvergeEx Group, LLC and its affiliates accept no liability for any damage sustained in connection with the content or transmission of this message.



# **EXHIBIT 21**

> Sent from my iPhone

>

> On Jan 30, 2015, at 5:01 PM, Veda Balli <[REDACTED]>

wrote:

>

> Alan

> Yes, we will process the full redemption at the end of January for

>

> After I reconciled the January reports, I will provide you the investors ending balance. You can account for the difference from the original investment from your personal account outside of the account.

>

> If within the fund, then we can redeem the difference from your investment account.

>

>

> Let me know if you have any questions. Thanks

>

>

> Regards,

> Veda Balli

> G&S Fund Services

> 441 Lexington Avenue

> Suite 1406

> New York, NY 10017

> T: [REDACTED]

> F: [REDACTED]

>

> From: Alan Grayson [mailto:[REDACTED]]

> Sent: Friday, January 30, 2015 1:13 PM

> To: [REDACTED]

> Cc: Carla Coleman

> Subject: The Grayson Fund

>

> Dear Veda:

>

> I'm removing [REDACTED] as limited partners in the Fund, effective on 1/31/15. I intend to have the Fund issue to them checks for the amounts of their original investments, rather than their current balances. There is no need to send them any further statements. Please make the appropriate notes for your records. I will execute whatever paperwork is required. (Carla will forward to me what you sent to her.) If you can tell me from which account the payments should be made, I will go ahead with that.

>

> I also will be taking \$100,000 out of my personal interest in the Fund. For record purposes, let's have that withdrawal based on the balance of my personal interest as of 1/31/15, after you calculate that.

Thank you.

>

> Sincerely,

>

> Alan

RepGrayson\_00003667

THAG\_3668

15-6530\_0564

# **EXHIBIT 22**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	DJ SUISSSE HFI
2013	0.04%	(3.98%)	2.11%	0.98%	(13.54%)	-	-	-	-	-	-	-	(14.37%)	5.43%
2012	5.00%	(0.34%)	(3.95%)	(2.46%)	(9.63%)	(2.42%)	7.56%	8.95%	4.63%	(9.61%)	8.26%	(6.43%)	(2.94%)	7.67%
2011	-	-	-	-	-	-	-	-	-	-	-	0.41%	0.41%	(0.22%)

**Fund Overview**

The Grayson Fund is a global long-short equity fund. We capitalize on markets in turmoil due to economic, political or natural disasters. Our Manager, Alan Grayson, specializes in discovering outstanding companies that are undervalued due to forces beyond their control. He identifies them, and then we conduct a thorough examination of each opportunity (often including site visits by a member of The Grayson Fund team) before we invest your money. Alan also executes short hedges when market conditions permit.

**Alan Grayson, Manager**

- U.S. Congressman (Member of Financial Services Committee, 2009-2011)
- Harvard-educated economist and lawyer
- Founder & first President of IDT (Fortune 1000)
- Owns or owned 1% to 10% of a dozen public companies
- Traveled to every country in the world (understands political & economic dynamics of all stock markets)


**Performance Statistics**

	Grayson	DJ Suisse HFI
Average Annual Return	(11.26%)	8.39%
Average Monthly Return	(0.80%)	0.70%
Average Monthly Gain	4.22%	1.14%
Highest Monthly Return	8.95%	2.34%
Lowest Monthly Return	(13.54%)	(1.33%)
Compounded Rate of Return	(1.00%)	0.69%
Annualized Compounded Rate of Return	(11.36%)	8.66%
Cumulative Return	(16.54%)	13.27%
Profitable Percentage	50.00%	72.22%
Max Drawdown	(21.59%)	(1.76%)

**Quantitative Statistics**

	Grayson	DJ Suisse HFI
Annualized Return	-11.36%	8.66%
Annualized Standard Deviation	22.22%	3.32%
Annualized Sharpe Ratio (5%)	(0.65)	1.05
Annualized Sortino Ratio (5%)	(0.93)	1.93
Ann. Downside Deviation (10%)	5.49%	0.73%

**Correlation to Benchmarks**

	DJ Suisse HFI
Alpha (annualized)	(3.16%)
Beta	3.38
R <sup>2</sup>	0.25

**Disclaimer**

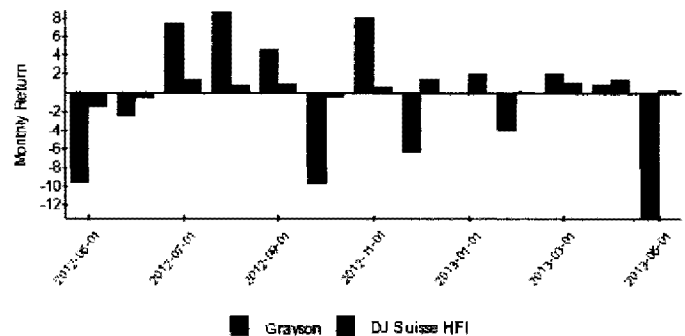
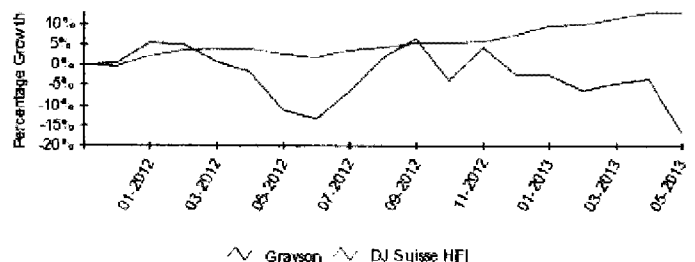
Past performance is not indicative of future results. This document is provided for informational purposes only and contains confidential information. Accordingly, this information may not be disclosed to any other person without the express written consent of the Manager. This document is provided for convenience only and may not be relied upon. Prospective investors may only rely upon the Fund's confidential private placement memorandum or an official supplement thereto. This document does not constitute an offer to sell, nor a solicitation of an offer to buy, interests in the fund.

**Fund Structure**

Fund Assets	\$8.2 million
Minimum Investment	\$500,000
Management Fee	2%
Performance Fee	20%
High Water Mark	Yes
Additions	Monthly
Redemptions	Quarterly
Lockup	6 Months
Strategy	Global long-short

**Service Providers**

Administrator	G&S Fund Services
Prime Broker	ConvergEx Prime Services
Legal Counsel	Holland & Knight
Auditor	McGladrey LLP
Custodian	J.P. Morgan / Interactive Brokers

**Rolling 12 Month Performance**

**NAV Growth Since Fund Inception**


# **EXHIBIT 23**



# Delaware

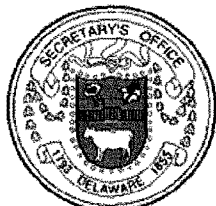
Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "THE SIBYLLINE FUND GENERAL PARTNER, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTEENTH DAY OF SEPTEMBER, A.D. 2015.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "THE SIBYLLINE FUND GENERAL PARTNER, LLC" WAS FORMED ON THE NINETEENTH DAY OF APRIL, A.D. 2011.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



4971063 8300

SR# 20150141465

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

[Redacted Signature]

Jeffrey W. Bullock, Secretary of State

Authentication: 10070556

Date: 09-16-15

RepGrayson\_00003807

THAG\_3808

15-6530\_0568

# **EXHIBIT 24**

MC-260463

# Certificate of Registration on Change of Name

(FOREIGN COMPANY)



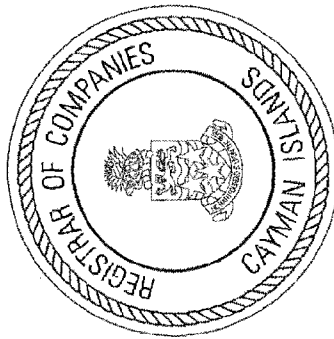
**THE GRAYSON FUND GENERAL PARTNER, LLC**

having by Notice dated 21st day of August Two Thousand Fifteen changed its name, is now registered under the name

**The Sibylline Fund General Partner, LLC**



**An Authorised Officer  
Registry of Companies  
Cayman Islands.**



Authorisation Code : 628127837316  
www.verify.gov.ky  
14 September 2015

# **EXHIBIT 25**

# Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "THE SIBYLLINE FUND MANAGEMENT COMPANY, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTEENTH DAY OF SEPTEMBER, A.D. 2015.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "THE SIBYLLINE FUND MANAGEMENT COMPANY, LLC" WAS FORMED ON THE NINETEENTH DAY OF APRIL, A.D. 2011.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



4971060 8300

SR# 20150141504

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State

Authentication: 10070583

Date: 09-16-15

RepGrayson\_00003808

THAG\_3809

15-6530\_0572

# **EXHIBIT 26**

**LIMITED PARTNERSHIP AGREEMENT**

**OF**

**THE SIBYLLINE FUND, LP**

Dated as of August 1, 2011, Amended as of September 1, 2015

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LIMITED PARTNERSHIP AGREEMENT OF  
THE SIBYLLINE FUND, LP

Dated as of August 1, 2011, Amended as of September 1, 2015

The undersigned (herein called the "Partners", which term shall include any persons hereafter admitted to the Partnership pursuant to Article V of this Agreement and shall exclude any persons who cease to be Partners pursuant to Article VI of this Agreement) hereby have formed, as of the date and year first above written, a limited partnership (herein called the "Partnership"), pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act (the "Act"), which is governed by, and operated pursuant to, the terms and provisions of this Limited Partnership Agreement (herein called this "Agreement").

ARTICLE I

GENERAL PROVISIONS

Section 1.1 Partnership Name and Address. The name of the Partnership is The Sibylline Fund, LP. Its principal office is located at 4705 S. Apopka Vineland Rd., Suite 110, Orlando, FL 32819, or at such other location as the General Partner (as defined in Section 1.2) in the future may designate. The General Partner shall promptly notify the Limited Partners (as hereinafter defined) of any change in the Partnership's address.

Section 1.2 Liability of Partners. The names of all of the Partners and the amounts of their respective contributions to the Partnership (herein called the "Capital Contributions") are set forth in a schedule (herein called the "Schedule"), which shall be maintained by the General Partner and filed with the records of the Partnership at the Partnership's principal office (as set forth in Section 1.1) and is hereby incorporated herein by reference and made a part of this Agreement.

The Partner designated in Part I of the Schedule as the General Partner (herein called the "General Partner") shall have unlimited liability for the repayment and discharge of all debts and obligations of the Partnership in the event that the assets of the Partnership are inadequate.

The Partners designated in Part II of the Schedule as Limited Partners (herein called the "Limited Partners") and former Limited Partners shall be liable for the repayment and discharge of all debts and obligations of the Partnership attributed by the General Partner to any calendar year (or relevant portion thereof) during which they are or were Limited Partners of the Partnership only to the extent of their respective interests in the Partnership in the calendar year (or relevant portion thereof) to which any such debts and obligations are attributed by the General Partner, subject to this Section 1.2, Section 3.8(f) and Section 4.2(f).

The Partners and all former Partners shall share all losses, liabilities or expenses suffered or incurred by virtue of the operation of the preceding paragraphs of this Sec. 1.2 in the proportions of their respective Partnership Percentages (determined as provided herein) for the calendar year (or relevant portion thereof) to which any debts or obligations of the Partnership are attributed by the General Partner. A Limited Partner's or former Limited Partner's share of all losses, liabilities or expenses shall not be greater than its respective interest in the Partnership for such calendar year (or relevant portion thereof), subject to this Section 1.2, Section 3.8(f) and Section 4.2(f).

As used in this Sec. 1.2, the terms “interests in the Partnership” and “interest in the Partnership” shall include, with respect to any calendar year (or relevant portion thereof) and with respect to each Partner (or former Partner), the Capital Account (as defined in Sec. 3.3) that such Partner (or former Partner) would have received (or in fact did receive) pursuant to the terms and provisions of Article VI upon withdrawal from the Partnership as of the end of such calendar year (or relevant portion thereof).

No Limited Partner (or former Limited Partner) shall be obligated to make any additional contribution whatsoever to the Partnership, or have any liability for the repayment and discharge of the debts and obligations of the Partnership (apart from its interest in the Partnership), except that a Limited Partner (or former Limited Partner) may be required, for purposes of meeting such Limited Partner’s obligations under this Sec. 1.2, Sec. 3.8(f) or Sec. 4.2(f) to make additional contributions or payments, respectively, up to, but in no event in excess of, the aggregate amount of returns of capital and other amounts actually received by it from the Partnership during or after the calendar year to which any debt or obligation is attributed by the General Partner. Each Partner, if the Partner receives a distribution from the Partnership, may be liable to the Partnership for an amount equal to such distribution, if at the time of such distribution, the Partner knew that the Partnership was prohibited from making such distribution pursuant to Delaware law or under other circumstances described herein.

As used in this Agreement, the terms “former Limited Partner” and “former Partner” refer to such persons or entities as hereafter from time to time cease to be a Limited Partner or Partner, respectively, pursuant to the terms and provisions of this Agreement.

Section 1.3 Purposes of Partnership. The Partnership is organized for the purpose of, under normal market conditions, seeking positive returns, capital appreciation, capital preservation, and/or income by investing and/or trading in securities of any kind or other property of U.S. and foreign issuers and engaging in all other activities and transactions (in each case, whether for hedging, speculation, investment or any other lawful purpose) that the General Partner may deem necessary or advisable in connection therewith, including, without limitation the power:

(a) to (subject to compliance with applicable law), directly or indirectly trade, buy (using leverage, on margin or otherwise), sell (including short sales), and otherwise acquire, hold, dispose of, deal, loan and engage in any other lawful transaction in listed and unlisted securities of U.S. and non U.S. issuers, including, but not limited to: non-U.S. investments of any kind; equity securities; common stock; debt securities; preferred stock; convertible securities and debentures; mezzanine and hybrid related investments and securities; American Depositary Receipts (“ADRs”), European Depositary Receipts (“EDRs”), Global Depositary Receipts (“GDRs”), Holding Company Depositary Receipts (“HOLDERS”), New York Registered Shares (“NYRs”), American Depositary Shares (“ADSs”); derivative instruments; options on securities and securities indices (including, but not limited to, purchasing put and call options and writing put and call options); swaps (including, but not limited to, variance swaps); rights; warrants; caps; floors; collars; commodities, futures contracts and options on futures; futures and forward contracts with respect to securities; currencies and spot contracts; forward contracts on currencies and commodities; dividend capture; arbitrage trades (i.e. risk arbitrage and convertible arbitrage); distressed and stressed securities; illiquid securities; restricted securities; private placements; direct or indirect interests in, commercial and non-commercial, real estate (including real estate development activity); real estate related securities; mortgage-backed securities and any other asset-backed notes and securities; mortgage dollar rolls; guaranteed investment contracts (GICs); funding agreements; repurchase agreements; reverse repurchase agreements; any financial instrument(s) related (directly or indirectly) to any index or indices; exchange traded funds (ETFs), exchange traded notes (ETNs), mutual funds (including, but not limited to, open and closed-end funds), alternative private investment funds, hedge funds, venture capital funds,

private equity funds, pooled money programs, partnership interests, units of trust, pooled and common investment and trust funds, trust receipts, beneficial interests, joint venture participations, discretionary accounts managed by other money managers, subadvisers managing portions of the Fund at Fund expense, and other funds (collectively, "Other Funds and Managers"); E-minis; collateralized debt obligations ("CDOs") (which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs"), collateralized commodity obligations ("CCOs") and other similarly structured securities); venture capital investments; new issues (i.e. initial public offerings); securities that endeavor to replicate or simulate the movements of various indices, markets (including, but not limited to, commodity, equity, option, currency, real estate, fixed income, or any other market of any kind), sectors, countries, regions, industries, benchmarks, indicators, and/or groups of Securities; bonds, notes, and any other fixed income securities (irrespective of grade, rating, or issuer); high yield securities; junk bonds; securities related to the sub-prime and/or credit markets; obligations and securities of, or guaranteed by, the U.S. government, the U.S. Treasury, U.S. agencies, and non-U.S. governments; municipal securities and obligations; commercial paper and other cash equivalents; bank obligations; certificates of deposit; demand instruments; time deposits; pay-in-kind securities; receipts; senior and other loans; structured notes; U.S. Treasury or other zero coupon bonds; inflation-indexed bonds; step coupon bonds; tender option bonds; variable and floating rate instruments; any auction rate securities or certificates; subscriptions or other contracts to acquire securities; securities purchased on a when-issued or delayed delivery basis; certificates of deposit; letters of credit; bankers' acceptances; money market instruments or funds; certificates of interest (whether subordinated, convertible or other); any rights (including participations) pertaining to any of the foregoing whether or not commonly defined as "securities"; and securities or an interest in funds or other entities engaged directly or indirectly in any of the foregoing (with all of the foregoing collectively being referred to herein as "Securities");

(b) to engage in such other lawful Securities transactions as the General Partner may from time to time determine;

(c) notwithstanding any other statement herein, and without limiting the other powers of the General Partner or purposes of the Partnership discussed herein, to do any investment or trading or other activity described in the Partnership's confidential private placement memorandum;

(d) to possess, transfer, mortgage, pledge or otherwise deal in, and to exercise all rights, powers, privileges and other incidents of ownership or possession with respect to, Securities and other property and funds held or owned by the Partnership;

(e) to acquire a long position or a short position with respect to any Security and to make purchases or sales increasing, decreasing or liquidating such position or changing from a long position to a short position or from a short position to a long position, without any limitation as to the frequency of the fluctuation in such positions or as to the frequency of the changes in the nature of such positions;

(f) to purchase Securities and hold them for investment;

(g) to maintain for the conduct of Partnership affairs one or more offices and in connection therewith rent or acquire office space, and do such other acts as the General Partner may deem necessary or advisable in connection with the maintenance and administration of the Partnership;

(h) to fund plans of reorganization and engage in debtor-in-possession financing;

(i) to lend, with or without security, any of the Securities, funds or other properties of the Partnership and, from time to time without limit as to amount, borrow or raise funds and secure the payment of obligations of the Partnership by mortgage upon, or pledge or hypothecation of, all or any part of the property of the Partnership;

(j) to engage personnel, including affiliates, whether part-time or full-time, and attorneys, independent accountants, administrators, investment managers, or such other persons as the General Partner may deem necessary or advisable at Partnership expense;

(1) The fact that any Partner or any affiliate of any Partner, or officers, directors, employees or agents of any of them, or a member of the family of any of the foregoing, is employed by, or is directly or indirectly interested in or connected with, any Person employed or engaged by the Partnership to render or perform a service, or from whom the Partnership may make any purchase, or to whom the Partnership may make any sale, or from or to whom the Partnership may obtain or make any loan or enter into any lease or other arrangement, shall not prohibit the Partnership from engaging in any transaction with such Person, or create any additional duty of legal justification by such Partner, affiliate, or other Person beyond that of an unrelated party, and neither the Partnership nor any other Partner shall have any right in or to any revenues or profits derived from such transaction by such Partner, affiliate or other Person.

(2) To the extent the General Partner makes personnel and facilities available to the Partnership, the General Partner may be compensated or reimbursed by the Partnership for any such administrative assistance.

(k) to enter into custodial arrangements regarding Securities owned beneficially by the Partnership with banks and brokers wherever located; and

(l) to establish, in its sole discretion, an advisory board, comprised of affiliates of the General Partner and/or The Sibylline Fund Management Company, LLC (including, but not limited to, employees thereof), Limited Partners, and/or unrelated third parties as selected in the sole discretion of the General Partner, to provide such advice and counsel as is requested by the General Partner in connection with select Partnership matters; and

(m) to do such other acts as the General Partner may deem necessary or advisable in connection with the maintenance and administration of the Partnership.

Section 1.4 Assignability of Interest. Without the prior written consent of the General Partner, which may be withheld in its sole and absolute discretion, a Limited Partner may not (i) pledge, transfer or assign its interest in the Partnership in whole or in part to any person except by operation of law, or (ii) substitute any other person for itself as a Limited Partner. Any attempted pledge, assignment or substitution not made in accordance with this Section 1.4 shall be void.

#### Section 1.5 Costs of Special Services

Any costs incurred in connection with special services requested or in any way caused by a Limited Partner may be required to be paid by that Limited Partner, as determined by the General Partner in its discretion. Such services would include (but not be limited to): legal fees and expenses related to a side letter and/or revisions to Partnership related documents to accommodate a Capital Contribution from

an existing or prospective Limited Partner or services that would benefit the Limited Partner but would not benefit the Partnership, such as the cost of a permitted Capital Contribution or withdrawal during a calendar month, the filing and maintenance of a tax election, such as a 754 election, or a special evaluation or, statement, or financial accounting for the purpose of estate valuation or any other tax purpose. The foregoing in no way limits the General Partner's sole discretion to grant or reject requests from Limited Partners for these special services.

Section 1.6 Merger or Consolidation; DivisionThe Partnership may merge or consolidate with or into one or more limited liability companies formed under the Delaware Act or other business entities pursuant to an agreement of merger or consolidation or may sell, lease or exchange all or substantially all of the Partnership property, including its good will, upon such terms and conditions and for such consideration when and as authorized by the General Partner. Unless otherwise required by applicable law, the General Partner alone may approve, and Limited Partner approval shall not be required for, any merger or consolidation of the Partnership or any sale, lease or exchange of Partnership property, if such action would not have the effect of (i) increasing the obligation of a Limited Partner to make any contribution to the capital of the Partnership, or (ii) reducing the Capital Account of a Limited Partner other than in accordance with Article III hereof.

(b) Notwithstanding anything to the contrary contained elsewhere in this Agreement, an agreement of merger or consolidation approved by the General Partner, to the extent permitted by Section 17-211(g) of the Delaware Act, may (i) effect any amendment to this Agreement, (ii) effect the adoption of a new limited partnership agreement for the Partnership if it is the surviving or resulting limited partnership in the merger or consolidation, or (iii) provide that the limited partnership agreement of any other constituent limited partnership to the merger or consolidation (including a limited partnership formed for the purpose of consummating the merger or consolidation) shall be the limited partnership agreement of the surviving or resulting limited partnership.

(c) The General Partner has the authority to effect a transaction, without the consent of any Limited Partner, having the effect of splitting the Partnership into two separate entities, one of which is excluded from the definition of "investment company" pursuant to Section 3(c)(1) of the Company Act and the other of which is so excluded pursuant to Section 3(c)(7) of the Company Act, provided that (i) such transaction does not result in any material change in the rights, privileges and obligations of any Limited Partner, (ii) each Limited Partner's indirect beneficial interest in the net assets of the surviving entity of which such Limited Partner is a beneficial owner is substantially identical to such indirect beneficial interest in the net assets of the Partnership immediately prior to such transaction and (iii) there is no material difference between the Partnership and each surviving entity other than investor eligibility requirements relating to the Company Act exclusion on which the surviving entity relies.

## ARTICLE II

### MANAGEMENT OF PARTNERSHIP

Section 2.1 Management Generally. The management of the Partnership shall be vested exclusively in the General Partner who is designated in Part I of the Schedule. The General Partner may delegate or assign any of its duties or authority in connection with the management of the Partnership to the Investment Manager (as defined in Sec. 2.2(i)) and/or additional persons as determined in the sole discretion of the General Partner. Except as authorized by the General Partner, the Limited Partners shall have no part in the management of the Partnership, and shall have no authority or right to act on behalf of,

or to bind, the Partnership in connection with any matter. Notwithstanding any other statement herein, all matters concerning the valuation of Securities, the establishment of any reserves, the allocation of Profit and Loss among the Partners, the allocation of related Partnership tax items among the Partners, elections with respect to tax matters and all accounting procedures not specifically and expressly provided for by the terms of this Agreement, shall be determined by the General Partner, whose determinations, so long as they are made in good faith, shall be final and conclusive as to all of the Partners.

Section 2.2 Authority of General Partner. The General Partner shall have the power, on behalf and in the name of the Partnership, to carry out any and all of the objects and purposes of the Partnership set forth in Sec. 1.3, and to perform all acts and enter into and perform all contracts and other undertakings which it may deem necessary or advisable in furtherance thereof or incidental thereto, including, without limitation, the power to:

(a) open, maintain and close accounts, including margin and custodial accounts, with broker-dealers, including broker-dealers located outside the United States and/or affiliated with the General Partner, which power shall include the authority to:

(1) issue all instructions and authorizations to broker-dealers regarding the Securities and/or moneys therein (including instructions and authorizations for such broker-dealers to acquire or dispose of a Security through a market-maker notwithstanding any additional resulting expense);

(2) to pay, or authorize the payment and reimbursement of, brokerage commissions or dealer spreads that may be in excess of the lowest rates available that are paid to broker-dealers who execute transactions for the account of the Partnership and who supply or pay for (or rebate a portion of the Partnership's brokerage commissions to the Partnership for payment of) the cost of property or services (such as custodial services, rent for office space, research services, telephone lines, news and quotation equipment, computer facilities, publications and other products and services as more fully described in the Partnership's confidential private placement memorandum) utilized by the Partnership, it being recognized that certain of such arrangements are outside the parameters of Sec. 28(e) of the Securities Exchange Act of 1934, as amended, which permits the use of "soft dollars" in certain circumstances;

(b) subject to seeking best execution, take into consideration referrals of potential Limited Partners in the Partnership as a factor in the selection of broker-dealers;

(c) open, maintain and close accounts, including custodial accounts, with banks, including banks located outside the United States, and draw checks or other orders for the payment of money;

(d) lend, either with or without security, any Securities, funds or other properties of the Partnership, and borrow or raise funds and secure the payment of obligations of the Partnership by pledges or hypothecation of all or any part of the property of the Partnership, including incurring indebtedness for any purpose permitted under this Agreement, pursuant to which Partners agree that such indebtedness may be secured by the assets of the Partnership (including the Capital Contributions and Interests of the Partners), which may be assigned to a lender pursuant to such indebtedness; the Partnership or General Partner may assign to a lender any rights under the Subscription Agreements or any right to enforce the rights of the Partnership or General Partner under this Agreement; each Partner agrees to cooperate with any lender in executing any consent that is reasonably requested in connection with such indebtedness;

(e) do any and all acts on behalf of the Partnership, and exercise all rights of the Partnership, with respect to its interest in any person, including, without limitation, the voting of Securities, participation in arrangements with creditors, the institution and settlement or compromise of suits and administrative proceedings, and other like or similar matters;

(f) organize one or more corporations or other entities formed to hold record title, as nominee for the Partnership, to Securities or funds of the Partnership;

(g) combine purchase or sale orders on behalf of the Partnership with orders for other accounts to which the General Partner or any of its affiliates provide investment services ("Other Accounts"), and allocate the securities or other assets so purchased or sold, on an average price or other basis, among such accounts;

(h) enter into arrangements with broker-dealers to open "average price" accounts wherein orders placed during a trading day are placed on behalf of the Partnership and Other Accounts and are allocated among such accounts using an average price;

(i) retain persons, firms or entities selected by the General Partner, including affiliates (including, but not limited to, The Sibylline Fund Management Company, LLC), to provide certain management and administrative services to the Partnership as well as to provide investment research and analysis and/or discretionary management to the Partnership, (such other person, firm or entity providing such services from time to time, being herein called the "Investment Manager"), and to cause the Partnership to compensate the Investment Manager or any such person, firm or entity selected by the General Partner for such services; provided, however, that the management, control and conduct of the activities of the Partnership shall remain the responsibility of the General Partner;

(j) provide research and analysis and direct the formulation of investment policies and strategies for the Partnership;

(k) invest the Partnership in other pooled or structured investment vehicles and Other Funds and Managers, including those that pay fees to the General Partner or its affiliates and/or pay Partnership marketing expenses, which investments shall be subject in each case to the terms and conditions of the respective governing document for each such vehicle;

(l) attempt to negotiate "most favored terms" status with any Other Funds and Managers;

(m) authorize any partner, employee or other agent of the General Partner, or any agent or employee of the Partnership, to act for and on behalf of the Partnership, and to be paid fees out of Partnership assets in the sole discretion of the General Partner, in all matters incidental to the foregoing (including, but not limited to, administrative and accounting services performed for the Partnership); and

(n) appoint a person (the "Independent Client Representative") unaffiliated with the General Partner, Investment Manager, or any of their affiliates to act as the agent of the Partnership to give or withhold any consent of the Partnership required under applicable law to a transaction in which the General Partner or Investment Manager causes the Partnership to purchase securities or other instruments from, or sell securities or other instruments to, the General Partner, Investment Manager or their affiliates or to engage in brokerage transactions in which any of the General Partner's or Investment Manager's affiliates acts as broker for another



person on the side of the transaction opposite that of the Partnership. If appointed, the Independent Client Representative may be paid by the Partnership and may receive an indemnity from the Partnership for claims arising out of activity in such capacity.

Section 2.3 Reliance by Third Parties. Persons dealing with the Partnership are entitled to rely conclusively upon the certificate of the General Partner to the effect that it is then acting as the General Partner and upon the power and authority of the General Partner as herein set forth.

Section 2.4 Activity of the General Partner. The General Partner, as well as affiliates of the General Partner, and any of their respective members, partners, officers, directors, stockholders, employees, advisors, counsel, consultants or other agents (collectively, "Affiliates"), shall devote so much of their time to the affairs of the Partnership as in the sole judgment of the General Partner the conduct of its business may reasonably require, and neither the General Partner nor its Affiliates shall be obligated to do or perform any act or thing in connection with the business of the Partnership not expressly set forth herein. Nothing herein contained in this Sec. 2.4 shall be deemed to preclude the General Partner or its Affiliates from exercising investment responsibility, or from engaging directly or indirectly in any other business, or from directly or indirectly purchasing, selling, holding or otherwise dealing with any Securities, for the account of any such other business, for their own accounts, or for the account of any of their family members or other clients. No Limited Partner shall, by reason of being a partner in the Partnership, have any right to participate in any manner in any profits or income earned or derived by or accruing to the General Partner or any Affiliate from the conduct of any business other than that of the Partnership, or from any transaction in Securities effected by the General Partner or any Affiliate for any account other than that of the Partnership.

Section 2.5 Exculpation. The General Partner and its Affiliates shall not be liable to any Limited Partner or the Partnership in the absence of gross negligence for mistakes of judgment or for action or inaction which said person reasonably believed to be in the best interests of the Partnership, or for losses due to such mistakes, action or inaction or to the negligence, dishonesty or bad faith of any employee, broker-dealer or other agent of the Partnership, provided that such employee, broker-dealer or agent was selected, engaged or retained by the Partnership without gross negligence. The General Partner and its Affiliates may consult with counsel and accountants in respect of Partnership affairs and be fully protected and justified in any action or inaction which is taken in accordance with the advice or opinion of such counsel or accountants, provided that they shall have been selected without gross negligence. Notwithstanding any of the foregoing to the contrary, the provisions of this Sec. 2.5 shall not be construed so as to provide for the exculpation of the General Partner or any Affiliate for any liability (including liability under Federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate the provisions of this Sec. 2.5 to the fullest extent permitted by law.

Section 2.6 Indemnification of the General Partner

(a) The Partnership shall indemnify to the fullest extent permitted by law, defend and hold the General Partner and, in the sole discretion of the General Partner, its Affiliates (inclusive of the Investment Manager), and, in the discretion of the General Partner, the Partnership's Affiliates (each an "Indemnified Party") harmless from and against any loss, liability, damage, cost or expense, including, but not limited to, attorneys' fees, fines, settlements and liabilities of the Indemnified Party, in defense of any demands, claims or lawsuits against the Indemnified Party, in or as a result of or relating to its or their capacity, actions or omissions as General Partner or as an Affiliate, concerning the business or activities undertaken on behalf of the Partnership, including, but not limited to, any demands, claims or lawsuits initiated by a

Limited Partner or resulting from or relating to the offer and sale of the interests in the Partnership, provided that the acts or omissions of the Indemnified Party are not found by a court of competent jurisdiction, upon entry of a judgment that has become final and that is no longer subject to appeal or review, to be primarily attributable to gross negligence, fraud or willful misconduct.

(b) The Indemnified Party shall be entitled to receive advances to cover the costs of defending any claim or action against them; provided, however, that any such advances shall be repaid to the Partnership if such Indemnified Party is found by a court of competent jurisdiction upon entry of a judgment that has become final and that is no longer subject to appeal or review, to have been engaged in conduct primarily attributable to fraud, willful misconduct, or gross negligence. The Partnership shall make all indemnification provided for pursuant to this Sec. 2.6 solely out of Partnership assets, and only to the extent of such assets, subject to Sec. 3.8(f). Subject to the extent of available assets in the preceding sentence, all rights of an Indemnified Party shall survive the dissolution of the Partnership and the death, retirement, removal, dissolution, incompetency or insolvency of the Indemnified Party. The provisions of this Sec. 2.6 shall not limit, or be deemed to be a waiver of, the rights granted to all investors under the state and federal securities laws.

(c) If for any reason (other than the engaging in of conduct primarily attributable to gross negligence, fraud or willful misconduct by such Indemnified Party) the foregoing indemnification is unavailable to such Indemnified Party, or insufficient to hold it harmless, then the Partnership must, to the fullest extent permitted by law, contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by the Partnership, on the one hand, and the Indemnified Party on the other hand or, if such allocation is not permitted by applicable law, to reflect not only the relative benefits referred to above but also any other relevant equitable considerations. In any suit brought to enforce a right to indemnification or to recover an advancement of expenses, the burden of proving that the Indemnified Party or other Person claiming a right to indemnification is not entitled to be indemnified, or to an advancement of expenses, hereunder is on the Partnership (or any Limited Partner acting derivatively or otherwise on behalf of the Partnership or the Limited Partners). The General Partner in its sole discretion may obtain appropriate insurance on behalf of the Partnership to secure the Partnership's obligations hereunder.

#### Section 2.7 Fiduciary Duties: Discretion

(a) To the extent that, at law or in equity, an Indemnified Party has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to any Partner, such Indemnified Party acting under this Agreement is not liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of an Indemnified Party otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Indemnified Party.

(b) To the fullest extent permitted by law, unless otherwise expressly provided for herein, (i) whenever a conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership or a Limited Partner on the other hand, or (ii) whenever this Agreement or any other agreement contemplated herein or therein provides that the General Partner must act in a manner which is, or provide terms which are, fair and reasonable to the Partnership, or any Limited Partner, the General Partner must resolve such conflict of interest,

take such action or provide such terms, considering in each case the relative interest of each party, including its own interest, to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner do not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the General Partner at law or in equity or otherwise.

(c) To the fullest extent permitted by law, whenever in this Agreement a Person is permitted or required to make a decision (i) in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, such Person is entitled to consider only such interests and factors as it desires, including its own interests, and has no duty or obligation to give any consideration to any interest of or factors affecting the Partnership or the Limited Partners, or (ii) in its "good faith" or under another express standard, then such Person acts under such express standard and is not subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein or by relevant provisions of law or in equity or otherwise.

Section 2.8 Management Fee. The Partnership will pay to The Sibylline Fund Management Company, LLC, or its delegate, in advance, a quarterly management fee equal to 0.50% (2.00% annualized) of the initial Capital Account balances of the Limited Partners (including any portion of any initial Capital Account balance attributable to a Limited Partner's participation in any Designated Investment(s)) as of the first day of the quarter of the calendar year of the Partnership to which the management fee relates (pro-rated if necessary for any permitted intra-quarter Capital Contributions or withdrawals) (the "Management Fee"). The General Partner may, in its sole discretion, increase the Management Fee at any time, provided that prior notice thereof is given to the Limited Partners thereby affected. Any portion of the Management Fee attributable to a Limited Partner's participation in a Designated Investment shall be payable based upon the lower or higher of the Book Value of such Designated Investment or fair value assigned to such Designated Investment, as determined in the sole discretion of the General Partner (with an option to base such Management Fee upon fair value), which might not be consistent with U.S. generally accepted accounting principles (or other industry accepted accounting standards). The Management Fee will be payable in advance by the Partnership as of the Closing and January 1, April 1, July 1 and October 1. The Management Fee shall be charged to the Capital Accounts of the Limited Partners based on their respective initial Capital Account balances as of the first day of the quarter of the calendar year of the Partnership to which the Management Fee relates. The General Partner, The Sibylline Fund Management Company, LLC, and their affiliates, certain of their family members and related entities and other persons and/or Limited Partners identified by the General Partner and/or The Sibylline Fund Management Company, LLC shall not be subject to all, or any portion of, the Management Fee, or a higher management fee, in the General Partner's discretion. The Management Fee will be calculated before the Incentive Allocation and may be waived in the General Partner's discretion. The General Partner or The Sibylline Fund Management Company, LLC may set aside a certain portion of the Partnership's assets as cash in order to ensure sufficient funds to cover the Management Fees, whether accrued or anticipated. Alternatively, the General Partner or The Sibylline Fund Management Company, LLC may, in their sole discretion, sell or assign, regardless of whether such selling or assignment would otherwise occur in the normal course of the Partnership's business, a respective portion of the Partnership's assets necessary to cover the Management Fees, whether accrued or anticipated. The General Partner or The Sibylline Fund Management Company, LLC, as relevant, may, in their sole discretion, (i) receive an in-kind distribution of Partnership assets, and/or (ii) cause the Partnership to borrow funds for the sole purpose of covering the Management Fees, whether accrued or anticipated.

Section 2.9 Expenses

(a) The Partnership shall pay, or reimburse the General Partner and Investment Manager for their payment of, directly or indirectly, to the extent not paid by any other Person (i) any and all costs and expenses incurred in connection with the acquisition or disposition of investments (whether or not consummated), including, without limitation, fees, costs and expenses payable to attorneys, accountants, consultants, administrators, custodians and other Persons related to the discovery, investigation, development, making, management and disposition of investments (whether or not consummated); (ii) any and all costs and expenses incurred in connection with the carrying out of investments; (iii) any and all fees, costs and expenses (including, but not limited to, organizational expenses, management fees, performance fees, and ongoing operational expenses) paid by the Partnership, whether directly or indirectly, with respect to its investment in Securities (including, but not limited to, any Other Funds and Managers); (iv) any and all costs and expenses incurred in connection with obtaining research and any related services or products thereto; (v) investment related and/or business travel expenses; (vi) client service and marketing expenses (including, but not limited to, entertainment and travel costs related to the marketing of the Partnership); (vii) brokerage commissions (including bid/offer spreads); (viii) expenses related to the attendance of affiliated persons of the Partnership at conferences; (ix) any and all fees and disbursements of attorneys, accountants, consultants, custodians, third party administrators, administrative personnel and other professionals relating to Partnership matters (including all legal and other organizational expenses incurred in the formation of the Partnership); (x) any and all taxes and governmental charges that may be incurred or payable by the Partnership (including, but not limited to, any blue sky filing fees and expenses); (xi) any and all insurance premiums (including, but not limited to, errors and omissions (E&O) insurance for the General Partner, its owner, employees, and/or principals or affiliates of any of the foregoing) or expenses incurred by the Partnership in connection with the activities of the Partnership; (xii) any and all expenses (including legal fees and expenses) incurred for the Partnership or the General Partner and their affiliates to comply with any law or regulation related to the activities of the Partnership (including legal fees and costs in connection with the preparation and filing of Form PF or similar forms) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Partnership, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in Section 2.6; (xiii) any and all expenses incurred in the preparation of reports of the Partnership and distributions to the Partners or in connection with any meeting of the Partners held pursuant to this Agreement or the Delaware Act; and (xiv) legal fees and expenses related to any side letter for any Limited Partner; (xv) any and all fees and expenses related to the offering of interests in the Partnership; and (xvi) any and all expenses related to the Partnership's indemnification obligations pursuant to Section 2.6.

(b) Unless the General Partner determines in its sole discretion to not amortize, or immediately accelerate at any time any unamortized portion of, any legal and other organizational fees or expenses of the Partnership, the Partnership shall amortize such fees or expenses over five years (or such other time as determined in the sole discretion of the General Partner), even though this approach may not be consistent with generally accepted accounting principles or other industry accepted accounting standards. In the event the Partnership terminates its operations before such organizational fees or expenses are fully amortized (if at all), amortization of the unamortized portion of such fees or expenses shall be accelerated and the unamortized portion will be debited against the Partners' Capital Accounts, thereby decreasing the amounts otherwise available for distribution to the Partners. Notwithstanding any other statement herein, if any unamortized legal or other organizational fees or expenses are accelerated at any time in the sole discretion of the General Partner, whether as a result of the Partnership terminating its operations or otherwise, the General Partner may disproportionately allocate such fees or expenses among

the Limited Partners based on variables determined relevant in the General Partner's sole discretion, including, but not limited, the amount of time a Limited Partner has been a Limited Partner in the Partnership.

(c) To the extent that the General Partner determines, in its sole discretion, that certain expenses relate specifically to a particular Designated Investment, the General Partner shall have the authority to allocate such expenses to the Capital Accounts of Limited Partners pro-rata based upon their participating interest, if any, in such Designated Investment.

### ARTICLE III

#### CAPITAL ACCOUNTS OF PARTNERS AND OPERATION THEREOF

Section 3.1 Definitions. For the purposes of this Agreement, unless the context otherwise requires:

(a) The term "Accounting Period" shall mean the following periods: The initial Accounting Period shall commence upon the initial opening of the Partnership. Each subsequent Accounting Period shall commence immediately after the close of the next preceding Accounting Period. Each Accounting Period hereunder shall close at the close of business on any to occur of (i) the last day of each calendar month of the Partnership, (ii) the date immediately prior to the effective date of the admission of a new Partner pursuant to Sec. 5.1, (iii) the date immediately prior to the effective date of the increase in a Partner's Capital Account as a result of an additional Capital Contribution pursuant to Sec. 3.2, (iv) the effective date of any withdrawal pursuant to Articles IV or VI hereof, (v) the date a Designated Investment has a Readily Ascertainable Market Value or new Readily Ascertainable Market Value, or (vi) the date the Partnership is dissolved.

(b) The term "Benefit Plan Investor" or "Plan" means (i) any "employee benefit plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")) (ii) any "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") that is subject to Section 4975 of the Code or (iii) any entity whose underlying assets include assets of any "employee benefit plan" or "plan" described in the foregoing items (i) and (ii) by reason of any such plan's investment in such entity (excluding government plans, non-U.S. plans, and non-electing church plans).

(c) The term "Book Value" means the original price at which the Designated Investment was purchased (adjusted for amortizations of premiums or discounts, reserves, principal amortization or other factors) or, with respect to an existing investment that becomes a Designated Investment, the value of the investment immediately preceding the time it became a Designated Investment.

(d) The term "Capital Account" shall mean the Capital Account maintained for each Partner in accordance with Sec. 3.3.

(e) The term "Designated Investment" shall have the same meaning as set forth under Sec. 3.6(g).

(f) The term "Individual Profit" shall mean the portion of Profit allocated to any Partner in accordance with Sec. 3.6(a).

(g) The term "Individual Loss" shall mean the portion of Loss allocated to any Partner in accordance with Sec. 3.6(a).

(h) The term "Loss," with respect to any Accounting Period, shall mean the excess, if any, of the Net Asset Value of the Partnership as of the opening of business on the first day of the Accounting Period, after any additional contributions made on such date, over the Net Asset Value of the Partnership as of the close of business on the last day of such Accounting Period, prior to any distribution being made with respect to such Accounting Period.

(i) The term "Profit," with respect to any Accounting Period, shall mean the excess, if any, of the Net Asset Value (as defined in Sec. 3.5(b)) of the Partnership as of the close of business on the last day of the Accounting Period, prior to any distribution being made with respect to such Accounting Period, over the Net Asset Value of the Partnership as of the opening of business on the first day of such Accounting Period, after any additional contributions made on such date.

(j) The term "Person" shall mean an individual, a corporation, a company, partnership, trust, unincorporated organization, association or other entity.

(k) The term "Readily Ascertainable Market Value" means the value that is established (or re-established, as the case may be) when (i) an investment (including, but not limited to, a Designated Investment) is or becomes liquid (including, without limitation, when there is trading activity, over-the-counter or otherwise, of the securities constituting the investment which activity the General Partner determines, in its sole discretion, reasonably values the investment), (ii) a Designated Investment is disposed of by the Partnership at arms-length for consideration other than for another Designated Investment, or (iii) circumstances otherwise exist that, in the sole discretion of the General Partner, a readily ascertainable market value (including, without limitation, when a certain passage of time occurs or when additional securities substantially similar to the Designated Investment have been issued by the issuer of the Designated Investment) can reasonably be established.

### Section 3.2 Capital Contributions.

(a) Each Partner has made, or will make, a monetary contribution to the Partnership in the amount set forth opposite such Partner's name in Part I or II of the Schedule (herein called such Partner's "Initial Capital Contribution"). The minimum Initial Capital Contribution is five hundred thousand dollars (\$500,000). The General Partner, in its sole discretion, may increase or waive the foregoing minimum. Additional Capital Contributions may be made by Limited Partners only in accordance with the provisions of Sec. 3.2(b) ("Additional Capital Contributions", and collectively referred to herein with Initial Capital Contributions as "Capital Contributions").

(b) A Limited Partner may make Additional Capital Contributions to the Partnership to be effective for investment on the first day of any calendar month beginning after the date hereof, or as otherwise permitted by the General Partner. The minimum Additional Capital Contribution shall be one hundred thousand dollars (\$100,000). The General Partner, in its sole discretion, may increase or waive the foregoing minimum.

(c) The General Partner reserves the right to reject any Initial or Additional Capital Contribution in whole or in part, for any or no reason whatsoever, or to remove any Limited Partner in its sole discretion.

(d) Capital Contributions will be effective for investment on either (i) the date hereof, if such Initial Capital Contribution is accepted prior to the date hereof; (ii) on the first day of any calendar month beginning after the date hereof, if such Initial Capital Contribution is accepted subsequent to the date hereof; or (iii) as otherwise permitted in the sole discretion of the General Partner.

(e) No Limited Partner is entitled to receive from the Partnership payment of any interest in any Capital Contribution.

(f) In the sole and absolute discretion of the General Partner, Limited Partners may be permitted to make Capital Contributions to the Partnership in kind. The value of such in kind Capital Contributions will be determined by the General Partner, typically based on listed exchange market values, valuations provided (directly or indirectly) to the General Partner by any Other Funds and Managers, or, in its sole and absolute discretion, the General Partner's own estimates of the fair value of such in kind Capital Contributions.

(g) The General Partner or other affiliates of the Partnership may make Capital Contributions to the Partnership, in the sole discretion of the General Partner, by any contribution (whether in kind or otherwise), including, but not limited to, cash, loans bearing market rates of interest, and appreciated securities valued at listed exchange market values or estimates. Any loans made to the Partnership by such persons shall be repayable by the Partnership on the General Partner's demand.

### Section 3.3 Capital Accounts.

(a) The Partnership shall maintain a "Capital Account" for each Partner on the books of the Partnership in accordance with this Sec. 3.3.

(b) From and after the date hereof, the Capital Accounts of all Partners shall be adjusted as follows:

(1) Each Partner's Capital Account shall be increased by the amount of such Partner's contributions to the capital of the Partnership pursuant to Sec. 3.2; any Profit allocated to such Partner pursuant to Sec. 3.6; and any other item of income or gain allocated to such Partner pursuant to Sec. 3.10; and

(2) Each Partner's Capital Account shall be decreased by the amount of cash and the fair market value (on the date of distribution) of any other Partnership property distributed to such Partner (net of the liabilities secured by such distributed property that such Partner is considered to assume or take subject to under Section 752 of the Code); any Loss allocated to such Partner pursuant to Sec. 3.6; and any other item of loss or deduction allocated to such Partner pursuant to Sec. 3.10.

(c) Each Partner's Capital Account may be further adjusted as noted elsewhere in this Agreement, including pursuant to Sections 3.8(e), 3.13, 4.2(c), and 4.2(f).

(d) No loan made by a Partner to the Partnership shall constitute a capital contribution for any purpose. No interest shall be paid on any capital contribution to the Partnership.

Section 3.4 Partnership Percentages A Partnership Percentage shall be determined for each Partner, for each Accounting Period of the Partnership, by dividing the amount of each Partner's Capital Account by the aggregate Capital Accounts of all Partners as of the beginning of such Accounting Period. The sum of the Partnership Percentages shall equal 100 percent.

(b) Any Partnership Percentage held for its own account by a Partner that is a bank holding company, as defined in Section 2(a) of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), or a non-bank subsidiary of such bank holding company or a non-U.S. bank subject to the BHC Act pursuant to the International Banking Act of 1978, as amended, or an affiliate of any such non-U.S. bank (each, a "BHC Partner"), aggregated with the Partnership Percentages of all affiliates who are BHC Partners that is determined at the time of admission of that Partner, the withdrawal of any Partner, or any other event resulting in an adjustment in the relative Partnership Percentages of the Partners hereunder, to be in excess of 4.99% (or such percentage that may be permitted under Section 4(c)(6) of the BHC Act) of the Partnership Percentages of the Partners, excluding for purposes of calculating this percentage portions of all or any other Partnership Percentages that are non-voting Partnership Percentages pursuant to this section 3.04(b) or any other paragraph of this Agreement (collectively, the "Non-Voting Interests"), shall be a non-voting Partnership Percentage (whether or not subsequently transferred in whole or in part to any other Person) and shall not be included in determining whether the requisite consent has been obtained with respect to any matter arising under this Agreement; provided, that such Non-Voting Interest shall be able to vote on any matter on which a BHC Partner is permitted to vote without causing such Partnership Percentage to become a voting security for purposes of Regulation Y of the BHC Act, as in effect from time to time, including, but not limited to, any proposal to dissolve or continue the business of the Partnership following the removal of the General Partner, the transfer or assignment of the Partner's interest in the Partnership, or the withdrawal, bankruptcy, commencement of liquidation proceedings, insolvency, or dissolution of the General Partner, but not on the approval of a Successor General Partner. Each BHC Partner hereby irrevocably waives its corresponding right to vote its Non-Voting Interest in respect of a Successor General Partner under Section 18-801 of the Act, which waiver shall be binding upon such BHC Partner or any entity which succeeds to its Partnership Percentage. If a BHC Partner notifies the General Partner in writing that as a result of a change in law, rule, regulation or interpretation thereof a BHC Partner may hold a voting interest in excess of 4.99% (or such percentage that may be permitted under Section 4(c)(6J) of the BHC Act) of the Partnership Percentages of all Partners (excluding any Non-Voting Interests), a recalculation of the Partnership Percentages held by such BHC Partner shall be made, and only that portion of the total Partnership Percentage held by such BHC Partner that is determined as of such date to be in excess of 4.99% (or such lesser or greater percentage as may be permitted under Section 4(c)(6) of the BHC Act) of the Partnership Percentages of the Partners, excluding Non-Voting Interests as of such date, shall be a Non-Voting Interest. Notwithstanding the foregoing, at the time of admission to the Partnership, any BHC Partner may elect not to be governed by this paragraph 3.04(b) by providing written notice to the General Partner stating that such BHC Partner is not prohibited from acquiring or controlling in excess of 4.99% (or such lesser or greater percentage that may be permitted under Section 4(c)(6) of the BHC Act) of the voting Partnership Percentages held by the Partners pursuant to such BHC Partner's reliance on Section 4(k) of the BHC Act. Any such election by a BHC Partner may be rescinded at any time by written notice to the General Partner, provided that any such rescission shall be irrevocable.

Section 3.5 Net Asset Value.

(a) "Asset Value" shall mean, as of any particular date (the "Determination Time"), the aggregate of the fair market or other value, determined in accordance with Sec. 3.8, of all assets of the Partnership as of the Determination Time, without regard to any liabilities of the Partnership, which amount shall be determined by the General Partner as of the close of business on the last business day of any Accounting Period and at such other times as the General Partner



may from time to time direct, subject to the provisions of Sec. 3.5(d). The General Partner may delegate the computation of the Asset Value to a service provider of the General Partner's choosing, subject to such supervision as the General Partner may determine to be necessary or appropriate. The General Partner may determine the Asset Value or cause the Asset Value to be determined in such manner as it deems reasonable and appropriate.

(b) "Net Asset Value" shall mean, as of the Determination Time, the excess of (i) the Asset Value as of such Determination Time, determined in the manner described in Sec. 3.5(a), over (ii) the aggregate amount of all liabilities of the Partnership as of such Determination Time, taking into account all properly accrued expenses (including, but not limited to, the Management Fee and other expenses described more fully under Sections 2.8 and 2.9) through such Determination Time. Net Asset Value shall be determined as of the close of business on the last business day of each Accounting Period and at such other times as the General Partner may from time to time direct, subject to the provisions of Sec. 3.5(d).

(c) The determination of Asset Value and Net Asset Value shall be made on an accrual basis in accordance with generally accepted accounting principles or other industry accepted accounting standards unless determined otherwise by the General Partner; provided that (i) assets shall be carried at the values determined in the manner described in Sec. 3.5(a).

(d) The General Partner may suspend the determination of the value of the Partnership's assets (i.e. the Asset Value and Net Asset Value) or Capital Accounts for the whole or any part of a period at any time for any or no reason. With or without any such suspension, the Partnership may cancel withdrawal requests (even after a timely withdrawal request for a Withdrawal Date (defined below) has been submitted by the applicable Withdrawal Notice Date (defined below) or even after the relevant Withdrawal Date has lapsed) or withhold payment to any person who has tendered a withdrawal request until after the suspension has been lifted. Notice of suspension will be given to any Limited Partner that has tendered a withdrawal request. Any Limited Partner's withdrawal request that has been cancelled pursuant to the foregoing, must be timely resubmitted, if the Limited Partner continues to desire a withdrawal, on a subsequently permitted Withdrawal Date (defined below). Delayed withdrawal requests, and any withdrawal requests that have been resubmitted as a result of a cancellation, shall not be given priority on a subsequently permitted Withdrawal Date, including, but not limited to, with respect to any applicable "Gate" limitations described in Section 4. The General Partner shall continue to receive its Incentive Allocation, if any, and Management Fee (based on estimates) on Designated Investments or in the event of suspension of withdrawals and/or calculation of the Partnership's assets. Notwithstanding any other statement herein, the General Partner may permit withdrawals by one or more Limited Partners at any time while the determination of the value of the Partnership's assets (i.e. the Asset Value and Net Asset Value) or Capital Accounts are suspended.

### Section 3.6 Allocation of Profit and Loss; Incentive Allocation.

(a) **General.** Subject to Sections 3.11(a) and 3.12, at the end of each Accounting Period, the Capital Account of each Partner shall be adjusted by crediting Profit or charging Loss, as the case may be, to the Capital Accounts of the Partners, in proportion to the Partners' respective Capital Account balances as of the beginning of such Accounting Period, taking into account any additional contributions made at the beginning of such Accounting Period. Additionally, at the end of each Accounting Period where any Designated Investment is assigned a Readily Ascertainable Market Value, the Capital Account of each Partner with a participating interest in such Designated Investment shall be adjusted by crediting any Profit or charging any

Loss attributable to such Designated Investment, as the case may be, to the Capital Accounts of such Partners, in proportion to such Partner's participating interest in such Designated Investment. Any amounts so credited under this Sec. 3.6 are subject to reallocation pursuant to 3.6(b).

(b) **Incentive Allocation.** Subject to Secs. 3.5(c), 3.5(d), 3.6(d), 3.6 (b)(1)-(3), 3.6(e), and 4.2(e) at the end of each calendar quarter of the Partnership, for each Limited Partner (with an adjustment made, if necessary, following any annual audit), an amount equal to twenty percent 20% of the excess, if any, of (i) the aggregate Individual Profit credited to such Limited Partner's Capital Account for any Accounting Period included in such calendar quarter, over (ii) the aggregate Individual Loss charged to such Partner's Capital Account for any Accounting Period included in such calendar quarter and any Net Loss Carryforwards, shall be reallocated from each such Limited Partner's Capital Account and credited to the Capital Account of the General Partner (the "Incentive Allocation"). In no event shall any portion of the Incentive Allocation made to the General Partner for any prior period be returned to a Limited Partner.

(1) The Incentive Allocation, if any, or any portion thereof, may be increased, waived, or reduced by the General Partner for any Limited Partner in its sole discretion, provided that in the event of any increase, prior notice thereof is given to any such Limited Partner. Notwithstanding any other provision herein, in the sole discretion of the General Partner, the Incentive Allocation may be calculated differently with respect to any Limited Partner.

(2) The General Partner may set aside a certain portion of the Partnership's assets as cash in order to ensure sufficient funds to cover its Incentive Allocations, if any, whether accrued or anticipated. Alternatively, the General Partner may, in its sole discretion, sell or assign, regardless of whether such selling or assignment would otherwise occur in the normal course of the Partnership's business, a respective portion of the Partnership's assets necessary to cover its Incentive Allocations, if any, whether accrued or anticipated. The General Partner may, in its sole discretion, (i) receive an in-kind distribution of Partnership assets, and/or (ii) cause the Partnership to borrow funds for the sole purpose of covering its Incentive Allocations, if any, whether accrued or anticipated.

(c) "Net Loss Carryforwards" for any Partner initially shall equal zero, and shall be increased by the amount of Individual Loss allocated to such Partner's Capital Account, and reduced (but not below zero) by the amount of Individual Profit subsequently allocated to such Partner's Capital Account (prior to any reallocations pursuant to this section) in prior Accounting Periods. The Net Loss Carryforwards for any Partner will be reduced in an amount proportionate to the amount of any withdrawals made by that Partner.

(d) In the event that the Partnership is dissolved otherwise than at the end of a calendar month, or the effective date of a Limited Partner's full or partial withdrawal is other than at the end of a calendar month, then the Profit or Loss or Net Loss Carryforwards, as the case may be, shall be determined for the period from month inception through the dissolution or withdrawal date.

(e) In the event that the Partnership is dissolved otherwise than at the end of a calendar quarter, or the effective date of a Limited Partner's full or partial withdrawal is other than at the end of a calendar quarter, then the Incentive Allocation shall be determined for the period from quarter inception through the dissolution or withdrawal date.

(f) In the event that the General Partner determines that, based upon tax or regulatory reasons, any Partner should not participate in the Profit or Loss, if any, attributable to trading in any Security or type of Security or to any other transaction, the General Partner may allocate such Profit or Loss only to the Capital Accounts of Partners to whom such reasons do not apply. In addition, if for any of the reasons described above, the General Partner determines that a Partner should have no interest whatsoever in a particular Security, type of Security or transaction, the interests in such Security, type of Security or transaction may be set forth in a separate memorandum account and the Profit and Loss for each such memorandum account shall be separately calculated. The Partnership will not allocate gains or losses attributable to “new issues”, as such term is defined under applicable rules of the Financial Industry Regulatory Authority, Inc., to Partners who are not eligible to participate in such gains or losses under such rules.

(g) The General Partner may, but is not required to, designate some or all of the investments held directly or indirectly by the Partnership as “Designated Investments” if such investments are, in the sole judgment of the General Partner, long-term, illiquid and/or without a Readily Ascertainable Market Value. Investments that are initially liquid, but later do not have a Readily Ascertainable Market Value (as determined in the sole discretion of the General Partner), may be marked as Designated Investments at such later time as determined in the sole discretion of the General Partner. Notwithstanding any other statement herein, Other Funds and Managers shall not be deemed per se to be Designated Investments notwithstanding whether or not such Other Funds and Managers have Readily Ascertainable Market Values. However, notwithstanding any other statement herein, the General Partner may, in its sole discretion, maintain an investment as a Designated Investment whether or not such Designated Investment has a Readily Ascertainable Market Value. Limited Partners will not have the discretion to opt in or out of Designated Investments (if any). Designated Investments may include cash reserves as determined prudent by the General Partner to support such investments or provide for follow-on investments. Interests acquired after the Partnership’s direct or indirect acquisition or designation of a Designated Investment may not, in the sole discretion of the General Partner, participate in the profit, loss or income of such Designated Investment. A follow-on investment related to an existing Designated Investment shall be treated as a follow-on investment by such existing Designated Investment (and not by the rest of the Partnership in general), to the extent such a follow-on investment is made out of the cash reserves (if any) set aside within such existing Designated Investment; any follow-on investment related to an existing Designated Investment beyond or separate from any such cash reserves (e.g. out of the general non-Designated Investment assets of the Partnership), shall be treated as an independent Designated Investment and shall be attributable to all Partners in the Partnership at the time such independent Designated Investment is made (including any Limited Partners admitted to the Partnership subsequent to the time such existing Designated Investment was marked as such).

Section 3.7 Amendment of Incentive Allocation. The General Partner shall have the right to amend, without the consent of the Limited Partners, Sec. 3.6 so that the Incentive Allocation therein provided conforms to any applicable requirements of the Securities and Exchange Commission and other regulatory authorities.

Section 3.8 Valuation of Assets.

(a) For each Accounting Period, positions (excluding any Designated Investments and Other Funds and Managers) in the Partnership’s investment portfolio that are illiquid and/or do not actively trade and/or have a Readily Ascertainable Market Value, or whose listed prices are judged (in the sole discretion of the General Partner) as unreliable, will be fair valued (taking

into account actual market prices (if any), prices for comparable investments (if any), price indications obtained from independent brokers and dealers in such financial instruments, applicable contract terms of the related instruments, and/or such other factors as the General Partner (or its delegate) deems appropriate). The Partnership may, but is not required to, designate any illiquid or other Security (including, but not limited to, any Other Fund and Manager) as a Designated Investment.

(b) For purposes of the Partnership's annually audited financial statements, the General Partner (or its delegate) will try to determine, at least annually, the fair value of any Designated Investments, taking into account actual market prices (if any), prices for comparable investments (if any), price indications obtained from independent brokers and dealers in such financial instruments, applicable contract terms of the related instruments, and/or such other factors as the General Partner (or its delegate) deems appropriate. However, notwithstanding any other statement herein, for Capital Account accounting purposes, the General Partner, in its sole discretion, may carry or value Designated Investments at the lower or higher of the Book Value or fair value (if any) assigned to such Designated Investments (with an option to carry or value Designated Investments at fair value in the sole discretion of the General Partner), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards.

(c) The Partnership's interest in an Other Fund and Manager (excluding, in the sole discretion of the General Partner, certain closed-end funds, exchange traded funds, and any other similarly listed and publicly traded funds) shall be valued at an amount equal to the Partnership's capital account balance, or the net asset value of its shares, in such Other Fund and Manager pursuant to the instrument governing such issuance. For purposes of determining the value of such interest of the Partnership, the General Partner or its delegate may utilize the valuations provided by such Other Funds and Managers (or their delegates) to the Partnership or its delegate. The valuations provided by Other Funds and Managers to the Partnership generally will be conclusive with respect to the Partnership unless the Partnership has a clearly discernible reason not to trust the accuracy of such valuations. If the Partnership or its delegate does not receive valuations from such Other Funds and Managers, the Partnership will seek to fair value its investment in such Other Funds and Managers for each Accounting Period.

(d) Securities (including, as determined in the sole discretion of the General Partner, certain exchange traded funds, closed-end funds and other similarly listed funds, but excluding, as determined in the sole discretion of the General Partner, certain Other Funds and Managers) that are listed on a securities exchange (including such Securities when traded in the after-hours market) may generally be valued at their last sales prices on the date of determination on the largest securities exchange on which such Securities shall have traded on such date, or if trading in such Securities on the largest securities exchange on which such Securities shall have traded on such date was reported on the consolidated tape, their last sales prices on the consolidated tape (or, in the event that the date of determination is not a date upon which a securities exchange was open for trading), on the last prior date on which such securities exchange was so open. If no such sales of such Securities occurred on either of the foregoing dates, such Securities may be valued at the "bid" price for long positions and the closing price or final "asked" price for short positions on the largest securities exchange on which such Securities are traded on the date of determination, or, if "bid" prices for long positions and the closing price or final "asked" prices for short positions in such Securities on the principal securities exchange on which such Securities shall have traded on such date was reported on the consolidated tape, the "bid" price for long positions and the closing price or final "asked" price for short positions on the consolidated tape (or, if the date of determination is not a date upon which such securities

exchange was open for trading, on the last prior date on which such a securities exchange was so open). Options that are listed on a securities exchange may be valued at their last sales prices on the date of determination on the largest securities exchange on which such options shall have traded on such date; provided, that, if the last sales prices of such options do not fall between the last "bid" and closing or final "asked" prices for such options on such date, then the General Partner may value such options at the mean between the last "bid" and closing or final "asked" prices for such options on such date. Notwithstanding any other statement herein, for Capital Account accounting purposes, the General Partner may value Securities at prices other than those specified in this Section 3.8(d).

(e) The General Partner (or its delegate) shall calculate the value of the Partnership's assets (and Capital Account values) based upon the best information available to it at the time of such calculation. As more complete information is available to the General Partner (or its delegate), the relevant value of the Partnership's assets (and Capital Account values) may be adjusted on a prospective or retroactive basis. With respect to a Member that has withdrawn any of its Interests (whether in part or in full) and received payment with respect to such withdrawn Interests prior to any applicable valuation adjustment being made to such Interests by the General Partner (or its delegate), the terms of Section 3.8(f) below shall govern any such withdrawal payments and recovery rights.

(f) Subject to Sections 3.8(e) and 3.12, all values assigned to Securities and other assets by the General Partner pursuant to this Sec. 3.8 shall be final and conclusive as to all of the Partners. Once a Limited Partner withdraws its Interests (whether in part or in full), notwithstanding any inaccurate valuations at the time of such withdrawal of Interests, such Limited Partner shall no longer have any claims with respect to withdrawn Interests in the Partnership if it turns out such Interests in the Partnership were really worth more; however, notwithstanding any other statement herein, the Partnership may seek, and Limited Partners agree to allow the Partnership, to recover amounts distributed to Limited Partners to the extent required by law or if such amounts are later found to have been distributed in excess or subject to an existing or subsequent applicable liability or expense, including based on, among other things: (1) later, more accurate, valuations; (2) the discovery or recognition after any period of a liability or expense (including, but not limited to, indemnification rights of, or related to, the Partnership and/or General Partner) that relates to the period in which such distribution was based upon; (3) bankruptcy proceedings; or (4) one of the Other Funds and Managers (if any) requires the Partnership to return, or has the right to redraw such, distributions the Partnership received from such Other Funds and Managers (including, but not limited to, as required by law or in connection with any indemnification obligation pursuant to the terms of such Other Funds and Managers). Such requirement shall survive the withdrawal of any Partner, the dissolution and liquidation of the Partnership, or both.

(g) All of the valuation powers and practices provided to the General Partner in this Section 3.8 shall also be provided to, and followed by, the General Partner's delegate, if any, with respect to such delegate's valuation of the Partnership's assets.

Section 3.9 Liabilities. Liabilities shall be determined in accordance with generally accepted accounting principles or other industry accepted accounting standards, applied on a consistent basis; provided, however, that, the General Partner in its sole and absolute discretion may provide reserves for estimated accrued expenses, liabilities or contingencies, including general reserves for unspecified contingencies, even if such reserves are not in accordance with generally accepted accounting principles or other industry accepted accounting standards.

Section 3.10 Allocation for U.S. Tax Purposes.

(a) For each calendar year of the Partnership, items of Partnership income, deduction, gain, loss or credit that are recognized for tax purposes shall be allocated pursuant to Treasury Regulations §1.704-1(b) in such manner as to equitably reflect amounts credited or debited to each Partner's Capital Account for the Accounting Periods included in such calendar year and all prior calendar years. Consistent with the foregoing, in the event that a Partner contributes readily marketable securities to the Partnership that are sold by the General Partner immediately upon receipt, any commissions and other transaction-related expenses incurred by the Partnership as a result of the sale shall be allocated to the contributing Partner. Allocations shall be made in accordance with the principles of Sections 704(b) and 704(c) of the Code and in conformity with the provisions of Treasury Regulations §1.704-1(b)(2)(iv)(f)(1) through (5) and §1.704-1(b)(4)(i) or any successor provisions, such that, to the extent possible, realized gains and losses of the Partnership with respect to particular securities are allocated to those who were Partners in the periods during which such gains and losses accrued in proportion to their holdings during such period.

(b) Notwithstanding anything in Sec. 3.6(b) to the contrary, in the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations §1.704-1(b)(2)(ii)(d)(4), §1.704-1(b)(2)(ii)(d)(5) or §1.704-1(b)(2)(ii)(d)(6), items of Partnership income (including gross income) and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate the deficit balance in its Capital Account (in excess of (i) the amount it is obligated to restore upon liquidation of the Partnership or upon liquidation of its interest in the Partnership and (ii) his share of the Minimum Gain (as defined in Treasury Regulations §1.704-2(c))) created by such adjustments, allocations or distributions as quickly as possible. Any special allocations of income and gain pursuant to this Sec. 3.10(b) shall be taken into account in computing subsequent allocations of income and gain pursuant to Sec. 3.6 or Sec. 3.10, so that the net amount of any items so allocated and the income, gain, loss, deduction and all other items allocated to each Partner pursuant to Sec. 3.6 or Sec. 3.10 shall, to the extent possible, equal the net amount that would have been allocated to each such Partner pursuant to the provisions of Sec. 3.6 or Sec. 3.10 if such special allocations had not been made.

(c) Notwithstanding Sections 3.10(a) and 3.10(b), the General Partner may, in its sole and absolute discretion, specially allocate items of income, gain, deduction or loss to Limited Partners who withdraw capital during any fiscal year in a manner designed to ensure that each withdrawing Limited Partner is allocated income, gain, deduction or loss in an amount equal to the difference between that Limited Partner's Capital Account balance (or portion thereof being withdrawn) at the time of the withdrawal and the tax basis for his or her or its interest in the Partnership at the time (or proportionate amount thereof); provided, however, that the General Partner may, without the consent of any other Limited Partner, (1) alter the allocation of any item of taxable income, gain, deduction, loss or credit in any specific instance where the General Partner, in its sole discretion, determines such alternation to be necessary or appropriate to avoid a materially inequitable result and/or (2) adopt such other method of allocating tax items as the General Partner determines is necessary or appropriate in order to be consistent with the spirit and intent of the regulations under Sections 704(b) and 704(c) of the Code.

Section 3.11 Special Allocations.

(a) Notwithstanding any other statement herein, if the General Partner in its sole discretion determines that it is equitable to treat an amount to be paid or received as being

applicable to one or more prior periods, then such amount may be proportionately charged or credited, as appropriate, to those parties who were Partners during such prior period or periods.

(b) Subject to Section 3.8(e), if any amount is to be charged or credited to a party who is no longer a Partner, such amount must be paid by or to such party, as the case may be, in cash, with interest at the Treasury Bill Rate in effect at that time from the date on which the General Partner determines that such charge or credit is required. In the case of a charge, the former Partner is obligated to pay the amount of the charge, plus interests as provided above, to the Partnership on demand; provided that no such demand may be made if the applicable limitation period under the Act, if any, has expired. To the extent the Partnership fails to collect, in full, any amount required to be charged to such former Partner pursuant to paragraph (a) of this Section 3.11, whether due to the expiration of the applicable limitation period, if any, or for any other reason whatsoever, the deficiency may be charged proportionately to the Capital Accounts of the current Partners.

Section 3.12 Determination by General Partner of Certain Matters. All matters concerning the valuation of Securities and other assets of the Partnership, the allocation of profits, gains and losses among the Partners, including taxes thereon, and accounting procedures not expressly provided for by the terms of this Agreement, shall be determined by the General Partner, whose determination shall be final and conclusive as to all of the Partners.

Section 3.13 Adjustments to Take Account of Interim-Year Events. If the Code or regulations promulgated thereunder require a withholding or other adjustment to the Capital Account of a Partner, or if some other interim-year event occurs necessitating in the General Partner's judgment an equitable adjustment, the General Partner shall make such adjustments in the determination and allocation among the Partners of Profit, Loss, Net Loss Carryforward, Capital Accounts, Partnership Percentages, Incentive Allocation, Management Fee, items of income, deduction, gain, loss, credit or withholding for tax purposes, accounting procedures, or other financial or tax items, as shall equitably take into account such interim-year event and applicable provisions of law, and the determination thereof by the General Partner shall be final and conclusive as to all of the Partners.

## ARTICLE IV

### WITHDRAWALS AND DISTRIBUTIONS OF CAPITAL

Section 4.1 Withdrawals and Distributions in General. No Partner shall be entitled to receive distributions from the Partnership, except as provided in Sec. 4.3 and Sec. 7.2.

Section 4.2 Withdrawals.

(a) Interests in the Partnership purchased, whether by newly accepted subscribers or existing Limited Partners, may not be withdrawn, either in whole or in part, until six months after the "Purchases" of such interests are made (the "Lock-Up Period"), unless otherwise permitted in the sole discretion of the General Partner. For purposes of this paragraph, "Purchases" mean the Initial or Additional Capital Contributions of Limited Partners. Purchases will be deemed to have occurred on the same date that a Limited Partner's Capital Contribution is credited to the Partnership's trading account. Each Purchase will be subject to its own Lock-Up. The Partnership may use a First In First Out approach for determining the age of Purchases. Using a First In First Out approach for determining the age of Purchases means that the oldest Purchases are recorded as being withdrawn first. Once interests in the Partnership have, or will have, been

held for their complete Lock-Up Period, such interests may be withdrawn subject to the other terms generally applicable to withdrawals under this Agreement.

(b) Subject to Section 4.2(d) and any other limitations or restrictions described in this Section 4.2(b) or elsewhere in this Agreement, once the Lock-Up Period no longer applies to an interest in the Partnership, a Limited Partner may, upon written notice given to the General Partner not less than one hundred twenty (120) days prior to the end of any calendar quarter or such other time as the General Partner may determine (each a "Withdrawal Notice Date"), withdraw all or any portion of such interest in its Capital Account, less reserves determined in good faith by the General Partner and less the Limited Partner's share of any accrued, but unpaid, Partnership fees, allocations or expenses, including but not limited to the Management Fee and Incentive Allocation, effective immediately following the close of business of the last day of any calendar quarter, or as otherwise provided by the General Partner (the "Withdrawal Date"). For the avoidance of doubt, the entirety of any unallocated Management Fee and Incentive Allocation will be charged on the amount of withdrawal. The minimum withdrawal amount is \$100,000. A Limited Partner who elects to withdraw all of his Capital Account will be deemed to have retired as of the Withdrawal Date of such withdrawal. The General Partner has the discretion to suspend and/or reduce proportionally withdrawals if, immediately following such withdrawal, or withdrawals, Benefit Plan Investors would hold 25% or more of the Interests in the Partnership (or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines). In addition, withdrawals in any calendar quarter may not exceed, and is subject to a "gate" of, 15% of the Partnership's net assets; as such, if Limited Partners request withdrawals in any calendar quarter which, in the aggregate, exceed 15% of the Partnership's net assets, each Limited Partner requesting a withdrawal shall be permitted to withdraw a pro-rata portion of its requested withdrawal amount so that the total of all such withdrawals equals 15% of the Partnership's net assets. A notice of withdrawal is irrevocable except as provided in the sole discretion of the General Partner. Withdrawal requests received after a Withdrawal Notice Date has passed, and withdrawals which are not permitted due to the aggregate 15% withdrawal limitation discussed herein (i.e. the 15% "gate"), will be deemed cancelled and must be resubmitted if the Limited Partner continues to desire a withdrawal. Subject to Sections 4.2(d), 4.2(e) and Sec. 4.2(f), payment of ninety percent (90%) of withdrawal proceeds will normally be made within thirty (30) business days following the applicable Withdrawal Date in cash or in kind in the sole discretion of the General Partner. Any amount remaining in reserve following the completion of the annual audit (the "Retained Amounts") will generally be held and paid out pursuant to Section 4.2(c) below. No interest shall be paid for the period between the Withdrawal Date and any date of payment with respect to any withdrawals made by Limited Partners. Notwithstanding the foregoing or any other statement herein, the General Partner may limit or prohibit withdrawals, notwithstanding whether or not valuation of the Partnership's assets have been suspended, including under extraordinary or emergency circumstances or if, in its discretion, such withdrawals would not be in the best interests of the Partnership or maximize the return available by having to sell an investment to satisfy such withdrawals; the General Partner, in its sole discretion, may refuse requests for withdrawals or delay withdrawals or payments if the Partnership is not sufficiently liquid, which shall be determined in the sole discretion of the General Partner. Any Limited Partner's withdrawal request that has been prohibited or refused pursuant to the foregoing, will be deemed cancelled and must be timely resubmitted, if the Limited Partner continues to desire a withdrawal, on a subsequently permitted Withdrawal Date. Delayed withdrawal requests, and any withdrawal requests that have been resubmitted as a result of a cancellation, shall not be given priority on a subsequently permitted Withdrawal Date, including, but not limited to, with respect to any applicable "gate" limitations. In any of the foregoing circumstances, the Incentive Allocation, if any, and Management Fee will still be applied to the Capital Accounts of all Partners (including



based on fair value estimates of Capital Account values in the event that withdrawals and/or valuation of the Partnership's assets are suspended). Notwithstanding any other statement herein, the General Partner may treat some Limited Partners differently (i.e. giving preferential terms and rights to one or more Limited Partners, as permitted in the sole discretion of the General Partner) with respect to distributions and withdrawals at any time, including during times when calculation of the Partnership's assets or withdrawals have been otherwise suspended with respect to the Partnership as a whole. The General Partner may use its authority to withdraw a Partner and pay withdrawals in kind to form and distribute interests in special purpose or liquidating vehicles holding certain illiquid Partnership assets. The General Partner, in its sole discretion, may retain such amount of a withdrawal request which it anticipates may be required to cover legal fees and expenses incurred in connection with any dispute surrounding such withdrawal. The General Partner may, but is not obligated to, hold un-invested cash, sell investments or borrow in order to honor any withdrawals. The General Partner may, at its sole discretion, expressly waive any of the foregoing restrictions.

(c) Prior to completion of the annual audit, the Retained Amounts may be invested by the General Partner together with other Partnership assets or segregated from other Partnership assets, as determined by the General Partner. Unless the General Partner determines in good faith that all or any portion of the Retained Amounts should continue to be retained, upon completion of the audit, the General Partner shall make such adjustments to the Capital Accounts of the Partners as are necessary in light of the audit, and shall then distribute to the Partner effecting such a withdrawal the Retained Amounts as increased or decreased, generally within sixty (60) days after the issuance of the annual audit report, to reflect a previous undervaluation or overvaluation, respectively, of that Partner's Capital Account, without interest. The Partnership and not the withdrawing Limited Partner shall receive any share of the Profits or Losses for the period during which the Retained Amounts are invested or any other Profits or Losses generated with respect to the Retained Amounts; Limited Partners shall be entitled to the Retained Amounts, as determined on the relevant Withdrawal Date (excluding any subsequent Profits or Losses thereon) and adjusted, if at all, pursuant to the annual audit of the Partnership.

(d) In the event that a Limited Partner withdraws all or some of his Interest(s) prior to the sale or other disposition of any Designated Investment(s) in which he participates, such Limited Partner's withdrawal proceeds shall not include any amount attributable to such Designated Investment until the General Partner, in its sole discretion, determines that such investment no longer constitutes a Designated Investment, liquidates such Designated Investment in whole or in part (to the extent liquidated) or otherwise determines to distribute the same to the withdrawing Limited Partner in kind or, if in cash, pursuant to Sec. 4.2(e). For so long as the Partnership continues to own or hold such Designated Investment, such Limited Partner shall (a) remain entitled to receive its allocable share of the gains, losses and expenses (i.e. Partnership expenses) related thereto but (b) remain a Limited Partner in the Partnership only to the extent of its interest in such Designated Investments. A Limited Partner who has withdrawn its Interests and retains an Interest relating to any Designated Investment(s) shall remain at risk in the Partnership (and the Limited Partner shall remain as such only with respect to its interest in its Designated Investment) and shall continue to be subject to the terms of this Agreement until the Partnership issues the Limited Partner's withdrawal proceeds relating to such Designated Investment in accordance with the terms set forth herein and net of all accrued, but unpaid, Management Fees, Incentive Allocations, and/or expenses thereon.

(e) Notwithstanding any other provision of this Agreement, if a Limited Partner withdraws or is required to withdraw all or any portion of its Capital Account, and such Capital Account has a participating interest in any Designated Investment, the General Partner may, in its

sole discretion, permit or require the Limited Partner to withdraw all or part of its participating interest in such Designated Investment. If the General Partner so elects, the General Partner may, in its sole discretion, modify the allocation provisions of this Agreement as necessary to (i) deem the Partnership to have sold, at the lower or higher of Book Value or fair value (with an option to mark at fair value) as determined in the sole discretion of the General Partner, the withdrawing Capital Account's pro-rata share of the Designated Investments in which the withdrawing Capital Account participates and which the General Partner permits or requires to be withdrawn, (ii) allocate any Profit or Loss realized upon such deemed sale solely to the withdrawing Capital Account, (iii) make an Incentive Allocation with respect to any allocation of Profit made under this Sec. 4.2(e)(ii), and (iv) treat any portion of a Designated Investment deemed sold (if it is not distributed to the withdrawing Limited Partner in kind) as a separate Designated Investment purchased by the Partnership on the withdrawal date for an amount equal to the deemed sale price.

(f) Any Partner that effects a withdrawal during a fiscal year shall be obligated upon notice to reimburse the Partnership in cash or immediately available funds for any overpayment made pursuant to such withdrawal, as determined after completion of the annual audit of the Partnership's books for that fiscal year and after any adjustments to the Capital Accounts of the Partners as are necessary in light of such audit; provided, however, that such reimbursement shall be required only to the extent that the overpayment exceeds the aggregate of any balance remaining in such Partner's Capital Account at the time of such determination, with the Partner's Capital Account being debited for the overpayment to cover all or a part of such reimbursement. In the event that proper reimbursement has not been received by the Partnership within thirty (30) days after proper notice, the amount of an overpayment shall begin to bear interest payable to the Partnership beginning as of the date that proper notice of the overpayment has been given, with the rate of interest to equal the prime rate announced by Citibank, N.A., New York, New York, or its successor, as of the date of such proper notice plus eight percent (8%); provided, however, that the maximum rate of interest payable hereunder shall not exceed the highest rate legally payable under applicable usury or other laws.

(g) Notwithstanding any other provision herein, the General Partner is authorized in its sole discretion to require any Limited Partner to withdraw from the Partnership for any or no reason. Benefit Plan Investors may be required to withdraw a portion or the entirety of their interest from the Partnership if such investor's continued inclusion in the Partnership would cause the Partnership to become subject to ERISA requirements.

#### Section 4.3 Distributions

(a) The General Partner or its delegate may, in its sole and absolute discretion, make distributions in cash and/or in kind (including based on estimated values with respect to Designated Investments or Partnership assets generally when it is not reasonable for the Partnership to fairly determine the value of the Partnership's assets): (i) in connection with a withdrawal of funds from the Partnership by a Partner; (ii) at any time to only some of the Partners, as determined in the sole discretion of the General Partner; (iii) at any time to all of the Limited Partners on a pro rata basis in accordance with the Partners' Partnership Percentages; or (iv) to itself out of its own Capital Account at any time without making any distribution to Limited Partners. The Partnership is not required to pay distributions in amounts sufficient to pay any taxes due on such Limited Partner's interest in the Partnership.

(b) If a distribution is made in kind, immediately prior to such distribution, the General Partner shall determine the fair market value of the property distributed and adjust the

Capital Accounts of all Partners upwards or downwards to reflect the difference between the book value and the fair market value thereof, as if such gain or loss had been recognized upon an actual sale of such property and allocated pursuant to Sec. 3.6. Each such distribution shall reduce the Capital Account to the distributee Partner by the fair market value thereof.

(c) The General Partner may withhold taxes from any distribution to any Partner to the extent required by the Code or any other applicable law. For purposes of this Agreement, any taxes so withheld by the Partnership with respect to any amount distributed by the Partnership to any Partner shall be deemed to be a distribution or payment to such Partner, reducing the amount otherwise distributable to such Partner pursuant to this Agreement and reducing the Capital Account of such Partner.

(d) Notwithstanding anything to the contrary contained in this Agreement, the Partnership and the General Partner on behalf of the Partnership, shall not be required to make a distribution or other payment to any Partner on account of its interest in the Partnership if such distribution or other payment would violate the Act or other applicable law.

## ARTICLE V

### ADMISSION OF NEW PARTNERS

#### Section 5.1 New Partners.

(a) Subject only to the condition that each new Partner shall execute an appropriate supplement to this Agreement pursuant to which it agrees to be bound by the terms and provisions hereof and appropriate subscription documents, the General Partner, in its sole and absolute discretion, may admit one or more new General Partners or Limited Partners on the first day of any calendar month, or as otherwise permitted by the General Partner. The Limited Partners shall not have the right to appoint any new General Partner or Limited Partner, at any time. Admission of a new Partner shall not be a cause for dissolution of the Partnership.

(b) The General Partner may assign its interest in the Partnership to any third party, including, but not limited to, any entity that controls, is controlled by, or is under common control with the General Partner. Any change in the ownership or control of the General Partner shall not be deemed to be an assignment of its interest in the Partnership.

(c) At any time in the sole discretion of the General Partner, interests in the Partnership may be sold in one or more classes or series of limited partnership interests, each having such relative rights and preferences, including, without limitation, with respect to fees and incentive allocations, priorities or preferred returns, and/or pursuing varied investment strategies as determined by the General Partner. Notwithstanding any other statement herein: (i) the Partnership may achieve the effect of having created "classes" via special allocations to one or more specific Limited Partner's Capital Accounts without having legally created, per se, "classes" within the Partnership; and (ii) each Limited Partner may have different economics and/or holdings within the Partnership by special class or special allocation(s).

## ARTICLE VI

### WITHDRAWAL, DEATH, DISABILITY

#### Section 6.1 Withdrawal of General Partner.

(a) The General Partner may withdraw from the Partnership at any time. The Limited Partners shall not have the right to remove, or force a withdrawal of, the General Partner at any time without the General Partner's written consent. A withdrawal made by a General Partner pursuant to this Sec. 6.1 shall also be subject, in the remaining General Partner's sole and absolute discretion, to the reserve described in Sec. 4.2. The termination, bankruptcy, insolvency, dissolution, or withdrawal of a General Partner shall not dissolve the Partnership, as long as at least one General Partner remains and if there is no remaining General Partner, then the Partnership shall be deemed to have been automatically dissolved. The legal representatives of a General Partner shall succeed as assignee to the General Partner's interest in the Partnership upon the termination, bankruptcy, insolvency or dissolution of such General Partner.

(b) In the event of the termination, bankruptcy, insolvency or dissolution of a General Partner, the interest of such General Partner shall continue at the risk of the Partnership business until the last day of the calendar quarter in which such event takes place, or the earlier termination of the Partnership. The Partnership shall pay such General Partner interest from the effective date of the withdrawal on the balance at the average (calculated weekly) per annum short-term (13-week) Treasury Bill rate, and such balance, together with all such interest earned thereon, shall be paid (subject to audit adjustments) within sixty (60) days after completion of the audit of the Partnership's books pursuant to Sec. 8.1.

(c) A General Partner who serves notice of withdrawal, or becomes bankrupt or insolvent or is terminated or dissolved, or a General Partner's legal representatives, shall have no right to take part in the management of the business of the Partnership, and the interest in the Partnership, if any, of such General Partner shall not be included in calculating the interests of the Partners or General Partner, respectively, required to take action under any provisions of this Agreement.

#### Section 6.2 Withdrawal, Death, etc. of Limited Partners.

(a) A Limited Partner shall have the right, at such times and under such conditions as are set forth in Sec. 4.2, to withdraw from the Partnership. Payment of withdrawal proceeds to a withdrawing Limited Partner shall be made in accordance with the terms of Sec. 4.2. The withdrawal, death, disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Limited Partner shall not dissolve the Partnership. The legal representatives of a Limited Partner shall succeed as assignee to the Limited Partner's interest in the Partnership upon the death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of such Limited Partner, but shall not be admitted as a substitute Partner without the consent of the General Partner.

(b) In the event of the death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of a Limited Partner, the interest of such Limited Partner shall continue at the risk of the Partnership business. Such Limited Partner or its legal representatives shall be paid, in accordance with Sec. 4.2, the entire Capital Account of such Limited Partner, less reserves determined in good faith by the General Partner and the Limited Partner's share of any accrued, but unpaid, Partnership expenses. The Partnership shall not pay such Limited Partner interest from the effective date of the withdrawal on the balance of its Capital Account. Such balance, shall be paid (subject to audit adjustments and reserves) pursuant to Sec. 4.2.

(c) The interest of a Limited Partner that gives notice of withdrawal pursuant to Sec. 6.2(a) shall not be included in calculating the Partnership Percentages of the Limited Partners required to take any action under this Agreement.

Section 6.3 Required Withdrawals. The General Partner may terminate the interest of any Limited Partner in the Partnership for any or no reason upon written notice. The Partner receiving such notice shall be treated for all purposes and in all respects as a Partner who has given notice of withdrawal under Sec. 6.1 or Sec. 6.2, and such Limited Partner shall be paid, in accordance with Sec. 4.2, the entire Capital Account of such Limited Partner, less reserves determined in good faith by the General Partner and the Limited Partner's share of any accrued, but unpaid, Partnership expenses.

Section 6.4 Effective Date of Withdrawal. The Capital Account of a withdrawing Partner shall be determined as of the effective date of its withdrawal. For purposes of this Sec. 6.4, the effective date of a Partner's withdrawal shall mean (as the case may be): (i) the last day of the calendar quarter in which such Partner shall cease to be a Partner pursuant to Sec. 6.1; (ii) the last day of the calendar year in which such Partner shall cease to be a Partner pursuant to Sec. 6.2; or (iii) the date determined by the General Partner if such Partner shall be required to withdraw from the Partnership pursuant to Sec. 6.3. In the event the effective date of a Partner's withdrawal shall be a date other than the last day of a calendar quarter of the Partnership, the Capital Account of the withdrawing Partner shall be adjusted pursuant to Sec. 3.6 as if the effective date of such Partner's withdrawal was the last day of a calendar quarter.

Section 6.5 Limitations on Withdrawal of Capital Account. The right of any withdrawn Partner or its legal representatives to have distributed the Capital Account of such Partner pursuant to this Article VI is subject to the reserve described in Sec. 4.2 and to the provision by the General Partner for all Partnership liabilities in accordance with the Act and for reserves for contingencies and estimated accrued expenses in accordance with Sec. 3.8. The unused portion of any reserve shall be distributed, without interest, after the General Partner has determined that the need therefor shall have ceased.

## ARTICLE VII

### DURATION AND DISSOLUTION OF PARTNERSHIP

Section 7.1 Duration Subject to Section 7.1(b) below, the Partnership's business shall commence upon the Closing and shall continue until the earlier of: (i) such time as the General Partner, in its sole and absolute discretion, shall determine; (ii) the termination, bankruptcy, insolvency, dissolution, or withdrawal of the sole General Partner; and (iii) any other event causing Partnership dissolution under Delaware law.

(b) The events causing dissolution of the Fund under Section 7.1(a) above supersedes any manners for revoking the dissolution of the Fund under the laws of the State of Delaware and there is no manner by which the Limited Partners may revoke dissolution of the Fund notwithstanding any other permitted manners to revoke dissolution of the Fund under the laws of the State of Delaware.

(c) The parties agree that irreparable damage would be done to the goodwill and reputation of the Partners if any Limited Partner should bring an action in court to dissolve the Partnership. Care has been taken in this Agreement to provide for fair and just payment in liquidation of the Interests in the Partnership of all Partners. Accordingly, each Limited Partner hereby waives and renounces its right to such a court decree of dissolution or to seek the appointment by the court of a liquidator for the Partnership except as provided herein.

Section 7.2 Winding Up. On dissolution of the Partnership, the General Partner (or, if there is no general partner, a liquidating trustee or representative selected by a majority of Limited Partner interests) shall, within no more than sixty (60) days after completion of a final audit of the Partnership's books and records (which shall be performed as soon as practicable after such dissolution), make distributions out of Partnership assets, in the following manner and order:

(a) to creditors, including Partners who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Partnership (whether by payment or by establishment of reserves); and

(b) to the Partners in the proportion of their respective Capital Accounts.

In the event that the Partnership is dissolved on a date other than the last day of a calendar quarter, the date of such dissolution shall be deemed to be the last day of a calendar quarter for purposes of adjusting the Capital Accounts of the Partners pursuant to Sec. 3.6. For purposes of distributing the assets of the Partnership upon dissolution, the General Partner shall be entitled to a return, on a pari passu basis with the Limited Partners, of the amount standing to its credit in its Capital Account and to its share of profits, based upon its Partnership Percentage, as adjusted or described herein. The General Partner may delay liquidation or distribution of Partnership assets to the extent reasonably required by the liquidity of the assets and may establish such reserves as it deems advisable pending a final liquidation audit and related adjustments resulting therefrom. Designated Investments may be transferred to and held in a liquidating trust until liquidated.

## ARTICLE VIII

### TAX RETURNS; REPORTS TO PARTNERS

Section 8.1 Independent Auditors. The books and records of the Partnership will be audited by such accountants as may be selected by the General Partner, as of the end of each calendar year of the Partnership.

Section 8.2 Filing of Tax Returns. The General Partner shall prepare and file, or cause the accountants of the Partnership to prepare and file, a Federal information tax return in compliance with Sec. 6031 of the Code, and any required state and local income tax and information returns for each tax year of the Partnership.

Section 8.3 Tax Matters Partner. The General Partner shall be designated on the Partnership's annual Federal information tax return, and have full powers and responsibilities, as the Tax Matters Partner of the Partnership for purposes of Sec. 6231(a)(7) of the Code. Each person (for purposes of this Sec. 8.3 called a "Pass-Thru Partner") that holds or controls an interest as a Limited Partner on behalf of, or for the benefit of, another person or persons, or which Pass-Thru Partner is beneficially owned (directly or indirectly) by another person or persons shall, within thirty (30) days following receipt from the Tax Matters Partner of any notice, demand, request for information or similar document, convey such notice or other document in writing to all holders of beneficial interests in the Partnership holding such interests through such Pass-Thru Partner. In the event the Partnership shall be the subject of an income tax audit by any Federal, state or local authority, to the extent the Partnership is treated as an entity for purposes of such audit, including administrative settlement and judicial review, the Tax Matters Partner shall be authorized to act for, and its decision shall be final and binding upon, the Partnership and each Partner thereof. All expenses incurred in connection with any such audit, investigation, settlement or review shall be borne by the Partnership.

Section 8.4 Reports to Partners. Audited financial statements, which will be prepared annually will be furnished to Limited Partners within one-hundred and twenty (120) days following the close of the Partnership's fiscal year, which ends on December 31, or as soon as practicable thereafter or later to the extent relevant information is not received by the Partnership (including necessary information from or with respect to any Other Funds and Managers). A statement of each Limited Partner's capital account activity will be compiled and will be sent with the annual financial statements. Except as otherwise specified herein or in the Partnership's offering documents, financial information contained in all reports to the Limited Partners will be prepared on an accrual basis of accounting in accordance with United States generally accepted accounting principles or other industry accepted accounting standards chosen by the General Partner (provided that the Partnership may amortize organizational costs over 60 months or such other time as determined in the sole discretion of the General Partner) and will include, where applicable, a reconciliation of information furnished to the Limited Partners for income tax purposes. Although not necessarily consistent with generally accepted accounting principles or other industry accepted accounting standards, the General Partner will not be required to provide to Limited Partners the Partnership's portfolio holdings or, except as discussed above, any other information. However, notwithstanding any other statement herein, the General Partner may disclose or not disclose and withhold, in its sole discretion, any and potentially differing levels of Partnership information, including, but not limited to, Partnership holdings, to or from any person, including, but not limited to, Limited Partners and outside parties. Limited Partners must keep confidential, except as otherwise required by law, and not disclose or trade on any information received from the Partnership, including, but not limited to, Partnership holdings. The General Partner, in its sole discretion, may withhold and keep confidential the names of the Limited Partners investing in the Partnership. Federal tax information will be provided to the Limited Partners within one-hundred and twenty (120) days following the close of each calendar year or as soon as practicable thereafter.

## ARTICLE IX

### MISCELLANEOUS

Section 9.1 General. This Agreement: (i) shall be binding on the executors, administrators, estates, heirs, and legal successors and representatives of the Partners; and (ii) may be executed, through the use of separate signature pages or supplemental agreements, in any number of counterparts with the same effect as if the parties executing such counterparts had all executed one counterpart; provided, however, that each such counterpart shall have been executed by the General Partner and that the counterparts, in the aggregate, shall have been signed by or on behalf of all of the Partners.

Section 9.2 Power of Attorney. Each of the Partners hereby appoints the General Partner as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign, acknowledge, swear to and file:

- (a) a Certificate of Limited Partnership of the Partnership and any amendments thereto as may be required under the Act;
- (b) any duly adopted amendment to this Agreement;
- (c) any and all instruments, certificates, and other documents that may be deemed necessary or desirable to effect the winding-up and termination of the Partnership (including, but not limited to, a Certificate of Cancellation of the Certificate of Limited Partnership); and

(d) any business certificate, fictitious name certificate, amendment thereto, or other instrument or document of any kind necessary or desirable to accomplish the business, purpose and objectives of the Partnership, or as required by any applicable Federal, state or local law.

The power of attorney hereby granted by each of the Limited Partners is coupled with an interest, is irrevocable, and shall survive, and shall not be affected by, the subsequent death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of such Limited Partner; provided, however, that such power of attorney will terminate upon the substitution of another limited partner for all of such Limited Partner's interest in the Partnership or upon the complete withdrawal of such Limited Partner from participation in the Partnership.

Section 9.3 Amendments to Partnership Agreement. The terms and provisions of this Agreement may be modified or amended, at any time and from time to time, with the consent of the General Partner, insofar as is consistent with the laws governing this Agreement. Each Partner, however, must approve of any amendment which would (a) reduce its Capital Account or rights of withdrawal; (b) convert such Partner's Interest in the Partnership into a General Partner's Interest or modify the limited liability of a Limited Partner; or (c) amend the provisions of this Agreement relating to amendments, including this Section 9.3; provided, however, that any of the foregoing amendments in items (a)-(c) may be made to this Agreement by the General Partner, in its sole discretion, without the consent of the Limited Partners, at any time and without limitation, if any Limited Partner objecting to such amendment has an opportunity to withdraw from the Partnership as of a date determined by the General Partner that is not less than thirty (30) days after the General Partner has delivered written notice of such amendment to each Limited Partner and that is prior to the effective date of the amendment.

Section 9.4 Choice of Law. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties expressly agree that all the terms and provisions hereof shall be governed by and construed under and in accordance with the laws of the State of Delaware and, without limitation thereof, that the Act as now adopted or as may be hereafter amended shall govern the partnership aspects of this Agreement.

Section 9.5 Adjustment of Basis of Partnership Property. In the event of a distribution of Partnership property to a Partner or an assignment or other transfer (including by reason of death) of all or part of the interest of a Limited Partner in the Partnership, at the request of a Partner, the General Partner, in its sole and absolute discretion, may cause the Partnership to elect, pursuant to Sec. 754 of the Code, or the corresponding provision of subsequent law, to adjust the basis of the Partnership property as provided by Secs. 734 and 743 of the Code.

Section 9.6 Notices. Each notice relating to this Agreement shall be in writing and delivered in person, by certified mail (return receipt requested), by facsimile transmission, by electronic mail or by overnight courier service. All notices to the Partnership shall be addressed to its principal office and place of business, or to any facsimile number published as belonging to the Partnership at such address. All notices to a Partner shall be addressed to such Partner at its address for notices set forth in its subscription documents delivered to the Partnership in connection with its investment therein, or to any facsimile number or electronic mail address provided by such Partner in such documents. Any Partner may designate a new address by notice to that effect given to the Partnership. Unless otherwise specifically provided in this Agreement, a notice shall be deemed to have been effectively given when personally delivered, or two (2) business days after being sent by certified mail, or one (1) business day after being sent by overnight courier, or when sent by facsimile transmission or electronic mail, addressed in each case to the proper address, person and/or fax number or electronic mail address as provided above.



Section 9.7 Constructive Consent by Limited Partners. In the event the General Partner requires the consent of the Limited Partners in order to take action (including approving amendments to this Agreement), and written notice of such action is mailed to such Limited Partners (certified mail, return receipt requested), those Limited Partners not affirmatively objecting in writing within thirty (30) days after such notice is mailed shall be deemed to have consented to the proposed action set forth in the General Partner's notice.

Section 9.8 Goodwill. No value shall be placed on the name or goodwill of the Partnership, which shall belong exclusively to the General Partner.

Section 9.9 Headings. The titles of the articles and the headings of the sections of this Agreement are for convenience of reference only, and are not to be considered in construing the terms and provisions of this Agreement.

Section 9.10 Pronouns. All pronouns shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons, firm or corporation may require in the context thereof.

Section 9.11 Arbitration

(a) Any controversy, dispute or claim arising under this Agreement or any breach thereof shall be settled by arbitration conducted in Orlando, Florida in accordance with the then existing rules of the American Arbitration Association, provided that the foregoing shall not limit the Partnership's right to seek an injunction or other equitable or civil relief. Any such arbitration shall be conducted by a single arbitrator, and, in the case of any dispute with respect to accounting issues, the arbitrator shall be a partner of an accounting firm other than the Partnership's accountants. If the parties are unable to agree upon an arbitrator, then an arbitrator shall be appointed in accordance with the rules of the American Arbitration Association. The parties intend that this agreement to arbitrate be valid, enforceable and irrevocable and that any determination reached pursuant to the foregoing procedure shall be final and binding on the parties absent fraud. The costs and expenses of any such arbitration, including both legal fees of the parties to the arbitration and all of the fees and expense of the arbitrator, shall be paid by such Limited Partner's Capital Account. No Limited Partner shall bring a claim or other action, including under this arbitration provision or otherwise, on a class-wide basis. No Limited Partner shall, directly or indirectly, contact any other Limited Partner for the purpose of gaining information for litigation or claims related to the Partnership.

(b) The parties consent to the exclusive jurisdiction of the courts of the State of Florida located in Orange County or the Supreme Court of the State of Florida, and of the United States District Court for the Middle District of Florida, for all purposes including in connection with any such arbitration. The parties agree that any process or notice of motion or other application to either of such courts, and any paper in connection with any such arbitration, may be served by certified mail, return receipt requested, or by personal service or in such other manner as may be permissible under the rules of the applicable court or arbitration tribunal, provided a reasonable time for appearance is allowed.

(c) Notwithstanding any other statement herein, if any action, the subject matter of which is within the scope of Section 9.11(a), is filed by a Limited Partner in a court, including a court outside of the State of Florida, such Limited Partner consents to the Partnership and/or the General Partner moving such action back to arbitration to be conducted in Orlando, Florida in

accordance with Section 9.11(a), or in the sole discretion of the General Partner, a court in the State of Florida pursuant to the exclusive jurisdiction described in Section 9.11(b).

(d) Any person or entity purchasing or otherwise acquiring any interest in the Partnership shall be deemed to have notice of and consented to the provisions of this Section 9.11.

Section 9.12 Waiver Of Jury Trial. THE LIMITED PARTNERS WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THE LIMITED PARTNERSHIP AGREEMENT OR ANY DOCUMENTS RELATED THERETO.

Section 9.13 Side Letters. Notwithstanding anything herein to the contrary, it is hereby acknowledged and agreed that the General Partner may, without the approval of any Limited Partner or any other Person, enter into a side letter or similar agreement to or with a Limited Partner that has the effect of establishing rights under, or altering or supplementing the terms of, this Agreement, and any rights established or any terms of this Agreement altered or supplemented in a side letter with a Limited Partner shall govern with respect to such Limited Partner notwithstanding any other provision of this Agreement.

Section 9.14 Interpretation of Partnership Accounting Systems and Terminology. In the event that the Partnership employs an accounting system which is different from the accounting system of the General Partner or whose terminology does not conform precisely to the terminology in this Agreement, the General Partner shall have the authority to interpret such accounting system and/or terminology in a manner which it, in its sole discretion, determines to be consistent with the objectives of this Agreement.

Section 9.15 Disqualifying Events. Each Limited Partner acknowledges that the Partnership may be precluded from relying on SEC Regulation D Rule 506 under the Securities Act, if a Partner having 20% or more of the Partnership's voting securities is subject to a disqualifying event, as described in Rule 506(d)(i) through 506(d)(viii) (each, a "Disqualifying Event"). Accordingly, if (1) a Limited Partner is or is reasonably likely to become subject to any Disqualifying Event, such Limited Partner shall promptly notify the General Partner, regardless of the Limited Partner's percentage ownership of the Partnership, (2) the General Partner notifies the Limited Partner that the Limited Partner's percentage ownership of the Partnership is over or approaching the relevant threshold, the Limited Partner shall promptly provide any information reasonably requested by the General Partner to determine whether the Limited Partner is subject to any Disqualifying Event, and (3) at any time the Limited Partner holds 20% or more of the Partnership's voting securities, regardless of whether the General Partner notifies the Limited Partner of such event, the Limited Partner hereby agrees to waive such portion of its voting, consent or similar rights sufficient to reduce the Limited Partner's voting, consent or similar rights to less than 20% of such rights, provided that any such waiver shall not impact such Limited Partner's economic interest in the Partnership. Notwithstanding the foregoing, nothing in this Section 9.16 shall be deemed an acknowledgement that the Interests are "voting securities" for purposes of Rule 506 under Regulation D of the Securities Act.

LIMITED PARTNER SIGNATURE PAGE  
TO  
LIMITED PARTNERSHIP AGREEMENT  
OF  
**THE SIBYLLINE FUND, LP**

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the date first set forth below.

Date: \_\_\_\_\_, \_\_\_\_\_.

GENERAL PARTNER:  
The Sibylline Fund General Partner, LLC

By: \_\_\_\_\_  
Name: Alan Grayson  
Title: Managing Member

LIMITED PARTNER(S):

\_\_\_\_\_  
\_\_\_\_\_  
Print Name(s) of Limited Partner(s)

By: \_\_\_\_\_

GENERAL PARTNER:  
The Sibylline Fund General Partner, LLC

LIMITED PARTNER(S):

By: \_\_\_\_\_

Signature(s) of Limited Partner(s)  
or Authorized Signatory

SCHEDULE  
PART I


GENERAL PARTNER

<u>Name</u>	<u>Address</u>	<u>Capital Contribution</u>
The Sibylline Fund General Partner, LLC	4705 S. Apopka Vineland Road Suite 110 Orlando, FL 32819	\$1,000

**TOTAL OF GENERAL PARTNER COMMITMENT** **\$1,000**

SCHEDULE  
PART II

LIMITED PARTNERS [ALAN OR CARLA TO COMPLETE]

<u>Name</u>	<u>Address</u>	<u>Initial Capital Contribution</u>
Alan Grayson		\$ ? _____
??	??	\$ ? _____
<b>TOTAL OF LIMITED PARTNER COMMITMENTS</b>		\$ ? _____
<b>TOTAL OF GENERAL PARTNER COMMITMENT</b>		\$1,000 _____
<b>TOTAL OF FUND COMMITMENTS</b>		\$ _____

# **EXHIBIT 27**

**The Sibylline Fund General Partner, LLC**  
(the "General Partner")

**WRITTEN RESOLUTIONS OF THE SOLE MANAGING MEMBER OF THE GENERAL PARTNER (THE  
"MANAGING MEMBER")**

---

**1 CIMA De-Registration of the Partnership**

- 1.1 It is noted that the General Partner acts as general partner of The Grayson Master Fund (Cayman), LP (the "**Partnership**").
- 1.2 It is noted that the Partnership is registered as a mutual fund with the Cayman Islands Monetary Authority ("**CIMA**").
- 1.3 It is further noted that The Grayson Fund (Cayman) Ltd., (the "**Feeder Fund**"), the Partnership's only "regulated feeder fund" (as such term is defined in the Mutual Funds Law (2015 Revision) of the Cayman Islands (the "**Mutual Funds Law**")) has never commenced operations as a mutual fund or issued participating shares to any investors and has no assets or liabilities. It is noted that the Feeder Fund will make an application to be de-registered as a regulated mutual fund with CIMA.
- 1.4 It is further noted that, following the de-registration of the Feeder Fund, the Partnership will no longer have a regulated feeder fund and will therefore no longer be required to be registered as a "master fund" as defined under the Mutual Funds Law.
- 1.5 It is proposed that the Partnership apply to CIMA to be de-registered as a regulated mutual fund.

**It is resolved that:**

The Partnership, upon the de-registration of the Feeder Fund as a regulated mutual fund with CIMA and thereafter no longer requiring to be registered with CIMA under section 4(3) of the Mutual Funds Law, be de-registered as a regulated mutual fund and that the Managing Member be and is hereby authorised to take any action for and on behalf of the General Partner and/or the Partnership, including executing any documentation, on behalf of the General Partner, acting in its capacity as general partner of the Partnership for the purpose of de-registering the Partnership with CIMA.

---

**Alan Grayson**

Sole Managing Member

Date: \_\_\_\_\_ 2015

**RepGrayson\_00003799**

THAG\_3800

15-6530\_0615



# **EXHIBIT 28**

**THE GRAYSON FUND (CAYMAN) LTD.**  
(the "Company")

UNANIMOUS WRITTEN RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY

---

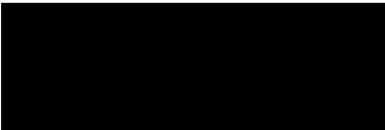
**CIMA de-registration of the Company**

**Whereas:**

- (A) The Company is registered as a mutual fund with the Cayman Islands Monetary Authority ("CIMA").
- (B) The Company never commenced operations as a mutual fund or issued participating shares to any investors and has no assets or liabilities.
- (C) As the Company never commenced operations as a mutual fund or issued participating shares to any investors and has no assets or liabilities, it does not fall under the definition of a mutual fund under the Mutual Funds Law (2015 Revision)(the "Mutual Funds Law") of the Cayman Islands and is not required to be registered as a mutual fund under section 4(3) of the Mutual Funds Law.

**It is resolved that:**

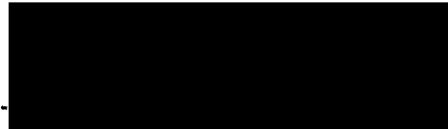
The Company, having never commenced operations as a mutual fund or issued participating shares to any investors and having no assets or liabilities and not therefore being required to be registered with CIMA under section 4(3) of the Mutual Funds Law, be de-registered as a regulated mutual fund and that any Director be and is hereby authorised to take any action, including executing any documentation, on behalf of the Company or its Directors for the purpose of de-registering the Company with CIMA.



**Alan Grayson**

Director

Date: 9/9/15



**Carla Coleman**

Director

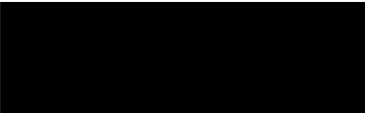
Date: 9/9/15

IN THE MATTER OF  
THE MUTUAL FUNDS  
LAW (2015 REVISION)

AFFIDAVIT

I, Alan Grayson, the undersigned being a Director of The Grayson Fund (Cayman) Ltd. (the "Fund"), do make oath and swear that:

- (A) the Fund is being de-registered as a mutual fund because it never commenced operations as a mutual fund or issued participating shares to any investors and has no assets or liabilities;
- (B) the Fund never commenced operations as a mutual fund because no investors were found for the Fund and no subscriptions for equity interests have been received from investors or accepted by the Fund at any time;
- (C) as far as I am aware the Fund has been operated in accordance with its Articles of Association but never commenced operations as a mutual fund in accordance with any offering document; and
- (D) there are no participating investors to be redeemed out of the Fund as the Fund has never issued participating shares to any investors.



Name: *Alan Grayson*

Title: Director of The Grayson Fund (Cayman) Ltd.

SWORN to before me: )

at: *Fairfax County,*  
*Virginia,*

on: *9/9/15* )



# *297939*

[Insert name] *Carla G. Coleman*

NOTARY PUBLIC/

COMMISSIONER FOR OATHS/H.M. CONSUL

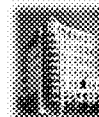
*my Commission Expires: Sept 30, 2016*

# **EXHIBIT 29**

Please note: The SCC website will be unavailable Thursday, December 17, from 6 p.m. until 10 p.m., for system maintenance. We apologize for the inconvenience and appreciate your patience.

Alert to corporations regarding unsolicited mailings from VIRGINIA COUNCIL FOR CORPORATIONS is available from the Bulletin Archive link of the Clerk's Office website.

Home | eFile Map | About SCC | Contact SCC | Privacy Policy



SCC eFile > Entity Search > Entity Details

Login | Create an Account



### SCC eFile Business Entity Details

Help

#### AMG TR PC

##### General

SCC ID: 04967956  
Entity Type: Corporation  
Jurisdiction of Formation: VA  
Date of Formation/Registration: 1/20/1998  
Status: Active  
Shares Authorized: 100

##### Principal Office

8260 RIVEA HILLS LA  
RIXEYVILLE VA22737

##### Registered Agent/Registered Office

CARLA COLEMAN  
8260 RIVER HILLS LANE  
RIXEYVILLE VA 22737  
CULPEPER COUNTY 123  
Status: Active  
Effective Date: 2/12/2015

##### Select an action

- [File a registered agent change](#)
- [File a registered office address change](#)
- [Resign as registered agent](#)
- [File an annual report](#)
- [Pay annual registration fee](#)
- [Order a certificate of good standing](#)
- [Submit a PDF for processing \(What can I submit?\)](#)
- [View eFile transaction history](#)
- [Manage email notifications](#)

SCC eFile

- SCC eFile Home Page
- Check Name
- Distinguishability
- Business Entity Search
- Certificate Verification
- FAQs
- Contact Us
- Give Us Feedback

Business Entities

SCC or Tax Users

Legal Services

Administrative Services

Screen ID: e1000

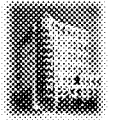
www.sccva.com/secure/secure.asp?entityid=04967956  
The main content area through our site.  
 PDF Full Screen Print Close Refresh Home Back

# **EXHIBIT 30**

Please note: The SCC website will be unavailable Thursday, December 17, from 6 p.m. until 10 p.m., for system maintenance. We apologize for the inconvenience and appreciate your patience.

Alert to corporations regarding unsolicited mailings from VIRGINIA COUNCIL FOR CORPORATIONS is available from the Bulletin Archive link of the Clerk's Office website

Home | EFile Map | About SCC | Contact SCC | Privacy Policy



SCC eFile > Entity Search

Login | Create an Account



### SCC eFile Business Entity Search

[Help](#)

This page will allow you to locate business entities and view their details. If you are logged in you will be able to complete SCC eFile actions for a selected business entity.

Enter Business Entity Name or SCC ID:

Keyword  Starts With  Contains

[Check name distinguishability](#)

Your Search: **04967956**

Your Results: **(click on a business entity to view details or take action)**

Show: 25 entries

	SCC ID	Business Entity Name	Entity Type	Status
1	04967956	GRAYSON & KUBLI, P.C.	Corporation	Old name
2	04967956	GRAYSON & KUBLI, P.C.	Corporation	Old name
3	04967956	GRAYSON & ASSOCIATES, P.C., ALAN M.	Corporation	Old name
4	04967956	GRAYSON, KUBLI & HOFFMAN, P.C.	Corporation	Old name
5	04967956	GKH CO. (FAIRFAX CO)	Corporation	Fictitious name
6	04967956	AMG TR PC	Corporation	Active

Showing 1 to 6 of 6 entries

Note: General Partnerships, including those registered for status as a Limited Liability Partnership (LLP), are not searchable on this site. For information regarding a general partnership of record with the Commission, please contact the Clerk's Office at (804) 371-9733 or toll-free in Virginia at 1-866-722-2551.

Screen ID: e0800

Need additional information? Contact us at [scc@sccefile.com](mailto:scc@sccefile.com) or visit our website at [www.scc.virginia.gov](http://www.scc.virginia.gov)

Print | Email | Home | Help | Feedback | Privacy Policy

# **EXHIBIT 31**



**Grayson & Kubli, P.C.**

1568 Spring Hill Road, Suite 300

McLean, VA 22102

Alan M. Grayson, Esq.\*  
Denz H. Hardy, Esq.\*  
Ira E. Hoffman, Esq.\*  
Victor A. Kubli, Esq.†  
Mark R. Mann, Esq.\*  
James A. McMillan, Esq.\*  
Edward M. Rubenstein, Esq.\*  
Brian T. Seber, Esq.\*

[Redacted] fax

Alan M. Grayson, Esq.\*

June 26, 2001

\*Member of the Bars of VA and DC  
\*Member of the Bars of MD, DC and FL  
\*Member of the Bars of MD and DC  
\*Member of the Bar of PA  
\*Member of the Bars of IN and NC  
\*Member of the Bars of CA and MA

**BY TELECOPY**

Ms. Rosa Maria Gallardo  
Analytica Securities  
Avenida 12 de Octubre 1942 y Cordero  
World Trade Center  
Torre A, Of. 1505  
fax [Redacted]

RE: Credit Information

Dear Ms. Gallardo:

Here is the credit information that you requested:

- Citizenship - USA
- Passport Number and copy of the document - enclosed
- Marital Status - Married
- Home Address and Telephone Number -

[Redacted]  
Orlando, Florida 32837 USA  
[Redacted]

- Profession - Attorney

- **Name of your company and brief description of your activity, years of work, etc. -**

My company is Grayson & Kubli, P.C. The company is a law firm. I founded the law firm in 1991. We have had over 200 clients. The majority of our clients are corporations that have contracts with the U.S. Government. We concentrate on government contracts law. There are 12 employees, 8 of whom are attorneys. Most of our work is billed by the hour. The hourly rates for the attorneys vary from \$160 to \$395. I am the only owner.

- **Office address and telephone number - [REDACTED] Suite 300, McLean, VA 22102 USA, [REDACTED]**

- **Total Equity - If you are referring to the equity of my investments, the amount is almost \$15,000,000.**

- **Principal Assets and approximate valuation - My largest assets are as follows:**

Fast Food Indonesia - approx. 200 Kentucky Fried Chicken restaurants - 10% of company - approx. \$3.7 million.

WSW 1996 Exchange Fund, LP - partnership containing marketable securities (US stocks) - approx. \$3.1 million.

Supermercado la Favorita - approx. 220,000 shares - approx. \$2.8 million.

Investec brokerage accounts - over 100 U.S. stocks, warrants & options - approx. \$1.9 million.

I have many other securities assets, and real estate and cash.

- **Principal Debts: Institution and Amount -**

I own houses in Florida, Virginia and West Virginia. There are mortgages on each house. The total amount of the debt is approximately \$600,000. The average annual interest rate is approximately 6.66 percent. The monthly interest payments is less than \$3500. The institutions are AAMG (Virginia and Florida), 1<sup>st</sup> Union (Virginia) and Blue Ridge Bank (West Virginia).

I own an apartment in Virginia that I rent out. The mortgage on this apartment is approximately \$60,000. The annual interest rate is approximately 6 5/8

Ms. Rosa Maria Gallardo

June 26, 2001

Page 3

percent. The monthly interest payments are less than \$350. The monthly rental income is \$725.

I have a special arrangement with Merrill Lynch called a "short against the box." I own 290,000 shares of IDT Corp., and I also owe 290,000 shares of IDT Corp. to Merrill Lynch. The two positions move up and down with each other. Each position is now worth approximately \$7.5 million. The net equity of these positions is zero. The net debt also is zero. The cost of this arrangement varies, depending on the price of the stock and on short-term interest rates. In May 2001, a typical month, the net cost of this arrangement was approximately \$3200. This arrangement is not listed under principal assets above, because the net equity is zero.

I have another special arrangement with Derivium Capital, a U.S. bank. Under this arrangement, I have given Derivium approximately \$3.2 million in shares of 15 U.S. companies (not listed above), and Derivium has given me \$2.9 million in non-recourse loans. If the value of the shares fall, I do not owe Derivium any money. There are no monthly payments. When the loans expire, Derivium can obtain its interest payments only from the shares. Any remaining equity belongs to me. My current net equity in this arrangement is approximately \$200,000. This arrangement is not listed under principal assets above, because the net equity is only \$200,000.

I have no other debts.

● **Annual Income and Expenses -**

My annual income is approximately \$3,000,000. Approximately \$300,000 of this is salary and dividends from the law firm. The remainder is capital gains, dividends and interest from investments.

My annual living expenses are approximately \$150,000. The mortgages and travel each are about 25 percent of the total.

● **Principal financial relations in the United States or other countries: names of the Banks or institutions, approximate balance -**

My principal financial relations, by name and balance, are as follows:

Ms. Rosa Maria Gallardo  
June 26, 2001  
Page 4

Bank of New York - brokerage account - approx. \$4 million.  
Credit Suisse - exchange fund partnership - approx. \$3.1 million.  
Analytica Securities - securities and cash - approx. 3 million.  
Investec - securities and cash - approx. \$1.9 million.  
Refco - futures and cash - approx. \$700,000  
Merrill Lynch - special arrangement (\$0), cash - approx. \$600,000  
James Monroe Bank - cash - approx. \$200,000  
Derivium - special arrangement - approx. \$200,000

I have several other accounts.

- Any other information you believe can be important - none.

I trust that this answers your questions. Please feel free to contact me with any further questions. Thank you.

Sincerely,

[REDACTED]  
Alan M. Grayson, Esq.

# **EXHIBIT 32**

**Interview of Grayson Law Firms Attorney  
September 2, 2015**

Ms. Eisner: This is September 2, 2015. This is Ms. Eisner joined by Omar Ashmawy from the OCE. We are with Grayson Law Firms Attorney (the "Witness"). We'll make sure that's right. This is review 15-6530. We've given the Witness a copy of the False Statements Act. She signed the acknowledgement form and with that we will go ahead and get started. Let me put this in the middle here. Where are you currently employed?

Witness: Here.

Ms. Eisner: Can you tell us the name?

Witness: I think the incorporated name is probably Irving B. Goldstein, P.C. The trading as is Goldstein, Edgar, Reagan, Roberts & Saville.

Ms. Eisner: How long have you been employed here?

Witness: I started June 23, 2014.

Ms. Eisner: What I want to do is just go through a list of employment history and confirm how long you worked at different places. I know you've given us some of this information in your production, and we will give you a copy of that. I know you have it in front of you. We like to put bates numbers, as I'm sure you understand, just so we know what we're referring to. If we could just go through your previous employment prior to working here, where did you work before June 23, 2014?

Witness: From where? From law school or backwards?

Ms. Eisner: Why don't we start backwards? We'll go back from the June 14 and then at some point we'll cut that off, but just a general overview of the different law firms, entities where you worked and the time period.

Witness: June, 2014, I resigned and left, at that time, it was Grayson Consulting Inc.

Ms. Eisner: What was your position there?

Witness: General Counsel.

Ms. Eisner: When did you start working there?

Witness: When that entity was formed, which would've been, I think, January 2014.

Ms. Eisner: Prior to Grayson Consulting Virginia?

Witness: Prior to Grayson Consulting Virginia I worked for, at the time it was called GL Center, P.C. Prior to that it had been Grayson Law Center. I believe those are the same entities. I mean, I had to dig out and try to find ...

Ms. Eisner: If they were the same entity.

Witness: I just couldn't remember the progression. If I could refer to my notes, do you want me . . . .

Ms. Eisner: You're referring strictly to the document you provided to us.

Witness: Correct.

Ms. Eisner: Let me just get that on the recording. I believe it is AJR 0001 through 0006.

Witness: Then there was an exhibit.

Ms. Eisner: Yes. We'll just start with that page range, and I can give you a copy of that as well.

Witness: I mean, given that the pages are numbered the same.

Ms. Eisner: I think we'll be looking at the same document but just in case. We'll give this to you. There you go. I'll give you a copy of that as well. I think you're describing to us that there were these two entities with slightly different names but we'll go into that a little bit. You can start with the time line.

Witness: From my notes, in January of, I guess, 2013 or 2012. Representative Grayson was originally elected in '08 and served from '09 to '11. When he left office that's when my employer would've changed. That would've been in 2012. At that point in time my employment changed, and I worked for, at that point it was called Grayson Law Center.

Ms. Eisner: In 2012, you started working at Grayson Law Center or, I think you say in this production, it started in January, 2011.

Witness: I'm trying to remember when he would've left office. The time when he left office.

Ms. Eisner: Your recollection of the different entities is based on ...

Witness: Whether or not he was in office.

Ms. Eisner: Whether or not he was in office. There was a split at some point. You're talking about starting at Grayson Law Center at a point in time when he may not have been in office. I'm trying to understand when the change would've occurred.

Witness: I think Grayson Law Center is the same entity. I know I wrote that. Maybe not. Maybe it was Grayson & Kubli. I didn't work for Grayson & Associates or Grayson, Kubli & Hoffman. That is the AMG Tr. PC thing.

Ms. Eisner: We'll get into the specifics of each one in a little bit more detail. Maybe I'm jumping in too quickly into those details. Let's just go through the timeline.

Witness: If we could do it chronologically as opposed to in reverse order.

Ms. Eisner: That's fine. I guess that was an Alzheimer's test to see if you could do things backwards.

Witness: Apparently, I cannot.

Ms. Eisner: We'll go forwards.

Witness: Yes.

Ms. Eisner: Let's start from the first entity that I believe you said you worked for.

Witness: I worked for Grayson & Kubli.

Ms. Eisner: When did that start?

Witness: June 12, 2006. It happens to be one of my dear friends' birthdays.

Ms. Eisner: What was your position at Grayson & Kubli?

Witness: Associate.

Ms. Eisner: Associate. Then following that.

Witness: I stayed with Grayson & Kubli until Alan was elected the first time. In January when he started his term, Grayson's partner, Victor Kubli formed his own firm. It was a Maryland firm licensed to do business in Virginia. I believe I was its registered agent. I do not know. The cases stayed the same. I do not know what any agreement was between Victor and Alan specifically.

Ms. Eisner: Following Kubli & Associates.



Witness: Following Kubli & Associates, when Congressman Grayson did not win his succeeding term, I believe that probably would've been in January, again of 2011. That's when Grayson Law Center was formed.

Ms. Eisner: After Grayson Law Center.

Witness: Grayson Law Center, I believe, became GL Ctr. PC. It changed its name to that when he went back into Congress. At that point Victor was no longer associated with the firm because we weren't taking on any other clients.

Ms. Eisner: The firm became GL Ctr., P.C. How did you refer to it as an employee?

Witness: On paper. It was tough. It was only a brief period of time that they had that awful name, thankfully. I mean, that was difficult. It was Grayson Law Center for a long time. Then it changed to GL Ctr, P.C. Then in January of 2014 a new entity was formed, and that was the Grayson Consulting of Virginia. To say how I represented myself it would be really on my signature block for court filings. That would probably be the best indication of the date is from court filings.

Ms. Eisner: I think that brings us to the present and sorry for my confusing question about going backwards in time.

Witness: No problem.

Ms. Eisner: What I want to do is, now that we have the timeline straight, just go through the individual law firms and ask you some questions about them. Grayson & Kubli, I believe, was the first one. You started in 2006. How many employees were there at that law firm?

Witness: Alan always worked in Florida. I mean, he was a partner. He did a lot, but it was always by phone. He wasn't in the office. Victor Kubli was his partner. They had recently hired two other female attorneys, Jesselyn Radack who I believe is now with [inaudible] or maybe not TAF, Government Accountability Project, something like that, and Mary Harkins. They were two recent hires in the same batch with me, and Melissa Roover was already there. She had been there for some time. One, 2, 3, 4, Victor, 5, Alan. I was the sixth attorney. We then hired another attorney shortly thereafter.

Ms. Eisner: Seven attorneys. Were there support staff or any other ...

Witness: We had a full-time paralegal. Then we would have intermittent office staff. The office manager was Carla Coleman. We, at varying times, had a

receptionist or somebody who was a receptionist/admin. I couldn't possibly tell you the precise timeline of that.

Ms. Eisner: Was Rep. Grayson Congressional Office Manager and Business Director in the office full-time? Did she have a full-time position?

Witness: I don't know what her terms of employment were. I know I worked remotely a lot. I always did, so I wasn't there 5 days a week.

Ms. Eisner: How often was she in the office?

Witness: When I was there, she was there, I'm thinking, most of the time. She, I think, left very early. I'm not sure what time she would arrive in the morning, but I ... She lived very far, so her commute is insane, an hour and a half, something like that. She lives by Culpepper. She would schedule her hours so that she could try and avoid some of that traffic.

Ms. Eisner: How often was Representative Grayson in the office? You said he lived in Florida.

Witness: In person, not terribly often. I mean, I think I had been employed for at least 6 months before I met him in person.

Ms. Eisner: What type of law did the firm practice?

Witness: I was hired to do government contracts work and assist on litigation matters.

Ms. Eisner: The government contract work, how were clients solicited and obtained by the law firm?

Witness: I honestly don't know. There was an attorney who had proceeded me. I succeeded him. Basically, I got his files. I don't really know what the intake was.

Ms. Eisner: How do you think that they were solicited?

Witness: I really have no idea. I know I was not required to bring in business.

Ms. Eisner: How many clients did the firm have?

Witness: I don't know.

Ms. Eisner: Do you have a guess, a sense? You were working on cases. There were seven attorneys.

Witness: I mean, there were a lot of whistleblower cases. I didn't work on those for much of the time. I genuinely don't know.

Ms. Eisner: In your production to us, I believe this is on page AJR 0001, you say it is my understanding that Representative Grayson's reputation in the whistleblower community and his business contacts generated more than enough work for attorneys at the firm. Can you explain that to us?

Witness: I remember asking, do I have any kind of obligation to bring in new business? What are my hours? He was like, this is a full-time job treated as professional and don't require a particular hours limit, and we have plenty of business. I knew because there had been a number of articles, I think, in the Rolling Stone article or something about a whistleblower case that had gotten a lot of publicity.

Ms. Eisner: Was this article about Representative Grayson?

Witness: The case, yes.

Ms. Eisner: The case was handled by the firm.

Witness: Mm-hmm (affirmative).

Ms. Eisner: Besides your individual responsibilities as far as bringing in clients, because I think you're telling me that that wasn't a part of your duties as an associate, but it does seem from this statement that you had a sense that his reputation was part of client intake.

Witness: In 2006, when Custer Battles, that was the name, it got a tremendous amount of attention, and I know that there were many calls to the office that were unsolicited, so that's the basis for that statement.

Ms. Eisner: And the calls would have been from companies, individuals?

Witness: I believe they would have been all from individuals. I did know that Alan had been a president of IDT and we had continued to do some work for IDT in litigation.

Ms. Eisner: Understanding that you might not have specific knowledge of an exact answer, if you could tell us how many cases the firm was handling at once?

Witness: I honestly don't know. Some of the matters were not litigation matters, so there might have been files open that were not litigation cases. There were a lot of cases that were filed under seal, under the whistle blower statutes and because I was not part of that and because they were so sensitive I had

no idea. Until it became unsealed and until something was happening where I might be needed to help write a brief or attend court with someone.

Ms. Eisner: Based on your knowledge would you say it was more than 50?

Witness: Probably.

Ms. Eisner: Okay. That gives us a sense. You've described to us litigation that was ongoing, I know that there were other types of cases the firm was handling, was this long term litigation, was this protracted litigation?

Witness: Some of it might have been, yes.

Ms. Eisner: Do you have a sense of whether cases lasted for a short period of time or a long period of time?

Witness: My sense was that, well, I started working on Mr. Grayson's personal cases fairly early on, and that was an incredibly complicated matter. My sense was that there were other fairly complicated cases.

Ms. Eisner: Do you know how compensation arrangements were typically handled, and I don't mean as far as your own individual compensation, but compensation for the firm, how that was handled with clients?

Witness: No, I don't believe that I would have much knowledge of that for any specific client and I think that would be something that would fall within protected client information of the clients of the firm.

Ms. Eisner: Without asking about specific client relationships, if you've got a general sense of contingent fee arrangements for cases versus a different type of payment structure based on hourly work, did you have a general sense of that type of structure for the cases you were working on?

Witness: It depended on the type of case.

Ms. Eisner: So there were some contingent fee cases...

Witness: I don't know if I would call them contingent fee. The whistle blower cases ... it's sort of a contingent fee, but it's slightly different because it's under statute. Then I think the rest of the cases were hourly, but again this is based on...

Ms. Eisner: Oh no, we appreciate that, and again, this is our process. We just ask for what you know. You can speculate if you'd like within the bounds of our process, but we're just trying to get a sense of your understanding.

Witness: Okay.

Ms. Eisner: On page 0002 you describe Representative Grayson as your ultimate boss?

Witness: I've always felt that, and this was really speculation on my own interactions, I always felt that Victor, who I think is slightly younger and certainly looked very much younger, made sure that if there were major decisions on cases where they were both involved, he would talk everything through with Alan.

Ms. Eisner: So then Representative Grayson would have been you ultimate boss, but you were saying that Mr. Kubli, was also, sort of acted as a boss.

Witness: Yeah, he was the most ... his name was on the door, I treated him as my supervising partner, and Representative Grayson is the one who I remember informing me of raises.

Ms. Eisner: Is there anyone else who would have taken on that role of boss, anyone else that you would mention?

Witness: I mean, he worked very closely with Victor...

Ms. Eisner: Victor and Representative Grayson, those are the two?

Witness: Mm-hmm (affirmative). Yeah.

Ms. Eisner: What was the nature of the relationship between Victor Kubli and representative Grayson?

Witness: Their employment role? I have no idea.

Ms. Eisner: Not their employment role. I mean, was it an employment relationship, was there anything further to their relationship?

Witness: I have no idea. I don't know if he was an equity partner, I don't know if he was a stakeholder. I have no idea.

Ms. Eisner: How long had they known each other?

Witness: I believe like, '95 is when they started working together, but that's a complete guess. It's at least speculation. I don't have a perfect memory of that.

Ms. Eisner: You just mentioned earlier, and you told us in your letter, that you did take on some work where Representative Grayson was a client?

Witness: Mm-hmm (affirmative).

Ms. Eisner: It was Representative Grayson and was there another entity that you were representing in your work at Grayson and Kubli?

Witness: The AMG Trust was a co-plaintiff.

Ms. Eisner: Just generally, can you tell us the nature of that representation?

Witness: It's a litigation that was in federal court. We got a, I think 112 million dollar judgment after a jury verdict.

Ms. Eisner: That 112 million dollar judgment, what case was that?

Witness: It was, gosh, it's a collective case, but that one was Grayson v. Cathcart et al.

Ms. Eisner: When was the judgment?

Witness: 2009? I think that's right. It's on Pacer. All those filings are on Pacer.

Ms. Eisner: So you mentioned AMG Trust, Representative Grayson, was there anyone else that you represented in your work at Grayson and Kubli in connection with Representative Grayson? Any other entity or individual?

Witness: Yes, I also represented Grayson Consulting of Florida. There was an assignment, this is public record, in the bankruptcy action. The trustee in bankruptcy for a company called Derivium Capital LLC had certain claims that the estate could not possibly pursue. It was a very complicated case in trying to trace the money, cost the estate a lot of money. They entered into a sale in assignment and Grayson Consulting was the assignee.

Ms. Eisner: Was Grayson Consulting created for that purpose?

Witness: I don't believe so.

Ms. Eisner: This was Grayson Consulting Florida that we're talking about?

Witness: Yeah.

Ms. Eisner: So what was that entity?

Witness: I don't know. I mean, it was an entity that I believe has been in existence prior to the assignment. From my perspective it's role was really just to

handle those claims as the assignee and interest. That's really all I would have known about that.

Ms. Eisner: If it took on those claims, who were the employees, who would have been involved?

Witness: Me.

Ms. Eisner: So you were in addition to...

Witness: I mean, we took on those claims as a plaintiff, so as a party, and so the work of those cases was still done by outside counsel, which would have been me.

Ms. Eisner: So, beyond your work as outside counsel for Grayson Consulting Florida, who else worked for Grayson Consulting Florida? Who were the employees?

Witness: I don't know.

Ms. Eisner: So when you needed to take direction from the client in the case regarding work directly relevant to Grayson Consulting Florida, who would tell you how to handle that?

Witness: I would speak directly with Alan.

Ms. Eisner: And Representative Grayson was involved in Grayson Consulting Florida?

Witness: He was its authorized agent, I don't know beyond that if there were other owners. I don't know what its structure was. It's a corporation, so it's public. Those records would be public.

Ms. Eisner: As far as payment related to the work done on behalf of Grayson Consulting Florida, who paid those bills?

Witness: I have no idea. I was paid a salary.

Ms. Eisner: Who would know?

Witness: I would assume Congressman Grayson would know.

Ms. Eisner: Same questions about AMG Trust. What was AMG Trust?

Witness: The AMG trust, and again this is a publicly filed complaint, it was a trust that Congressman Grayson had established at some point prior to litigation, again, prior to my involvement. It was a trust that I believe was

assigned some of these Derivium loans, and ultimately that trust was dissolved because the only assets I believe it had were these Derivium loans that just became a massive litigation. There wasn't really an asset.

Ms. Eisner: When did that dissolution occur?

Witness: I don't recall specifically, but I know it's in pleadings. I hate to say that, but I'm sure it's in Pacer pleadings because it would have been relevant in certain filing. You know, it's a party here nominally, but it's assigned everything.

Ms. Eisner: Do you have a general idea, a year, a time period when the dissolution would have occurred?

Witness: No. I can't even remember if it was before the first judgement or not.

Ms. Eisner: Let's move on to another entity that you've worked for, Kubli and Associates. You said you learned that this new law firm had been formed. How did it work, how did the transition work?

Witness: From my perspective? We all knew that Alan would not be allowed to practice law or be the principal in a law firm if he was elected, and we just didn't know if he'd be elected. So I believe that there had been plans in place in that contingency and I just wasn't informed of them prior to them really taking effect.

Ms. Eisner: Were you asked to join the firm?

Witness: Not really. I was pretty much told "this is what's happening." I guess I could have at that point not accepted the employment, but I was continuing on my cases. I don't remember formally being asked.

Ms. Eisner: Who would you have communicated with about that transition and perhaps being asked to join or accepting an offer?

Witness: Probably Victor. Victor was in the office and it was now his firm as far as I was concerned. He was having a website set up and from my perspective that was who my boss was at that point.

Ms. Eisner: Representative Grayson aside, there would have been 6 attorneys who had been working at Grayson and Kubli. How many of these attorneys went to the new firm?

Witness: There was a lot of transition. Let's see, because we had other attorneys who joined. We had four attorneys who joined the group, and I was still



there, and Victor was there. I think there was always a good 6. At one point I think we might have been up to 8 or 9.

Ms. Eisner: What happened to Grayson and Kubli in this transition?

Witness: It, from my understanding, was not all that financially sound. I didn't have any access to Victor's books, but when Congressman Grayson was no longer in office, I think there would have ... I can't remember, it was a new entity, but there was an agreement. I think probably it wasn't working out real well for Victor, so in order to keep me employed, essentially and keep his cases going, Congressman Grayson, I think brought us all back over into

Ms. Eisner: You're saying, brought you back over ...

Witness: To an entity that he was a part of.

Ms. Eisner: I'm trying to understand the timeline of what you are saying. He brought you back over after Kubli and Associates? Is that what you're saying?

Witness: Yes.

Ms. Eisner: Financially, Kubli and Associates was having difficulty?

Witness: I'm not certain. I believe that is the case, but again, I didn't ever have access to books and records.

Ms. Eisner: Sure.

Witness: My paychecks came.

Ms. Eisner: I was just trying to ...

Witness: Yeah.

Ms. Eisner: When you say brought back over, you're referring to another entity, you're referring to Grayson Law Center?

Witness: I believe at that time, yeah, I think that's what the name would have been, Grayson Law Center. I believe that entity had been lying dormant during that two year period. I believe it was the same entity, but I would have ...

Ms. Eisner: This, Grayson and Kubli, that had existed before, that's what would have been lying dormant, that entity?

Witness: Yeah. It was no longer ...

Ms. Eisner: You mentioned this, you said you were going to continue to work on cases. Grayson and Kubli is now dormant, you mentioned the creation of Kubli and Associates, what happened to the clients for Grayson and Kubli?

Witness: My primary client at that time was Alan and that remained the case. At that point in time, we were preparing for trial, we had bankruptcy issues arising all the time and they were all in South Carolina. There was a FINRA arbitration in Florida. There was a lot going on all related to his cases and I was the point person for all of that. At that point, I had a full time paralegal and I also, at various periods, had an associate who would work with me.

Ms. Eisner: You mentioned other attorneys who did come over, other associates who came from Grayson and Kubli. I know you've said that it's the same facilities, was the same office, but still these people who continued to work in the same office, did they, and if they weren't working on same cases as you, did they continue to work with clients? How were those cases handled?

Witness: Yes, they continued to work with clients. Many were hired by Victor. I would interview them and he would interview candidates and that's how they were hired. They were hired to replace other attorneys essentially.

Mr. Ashmawy: Just to clarify, when you were working for Grayson and Kubli, Representative Grayson gets elected, it becomes Kubli and Associates. Your primary client is Representative Grayson. At that point, how were you getting paid? Were you still getting a salary from Kubli and Associates?

Witness: Mm-hmm (affirmative).

Mr. Ashmawy: Did Kubli and Associates bill Representative Grayson? Did they ...

Witness: I don't know what the financial structure of that was.

Mr. Ashmawy: All right. Were you tracking hours for Representative Grayson at that time?

Witness: Mm-hmm (affirmative).

Mr. Ashmawy: Okay. Were you submitting those hours?

Witness: They were in the system. Yeah, I don't know if bills were generated.

Mr. Ashmawy: Okay.

Ms. Eisner: I think in your production to us, you mentioned earlier an agreement between Victor Kubli, Representative Grayson that governed the transition, what can you tell us about that agreement?

Witness: I don't know. As I said, Alan Grayson knew that if he was elected to Congress things would have to change, and he would not be able to practice law. There were cases and clients that had to be continued and cared for. He had a responsibility to make sure that that happened. Being as Victor had worked on those cases with him for years I assume, but without knowing, that they had been discussing what the transition plan was going to be long before I learned of it. I'm not sure if it was something, "Let's not talk about it until we know for sure." We're not going to talk about whether this eventuality because it may never come. If he's not elected, there won't be any change.

Ms. Eisner: How did you know that there was this agreement? How did you get a sense that this agreement between the two of them existed?

Witness: After the fact, Victor would have indicated some- ... I don't know.

Ms. Eisner: Okay.

Witness: I don't remember anyone specifically telling me, but there had to have been something in place. Victor or Alan would be the people to answer that.

Ms. Eisner: Sure. Once Kubli and Associates was formed, what role did Representative Grayson play in the firm?

Witness: He was my client.

Ms. Eisner: Besides being your client, what other roles did he play?

Witness: He didn't represent other clients. His name wasn't on pleadings. I believe there were withdrawals that were filed on his behalf. My interaction with him was limited to his cases.

Ms. Eisner: How did he and Mr. Kubli discuss cases, cases that he'd been involved in? Were there interactions that you observed?

Witness: No, there would not have been because they all . . . by phone or e-mail very likely. Victor was not always in the office. Alan was never in the office, so I wouldn't have had an opportunity to observe that.

Ms. Eisner: Did he receive any type of compensation, fees, based on- ...

Witness: Who?

Ms. Eisner: I'm sorry, Representative Grayson, did he receive any type of compensation, anything of value based on the work of Kubli and Associates?

Witness: I have no idea.

Ms. Eisner: Okay. Kubli and Associates financially, what was your sense of the firm's financial health and income?

Witness: We're handling large whistle-blower cases, which you have to pay your attorneys and costs. The clients may pay the cost, but the attorney fees are being shouldered by the firm. Representative Grayson is independently wealthy. Mr. Kubli does not have quite those deep pockets and we were a firm that was not used to having to really solicit business. As a plaintiffs firm, you really need money in order to take on and continue with those cases. I just knew that it was now, a lot more important that we start attempting to get clients and having had no experience with that prior to, it didn't go terribly well.

Ms. Eisner: Okay. I want to ask you about one case in particular, and I think this is the one you mentioned earlier, Custer Battles, is that ... ?

Witness: That preceded me. I did some work, I believe, on the appeal, but the trial occurred before I joined.

Ms. Eisner: The work on the appeal, when would that have occurred? Do you know an approximate time range?

Witness: Probably fairly soon after I started, in the 2006/2007 time frame.

Ms. Eisner: At Grayson and Kubli?

Witness: Yes.

Ms. Eisner: Okay. From our understanding in looking at public documents, it seems that that case did continue on after the firm changed names and after it became Kubli and Associates. Do you know what Representative Grayson's involvement was in that case after Kubli and Associates was formed?

Witness: No. If he was a principal he would have probably wanted to argue the appeal at the time. If he was in office, he would have had no opportunity or inclination to do so.

Ms. Eisner: Okay. We've talked about Grayson and Kubli perhaps being dormant during this period of time and I think you mentioned in your letter to us, and we can see from public records that it remains active currently as AMG TR PC?

Witness: Yeah, that change happened after.

Ms. Eisner: You do mention this in your letter to us, do you know what that entity is and whether or not it is active?

Witness: No, I believe that it probably just provides continuing malpractice for work that would have occurred earlier.

Ms. Eisner: Okay. You describe it as a separate entity from another entity, AMG Trust ...

Witness: Yes.

Ms. Eisner: ... in one of the footnotes I believe you say ...

Witness: Correct, because there was an actual AMG Trust. It wasn't a PC. It wasn't an operating firm. It was a trust.

Ms. Eisner: Okay. Did you have conversations about these two entities and how they were legally distinct?

Witness: Until I got your request, I had never seen AMG TR PC before.

Ms. Eisner: Okay, fair enough. Again, sorry, we're going through your whole history here, but I want to move on to Grayson Law Center, unless you have a question?

Mr. Ashmawy: Before you do, I just wanted to clarify something we were just talking about. Representative Grayson was your primary client with Kubli and Associates. About how much of your time did you spend on them?

Witness: Oh, I worked like 3,200 hours in 1 year on that case.

Mr. Ashmawy: Thirty-two hundred?

Witness: Yes.

Mr. Ashmawy: God bless you, okay.

Witness: We had 44 defendants at one time. Individual settlements would occur. We had the bankruptcy proceeding. We were in lockstep with the trustee. We had standing challenge 15 times. We had 2 appeals. It was a lot.

Mr. Ashmawy: Suffice it to say, that was your full-time job.

Witness: Oh, it absolutely was my full-time because it wasn't just that case. We'd get default judgments and then I was trying to enforce them in New York, where I'm also licensed, but we also had local counsel. From that disaster of a ... technically it wasn't a Ponzi scheme because it wasn't an investment, it was a loan, so it technically doesn't fit that, but it was a pyramid scheme. The people running it just took the money and gave you 90% back in cash. They just sold stock. When borrowers came back looking for their stock it was all gone. They really only stole about \$150 million worth of stock, but they managed to incur about a billion dollars worth of liability because of what happened to that stock subsequently in their obligations.

Mr. Ashmawy: Okay. Who at Kubli and Associates would have been responsible for billing clients?

Witness: Probably Carla.

Mr. Ashmawy: Okay.

Witness: In fact, I can't imagine anyone other than Carla who would have done that.

Mr. Ashmawy: Rep. Grayson Congressional Office Manager and Business Director was the office manager?

Witness: Yeah.

Mr. Ashmawy: The same office manager that was there for Kubli and Grayson?

Witness: Mm-hmm (affirmative).

Mr. Ashmawy: Okay.

Ms. Eisner: Did she work full-time, or your sense of how often she was in the office at Kubli and Associates?

Witness: Yeah.

Ms. Eisner: Okay. Again, moving on to Grayson Law Center. You say in your letter, "I again learned that my employment would change." Same question as earlier, how did you learn that your employment would change?

Witness: When are you asking me?

Ms. Eisner: This is the transition from Kubli and Associates ...

Witness: Kubli and Associates?

Ms. Eisner: ... to Grayson Law Center.

Witness: Oh, there had been conversations almost immediately after Alan was able to become a principal again. In my understanding, he would have still benefited had some of these whistle-blower cases collected. He had time. It was personal time that had been billed, so he had a continuing interest in them from that standpoint, and of course, an obligation to the clients that they not just waste away. I don't have any idea what the details of any deal was. I just know that shortly after he was not re-elected, when he left office, there was discussions with him and with Victor about what was going to happen.

Ms. Eisner: When would that personal time have been billed?

Witness: Alan's personal time?

Ms. Eisner: Yes.

Witness: When he was with Grayson and Kubli.

Ms. Eisner: Okay.

Witness: The Custer Battles Case, he was lead counsel on that, so his time was billed for that.

Ms. Eisner: What conversations did you have regarding that ongoing interest after Grayson Law Center was formed in cases?

Witness: Yeah since I wasn't involved in those cases, I had virtually none.

Ms. Eisner: How would you have known about that interest?

Witness: I would have known that Victor didn't have the money to do anything ... to buy, would he buy ... what else would he do with these claims. They're continuing, they're ongoing obligations that you have with the court. Alan had billed time on them, Victor had billed a lot of time on them, other members, other employees had done so as well. I don't think there had been any way .... because they were again contingent. I don't think there would have been any way for Alan to sort of been bought out on those. I don't know if he would've walked away from hundreds of thousands of

hours that he'd billed in the event that those cases paid off. I don't know the specifics.

Ms. Eisner: Focusing in on Grayson Law center, can you describe the work of Grayson Law Center?

Witness: Maybe. Trying to think. Grayson Law Center was the entity that employed me after Alan, I think, went back to Congress. Yes, so it was Kubli and Associates while he was in office. Then when he came back, sorry, when he was not elected, it was Grayson Law Center. Then, in that period when he left office in his first term, it became Grayson Law Center and that continued as a law firm at that time. We had other attorneys.

Ms. Eisner: Earlier you described government contract claims, can you tell us about the overall practice areas?

Witness: Yes. I was so involved in Derivium and that was my world for years. Seven years of my life this collection of cases. So to say that I didn't particularly check in to many others would be an understatement. When it was Kubli and Associates, I was called in, I think, to argue an appeal in the eleventh circuit on a case. Beyond that, no, I just...

Ms. Eisner: So you were narrowly focused on the Derivium issue. Was your sense that there were other cases, other litigation going on?

Witness: Yes, I knew there were other attorneys and other litigation preceding at that time.

Ms. Eisner: What types of cases were those?

Witness: I think they were mostly qui tam cases. And, mostly arising out of the Iraq war.

Ms. Eisner: How many cases would you say again, your best guess, of how many cases were going on?

Witness: I don't know if I have one. These cases could become massive. These were cases against the KBR and Halliburton. To say that these were document-intensive cases. This is not your small claims court type of matter. This is not a regular piece of commercial litigation where you have two parties and everyone is playing by the same set of rules. It was incredibly complicated and there was government involved as well. I knew there wasn't a lot of work but I'm not sure beyond the handful of cases that I would've been asked to proofread something or I did have one argument, I think that was when it was Kubli and Associates. I wouldn't have even been there much.



Ms. Eisner: Do you know who were the clients? You're talking about these qui tam cases. Who were the individuals, I think we have a sense of ... you were going up against these large corporations, but the clients of the firm?

Witness: The clients of the firm were the relators standing in the stead of the federal government. Government took over some of those cases, and some of the cases they didn't. The government was the real party in interest.

Ms. Eisner: As far as client intake and client solicitation, who was responsible for that?

Witness: Again, I believe the qui tam business was largely self-generated through the Custer Battles publicity, and then Victor I believe wrote some articles for TAF, which was a whistle blower organization, Tax Payers Against Fraud. He would've done a CLE or some kind of talk for that and that would generate additional potential relators.

Ms. Eisner: So Victor Kubli was involved in client generation. Was anyone else involved in generating clients for Grayson Law Center?

Witness: Not in a substantial way. I'm sure an associate had a friend who needed a prenup, so I wrote a prenup, stuff like that. But there were no substantial legal generation efforts.

Ms. Eisner: And Representative Grayson's role in client generation for Grayson Law Center?

Witness: Really again the same. I don't ... when he was involved . . . with Kubli and Associates he wouldn't have been involved at all. With Grayson Law Center, during the time that he was not in office, he would've probably had a few lectures invited to speak about whistleblower fraud.

Ms. Eisner: Earlier when we were talking about Grayson and Kubli, we talked about Representative Grayson's reputation in the whistleblower community, and that really helping to generate clients. Would that have been the same for Grayson Law Center.

Witness: Yes. I don't know if those cases would ever ... I don't know how many more came in, to be perfectly frank. These cases took so much effort and so much time. Cases will remain under seal for years. I couldn't even tell you when certain cases came in. The docket number would. When they are filed it all has the year. At that point, once they are unsealed. But, while they are sealed, I really wouldn't know. I can't pinpoint for you whether, when it was Grayson Law Center, cases became unsealed or cases were brought in and newly generated, were filed under sealed, and then continued. I wasn't involved enough with it.

Mr. Ashmawy: Some cases could have come in when it was Grayson and Kubli and continued under Kubli and associates. Continue to continue as Grayson Law Center.

Witness: Yes

Ms. Eisner: I want to show you one document which is TJ 0198-0200. I'll just give you a second to look at it and get a sense of it.

The reason I wanted to show this to you, it looks like there's this communication on the first page 0198, between you, I believe, and Representative Grayson, speaking about a client, suggesting that you should have cleared this with Representative Grayson. Indicating that perhaps you did work on some cases that were outside of Derivium claims.

Witness: Christine O'Donnell and I went with to college together. I have known her since 1990. She's a bit of a kook, I love her to bits. You will not find a more open-hearted person on earth. She's had various difficulties, car accidents, and things. She needed help and I was apparently the attorney that she knew. It was a personal connection and it was something very minor. I can't remember, I think it was, the substance of it was there was an event where Christine was going to I think debate for something with Alan, but I think he was involved with the event. Someone, some third party, claimed that it was . . .

Ms. Eisner: What we want to understand, in our request for information, we did ask for information related to clients. I just want to make sure that we understood the types of clients that would've been a part of your knowledge, your involvement in client intake, any information that would've been in materials that you might have produced to our office.

Witness: This would have all been done under, I told you that I didn't peruse anything from my Grayson Law or any of those accounts because I don't think they're mine. This was a one-off . . . do I have two copies of the same thing.

Ms. Eisner: Yes. Sorry.

Witness: You know it was a one-off, it was a favor for a friend. It was one hour, it was like writing a letter.

Ms. Eisner: Understood. When these things come to our attention, we just want to make sure to understand the scope of clients that you would have been working with, so we can understand what information we would be getting from you.

Witness: I don't think this would have been the typical client of the firm at all. This was a dear friend asking for help because her event was about to be canceled. So I helped.

Ms. Eisner: Would you have had access to the billing information regarding your friend as a client?

Witness: I think I would have told her what my hourly rate was. I probably would've had her sign an agreement.

Ms. Eisner: Who would've handled that agreement? Who would've given you that agreement? Who would've processed that information at the firm?

Witness: Probably Carla.

Ms. Eisner: Okay. If I can take that back from you. Thank you. Let's talk about this name change to, Gl. Ctr. P.C.

Witness: That's how I pronounced it.

Ms. Eisner: Alright, we talked about this earlier. When did this name change occur?

Witness: That would've changed when Alan was in office and I can speculate, I believe the reason for it was to eliminate his name from, to prevent him from marketing the firm in some way. That's my understanding.

Ms. Eisner: We've looked at some documents going into 2013 where the name GraysonLaw.net is still used. It looks...

Witness: The email address "graysonlaw.net" was... even when there were other emails. That one always still work. There was always that one IT guy who was outsourced by both firms, he did something so I could get email no matter which address it was sent to. I found for whatever reason GLCTR was twitchy. There were times when Graysonlaw had to be used because that email was not particularly responsive.

Ms. Eisner: Was there any other place where the name Grayson Law Center was still used after the name change?

Witness: I have no idea. This is not a firm that ever had marketing materials. There were no brochures. Letterhead was printed on a per letter bases. We didn't have stock letterhead for much of the time. We did when we were Grayson and Kubli.

Ms. Eisner: Maybe you can help me understand this, you said in your letter at the end of 2012, Grayson Law Center PC would no longer offer legal services to

the public. I'm trying to understand that in combination with the name change. What does it mean that they would no longer offer legal services to the public?

Witness: At the point, Victor again, when Alan was reelected and was going to be commencing another term, he didn't want to ... He couldn't continue as a principal in a law firm that was offering services to the public. My work for him and Derivium was separated out and that was it. I had an associate and paralegal at times. That was the work, it was just the Derivium work being done. Victor, at that point, left and had taken a lot of the cases that were previously of the firm.

Ms. Eisner: Victor Kubli took cases that were of which firm? Grayson?

Witness: They were touched by so many, Grayson and Kubli, and then Kubli and Associates, then Grayson Law Center, and then Victor.

Ms. Eisner: Who were the clients of GL CTR PC?

Witness: Alan and AMG Trust, and Grayson Consulting of Florida.

Ms. Eisner: Who were the employees?

Witness: Varied. Carla was an employee, I was an employee, I had an associate attorney, Samantha Jacobson. I don't know when she left, I can't quite remember, and I had a paralegal named Courtney, and I don't remember when she left either. As these cases got through to conclusion and appeals had been done, there was just not as much work to do. Since all we were doing were handling personal cases, when they began to wind up, there was just not a need for that staff.

Ms. Eisner: Was Rep. Grayson Congressional Office Manager and Business Director, and we're talking about GL CTR PC again, Rep. Grayson Congressional Office Manager and Business Director a full-time employee?

Witness: I don't think so. If that was the time when he was in the House, I know that he brought her there, so she worked, I think, it was supposed to be one day a week.

Ms. Eisner: Okay, weekday?

Witness: I'm not positive, because again, at this point, my office had been just a place to house documents, separate and apart from my house, because I work from home. If there's no one in the office, that's creepy. I'm sorry, going into an office suite that's completely empty and just me there working and leaving is creepy, so I chose not to at that point.

Ms. Eisner: Understandable.

Witness: We had an office, we had a mailing address, things had to happen there, but I worked a mile away in my condo.

Ms. Eisner: Would you have communications with Rep. Grayson Congressional Office Manager and Business Director during the week? You were working from home, presumably, on weekdays.

Witness: Yes. I generally only would email her, so I might have communicated with her during the day. Whether or not she responded at that time, I have no idea, and my questions were limited to malpractice insurance, health insurance. That was it, because all I was doing were Alan's cases. Sometimes, I would need, maybe, costs for my expense reimbursement, things like that, so that was really it.

Ms. Eisner: You described to us that the clients from Grayson Law Center seemed to transition to Mr. Kubli. What agreement governed that transition?

Witness: One that I have not been privy to.

Ms. Eisner: Was there an agreement?

Witness: I believe so.

Ms. Eisner: Would the agreement have had any terms related to compensation?

Witness: I have no idea.

Ms. Eisner: You talked a little bit earlier about these ongoing cases where there was the potential for an award or a judgement where there was some work that had been performed by Representative Grayson. Was that still true, the cases that were transitioned from Grayson Law Center to Mr. Kubli? Would those cases have involved pending judgements or awards?

Witness: Or ongoing. I believe there might have been a couple.

Ms. Eisner: Okay.

Witness: There was one case – again it's public record. It was called El-Amin- but it was something El-Amin ex rel., and then it was GW Hospital was on the other side, and I believe that three judges actually died while presiding over it. It was a case that had a very old docket number, and it was in the DC District Court. It took forever, so I know that Alan probably worked on it, or at least I believe probably worked on it early on. I remember Victor, that was his case, because it was a lot of work, and I think they

changed firms three times on him, too. It was messy, but cases could persist like that, so it's very possible that Alan would have done some of the work, particularly the intake and evaluating the viability of the claim early on, and then years and years would happen, so whatever work he would have done would have been long prior.

Ms. Eisner: You mentioned some cases that are perhaps still pending at this time of the transition. We've looked at some of the dockets. I think that there were some cases that maybe you had done some work on for Grayson Law Center.

Witness: I'm not sure. Victor was not licensed in Virginia, so he needed local counsel. If we had cases in EDVA, my name would show up on pleadings, and I would attend with him.

Ms. Eisner: Your name would show up on pleadings for that reason?

Witness: For that reason alone. So cases that I would not have otherwise been involved with. There needed to be someone there as local counsel.

Ms. Eisner: Once the firm transitioned to GL CTR PC, did you play that role? Did you ...

Witness: No.

Ms. Eisner: ... show up ... Okay. Were you involved in any of those cases, the cases that you mentioned after that point in time ...

Witness: No.

Ms. Eisner: ... of transition?

Witness: Once Victor was no longer working in an office with me, or at least had an office at the same building that I did, whether or not either one of us were physically there, I would not have touched anything other than Alan's personal cases.

Mr. Ashmawy: How were you paid when you were working for ...

Witness: I was salaried always.

Mr. Ashmawy: Always? Always salaried?

Witness: Always.

Mr. Ashmawy: Okay, and it was just working on AMG, and Representative Grayson's matters, and the other one? Did you track your time, or at that point, were just working on whatever came on, whatever you needed to do?

Witness: It depended. I loosely kept track of time in the hopes that there might be an attorney fee award, but I was salaried, and so that wasn't really a major consideration at that point. The judgments we're talking about were so large that really, the thought of an attorney fee award ... We weren't collecting the full amount of those judgments ever, so an attorney fee award would have made no sense. We would never have collected it, so if I'm working three thousand hours, thirty-two hundred hours in a year, I'm not going to take the extra time to enter all my time when I know that it's not going to be collectible anyway.

Mr. Ashmawy: Out of curiosity, if all you were doing at this point was working on Grayson matters, Grayson-related matters, why change the firm name as opposed to just creating a 1099 relationship or something like that?

Witness: Probably that would have been my preference, to remain a W-2 employee for simplification of my life. I had no desire to have to bill him on a bi-weekly ... I didn't feel like it. I'd rather just get a paycheck.

Mr. Ashmawy: Who was managing them? Was somebody managing the administrative aspect of all this and for you at that point? Was it still Rep. Grayson Congressional Office Manager and Business Director?

Witness: That was still Carla.

Mr. Ashmawy: Rep. Grayson Congressional Office Manager and Business Director stayed on through each of these organizational shifts?

Witness: I think more consulted. It was almost outsourced. I was the only employee, so she was the one who told me, "Oh, our group insurance was canceled because we're not a group, it's just you." She would handle those things, but on an ad-hoc basis, and I know that she was paid hourly for that.

Ms. Eisner: Did she sign your paychecks?

Witness: No, they were direct deposit.

Ms. Eisner: Okay. Did you get pay stubs? Do you have any sense of who would have signed off on ...

Witness: Yeah, I got pay stubs. I believe that it would have to have been Alan.

Ms. Eisner: Okay.

Witness: I remember getting checks for expense reimbursement, and Alan was always the signature.

Ms. Eisner: This was at which firm?

Witness: I think except for when I was at Kubli and Associates, at which point it would have been Victor.

Ms. Eisner: Well, I think if we can move on to one of our final entities here, and then we'll have a few more questions after that. Grayson Consulting Virginia. You said in the letter that Rep. Grayson Congressional Office Manager and Business Director advised in January 2014 that your employer would change again. Why did it change at that point?

Witness: I could not possibly tell you. I have no idea. I wasn't told.

Ms. Eisner: What questions did you ask? Somebody comes to you and says, "Your employer is going to change." What conversations did you have about it?

Witness: Well, it had happened at that point so many times, it didn't particularly phase me. I knew that I would continue to be salaried, I knew that I would continue to be a W-2 employee, I knew I would continue to not be a stakeholder. I knew what my cases would be, they would be Alan's cases, and they would only be Alan's cases. When Alan's decided for whatever reason that GL CTR PC was going to become inactive, I was just grateful to get away from the name. That's difficult on pleadings, and to stand up in court, when it's not really center, that's how it was. It was CTR, so it was very difficult for me from a practical standpoint.

Ms. Eisner: Was there an offer to you to move on to this next entity? Did you have any type of agreement or arrangement that allowed you to transfer to this entity?

Witness: I was an at-will employee.

Ms. Eisner: Okay, and who told you about the transition? Did you learn from Representative Grayson?

Witness: No, I learned from Carla at that point, and then I spoke with Representative Grayson about it.

Ms. Eisner: Rep. Grayson Congressional Office Manager and Business Director, we've described her before as an office manager. It seems that she's had a lot of



different responsibilities as far as accounting for hours, but she seems like she's been involved in all of these different entities. Why is that?

Witness: She's a long-term employee that Alan trusts. That's all I know.

Ms. Eisner: Okay. Was she a point of contact for you? Would you go to her with ...

Witness: Yes, for expense money, yes. For expense reimbursements, absolutely.

Ms. Eisner: What was Grayson Consulting Virginia? What was your understanding of what this new entity was?

Witness: It was an entity, I think, for him solely to accommodate my employment, and to continue on those cases. That's all I really knew.

Ms. Eisner: Who were the clients of Grayson Consulting Virginia?

Witness: Grayson Consulting of Florida, and my understanding was there was a representation agreement, and so I was also representing Alan. At that point, I'm sure the AMG Trust had been dissolved, although it might continued to be listed nominally on pleadings. Again, my work was still the Derivium-related work.

Ms. Eisner: Derivium was the only work that was performed by Grayson Consulting Virginia? Was that the only litigation or claims? Was any other client work ...

Witness: I don't recall any. I recall my life all about Derivium, and traveling in South Carolina and to Florida, I think it was a forty-three day . . . hearing. We were there many times. I don't recall anything beyond that.

Ms. Eisner: Is it possible that there was other client work you don't recall, but you seem like maybe you're hesitating?

Witness: I think the whole point was that there wasn't going to be any other client work because Alan had an interest ... My understanding is he owned Grayson Consulting, and therefore taking on any other clients would have potentially imposed a fiduciary duty upon him, so that was avoided. That's why Victor left, and that's my understanding.

Ms. Eisner: Did you have conversations about that?

Witness: About what?

Ms. Eisner: About avoiding any type of duty? Did you have conversations specifically ...

Witness: Yeah, the first time Alan was elected, I remember that he had talked to me about that. We knew that that was the reason, but I think that would fall out of my purview.

Ms. Eisner: What entity were you working for when you had that conversation, when he was first elected? That was ...

Witness: He was telling me, you're still going to work on the Derivium work. I'm going to use the new thing.

Ms. Eisner: This was for Kubli and Associates?

Witness: That would be the first transition. Yeah.

Ms. Eisner: Did you have conversations about that duty or having separate clients during the transition to Grayson Consulting, Virginia?

Witness: I don't believe so.

Ms. Eisner: Okay.

Witness: There were none, at that point. Derivium was it.

Ms. Eisner: Okay. Looking at the documents, our attention has been drawn to the fact that you were listed as an officer for Grayson Consulting, Virginia.

Witness: No, I'm not.

Ms. Eisner: You're not, as an officer?

Witness: Absolutely not.

Ms. Eisner: What are you listed as?

Witness: Registered Agent.

Ms. Eisner: I apologize, as a Registered Agent. Your name is associated with . . .

Witness: Correct, because in Virginia, in order to have a Virginia Foreign Corporation, you either have to have a licensed attorney as your Registered Agent, or an officer of the company.

Ms. Eisner: Then, separately, there are officers who are listed who are children of Representative Grayson?

Witness: I don't know that I would have been privy to any of those filings. I never signed any of those filings.

Ms. Eisner: Our understanding, based on looking at some public information is that the children are listed in some way being involved. My only question for you, very limited, as far as the children are concerned, is do you have any knowledge of Representative Grayson's children being involved in Grayson Consulting, Virginia?

Witness: First of all, I don't think I can answer that. It is confidential, but to the extent there's a public document, I believe, I would have learned of it in the course of responding.

Ms. Eisner: Okay. Beyond attorney/client privilege, I'm simply asking have you interacted with Representative Grayson's children as employees, or as officers, or directors of this particular entity? Okay. No.

We've gone through a number of different entities, and just one very straight-forward question. Did Representative Grayson receive compensation from these entities during any point of time when he was in Congress?

Witness: I have no idea.

Ms. Eisner: Okay. I want to move on.

Witness: Can we go back to which entities we're speaking. Because, I did mention, that there were settlements, so he would have received, those are his claims, to the extent that he would have received compensation. They were settlements.

Ms. Eisner: Can you walk us through what you're recalling, as far as the settlements?

Witness: No, because that's confidential information. The ones that are on the public record, there were some Derivium settlements early on. I don't think it would have been while he was in Congress, but beyond that.

Ms. Eisner: The settlements are based on his claims.

Witness: Correct.

Ms. Eisner: Compensation for work performed as an attorney. Anything of value for work performed as an attorney.

Witness: No.

Ms. Eisner: When you're talking about the settlements and the claims, you're talking Derivium claims, and you're talking about ...

Witness: Correct. Either as an assignee through Grayson Consulting, or as an individual, but beyond that, no.

Ms. Eisner: I do want to go into the arbitration awards and settlements that you mentioned, a little bit, to the extent possible with public information. Not information about advice that you've given Representative Grayson, not information that would be specific to your attorney/client relationship, but to the extent publicly available, and in your knowledge. You mentioned earlier one particular claim 112 million dollars in the Cathcart case. What other arbitration awards, settlements.

Witness: That was a judgment.

Ms. Eisner: Sorry, what other judgments, in the general scope, occurred since 2007?

Witness: I don't know. Foremost, if a settlement, the FINRA awards, you can look up. This is public information. My duty of confidentiality doesn't end because information is public. Information I learned solely in my capacity as his attorney, is information that I still have an obligation to maintain as confidential. It doesn't matter if there was even a newspaper article about it. That's not ...

Ms. Eisner: Well, there's a duty that goes to a certain point, as far as the client relationship counseling, but if it's information that is public, and information that would not be protected by privilege for that reason, then that's information that we want to know.

Witness: Again, my duty of confidentiality extends beyond privilege.

Ms. Eisner: Your duty of confidentiality under Bar rules.

Witness: Correct.

Ms. Eisner: That's what you're saying.

Witness: Correct. There's a significant body of case law ... and I've talked to the Bar about it. The duty of confidentiality, that rule is completely separate and apart from any obligation to the court or to the client under privileged. Privilege is just different.

Ms. Eisner: It's a different, yes. I think that we're going to, to the extent that you can point us towards public information that you think would be responsive,

we would want to know that. If you want to create a list, and have us go through that, we can think about it.

Witness: I've mentioned FINRA, and I've told you we had actions in the New York Federal Courts and the South Carolina Federal Courts. That is all available on Pacer.

Ms. Eisner: If that's publicly available, I guess I'm having trouble understanding why that would be confidential information, even under ethics rules.

Witness: Not all settlements are necessarily with the ... I mean, you can settle with a litigant and simply tell the court, this is . . .

Ms. Eisner: Again, we're not talking about something that would necessarily be public information.

Witness: Correct.

Mr. Ashmawy: We're only focusing on what's publicly available information, not anything that would have been a private settlement, in which the parties would have withdrawn from a suit. We're just talking about...

Witness: There was a settlement in the bankruptcy action in California. That had to be put to record in order to make sure that the debt wouldn't be discharged. That's on record.

Ms. Eisner: Just focusing on that, what was the time period for that?

Witness: I don't recall.

Ms. Eisner: Was it ...

Witness: It was after 2007, because the lawsuit wasn't filed until 2007, and that's when it sort of exploded.

Ms. Eisner: What was the amount of money that was involved there?

Witness: I don't recall if that settlement was made public, and I assume that it would have been, because it would have had to be approved by the bankruptcy court. It's Scott Cathcart's personal bankruptcy. I don't have any specific recollection beyond that.

Ms. Eisner: Do you know if the money from that settlement was in fact collected?

Witness: Yeah. I believe it was. I'm quite certain Mr. Cathcart is in default, but it called for payments over time. I can't tell you how many would have been

received. I know that it was a co-liability with Verasteel, which was a company that Scott Cathcart owned, and Verasteel is pretty much gone as well.

Ms. Eisner: Okay. That was one. I think you were going on to tell us about another one.

Witness: FINRA has an arbitration. There's a FINRA arbitration award to Alan. I think it was about 800 thousand, or 900 thousand dollars, but I don't specifically remember. It was against Wachovia, and Wells Fargo, because they switched over during the time period. But that's an arbitration award that I believe you can just pull on FINRA.

Ms. Eisner: Do you know what year that was, approximately?

Witness: No. That's the one, it was 47 or 43 days of testimony. It was a long arbitration. Being as each little bit was a week, or we had two weeks, and that was it. Then we had to all go home and start over again.

Ms. Eisner: Right.

Witness: I know it dragged on a long time. I met my husband in January of 2011, and I know that we went to Italy together while that arbitration was still sort of happening. That would have been in September of 2011, or something like that. It was still ongoing at that point.

Ms. Eisner: In addition to the two that you have mentioned, are there any further?

Witness: There were some settlements in the Derivium bankruptcy case, and there was, were about five, what were called active creditors, and they entered into an agreement with the trustee. This is all of record. That docket is just insane. Good luck with it. I mean, I think just our federal case, which was not in the bankruptcy itself, I think that had over 1200 entries by the time by the time. And it's on appeal now. These are not fun. You are taxing my memory a bit.

Ms. Eisner: I don't expect you to remember 1200 docket entries.

Witness: I recall that there was an agreement that had to been approved by the bankruptcy court to allow the trustee to work with the active creditors, and litigate in lock-step, and how costs would be apportioned, and how the estate would be . . . and how any settlements for these common defendants, and how they were described, and there were common defendants, how they would be distributed. And a portion, I believe it was an 80/20 agreement, so 80% went to the estate, and technically had there been a distribution to general and secured, that 80% would have

potentially gone back down, but the costs just spun out of control on that case.

Ms. Eisner: What would that have amounted to, with an 80/20 agreement?

Witness: That's the thing. The 80/20 agreement then had, the 20% was based on a separate agreement among these active creditors, and I don't believe that was public. I believe that the fact that it existed was public, I don't believe the split was public. To the extent that it is, it's on the bankruptcy docket.

Ms. Eisner: Any other judgments, arbitration awards, settlements that we should be aware of?

Witness: Judgment, yes, but...

Ms. Eisner: Where there was significant financial collection.

Witness: I wouldn't say there was significant financial collection on much of this.

Ms. Eisner: Where was there significant financial collection?

Witness: In the Derivium cases, he had paid me for seven years, a salary. I think any recoveries would probably have been eaten up by my own salary. I can't swear to that, but that's my feeling.

Ms. Eisner: What was the recovery in that case? Maybe some of that was eaten up by your salary, but do you know what the recovery was?

Witness: No. I believe it would be of record, what the trustee would have paid to Alan and/or Grayson Consulting as an active creditor, or AMG trust, I guess.

Ms. Eisner: Is there, do you have a range? Are we talking about 10 million dollars or 50 million dollars?

Witness: No, absolutely not.

Ms. Eisner: Okay. You're talking about less than a million dollars?

Witness: In the bankruptcy, I would say it was probably less than a half a million dollars.

Ms. Eisner: And this was the largest collection that you can...

Witness: That was where the largest settlements came from. The state harnessed all of the assets and liquidated them, to the extent that some of these assets

were tendered in settlement by some of these defendants who are identified as common defendants. That money was shared in accordance with the 80/20 agreement, but the rest of it went just to the estate's costs. I believe the law firm that handled that ended up eating a seven figure bill. I know Dixon Hughes, his forensic accountant, I think they ate about a million dollars worth of fees too. Tracing the shenanigans, it involved ridiculous jurisdictions. I mean the cost of litigation, we had to translate a ninety-two page complaint into German to serve it in Lichtenstein on two British citizens. It was just for everything was expensive in that case. Just everything.

Ms. Eisner: Okay.

Witness: You know so there were not a lot of significant recoveries, because it was so terribly entangled.

Ms. Eisner: Okay. Alright, well that's helpful. I appreciate that. Let's keep moving through. I want to ask you some questions about the production that you provided to us. On page four of the letter you talk about some papers that might exist in your Falls Church condominium.

Witness: Possible. I mean copies of pleadings, research, I mean it's case file stuff, it's not ... At least that would be my best guess. I'm not there but my habits are not to retain a ton of paper so most everything I've dealt with, I've tried to deal with electronically particularly because all of our cases were electronically filed.

Ms. Eisner: You have stored some information there although you don't currently reside there?

Witness: Because that's when I last worked, I mean I didn't move it down here when I moved down here. I didn't really move down here full time until I took this job.

Ms. Eisner: What volume of information or materials are we talking about that would be stored?

Witness: Oh I can't imagine much. I mean any original documentation, anything that's not really copies of pleadings, potential research would have been tendered back to Alan before I left.

Ms. Eisner: Okay. You mentioned that you have a number of personal email accounts. How many personal email accounts do you have?



Witness: I'm sure I lost track of one or two. I actively use an Apple, a me.com email account and I actively use a Yahoo account for like online stuff, online shopping so it's the junk email account.

Ms. Eisner: Okay. Did you search those accounts for information responsive to our request?

Witness: I believe I indicated in here that I did. I searched them for client names I could remember but everything I would have found was me emailing me. . .

Ms. Eisner: Okay.

Witness: . . . a copy of a document so I could continue working on it from a different location.

Ms. Eisner: Did you look for email exchanges using those personal accounts between you and Representative Grayson?

Witness: Yes I believe I did, and the only time that ever would have been used is prior to me getting an email account here that worked, which was about a week. And there would have been nothing that would have been communicated other than case related, and if the email at the office had been broken for some reason. If my online Grayson accounts did not work.

Ms. Eisner: Okay.

Witness: But that would have been incredibly rare. You know we're not pals. You know, we're not personal friends, we don't maintain that kind of relationship. We never had. So ...

Ms. Eisner: I just wanted to make sure that the personal email search, I know that there were some limitations to what you did look at there and I just wanted to make sure it was comprehensive as far as what we were requesting.

Witness: I did the best that I could.

Ms. Eisner: You know in our request to you we did not include Grayson Consulting Virginia and Grayson Consulting Florida as Grayson legal entities.

Witness: I mean they really don't fit your nomenclature because you refer to them as Grayson Legal Practice entities and because they were not law firms that offered services to the public at any time, I'm not entirely certain that they would fit in to ...

Ms. Eisner: Understood. My question for you is if we had expanded it to include those two entities, would there be responsive material that you didn't produce to our office?

Witness: No. I very clearly I think you can tell from my six page response, I very clearly didn't try and slice the cheese that thin. I attempt, you know I recognize that you didn't mention them and I had a question in my own mind as to whether or not you . . . I made the distinction somewhere in here that they didn't offer those services to the public. They aren't legal practice entities. I'm not sure if you care about them, but that was my employer.

Ms. Eisner: Understanding that they you know they might not fit into that same bucket as the other entities, just separately, you know, if we asked, and we've gone over this, but I just wanted to make sure that there was no responsive material regarding their clients, any information about compensation that would have come from that?

Witness: They would never have my clients. The only thing that would have been handled ... Whatever Grayson Consulting of Florida did or does, I don't have any part of that. Never did. Grayson Consulting of Virginia was my employer and the only clients we had were Alan Grayson and his personal claims and these Grayson Consulting claims.

Ms. Eisner: Okay. Just a few more questions. When we spoke on the phone I think two weeks ago or perhaps early last week, you mentioned an individual named Tom Ubl? Ugl maybe?

Witness: Ubl.

Ms. Eisner: Who had reached out to you.

Witness: At a suspicious point in time because he asked me the same questions that you put in your request. So I was very jarred by that being as I never worked with him. I remember meeting him at the Grayson and Kubli office one time in my sole ... My sole recollection was he wore an incredible amount of cologne. You could see it in the air for three hours after he left and he has a dead tooth. I mean really. That's my recollection. I couldn't have pointed him out in a lineup. If he smiled maybe.

Ms. Eisner: Besides that, who is he?

Witness: He was a relator on a case and he called me up and he said can I retain you? I have claims against Alan. I said no. He said well even though you can't represent me, can I ask you some questions about the transition between the various entities. Which is why it was very odd.

Ms. Eisner: Why do you think he reached out to you?

Witness: No idea.

Ms. Eisner: I'm going to name a few entities. You may or may not know what they are. If you know what they are, if you can tell us your understanding?

Witness: As long as it's something that's not privileged or confidential, certainly.

Ms. Eisner: The Alan Grayson Foundation.

Witness: I'm not familiar with that entity.

Ms. Eisner: GSA Telecommunications Trust.

Witness: I'm not familiar with that entity.

Ms. Eisner: 38296 Yukon.

Witness: No.

Ms. Eisner: Florida Save Our Shores.

Mr. Ashmawy: Can I clarify that, no you're not familiar or ...

Witness: I've never heard of these entities.

Mr. Ashmawy: Okay, okay.

Ms. Eisner: The last one or continuing on Florida Save Our Shores.

Witness: No.

Ms. Eisner: Not familiar?

Witness: I've never heard of it. I've never even heard the name.

Ms. Eisner: Have you heard of Small Friends Inc. incorporated?

Witness: No.

Ms. Eisner: Just a few more. United Mobile Technologies Incorporated?

Witness: Potentially. That sounds familiar. I can't tell you how I would have known that. I'm not sure if that's a company out in the, it's not someone I would have represented in my, the name sounds vaguely familiar.

Ms. Eisner: Where would you have heard about it?

Witness: I have no idea. I mean that's yeah. United Mobile Technology sounds like maybe one of the successor entities just to the MCI or one of the wireless companies. I mean it would not strike me as odd if that was a name or a similar construction to a store that sells you phone it was you know you can use one of the various service providers. I don't know beyond that.

Ms. Eisner: In connection with Representative Grayson?

Witness: No.

Ms. Eisner: No not. You have not heard it. Okay.

Witness: If so, I have absolutely no recollection of it.

Ms. Eisner: Two more entities. The Lolita Carson Grayson Family Trust.

Witness: No. I know who, I know Lo but no.

Ms. Eisner: Okay. The Alan Grayson Irrevocable Trust.

Witness: No. AMG Trust but that's that was the AMG Trust.

Ms. Eisner: Okay. Just concluding here, so who have you communicated with about our investigation, the OCE's investigation?

Witness: I've consulted with counsel, just my own network of attorneys that I'm familiar with talking about my obligations, the Bar, and I did talk to Alan.

Ms. Eisner: And what conversation did you have with Representative Grayson?

Witness: That would have privileged and it would have been required by the Bar.

Ms. Eisner: Well, let's go in to that because you know to the extent that we understand that you do still have lawyer client relationship with him concerning the Derivium claims and concerning Grayson Consulting Virginia, is that's correct? That's the nature of your relationship?

Witness: I think Grayson Consulting of Florida as well.

Ms. Eisner: Okay. But you're not representing him as far as our investigation is concerned?

Witness: No.

Ms. Eisner: Okay so what we're asking about is our investigation and conversations that you had with Representative Grayson about the OCE's investigation.

Witness: The only conversation I had was other than a portion of it, I'm sorry it was privileged. I did give him legal advice during that call.

Ms. Eisner: Legal advice concerning the OCE's investigation?

Witness: No.

Ms. Eisner: Did you have any conversations with him ...

Witness: But it came up in, it was something that I had communication with him that was privileged. During the course of that conversation I also indicated to him that I had received this request and I believe I then I told him that I got the very strange call from Tom Ubl.

Ms. Eisner: What did Representative Grayson say about the OCE's investigation?

Witness: First of all, while I haven't been retained in that specific connection, I think anything he would have told me was in reliance on you know our relationship as our attorney and attorney client status. He didn't tell me specifically I mean I didn't discuss specifically the topics that had been requested from me. He told me specifically he didn't waive the privilege. He didn't waive any rights in regards to releasing me from my obligations to him to respond more broadly than.

Ms. Eisner: Okay, I mean I guess Mr. Grayson has retained counsel in our review. We understand who his attorney would be in relation to our investigation. I just want us, as far as not waiving privilege with regards to your representation, we want to respect, but I just want to understand what he would have said to you about the OCE's investigation that did not specifically pertain to your representation of him regarding the clients that we've mentioned.

Witness: I told him. I don't think he told my anything, other than I mean he might have said it's a witch hunt, but that's ...

Ms. Eisner: Was there any conversation or discussion of what materials to produce to our office in response to our request?

Witness: No. I told them that I had conferred with my own counsel and the Bar and had determined that, you know, the emails that were supplied by my employers were not my emails and particularly since I only have access you know.

Ms. Eisner: Sure.

Witness: . . . for his purposes as a client. I didn't say anything beyond that.

Mr. Ashmawy: Did Representative Grayson offer you a narrative as to what he believes what happened?

Witness: No. In fact I still don't, I mean I looked at newspaper articles that were dated in early July so prior to the institution of the investigation but where I gather an opponent in his Senate race had made a formal complaint or had instituted some kind of complaint and asked for investigation relating to something entirely separate from what you've asked me, so I think to the Grayson Fund or whatever that and that's not an entity I'm familiar with either.

Mr. Ashmawy: Okay.

Witness: Beyond knowing that it exists.

Ms. Eisner: Besides the conversations that you've told us about with Representative Grayson have you had and your attorneys and the ethics commission, the Bar, have you had any other communications regarding our investigation?

Witness: No.

Ms. Eisner: Okay. With Victor Kubli?

Witness: No, I haven't spoken to him, I actually tried to call on his birthday. I haven't spoken to him in a couple of years.

Ms. Eisner: With anyone else who would have been connected to the law firms?

Witness: I've not spoken to ... I've not spoken to anyone who would have ... Actually that's not true. There's an attorney licensed in D.C. who used to work with me and she does I think she's actually applied for a job with your office, so I thought she would be a good person to talk to about what my responsibilities were and how but so I would consider her my counsel in that regard, and I specially sought legal advice, but she was also an attorney who worked at Grayson for a period of time before I started and was terminated at some point.

Ms. Eisner: Well based on the questions we've asked you today, is there anything else that you think we should know?

Witness: That's a broad question. I don't think so. I mean my understanding is and always has been that Alan was aware that, and again I don't know how I

came to form this opinion, but he was aware that he should not be involved in cases and should not be a practicing attorney while he was in Congress and took steps to ensure that he would not transgress that and that's really it.

Ms. Eisner: Well I think if there's nothing further, we can go ahead and stop the recording and thank you for your time.

Witness: Thank you.

# **EXHIBIT 33**



Entity Name: KUBLI & ASSOCIATES, P.C.

Department ID: D12867727

General Information	Amendments	Personal Property	Certificate of Status
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Principal Office (Current):

13948 BROMFIELD ROAD  
GERMANTOWN, MD 20874

Resident Agent (Current):

VICTOR KUBLI  
13948 BROMFIELD ROAD  
GERMANTOWN, MD 20874

Status:

INCORPORATED

Good Standing:

No

What does it mean when a business is not in good standing or forfeited?

Business Code:

Professional

Date of Formation or Registration:

01/08/2009

State of Formation:

MD

Stock/Nonstock:

Stock

Close/Not Close:

Close

# **EXHIBIT 34**

## BUY-OUT AGREEMENT

WHEREAS Grayson & Kubli, P.C. ("Seller") wishes to sell certain of its assets and liabilities (the "Assets");

WHEREAS Kubli & Associates, P.C. ("Buyer") wishes to buy the Assets;

WHEREAS Buyer and Seller desire to transfer the Assets at close of business on January 2, 2009 (the "Buy-Out Date");

WHEREAS Alan Grayson ("Grayson"), a director of the Seller, was the winner of an election to Congress on November 4, 2008 (the "Election Date"), became a Congressman-Elect when that election was certified by the Florida certifying official, and will become a Member of Congress on January 6, 2009;

WHEREAS Victor Kubli ("Kubli") has been an attorney employed by Seller for approximately fourteen years;

WHEREAS Kubli is a principal in the Buyer;

WHEREAS the Seller has conducted the practice of law, currently [REDACTED] Vienna, VA 22182 and at other locations;

WHEREAS Victor Kubli is familiar with the Assets necessary to conduct the practice of law as the Seller generally has practiced it;

WHEREAS it is anticipated that during the calendar year 2008, the Seller has recorded and will record approximately \$2 million in legal fees and expenses billed or to be billed at regular hourly rates to clients responsible to pay such fees and expenses without regard to the outcome of their cases;

WHEREAS some of the work that Seller performs is billed, in whole or in part, on the basis of legal fees and expenses billed at regular hourly rates to clients responsible to pay such fees and expenses without regard to the outcome of their cases, and some of the work is not;

WHEREAS the Buyer and the Seller are unable to agree on the value of certain contingent fee cases;

NOW, THEREFORE, it is AGREED that:

1. The Assets include the assets of the Seller necessary to carry on the practice of law as the Seller has conducted that practice, including the Seller's retainer agreements with all clients; the Seller's rights and obligations as an employer of legal and support staff; the Seller's rights in its lease, insurance and subscriptions (to the extent transferable); the Seller's law library; the Seller's office equipment and furniture (except for equipment and furniture located at [REDACTED] Orlando, FL 32819

and Grayson's personal effects); the Seller's books, records and case files; and permits and licenses held by Seller.

2. The Assets shall be transferred from Seller to Buyer on the Buy-Out Date. Only the Assets are transferred. The Buyer can sell, assign or otherwise transfer the Assets only with the Seller's prior written consent.

3. The Seller and Grayson shall cooperate in the execution of any documents requested or required by non-parties to effectuate transfer of the Assets, to the extent permitted by law. Neither Buyer nor Kubli shall be required to enter into any personal guarantee in connection with such documents.

4. The Seller shall retain all right, title and interest in all compensation derived for services actually rendered before the Buy-Out Date, including but not limited to all personal services rendered by Grayson before the Buy-Out Date (the "Pre-Buyout Compensation"), whenever billed or received. The Pre-Buyout Compensation excludes any compensation for services actually rendered between the Election Date and the Buy-Out Date, if (and only to the extent that) such compensation would be contrary to law (the "Excluded Pre-Buyout Compensation"). The Seller transfers all right, title and interest in the Excluded Pre-Buyout Compensation to the Buyer, except for such personal services rendered by Grayson.

5. The Buyer shall cooperate in the Seller's efforts to collect the Pre-Buyout Compensation, including but not limited to the use of transferred books and records to invoice the Pre-Buyout Compensation; the use of Buyer's staff to prepare, send, and follow up on such invoices; and the pursuit of any legal recourse necessary in the Seller's opinion to recover such compensation. Such cooperation will be without charge, as part of the compensation received by the Seller under this Agreement.

6. The Buyer's bookkeeper will provide assistance to the Seller and Grayson in the preparation of all tax returns for periods preceding the Buy-Out Date, in whole or in part, or referring or relating to this Agreement, or to compensation received under this Agreement. Such assistance shall be without charge, as part of the compensation received by the Seller under this Agreement. The Seller may require the Buyer's bookkeeper to provide further services at cost.

7. The Buyer assumes as a liability all debt that the Seller owes to Grayson as of the Buy-Out Date (the "Grayson Debt"). The Grayson Debt accrues interest, both before and after the Buy-Out Date, at a rate of 12% (Twelve Percent) per year, compounded annually. All amounts of Pre-Buyout Compensation shall be credited against the Grayson Debt when received, whether received by the Seller or the Buyer. The remainder of the

Grayson Debt shall be payable only if, as and when the revenue of the Buyer permits payment, within sixty days of such date.

8. In order to facilitate payment of the Grayson Debt, as long as the Grayson Debt is outstanding, Kubli's compensation from the Buyer, in any form (including but not limited to undistributed Buyer earnings), shall not exceed \$250,000 (paid in equal biweekly amounts) in 2009, plus an additional \$25,000 in each succeeding year. This limitation shall expire upon full payment of the Grayson Debt.

9. As compensation for the assets for which the Buyer and Seller agree on a value, the Buyer shall pay the Seller \$2 million (Two Million Dollars) in principal payments over 48 months. The payment shall be due on the last day of each month, starting in April 2009. The interest rate on these payments shall be 12% (Twelve Percent). The fully-amortized monthly principal and interest payments shall be \$52,667.67. This amount is separate and in addition to any other compensation due under this Agreement.

10. Any amount that is unpaid at the end of each month shall accumulate further interest at the rate of 12%.

11. Kubli shall not be personally liable for the payments due under this Agreement. As security for the payments due under this Agreement, the

Seller or Grayson, or any designee of the Seller or Grayson, may record a security interest in the Buyer's assets, its receivables or its stock, or any combination thereof.

12. Because the Seller and Buyer are unable to agree on the value of certain contingent fee cases, *e.g.*, the "Kargo" case, the "IDT" cases, the "Escheat" cases and the "Derivium" cases, for the Seller's contingent fee cases, the Seller shall receive the entire amount of such fees if, as and when they are collected, unless the Seller and Buyer agree otherwise in writing. Such fees shall be deemed earned in full as of the date of the contingent fee agreement was made. If no dated, written retainer agreement is available as of the Buy-Out Date, this date shall be the date when services in the contingent fee matter were first rendered, as reflected in the books and records of the Seller. As part of the compensation received by the Seller under this Agreement, the Buyer shall continue the litigation of such cases without charge to the Seller unless the Seller consents to dismissal (or the client requests dismissal without Buyer's solicitation to do so, or the Rules of Professional Conduct or Federal Rule of Civil Procedure 11 or other applicable law requires dismissal).

13. The Buyer shall maintain "long-tail" malpractice insurance covering the work of Seller's attorneys, including Grayson, at no cost to the



Seller or Grayson, as part of the consideration under this Agreement. The Buyer shall defend the Seller and Grayson against all claims and indemnify them against all losses not compensated by insurance (other than claims under this Agreement, and claims against Grayson unrelated to Grayson's work for Seller) at no cost to the Seller or Grayson, as part of the consideration under this Agreement.

14. The Buyer shall pay its own routine accounts payable, including credit card bills for law firm charges, that are received after the Buy-Out Date, without regard to whether the account payable was for goods or services received before or after the Buy-Out Date.

15. The Seller may transfer its right, title and interest in any or all compensation due under this Agreement without the consent of the Buyer. The Buyer shall pay such compensation in accordance with the Seller's written instructions. If the Buyer desires to wind up its operations, Seller and Buyer shall cooperate in an effort to do so, in a manner consistent with law and the Rules of Professional Conduct.

16. The Buyer shall not use the Seller's name or Grayson's name, including but not limited to use in correspondence, in e-mail, in court filings and at a website. If the Seller has not filed all substitutions of counsel and

related documentation necessary to accomplish this by the Buy-Out Date, then the Buyer shall do so expeditiously.

17. The Buyer shall not ask Grayson to actually render personal services after the Buy-Out Date.

18. The Buyer shall not pay Grayson any compensation for personal services or the practice of law rendered by Grayson after the Buy-Out Date.

19. The failure of a party to assert any right under this agreement shall not constitute a waiver. The parties waive the defense of laches.

20. The Buyer gives Grayson and the Seller the right to access to the Buyer's books and records, including the right to audit. The Buyer shall maintain the Seller's books and records in the Buyer's possession, and provide access to them, or copies of them, upon request, at no charge to the Seller.

21. By making the Assets available to the Buyer on or before the Buy-Out Date, the Seller shall be deemed to have performed its obligations fully.

22. If any part of this Agreement, or the implementation of it, is found to be contrary to law, then the Seller and Buyer give Dan Schumack, Esq., of Fairfax, Virginia, the right to reform this Agreement *ab initio*, in a

manner necessary to cure the infirmity. The Seller and Buyer may substitute a different person or entity for this purpose at any time, by agreement in writing. The Seller and Buyer also authorize any court to reform this Agreement in such a manner.

23. If any part of this Agreement, or the implementation of it, is found to be contrary to law, and is not or cannot be reformed in the manner set forth above, then that part alone shall be void, and severed from the remainder of the Agreement.

24. The Assets are sold and transferred as-is, with no warranties of any kind.

25. This Agreement is the entire agreement between the Seller and the Buyer on matters referring or relating to this Agreement. The Seller and Buyer, and Grayson and Kubli, have not relied on any prior representation.

26. The Seller and Buyer agree to arbitrate all disputes arising from or related to this Agreement by expedited arbitration, by a single arbitrator, under the commercial rules of the American Arbitration Association. The arbitration hearing shall take place in Orlando, Florida.

27. This Agreement, and the terms of this Agreement, are confidential commercial information. They shall not be disclosed to anyone other than the Seller, the Buyer, Grayson, Kubli, their assigns and (only as

necessary) their legal and accounting/bookkeeping representatives, or in tax returns, or in compliance with compulsory legal process or as otherwise provided by law (upon notice to the other party providing at least ten days before disclosure)

28. This Agreement can be amended only in a writing signed by both parties.

29. This Agreement, and any subsequent amendments, may be signed in counterparts.



*for K&A, P.C.*

Victor Kubli, for  
Kubli & Associates, P.C.

\_\_\_\_\_  
Alan Grayson, for  
Grayson & Kubli, P.C.

necessary) their legal and accounting/bookkeeping representatives, or in tax returns, or in compliance with compulsory legal process or as otherwise provided by law (upon notice to the other party providing at least ten days before disclosure)

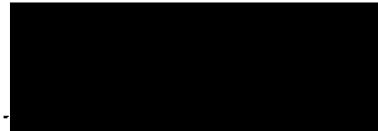
28. This Agreement can be amended only in a writing signed by both parties.

29. This Agreement, and any subsequent amendments, may be signed in counterparts.



*for K+A, P.C.*

Victor Kubli, for  
Kubli & Associates, P.C.



*for Grayson +  
Kubli, P.C.*

Alan Grayson, for  
Grayson & Kubli, P.C.

# **EXHIBIT 35**

## Goldstein, Edgar, Reagan, Roberts & Saville

Attorneys and Counselors at Law

Irving B. "Chip" Goldstein  
Frank A. Edgar, Jr. also licensed in ID  
Christopher P. Reagan  
Alisa J. Roberts also licensed in NY, DC  
Sarah M. Saville

**GOLDSTEIN LAW BUILDING**  
741 J. Clyde Morris Blvd. • Suite A  
Newport News, Virginia 23601  
(757) [REDACTED] • fax (757) [REDACTED]  
www.ibglaw.com

August 24, 2015

Office of Congressional Ethics  
Attn: Omar S. Ashmawy,  
Staff Director and Chief Counsel  
P.O. Box 895  
Washington, DC 20515-0895

Re: Response to Request for Information

Dear Mr. Ashmawy:

I write in response to the Request for Information that I received from your office on August 5, 2015 via Federal Express. I have spoken to Helen Eisner as well to get some clarification: I was surprised to learn that OCE was unaware of the fact that I personally represent Rep. Grayson and have since 2007. My answers therefore are constrained by the duties of my profession. To the extent that I may permissibly answer these Requests without first obtaining authorization from Rep. Grayson, please find my responses, *seriatim*.

- 1) A summary of your role or position with each of the Grayson Legal Practice Entities, if any, and the duration of your relationship with the entities.

I was hired to be an associate attorney of the firm of Grayson & Kubli, P.C.,<sup>1</sup> at the end of May or early June of 2006. My first day was June 12, 2006. As an associate, my work was assigned to me, and supervised by, Victor Kubli, Esq. or Rep. Grayson, and I was a salaried, full-time employee of the firm. I was not responsible for client intake and I was neither required nor encouraged to solicit new business. It is my understanding that Rep. Grayson's reputation in the whistleblower community and his business contacts generated more than enough work for the attorneys of the firm, of which there were 6 (including myself) when I first started. My initial work assignments included assisting clients with various government contract issues, and working on state and federal litigation under the supervision of Mr. Kubli or another more senior attorney.

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<sup>1</sup> According to the records of the Virginia State Corporations Commission, Grayson & Kubli, P.C. had been known by other names prior to my employment: Alan M. Grayson & Associates, P.C., and Grayson, Kubli & Hoffman, P.C. Additionally, that entity is listed as having a fictitious name of GHK Co., and is now known as AMG TR P.C.

At some point in 2007, Rep. Grayson (my ultimate boss) asked that I represent him and The AMG Trust<sup>2</sup> in connection with a collection of cases proceeding in the federal courts of South Carolina, and I agreed to do so. At that time, I remained a W-2 salaried employee of Grayson & Kubli, P.C., and thus, both Rep. Grayson and The AMG Trust became clients of Grayson & Kubli, P.C.

Upon Rep. Grayson's election to the House of Representatives in November 2008, I learned that a new firm, Kubli & Associates, P.C.<sup>3</sup> had been formed by Victor Kubli, and that entity would be my new employer. I continued to view Victor Kubli as my supervisor and I also continued to represent Rep. Grayson and other clients in connection with various matters as an associate of Kubli & Associates, P.C. At some point, I also began to represent Rep. Grayson in a FINRA arbitration proceeding in Florida. The facilities and equipment that I used to perform my work did not change from when the firm had been Grayson & Kubli, P.C. It was and remains my understanding that there was an agreement or understanding between Rep. Grayson and Mr. Kubli that governed that transition, but from my perspective, the practical effect of the transition was that: 1) Rep. Grayson could no longer practice, 2) the letterhead and e-mail addresses changed.

When Rep. Grayson left office at the end of his term, I again learned that my employment would change and that I would now be an associate of a newly-formed entity, Grayson Law Center, P.C. My employment with that entity commenced in January 2011. I continued to work as an associate attorney, and continued my representation of Rep. Grayson and other clients of the firm in a variety of matters. Again, the practical effects of the transition were minor: Rep. Grayson once again could practice as a member of the firm, and our letterhead and e-mail addresses changed.

At the end of 2012, Rep. Grayson was elected for another term in the U.S. House of Representatives. I learned that I would continue working for the entity then-known as Grayson Law Center, P.C., but that Mr. Kubli would not be an employee of said entity, and that said entity would no longer offer legal services to the public. From that point forward, I only represented Rep. Grayson, The AMG Trust, and Grayson Consulting, Inc. (a Florida entity that pursued claims related to the South Carolina matters for which it was an assignee). At some point in 2012, Grayson Law Center, P.C. changed its name to GL Ctr., P.C.

In January of 2014, Carla Coleman<sup>4</sup> advised that my employer would be changed again: I became a W-2 full time employee of Grayson Consulting, Inc., a newly-formed Virginia entity that did not offer legal services to the public. I was given the title General Counsel; Rep.

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<sup>2</sup> The AMG Trust is a separate entity from AMG TR P.C.

<sup>3</sup> To my knowledge, Kubli & Associates, P.C. was wholly owned by Victor Kubli; it is (or was) a Maryland entity registered to do business in Virginia. I believe that I was its registered agent in Virginia for a time.

<sup>4</sup> Carla Coleman was the office manager and bookkeeper for the various entities.



Grayson continued to be my boss as well as my client; Grayson Consulting, Inc. (FL) was also my client and was involved in ongoing litigation. As those matters wound up, my workload decreased substantially and I was no longer needed on a full-time basis.

In June 2014, I accepted a position as an associate with my current employer, Irving B. Goldstein, P.C., now trading as Goldstein, Edgar, Reagan, Roberts & Saville. Grayson Consulting, Inc. retained me to represent its interests and the interest of Rep. Grayson, and I continue to represent it to this day.

In the course of preparing these responses, I learned that I am currently listed as the registered agent for Grayson Consulting, Inc. (VA), the entity formed by Rep. Grayson in January 2014.

I was not privy to the books and records of my employer at any time during my employment with Grayson & Kubli, Kubli & Associates, Grayson Law Center, and Grayson Consulting (VA). At no time was I an officer, director, or stakeholder for any of those entities.

- 2) All files, communications, emails, notes, and any other documents, if any, related to clients of, the Grayson Legal Practice Entities, excluding materials directly related to client casework or routine account management, from January 1, 2008 to the present.

As set forth in detail, *supra*, Response to Request No. 1, I have served as Rep. Grayson's attorney since 2007, and those services were provided by me through various entities to include the "Grayson Legal Practice Entities." As a result, Rep. Grayson and Grayson Consulting (FL) are "clients of . . . the Grayson Legal Practice Entities."

Due to the continuing nature of my representation of Rep. Grayson and Grayson Consulting, Inc. and for their convenience, I have been permitted to retain access to e-mails that I sent or received during my previous employment. Those e-mails were generated in the scope of my employment and using my employer's software and equipment and reside on a file server owned (or leased) by my former employer. The following e-mail addresses were provided to me for business purposes during the relevant timeframe: [REDACTED]

[REDACTED] and [REDACTED]. As discussed previously, at all relevant times, I have been a full time W-2 employee of entities in which I have no legal or beneficial interest. Moreover, I have never been an officer, director, manager, or partner of any of the entities by which I was employed. As a result of the foregoing and after conferring with counsel, I believe that any e-mails associated with one of the three accounts identified above are owned by my previous employer(s) and are not my property, and may only be used by me for purposes for which I have been authorized, to wit: to aid in the successful resolution of any claims still-pending or to pursue enforcement of judgments obtained to date. I respectfully suggest that any request for those e-mails be made directly to my former employer, Grayson Consulting, Inc. (VA). Rep. Grayson is the sole director of that entity, and its principal office is located at: 8260 RIVER HILLS LANE, RIXEYVILLE VA 22737.

Presently, I use an e-mail account provided by my current employer for business purposes [REDACTED]. Through that account, I have access to e-mails that relate to my continued representation of Rep. Grayson and Grayson Consulting. I have reviewed those e-mails, and they directly relate to client case work, except for the e-mails attached hereto as Exhibit A.

I do retain electronic copies of various documents that were created or are maintained on my personal laptop. I have reviewed the directories where these documents reside on my laptop, and I have not found any responsive documents. The documents that I have identified as being related to any client of the Grayson Legal Practice Entities all appear directly related to client case work. These documents include drafts of pleadings; copies of filed pleadings and exhibits; drafts or final versions of advice memoranda; documents produced by my clients or to my clients in the course of discovery; contracts and draft contracts; or other notes that I made in connection with specific matters. Generally, I do not retain paper files from my time as an employee of any former employer, and any paper files that I may have would be located in my Falls Church condominium where I no longer reside. Because I do not live there anymore, I have been unable to confirm that there is nary a piece of paper that may be responsive, but based upon my habits, I strongly doubt that I have retained non-case work related paper documents that may be responsive to this Request.

Finally, I have variously used a number of personal e-mail accounts since January 1, 2008. It is likely that I would have e-mailed a document or other materials from my office computer to a personal e-mail account in order to continue working with those materials after business hours. E-mails in this category directly relate to client case work, and as such are excluded from the scope of these Requests. In addition, I am certain that one or more of those accounts could contain extraneous e-mails that relate to Rep. Grayson in some way, such as: an e-mail from a personal friend attaching an article wherein Rep. Grayson is mentioned, an e-mail from a friend relating that they saw Rep. Grayson on television, or an e-mail exchange between my mother and me discussing her request to meet Rep. Grayson (a request that he graciously accommodated, taking her to lunch in the Member's Dining Room). Searching my personal e-mail accounts for the type of material described in the previous sentence would impose a crippling burden on me, and would be highly unlikely to yield any substantive information. I searched my e-mail for names of former clients, but other than those e-mails sent by me or by someone at my office to me attaching documents directly related to client work, I did not find any personal e-mails related to "clients of, the Grayson Legal Practice Entities."

- 3) All files, communications, emails, notes, and any other documents, if any, related to Representative Alan M. Grayson ("Rep. Grayson") and the Grayson Legal Practice Entities, from January 1, 2008 to the present.

It is possible that there may be documents responsive to this Request among the e-mails that I received or generated using my graysonlaw.net, kubliandassociates.com, or glctr.net e-mail accounts. As noted above, because I do not own that material, I would respectfully direct you to Rep. Grayson for Grayson Consulting, Inc. (VA). Rep. Grayson is the sole director of that

entity, and its principal office is located at: 8260 RIVER HILLS LANE, RIXEYVILLE VA 22737.

I also have checked my laptop and my personal e-mail accounts and I have not identified any documents that relate to Rep. Grayson AND the Grayson Legal Practice entities that are not directly related to client work. For the reasons stated in my Response to Request No. 2, I have not been able to review any paper filed that I might have at my former residence, but I strongly would doubt that I would have anything that would be responsive to this Request.

- 4) All files, communications, emails, notes, reports, statements, and any other documents, if any, regarding earned or unearned income (including interest, dividends, and capital gains income), if any, related to the Grayson Legal Practice Entities, accrued or received by Rep. Grayson, Lolita Grayson, or Rep. Grayson's dependent children between January 1, 2008 and the present.

I am not now and have never been privy to the books and records of any of the Grayson Legal Practice Entities, or Kubli & Associates, or either of the Grayson Consulting entities. I do not believe that I have any documents responsive to this Request. I am aware of various settlements and arbitration awards obtained in connection with my representation of Rep. Grayson and Grayson Consulting (FL); I have access to some documents that relate to those transactions. Any such documents are directly related to client case work performed for Rep. Grayson and Grayson Consulting (FL); as such, I am bound by the duties of my profession, and cannot tender any such documents to you. Further, it is patently unclear whether any such awards or settlements are "related to the Grayson Legal Practice Entities," because Grayson Consulting (both VA and FL) is not included in your definition of the "Grayson Legal Practice Entities," and neither entity offered legal services to the public.

It is possible (though highly unlikely) that there may be documents responsive to this Request among the e-mails that I received or generated using my graysonlaw.net, kubliandassociates.com, or glctr.net e-mail accounts. As noted above, because I do not own that material, I would respectfully direct you to Rep. Grayson for Grayson Consulting, Inc. (VA). Rep. Grayson is the sole director of that entity, and its principal office is located at: 8260 RIVER HILLS LANE, RIXEYVILLE VA 22737.

- 5) The OCE requests the opportunity to interview you at a mutually convenient time.

I will cooperate with any interview request, but I note that I presently live some 185 miles away from your office, and am engaged in the full time practice of law. It would be a considerable inconvenience to me to be interviewed in person in Washington, DC – especially given the short time left in the 30-day review period. A telephonic or Skype interview (or an in-person interview at my office in Newport News) would be far more convenient for me and also would be much easier to schedule within the balance of the 30-day review period.

Please contact me if you have any further questions

Respectfully yours,

[REDACTED]

Alisa J. Roberts, Esq.

Encl.

# **EXHIBIT 36**

Lodged by: Southpac Trust Limited



COOK ISLANDS  
INTERNATIONAL TRUSTS ACT 1984

(Section 15)

Trust No: [REDACTED]

CERTIFICATE OF REGISTRATION  
OF AN INTERNATIONAL TRUST

Valid Until: 2002

This is to certify that AMG TRUST

constituted by Deed of Trust dated the 17TH day of DECEMBER 19 2001

is on and from the 27TH day of DECEMBER 18 2001

registered under the *International Trusts Act 1984* as an International Trust and that this

Certificate of Registration expires on the 26TH day of DECEMBER 19 2002

GIVEN under my hand and seal at Avarua this 17TH day of DECEMBER 19 2001



[REDACTED]  
Registrar of International Trusts

# **EXHIBIT 37**

PO4000088643

(Requestor's Name)

(Address)

(Address)

(City/State/Zip/Phone #)

PICK-UP     WAIT     MAIL

(Business Entity Name)

(Document Number)

Certified Copies \_\_\_\_\_ Certificates of Status \_\_\_\_\_

Special Instructions to Filing Officer:

Office Use Only



100036983461

06/06/04 10:10:03 \*\*2450.00

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DIVISION OF CORPORATIONS  
04 JUN -8 AM 11:25

RECEIVED  
04 JUN -8 AM 9:11  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
TALLAHASSEE, FLORIDA

Bm Wle

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THAG\_0160

15-6530\_0695



**SPIEGEL & UTRERA, P.A.**

(Requestor's Name)

1840 SOUTHWEST 22 STREET, 4TH FLOOR

MIAMI, FL 33145 - [REDACTED]

OFFICE USE ONLY

**CORPORATION NAME(S) & DOCUMENT NUMBER(S) (if known):**

1. GRAYSON CONSULTING, INC.  
(Corporation Name) (Document #)
2. \_\_\_\_\_  
(Corporation Name) (Document #)
3. \_\_\_\_\_  
(Corporation Name) (Document #)
4. \_\_\_\_\_  
(Corporation Name) (Document #)

Walk-In  Pick up time \_\_\_\_\_  Certified Copy

Mail out  Will wait  Photocopy  Certificate of Status

NEW FILINGS	
<input type="checkbox"/>	Profit
<input type="checkbox"/>	NonProfit
<input type="checkbox"/>	Limited Liability
<input type="checkbox"/>	Domestication
<input type="checkbox"/>	Other

AMENDMENTS	
<input type="checkbox"/>	Amendment
<input type="checkbox"/>	Resignation of R.A., Officer/Director
<input type="checkbox"/>	Change of Registered Agent
<input type="checkbox"/>	Dissolution/Withdrawal
<input type="checkbox"/>	Merger

OTHER FILINGS	
<input type="checkbox"/>	Annual Report
<input type="checkbox"/>	Fictitious Name
<input type="checkbox"/>	Name Reservation

REGISTRATION/ QUALIFICATION	
<input type="checkbox"/>	Foreign
<input type="checkbox"/>	Limited Partnership
<input type="checkbox"/>	Reinstatement
<input type="checkbox"/>	Trademark
<input type="checkbox"/>	Other

Examiner's Initials

**ARTICLES OF INCORPORATION**  
**OF**  
**GRAYSON CONSULTING, INC.**

The undersigned subscriber to these Articles of Incorporation is a natural person competent to contract and hereby form a Corporation for profit under Chapter 607 of the Florida Statutes.

**ARTICLE 1 - NAME**

The name of the Corporation is **GRAYSON CONSULTING, INC.**, (hereinafter, "Corporation").

**ARTICLE 2 - PURPOSE OF CORPORATION**

The Corporation shall engage in any activity or business permitted under the laws of the United States and of the State of Florida.

**ARTICLE 3 - PRINCIPAL OFFICE**

The address of the principal office of this Corporation is 4415 Gwyndale Court, Orlando, Florida 32837 and the mailing address is the same.

**ARTICLE 4 - INCORPORATOR**

The name and street address of the incorporator of this Corporation is:

Elsie Sanchez  
1840 Southwest 22 Street, 4th Floor  
Miami, Florida 33145

**ARTICLE 5 - OFFICERS**

The officers of the Corporation shall be:

President:	Alan M. Grayson
Secretary:	Alan M. Grayson
Treasurer:	Alan M. Grayson

whose addresses shall be the same as the principal office of the Corporation.



**SPIEGEL & UTRERA, P.A.**

LAWYERS

www.amerilawyer.com

1840 CORAL WAY, 4TH FLOOR, MIAMI, FL 33145 - [REDACTED] - FACSIMILE [REDACTED]  
MAILING ADDRESS - POST OFFICE BOX 450605, MIAMI, FL 33245-0605

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DIVISION OF CORPORATIONS  
04 JUN -8 AM 11:25

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15-6530\_0697

**ARTICLE 6 - DIRECTOR(S)**

The Director(s) of the Corporation shall be:

Alan M. Grayson

whose addresses shall be the same as the principal office of the Corporation.

**ARTICLE 7 - CORPORATE CAPITALIZATION**

7.1 The maximum number of shares that this Corporation is authorized to have outstanding at any time is **TEN THOUSAND (10,000)** shares of common stock, each share having the par value of **ONE CENT (\$.01)**.

7.2 All holders of shares of common stock shall be identical with each other in every respect and the holders of common shares shall be entitled to have unlimited voting rights on all shares and be entitled to one vote for each share on all matters on which Shareholders have the right to vote.

7.3 All holders of shares of common stock, upon the dissolution of the Corporation, shall be entitled to receive the net assets of the Corporation.

7.4 No holder of shares of stock of any class shall have any preemptive right to subscribe to or purchase any additional shares of any class, or any bonds or convertible securities of any nature; provided, however, that the Board of Director(s) may, in authorizing the issuance of shares of stock of any class, confer any preemptive right that the Board of Director(s) may deem advisable in connection with such issuance.

7.5 The Board of Director(s) of the Corporation may authorize the issuance from time to time of shares of its stock of any class, whether now or hereafter authorized, or securities convertible into shares of its stock of any class, whether now or hereafter authorized, for such consideration as the Board of Director(s) may deem advisable, subject to such restrictions or limitations, if any, as may be set forth in the bylaws of the Corporation.

7.6 The Board of Director(s) of the Corporation may, by Restated Articles of Incorporation, classify or reclassify any unissued stock from time to time by setting or changing the preferences, conversions or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or term or conditions of redemption of the stock.



**SPIEGEL & UTRERA, P.A.**

LAWYERS  
www.amerilawyer.com

1840 CORAL WAY, 4TH FLOOR, MIAMI, FL 33145 - [REDACTED] - FACSIMILE [REDACTED]  
MAILING ADDRESS - POST OFFICE BOX 450605, MIAMI, FL 33245-0605

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**ARTICLE 8 - SUB-CHAPTER S CORPORATION**

The Corporation may elect to be an S Corporation, as provided in Sub-Chapter S of the Internal Revenue Code of 1986, as amended.

8.1 The shareholders of this Corporation may elect and, if elected, shall continue such election to be an S Corporation as provided in Sub-Chapter S of the Internal Revenue Code of 1986, as amended, unless the shareholders of the Corporation unanimously agree otherwise in writing.

8.2 After this Corporation has elected to be an S Corporation, none of the shareholders of this Corporation, without the written consent of all the shareholders of this Corporation shall take any action, or make any transfer or other disposition of the shareholders' shares of stock in the Corporation, which will result in the termination or revocation of such election to be an S Corporation, as provided in Subchapter S of the Internal Revenue Code of 1986, as amended.

8.3 Once the Corporation has elected to be an S Corporation, each share of stock issued by this Corporation shall contain the following legend:

"The shares of stock represented by this certificate cannot be transferred if such transfer would void the election of the Corporation to be taxed under Sub-Chapter S of the Internal Revenue Code of 1986, as amended."

**ARTICLE 9 - SHAREHOLDERS' RESTRICTIVE AGREEMENT**

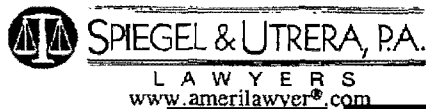
All of the shares of stock of this Corporation may be subject to a Shareholders' Restrictive Agreement containing numerous restrictions on the rights of shareholders of the Corporation and transferability of the shares of stock of the Corporation. A copy of the Shareholders' Restrictive Agreement, if any, is on file at the principal office of the Corporation.

**ARTICLE 10 - POWERS OF CORPORATION**

The Corporation shall have the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, subject to any limitations or restrictions imposed by applicable law or these Articles of Incorporation.

**ARTICLE 11 - TERM OF EXISTENCE**

This Corporation shall have perpetual existence.



1840 CORAL WAY, 4TH FLOOR, MIAMI, FL 33145 - [REDACTED] - FACSIMILE [REDACTED]  
MAILING ADDRESS - POST OFFICE BOX 450605, MIAMI, FL 33245-0605

**ARTICLE 12 - REGISTERED OWNER(S)**

The Corporation, to the extent permitted by law, shall be entitled to treat the person in whose name any share or right is registered on the books of the Corporation as the owner thereto, for all purposes, and except as may be agreed in writing by the Corporation, the Corporation shall not be bound to recognize any equitable or other claim to, or interest in, such share or right on the part of any other person, whether or not the Corporation shall have notice thereof.

**ARTICLE 13 - REGISTERED OFFICE AND REGISTERED AGENT**

The initial address of registered office of this Corporation is Spiegel & Utrera, P.A., located at 1840 Southwest 22 Street, 4th Floor, Miami, Florida 33145. The name and address of the registered agent of this Corporation is Spiegel & Utrera, P.A., 1840 Southwest 22 Street, 4th Floor, Miami, Florida 33145.

**ARTICLE 14 - BYLAWS**

The Board of Director(s) of the Corporation shall have power, without the assent or vote of the shareholders, to make, alter, amend or repeal the Bylaws of the Corporation, but the affirmative vote of a number of Directors equal to a majority of the number who would constitute a full Board of Director(s) at the time of such action shall be necessary to take any action for the making, alteration, amendment or repeal of the Bylaws.

**ARTICLE 15 - EFFECTIVE DATE**

These Articles of Incorporation shall be effective immediately upon approval of the Secretary of State, State of Florida.

**ARTICLE 16 - AMENDMENT**

The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, or in any amendment hereto, or to add any provision to these Articles of Incorporation or to any amendment hereto, in any manner now or hereafter prescribed or permitted by the provisions of any applicable statute of the State of Florida, and all rights conferred upon shareholders in these Articles of Incorporation or any amendment hereto are granted subject to this reservation.



**SPIEGEL & UTRERA, P.A.**

LAWYERS

www.amerilawyer.com

1840 CORAL WAY, 4TH FLOOR, MIAMI, FL 33145 - [REDACTED] - FACSIMILE [REDACTED]


MAILING ADDRESS - POST OFFICE BOX 450605, MIAMI, FL 33245-0605

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IN WITNESS WHEREOF, I have hereunto set my hand and seal, acknowledged and filed the foregoing Articles of Incorporation under the laws of the State of Florida, this JUN 08 2004.

  
Elsie Sanchez, Incorporator

**ACCEPTANCE OF REGISTERED AGENT DESIGNATED  
IN ARTICLES OF INCORPORATION**

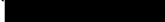
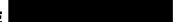
Spiegel & Utrera, P.A., having a business office identical with the registered office of the Corporation name above, and having been designated as the Registered Agent in the above and foregoing Articles of Incorporation, is familiar with and accepts the obligations of the position of Registered Agent under the applicable provisions of the Florida Statutes.

Spiegel & Utrera, P.A.

  
Natalia Utrera, Vice President

FILED  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
04 JUN -8 AM 11:25



1840 CORAL WAY, 4<sup>TH</sup> FLOOR, MIAMI, FLORIDA 33145 -  - FACSIMILE   
MAILING ADDRESS - POST OFFICE BOX 450605, MIAMI, FL 33245-0605

# **EXHIBIT 38**

PD4 000088043

(Requestor's Name)

(Address)

(Address)

(City/State/Zip/Phone #)

PICK-UP     WAIT     MAIL

(Business Entity Name)

(Document Number)

Certified Copies \_\_\_\_\_ Certificates of Status \_\_\_\_\_

Special Instructions to Filing Officer:

Office Use Only



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14 JUN 27 PM 8:55

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15-6530\_0703



**COVER LETTER**

TO: Amendment Section  
Division of Corporations

SUBJECT: Grayson Consulting, Inc  
Name of Corporation

DOCUMENT NUMBER: PO4000088643

The enclosed Statement of Change of Registered Office/Agent and fee are submitted for filing.

Please return all correspondence concerning this matter to the following:

Alan Grayson  
Name of Contact Person

Grayson Consulting  
Firm/Company

[Redacted]  
Address

Orlando, Fl 32837  
City/State and Zip Code

[Redacted]

E-mail address: (to be used for future annual report notification)

For further information concerning this matter, please call:

Carla Coleman at ( [Redacted] )  
Name of Contact Person Area Code & Daytime Telephone Number

Enclosed is a \$35.00 check made payable to the Department of State.

**Mailing Address:**  
Amendment Section  
Division of Corporations  
P.O. Box 6327  
Tallahassee, FL 32314

**Street Address:**  
Amendment Section  
Division of Corporations  
Clifton Building  
2661 Executive Center Circle  
Tallahassee, FL 32301

CR2E045 (03/12)

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THAG\_0168

15-6530\_0704

STATEMENT OF CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT OR BOTH FOR CORPORATIONS

Pursuant to the provisions of sections 607.0502, 617.0502, 607.1508, or 617.1508, Florida Statutes, this statement of change is submitted for a corporation organized under the laws of the State of Florida in order to change its registered office or registered agent, or both, in the State of Florida.

- 1. The name of the corporation: Grayson Consulting, Inc
2. The principal office address: 4415 Gwynndale Ct. Orlando, FL 32837
3. The mailing address (if different): P.O. Box 502 Rixeyville, Va 22737
4. Date of incorporation/qualification: 6-8-2004 Document number: P04000088643
5. The name and street address of the current registered agent and registered office on file with the Florida Department of State: (If resigned, enter resigned)

Alan M Grayson
[Redacted address]

- 6. The name and street address of the new registered agent (if changed) and /or registered office (if changed):

Alan M Grayson
[Redacted address]
P.O. Box NOT acceptable
[Redacted address]

FILED
SECRETARY OF STATE
14 JUN 27 AM 8:55

The street address of its registered office and the street address of the business office of its registered agent, as changed will be identical.

Such change was authorized by resolution duly adopted by its board of directors or by an officer so authorized by the board, or the corporation has been notified in writing of the change.

X [Redacted signature]
Signature of an officer or director

Alan M Grayson / PITS
Printed or typed name and title

I hereby accept the appointment as registered agent and agree to act in this capacity, I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligation of my position as registered agent. Or, if this document is being filed merely to reflect a change in the registered office address, I hereby confirm that the corporation has been notified in writing of this change.

X [Redacted signature]
Signature of Registered Agent

6/20/14
Date

If signing on behalf of an entity:
Typed or Printed Name

\*\*\* FILING FEE: \$35.00 \*\*\*

MAKE CHECKS PAYABLE TO FLORIDA DEPARTMENT OF STATE
MAIL TO: DIVISION OF CORPORATIONS, P.O. BOX 6327, TALLAHASSEE, FL 32314
CR2E045 (03/12)

# **EXHIBIT 39**

**FLORIDA DEPARTMENT OF STATE  
DIVISION OF CORPORATIONS****Detail by Entity Name**Florida Profit Corporation

GRAYSON CONSULTING, INC.

Filing Information

<b>Document Number</b>	P04000088643
<b>FEI/EIN Number</b>	55-0870637
<b>Date Filed</b>	06/08/2004
<b>State</b>	FL
<b>Status</b>	ACTIVE

Principal Address4415 GWYNDALE COURT  
ORLANDO, FL 32837

Changed: 06/11/2014

Mailing AddressP.O. BOX 502  
RIXEYVILLE, VA 22737

Changed: 06/27/2014

Registered Agent Name & AddressGRAYSON, ALAN M, ESQ.  
4415 GWYNDALE CT.  
ORLANDO, FL 32837

Name Changed: 08/08/2005

Address Changed: 06/27/2014

Officer/Director Detail**Name & Address**

Title PSTD

GRAYSON, ALAN M  
4415 GWYNDALE COURT  
ORLANDO, FL 32837Annual Reports

Report Year	Filed Date
2013	01/29/2013
2014	02/27/2014
2015	02/21/2015

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