

# CONFIDENTIAL PRIVATE OFFERING MEMORANDUM



## WORLD TRADE SECURITIES

**World Trade Securities LP**  
(a Delaware Partnership)

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**Partnership Interest Offering**  
under Regulation D Rule 506(c) to Accredited Investors Only

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**Minimum Investment US \$10,000,000.00**

Dated March 2026

No.: \_\_\_\_\_

Prepared for:

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## Important Notices

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM, AS IT MAY BE AMENDED, RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME (THIS "MEMORANDUM"), IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY EITHER WORLD TRADE SECURITIES LLC ("GENERAL PARTNER") OR THEIR AUTHORIZED REPRESENTATIVE FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN LIMITED PARTNER INTERESTS ("INTERESTS") OF WORLD TRADE SECURITIES LP (THE "PARTNERSHIP"), AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (OTHER THAN PROFESSIONAL ADVISORS OF THE PROSPECTIVE INVESTOR RECEIVING THIS MEMORANDUM FROM A GENERAL PARTNER OR ITS AUTHORIZED REPRESENTATIVE). REFERENCES IN THIS MEMORANDUM TO THE "GENERAL PARTNER" SHALL BE READ TO MEAN WORLD TRADE SECURITIES LLC, UNLESS THE CONTEXT OTHERWISE REQUIRES.

THE INTERESTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY OF THE STATES OF THE UNITED STATES. THE OFFERING CONTEMPLATED BY THIS MEMORANDUM WILL BE MADE IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT FOR OFFERS AND SALES OF SECURITIES WHICH DO NOT INVOLVE ANY PUBLIC OFFERING AND ANALOGOUS EXEMPTIONS UNDER STATE SECURITIES LAWS.

THE PARTNERSHIP HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"). EACH SUBSCRIBER FOR AN INTEREST WILL BE REQUIRED TO CERTIFY THAT IT IS (I) AN "ACCREDITED INVESTOR," AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT AND (II) EITHER A "QUALIFIED PURCHASER" AS DEFINED UNDER SECTION 2(A)(51) OF THE 1940 ACT AND THE RULES THEREUNDER OR A "KNOWLEDGEABLE EMPLOYEE" AS DEFINED UNDER RULE 3C-5 OF THE 1940 ACT.

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

INTERESTS ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS WHO DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENTS, FOR WHOM AN INVESTMENT IN THE PARTNERSHIP DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND ARE WILLING TO

ASSUME THE RISKS INVOLVED IN THE PARTNERSHIP'S INVESTMENT PROGRAM. THE PARTNERSHIP'S INVESTMENT PRACTICES, BY THEIR NATURE, MAY BE CONSIDERED TO INVOLVE A SUBSTANTIAL DEGREE OF RISK. SUBSCRIBERS FOR INTERESTS MUST REPRESENT THAT THEY ARE ACQUIRING THE INTERESTS FOR INVESTMENT.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE PARTNERSHIP FOR SUCH INVESTOR.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS DESCRIBED IN THIS MEMORANDUM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF INTERESTS 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. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS CONCERNING THE PARTNERSHIP WHICH ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM. PROSPECTIVE INVESTORS SHOULD NOT RELY ON ANY INFORMATION NOT CONTAINED IN THIS MEMORANDUM. THIS MEMORANDUM MAY BE UPDATED FROM TIME TO TIME. INVESTORS SHOULD ASK IF ANY SUPPLEMENTS TO THE MEMORANDUM OR ANY LATER MEMORANDUM HAVE BEEN ISSUED.

THE INTERESTS OF THE PARTNERSHIP OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION.

THIS MEMORANDUM, INCLUDING ANY EXHIBITS HERETO, IS SUBMITTED ON A CONFIDENTIAL BASIS FOR USE BY A LIMITED NUMBER OF PROSPECTIVE INVESTORS SOLELY WITH THE CONSIDERATION OF THE PURCHASE OF THE INTERESTS OFFERED HEREBY. IN ADDITION, THIS MEMORANDUM CONSTITUTES AN OFFER ONLY IF A NAME AND IDENTIFICATION NUMBER APPEAR

IN THE APPROPRIATE SPACES PROVIDED ON THE COVER PAGE HEREOF AND CONSTITUTES AN OFFER ONLY TO THE PERSON WHOSE NAME APPEARS THEREON. ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER, IS PROHIBITED. ANY DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE OFFEREE NAMED ABOVE IS UNAUTHORIZED. ANY PERSON ACTING CONTRARY TO THE FOREGOING RESTRICTIONS MAY PLACE HIMSELF/HERSELF/ITSELF AND THE PARTNERSHIP IN VIOLATION OF FEDERAL AND/OR STATE SECURITIES LAWS.

ALTHOUGH THE PARTNERSHIP MAY BE SIMILAR TO ONE OR MORE OTHER INVESTMENT VEHICLES OR ACCOUNTS ADVISED BY THE INVESTMENT MANAGER (DEFINED BELOW) OR ITS AFFILIATES, THE PARTNERSHIP IS A SEPARATE ENTITY WITH ITS OWN DISTINCT INVESTMENT OBJECTIVES, POLICIES, RISKS AND EXPENSES, AS EXPLAINED HEREIN. THE PARTNERSHIP AND ANY OTHER INVESTMENT VEHICLE OR ACCOUNT ADVISED BY THE INVESTMENT MANAGER OR ITS AFFILIATES WILL HAVE DIFFERENT INVESTMENT RESULTS, AND INFORMATION ABOUT THOSE OTHER INVESTMENT VEHICLES AND ACCOUNTS SHOULD NOT BE ASSUMED TO APPLY TO THE PARTNERSHIP.

NO OFFERING LITERATURE OR ADVERTISING IN WHATEVER FORM WILL BE EMPLOYED IN THIS OFFERING EXCEPT FOR THIS MEMORANDUM OR STATEMENTS CONTAINED HEREIN.

SOME OF THE INFORMATION CONTAINED IN THIS MEMORANDUM CONSTITUTES "FORWARD-LOOKING STATEMENTS." THESE CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE" OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR OTHER COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, INCLUDING THOSE DESCRIBED IN THIS MEMORANDUM, ACTUAL EVENTS OR RESULTS AND THE PERFORMANCE OF THE PARTNERSHIP MAY DIFFER MATERIALLY FROM THOSE REFLECTS OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. THE PARTNERSHIP MAKES NO REPRESENTATION OR WARRANTY AS TO FUTURE PERFORMANCE OR SUCH FORWARD-LOOKING STATEMENTS.

#### **NOTICE TO RESIDENTS OF ALL STATES**

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO

REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

#### **NOTICE TO RESIDENTS OF FLORIDA**

THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT. IF THE INVESTOR IS NOT A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY AS DEFINED IN THE 1940 ACT, A PENSION OR PROFIT SHARING TRUST OR A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), THE INVESTOR ACKNOWLEDGES THAT ANY SALE OF INTERESTS IS VOIDABLE BY THE INVESTOR EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE INVESTOR TO THE ISSUER, OR AN AGENT OF THE ISSUER, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE INVESTOR, WHICHEVER OCCURS LATER.

#### **FOR NON-U.S. RESIDENTS**

NO ACTION HAS BEEN OR WILL BE TAKEN IN ANY JURISDICTION OUTSIDE THE UNITED STATES OF AMERICA THAT WOULD PERMIT AN OFFERING OF THE INTERESTS, OR POSSESSION OR DISTRIBUTION OF OFFERING MATERIAL IN CONNECTION WITH THE ISSUANCE OF THE INTERESTS, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IT IS THE RESPONSIBILITY OF POTENTIAL INVESTORS TO SATISFY THEMSELVES AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES OF AMERICA IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

SUBJECT TO THE TERMS AND CONDITIONS OF THE PARTNERSHIP AGREEMENT (DEFINED BELOW) AND OTHER GOVERNING DOCUMENTS OF THE PARTNERSHIP, EACH PROSPECTIVE INVESTOR IS INVITED TO MEET WITH THE GENERAL PARTNER OF THE PARTNERSHIP TO DISCUSS WITH, ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM THEM CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT SUCH REPRESENTATIVE POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE INFORMATION CONTAINED HEREIN. PROSPECTIVE PARTICIPANTS ARE URGED TO REQUEST

#### **WORLD TRADE SECURITIES LP**

430 Park Avenue  
New York, NY 10017  
Tel: +1 (646) 938-7510  
[www.worldtradesecc.com](http://www.worldtradesecc.com)

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## SUMMARY

The following information is presented as a summary of certain terms of the Partnership and prospective partners should refer to the balance of this memorandum for more complete information and should not rely solely on this information contained in this summary. This summary is qualified in its entirety by the detailed formation appearing elsewhere in this memorandum.

### **The Partnership (“Fund”)**

World Trade Securities LP is a Delaware limited partnership (the "Partnership") formed on the 20th of December 2022. The Partnership is being operated as a private investment fund under Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Act").

### **General Partner**

The General Partner of the Partnership is World Trade Securities LLC, a Delaware limited liability company (the "General Partner"). The General Partner will have exclusive control over day-to-day operations of the Partnership even if additional General Partners are admitted to the Partnership in the future. The principal office of the Partnership and the General Partner is 430 Park Avenue New York, NY 10017.

### **Investment Management Company**

World Trade Securities LLC, who is also the Partnership General Partner, will serve as the Investment Manager of Partnership and provide discretionary investment advisory and portfolio management services to the Partnership (the "Investment Manager"). The Investment Manager is not currently registered with the Securities and Exchange Commission (SEC). However, the Investment Manager intends to engage registered investment advisors to comply with recent changes to the U.S. Securities Regulations or will complete the registration process if required.

### **General Investment Philosophy**

The Partnership is primarily a long investor in U.S. and foreign equity markets; funds focused on energy and minerals; and U.S. governmental & Infrastructure projects. The Partnership's focus is on long-term investing as opposed to short-term trading, and its primary investment vehicles will be securities of large to small capitalized companies. The Partnership expects to make investments in securities, other funds, and private equity. The Partnership's goal is to generate outstanding returns on a rolling 24-36 month time horizon through the use of fundamental research across multiple industry sectors in order to generate an edge of insight or factual information. Once such information is obtained, the Partnership will determine if the information will put a company or an industry in a position to achieve success. Companies showing strong attributes will be considered for investment. Depending on the market environment, the Partnership's portfolio may be hedged at times using short sales of stocks and other derivative securities.

### **Suitability**

This offering is not registered under the Securities Act of 1933, as amended (the "Act"), as is being made in reliance on the exemptions provided for in Section 4(a)(2) of the Act and Rule 506(c) of Regulation D, promulgated by the Securities and Exchange Commission thereunder. This Offering is available only to suitable Accredited Investors as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933. The Manager may, in its sole discretion, accept or decline to admit any investor. Individual Retirement Account (IRA) investors and other tax-exempt investors should carefully review the section herein entitled "Certain Federal Income Tax Considerations" and consult their own tax advisors.

<b>Subscriptions</b>	New Partners may subscribe for the Partnership Interests on the first day of any calendar month or at such other times as the General Partner shall permit in its sole discretion. Upon completion of the subscription agreement and the receipt of an investor's capital contribution, an investor will become a Partner of the Partnership. In certain situations, that will benefit the Partnership, the Partnership may accept tangible assets in lieu of cash subscriptions. In such situations, the assets will be evaluated on a per basis and discounted at the discretion of the manager.
<b>Transferability of Partnership Interests</b>	Partnership Interests in the Partnership may not be sold, transferred, pledged or assigned without the prior written consent of the General Partner, provided, that with regard to the assignment by a Partner to an affiliate, such consent may not be unreasonably withheld.
<b>Minimum Investment</b>	The minimum initial investment by each Partner is \$10,000,000, subject to the General Partner's discretion to accept a lesser amount.
<b>Initial Lock-up Period</b>	"Initial Lock-Up Period" means the Partner may not request redemption of their investment for a period of at least twelve (12) months from the date their capital contribution. Each capital contribution made by a Partner shall be subject to the Initial Lock-Up Period. (see "Initial Lock-up Period" section).
<b>Management Fee</b>	The General Partner does not intend to charge a management fee. See "Management Fee."
<b>Allocation of Profits and Losses</b>	The profits and losses of the Partnership will be provisionally allocated among the capital accounts of the Partners and the General Partner (collectively, the "Partners") at the end of each fiscal period in proportion to the relative values of such capital accounts at the beginning of such fiscal period. See "Allocation of Profits and Losses".
<b>Performance Allocation (Carried Interest) and High water mark</b>	The Carried Interest allocable to the General Partner is equal to twenty percent (20%) of the aggregate net gain allocated monthly to the Partners capital account subject to a "high water mark" limitation, so that no allocation is made to the General Partner with respect to its Carried Interest until prior net losses allocated to a Partner are recouped. The high water mark shall be re-set on an annual basis. The amount of prior period net losses that must be recouped before a Carried Interest allocation is made shall be adjusted to take into account any distributions to or withdrawals by a Partner, with the amount of such prior net losses being reduced in proportion to the distribution or withdrawal. The General Partner may waive all or part of the Performance Allocation with respect to one or more Partners from time to time in its sole discretion. The General Partner may also pay over a portion of the Performance Allocation to one or more third parties who introduce investors or perform other services for the Partnership or the General Partner.
<b>ERISA and Other Tax-Exempt Investors</b>	Since the Partnership may generate "unrelated business taxable income" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), an investment in the Partnership may not be suitable for pension and other funds subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or other organizations that are generally exempt from income taxation

pursuant to Section 501(c)(3) of the Code. The General Partner intends to use commercially reasonable efforts to cause "benefit plan investors" not to own a significant portion of the Partnership interests in the Partnership, so that the assets of the Partnership should not be considered "plan assets" for purposes of ERISA and Section 4975 of the Code, although there can be no assurance that non "plan asset" status will be obtained or maintained. Prospective purchasers and subsequent transferees of Interests may be required to make certain representations regarding compliance with ERISA and Section 4975 of the Code. See "Certain ERISA Considerations."

**New Partners; Additional Capital Contributions**

Unless otherwise determined by the General Partner, in its discretion, each new Partner shall be admitted to the Partnership, and each existing Partner may make an additional capital contribution to the Partnership, as of the first day of the calendar month provided that the General Partner timely receives and accepts such person's initial or additional, as applicable, capital contribution and executed Subscription Documents and/or such other documents or agreements as the General Partner may require. A person shall become a Partner when the General Partner enters such a person as a Partner on the books of the Partnership. Capital contributions must be made in cash unless the General Partner, in its sole discretion, agrees to accept capital contributions in the form of securities.

**Partial Withdrawals of Capital**

A Partner may make partial withdrawals of capital on ninety (90) days' prior written notice to the General Partner at the end of the Initial Lock-Up Period. The General Partner shall have absolute discretion to deny or permit a partial withdrawal if, after giving effect to such withdrawal, the value of the Partner's capital account would be less than \$ 50,000, and the General Partner may treat any such request for partial withdrawal as a request for termination of the Partner's entire Interest. Distribution of any partial withdrawal generally will be made within fifteen (15) days after the withdrawal date, although ten percent (10%) of any withdrawal that represents more than ninety percent (90%) of a Partner's capital may be withheld until the Partnership receives its year-end audited financials for the fiscal year during which the withdrawal was made. The General Partner may vary these withdrawal terms, in whole or part, for certain investors, in its sole discretion.

**Required Withdrawals**

The General Partner may, in its sole discretion, require any Partner to withdraw from the Partnership, with or without cause, if the General Partner shall determine, in its sole and absolute discretion, that such termination and withdrawal shall be in the best interests of the Partnership. The General Partner shall give not less than fifteen (15) days' prior written notice of such termination to such Partner. Such required withdrawal could result in adverse tax and/or economic consequences to such a Partner.

**Indemnification of the General Partner and the Investment Manager**

The Partnership Agreement provides for limitations on the liability of, and for the indemnification of, the General Partner, any other General Partners and their respective affiliates, except that no such indemnification will relieve any person from liability for fraud, gross negligence, willful misconduct, the violation of Federal or state securities laws or any criminal wrongdoing. The Investment Management Agreement provides for limitations on the liability of, and for the indemnification of, the General Partner and each of its affiliates and each of its and their principals, managers, Partners, officers, directors, employees, equity holders and representatives, except that no such indemnification will relieve any

person from liability for willful misconduct, fraud or gross negligence on the part of such parties in the performance or nonperformance of their respective obligations or duties thereunder.

**Potential Conflict of Interest**

The General Partner, the Investment Manager, and their principal(s) may be affiliated with or render services to other investment entities or accounts including entities and/or accounts with investment goals and strategies similar to those of the Partnership. The principal(s) of the General Partner may also be or become related to other service provider who will provide services to the Partnership in which fees and/or commissions will be paid to the principal(s) of the General Partner, these service providers may include broker-dealers, prime brokerage services, and fund administrative services.

**Risks**

Prospective Partners should note that an investment in the Partnership involves a significant amount of risk, including the possibility of a total loss of investment. Prospective Partners should carefully consider the risk factors discussed under "Risk Factors."

**Reports to Partners**

The Partnership will furnish to each Partners: (i) annual financial reports of the Partnership; (ii) annual descriptive investment information for each investment; (iii) annual tax information for the completion of income tax returns; (iv) a statement from the Partnership's auditors detailing the Partners capital account; and (v) from time to time unaudited periodic reports at the discretion of the General Partner, but no less often than quarterly.

**Fiscal Year**

The fiscal year of the Partnership shall end on December 31 of each calendar year.

**DIRECTORY**

**Registered Office of the Partnership:**

8 The Green, Suite R  
Dover, DE 19901

**Principal Office of the Partnership:**

World Trade Securities LLC  
430 Park Avenue  
New York, NY 10017  
United States  
Tel: +1 (646) 938-7510  
Email: Nicholas@worldtardesec.com

**Fund General Partner:**

World Trade Securities LLC  
430 Park Avenue  
New York, NY 10017  
United States

**Fund Bankers:**

JPMorgan Chase Bank, N.A.  
270 Park Avenue  
New York, NY 10017  
United States

**Prime Broker:**

Interactive Brokers LLC  
1 Pickwick Plaza  
Greenwich, CT 06830  
United States

**Administrator**

Ousmane Kamate  
120 Wall Street  
New York, NY 10005  
United States

**Fund Auditor:**

Ousmane Kamate  
120 Wall Street  
New York, NY 10005  
United States

## **INTRODUCTION**

### **Overview**

World Trade Securities LP is a Delaware limited partnership (the "Partnership" ) formed on the 20th of December 2022 as a private investment vehicle for a limited number of sophisticated, long-term investors. The Partnership will engage primarily in the purchase and sale of long positions in publicly traded securities, other investment funds, U.S. governmental and infrastructure projects, and during certain market environments, may hedge the portfolio using other derivative securities. Its principal investment objective is the achievement of superior investment returns. The Partnership is being operated as a fund under Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Act"). As a result, the number of Partners in the Partnership is limited to one hundred (100) persons.

If the Partnership approaches the one hundred (100) person limit, the General Partner intends to convert the Partnership into a fund that operates under Section 3(c)(7) of the Act. If such a conversion occurs, investors in the Partnership that are not "qualified purchasers" as defined in the Act will have their Interest in the Partnership exchanged for interests in a new partnership (the "New 3(c)(1) Fund") that is identical to the Partnership in all material respects, including its investment strategies and objectives, except those investors in the New 3(c)(1) Fund will not be required to be "qualified purchasers." By signing the Partnership's Subscription Documents and becoming a party to the Partnership Agreement, investors are consenting to, and authorizing the General Partner to take whatever actions are necessary on their behalf to effect such exchange.

Various terms used and not defined in this Memorandum are defined in the Partnership Agreement.

### **Management of the Partnership**

The manager of the Partnership is World Trade Securities LLC, a Delaware company (the "General Partner"). The General Partner will have exclusive control over day-to-day operations of the Partnership even if additional General Partners are admitted to the Partnership in the future. Nicholas Mugalli is the principal of the General Partner. The principal office of the Partnership and the Management is 520 East 90th Street, Suite 4E, New York, NY 10128, United States.

World Trade Securities LLC, who is also the Fund's General Partner, will serve as the Investment Manager of Partnership and provide discretionary investment advisory and portfolio management services to the Partnership (the "Investment Manager"). The Investment Manager is NOT registered with the Securities and Exchange Commission (SEC). However, the Investment Manager intends to engage outside registered investment advisors to comply with recent changes to the U.S. Securities Regulations.

Nicholas Mugalli, the principal of the Investment Manager, has direct and primary responsibility for all investment decisions of the Partnership. The Investment Manager utilizes a multi-disciplined investment approach, the foundation of which is company specific (or "fundamental") analysis with diversified sectors. The Investment Manager concentrates on the growth potential and predictability of revenues, cash flow, and earnings to determine the extent to which a security is undervalued and whether the Partnership will take a long or short position in the security. The Investment Manager's objective is to outperform in "bull markets". When market conditions dictate, the Investment Manager may use one or more hedging techniques, including but not limited to the use of derivative securities, as a means of preserving capital.

### **The Offering**

The Partnership is offering through this memorandum Partnerships Interests (the "Interests") to eligible purchasers (each purchaser of an Interest being referred to herein as a "Partner"). Investment in the Partnership is not suitable for charitable remainder trusts and might not be suitable for certain other tax-exempt investors. Only investors who have a pre-existing relationship with the General Partner or its principals, employees or representatives and are: (i) "accredited investors" in the meaning of Rule 501(a) of Regulation D under the Securities Act; ii) "qualified clients"; as defined in Rule 205-3 under the Advisers Act; and (iii) knowledgeable and experienced in management and business matters such that they are capable of evaluating the merits and risks of an investment in the Partnership will be permitted to invest in the Partnership.

An accredited investor includes natural persons who have a net worth, taken together with the net worth of their spouse,

in excess of \$1 million (excluding residence, furniture and automobiles) or who had individual income of more than \$200,000 in each of the prior two calendar years, or joint income with their spouse in excess of \$300,000 for each of those years, and who reasonably expect to reach the same income level in the current year; investment Partnerships and other entities consisting of such persons; and of liability companies and Partnerships with assets in excess of \$5 million. A qualified client includes persons having at least \$750,000 invested in the Partnership, persons having a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$1,500,000 at the time of their subscription, and qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

The minimum initial investment by each Partner is \$50,000, subject to the General Partner's discretion to accept a lesser amount.

### **ERISA and Other Tax-Exempt Investors**

Since the Partnership may generate "unrelated business taxable income" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), an investment in the Partnership may not be suitable for pension and other funds subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or other organizations that are generally exempt from income taxation pursuant to Section 501(c)(3) of the Code.

The General Partner intends to use commercially reasonable efforts to cause "benefit plan investors" not to own a significant portion of any class of equity interests in the Partnership, so that the assets of the Partnership should not be considered "plan assets" for purposes of ERISA and Section 4975 of the Code, although there can be no assurance that non "plan asset" status will be obtained or maintained. Prospective purchasers and subsequent transferees of Interests may be required to make certain representations regarding compliance with ERISA and Section 4975 of the Code. See "Certain ERISA Considerations."

EACH PROSPECTIVE INVESTOR THAT IS SUBJECT TO ERISA AND/OR SECTION 4975 OF THE CODE IS ADVISED TO CONSULT WITH ITS OWN LEGAL, TAX AND ERISA ADVISERS AS TO THE CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.

### **Allocation of Profits and Losses**

The profits and losses of the Partnership will be provisionally allocated among the capital accounts of the Partners and the General Partner (collectively, the "Partners") at the end of each fiscal period in proportion to the relative values of such capital accounts at the beginning of such fiscal period (except for profits and losses attributable to the Partnership's investments in "new issues," which may be subject to the Partnership's carve-out arrangement described below).

Then, at the close of each Performance Period (as defined below), twenty percent (20%) of the net profits (realized and unrealized) provisionally allocated to the capital account of each Partner or, in the case of a withdrawal of capital by a Partner other than on the last day of the year, to the withdrawing Partner with respect to the withdrawn Interest, for the Performance Period shall be reallocated and credited to the capital account of the General Partner and debited to the capital accounts of the Partners or the withdrawing Partner, as the case may be. The reallocation of net profits to the General Partner described above represents the General Partner's "Carried Interest" in the Partnership. The Performance Period is the calendar year; provided, however, that (a) if a Partner is admitted to the Partnership on any date other than the first day of the year, then the initial Performance Period shall be the period commencing on such date and ending on the last day of the year, (b) upon the withdrawal of capital by a Partner other than at the end of the year, the Performance Period shall be the period commencing on the first day of the year or on the date during the year on which the capital account was established, if other than the first day of the year, and ending on the withdrawal date, and (c) in the event the Partnership is terminated other than at the end of a year, the final Performance Period shall be the period commencing on the first day of the Partnership's final fiscal year and ending on the termination date. The General Partner's Carried Interest is not affected by net losses in a subsequent fiscal period.

Profits and losses will be accrued on a monthly basis but generally will be allocated to the capital accounts of the Partners only at the end of each calendar year and upon the withdrawal or expulsion of a Partner if such withdrawal or expulsion occurs on a day other than the beginning or the end of a calendar year.

The profits or losses of the Partnership for a particular period will be measured in terms of the increase or decrease in the net assets of the Partnership from the beginning to the end of the period, after giving effect to the expenses of the

Partnership for such period. In calculating profits or losses, securities will be valued on a "marked-to-market" basis, with the result that the profits or losses for a particular period will not necessarily reflect amounts which have been or will be realized or sustained.

#### Performance Allocation (Carried Interest); High Water Mark

The Performance Allocation or Carried Interest allocable to the General Partner is equal to twenty percent (20%) of the aggregate net gain allocated monthly to the Partners capital account during the Lock-Up Period and subject to a "high water mark" limitation, so that no allocation is made to the General Partner with respect to its Carried Interest until prior net losses allocated to a Partner are recouped within the performance period. The high water mark shall be re-set on an annual basis. The amount of prior period net losses that must be recouped before a Carried Interest allocation is made shall be adjusted to take into account any distributions to or withdrawals by a Partner, with the amount of such prior net losses being reduced in proportion to the distribution or withdrawal. The General Partner may waive all or part of the Performance Allocation with respect to one or more Partners from time to time in its sole discretion. The General Partner may also pay over a portion of the Performance Allocation to one or more third parties who introduce investors or perform other services for the Partnership or the General Partner.

#### New Partners; Additional Capital Contributions

Unless otherwise determined by the General Partner, in its discretion, each new Partner shall be admitted to the Partnership, and each existing Partner may make an additional capital contribution to the Partnership, as of the first day of the calendar month provided that the General Partner timely receives and accepts such person's initial or additional, as applicable, capital contribution and executed Subscription Documents and/or such other documents or agreements as the General Partner may require. A person shall become a Partner when the General Partner enters such person as a Partner on the books of the Partnership. Capital contributions must be made in cash unless the General Partner, in its sole discretion, agrees to accept capital contributions in the form of securities.

#### Partial Withdrawals of Capital

A Partner may make partial withdrawals of capital on ninety (90) days' prior written notice to the General Partner at the end of the Initial Lock-Up Period and, as of December 31st of each calendar year thereafter. The General Partner shall have absolute discretion to deny or permit a partial withdrawal if, after giving effect to such withdrawal, the value of the Partner's capital account would be less than \$50,000, and the General Partner may treat any such request for partial withdrawal as a request for termination of the Partner's entire Interest. Distribution of any partial withdrawal generally will be made within fifteen (15) days after the withdrawal date, although ten percent (10%) of any withdrawal that represents more than ninety percent (90%) of a Partner's capital may be withheld until the Partnership receives its year-end audited financials for the fiscal year during which the withdrawal was made. The General Partner may vary these withdrawal terms, in whole or part, for certain investors, in its sole discretion.

#### Initial Lock-Up Period

"Initial Lock-Up Period" means the Partner may not request redemption of their investment for a period of at least twelve (12) months from the date their capital contribution. Each capital contribution made by a Partner shall be subject to the Initial Lock-Up Period.

The Initial Lock-Up Period shall be calculated separately for each capital contribution made by a Partner. For these purposes, withdrawals of capital will be processed on a "first-in, first-out" basis, with each withdrawal being made from the earliest available capital contribution.

#### Termination of Investment in the Partnership

A Partner may withdraw from the Partnership entirely at the end of the Initial Lock-Up Period or, as of December 31st of each calendar year thereafter, by giving not less than ninety (90) days' prior written notice to the General Partner. Complete withdrawals may be made at such other times and on such other notice as the General Partner, in its sole and absolute discretion, shall permit. Distribution of cash or marketable securities (or a combination thereof) having an aggregate value at least equal to ninety percent (90%) of the estimated capital account of a withdrawing Partner, or of a Partner who dies or is adjudicated an incompetent, will be made to such Partner or his or its legal representatives within

fifteen (15) days after the withdrawal date or the end of the calendar year in which the death or adjudication of incompetency occurred, and distribution of the balance of such capital account, as finally determined as of the end of such year, will be made within fifteen (15) days after the receipt by the Partnership of its audited financial statements for such year.

The General Partner may vary these withdrawal terms, in whole or part, for certain investors, in its sole discretion.

#### **Withdrawal Payments; Establishment of Reserves**

The value of a Partner's Interest upon a withdrawal is equal to the amount in such Partner's Closing Capital Account as of the last day of the year of determination or other applicable period. Partial or full withdrawals may be paid in any combination of cash and securities, in the General Partner's sole discretion. Transaction costs involved in a withdrawal may be charged to the withdrawing Partner.

The General Partner may withhold payment of all or any part of the amount withdrawn by a Partner to establish such reserves for contingencies as the General Partner, in its sole discretion, may deem advisable.

Withdrawal requests may be submitted by email to the General Partner at [Nicholasmugalli@gmail.com](mailto:Nicholasmugalli@gmail.com), provided that:

1. the original signed withdrawal request is received by the General Partner prior to the withdrawal date; and
2. the investor receives written confirmation from the General Partner that the faxed withdrawal request has been received.

The General Partner will confirm in writing within five (5) Business Days of receipt all faxed withdrawal requests that are received in good order. Investors failing to receive such written confirmation from the General Partner within five (5) Business Days should contact the General Partner at +1 (347) 438-4936 to obtain the same. Failure to obtain such written confirmation will render faxed instructions void.

#### **Required Withdrawals**

The General Partner may, in its sole discretion, require any Partner to withdraw from the Partnership, with or without cause, if the General Partner shall determine, in its sole and absolute discretion that such termination and withdrawal shall be in the best interests of the Partnership. The General Partner shall give not less than fifteen (15) days' prior written notice of such termination to such Partner. Such required withdrawal could result in adverse tax and/or economic consequences to such Partner.

#### **Fees and Expenses**

The Partnership is responsible for all direct costs, fees and expenses incurred by or on behalf of the Partnership in connection with its organization, management and operation, including: (i) all costs, fees and expenses of the Partnership directly related to the purchase, sale or retention of securities by the Partnership (including all fees and commissions of brokers and custodians, all fees and disbursements of independent attorneys and accountants, all fees and expenses relating to the registration and qualification for sale of such securities and all transfer taxes); (ii) all Federal, state and local taxes and filing fees payable by the Partnership; (iii) all costs, fees and expenses of the Partnership relating to Partners' meetings and the preparation and mailing of reports to Partners; (iv) all fees and disbursements of the Partnership's independent attorneys, accountants and consultants; (v) all filing and recording fees; (vi) all interest expense of the Partnership; and (vii) any extraordinary expenses of the Partnership. The Partners will not be burdened with any of the general overhead expenses of the General Partner or the Investment Manager (such as rent, salaries and equipment costs). All such overhead expenses are for the account of the General Partner or the Investment Manager, as applicable.

As the Investment Manager will not be obligated to negotiate "execution only" commission rates, the Partnership may be deemed to be paying for other services provided by its brokers who are included in the commission rates they charge the Partnership. Such other services may include (in addition to research), telephone lines, news and quotation equipment, electronic office equipment, account record keeping, on-line financial information, publication, consulting, marketing, legal and accounting services, data processing and other services provided by its brokers or by third parties paid by its

brokers and related to research. See "Brokerage Practices" below for a more detailed discussion of the Partnership's brokerage practices.

This table describes the fees and expenses that you may pay as a Partner of the Partnership:

<b>Partners Fees</b> <i>(fees paid directly from your investment)</i>	<b>All Classes</b>
Sales Charge (Load) imposed on purchases	0.00%
Redemption Fee within the first 12 months of the Lock-up period (percentage of amount redeemed, if applicable) <sup>(1)</sup>	15.00%
<b>Annual Fund Operating Expenses</b> <i>(expenses deducted from Fund assets)</i>	
Management fee	0.00%
Distribution (12b-1) and Partners Servicing Fee	0.00%
<b>Total</b>	<b>0.00%</b>

<sup>(1)</sup> A Redemption Fee of 15.00% will be applied to Interests redeemed within the first 12 months of purchase.

### **Management Fee**

The General Partner will not intend to charge a management fee.

### **Indemnification of the General Partner and the Investment Manager**

The Partnership Agreement provides for limitations on the liability of, and for the indemnification of, the General Partner, any other General Partners and their respective affiliates, except that no such indemnification will relieve any person from liability for fraud, gross negligence, willful misconduct, the violation of Federal or state securities laws or any criminal wrongdoing. The Investment Management Agreement provides for limitations on the liability of, and for the indemnification of, the General Partner and each of its affiliates and each of its and their principals, managers, Partners, officers, directors, employees, equity holders and representatives, except that no such indemnification will relieve any person from liability for willful misconduct, fraud or gross negligence on the part of such parties in the performance or nonperformance of their respective obligations or duties thereunder.

### **Commissions, Etc.**

The Investment Manager may pay (to the extent permitted by law) commissions or other compensation to qualified brokers and other persons who introduce prospective investors to the Partnership. The General Partner may waive or reduce its "Carried Interest" requirement with respect to any such person who is an investor in the Partnership.

### **Privacy Policy**

See Exhibit C of the Subscription Documents for a statement of the Partnership's Privacy Policy, as required under federal law.

### **Termination of the Partnership**

The Partnership shall continue until terminated at the election of the General Partner or otherwise by operation of law.

## INVESTMENT ACTIVITIES OF THE PARTNERSHIP

### General Investment Philosophy

The Partnership is primarily a long investor in U.S. and foreign equity markets; investment funds focused on energy and minerals; U.S. governmental & Infrastructure projects; and private equity. The Partnership's focus is on long-term investing as opposed to short-term trading, and its primary investment vehicles will predominantly be the securities of large and small capitalization companies. The Partnership expects to make investments in securities, other funds, and private equity.

The Partnership's goal is to generate outstanding returns on a rolling 24-36 month time horizon through the use of fundamental research across multiple industry sectors in order to generate an edge of insight or factual information. Once such information is obtained, the Partnership will determine if the information will put a Partnership or an industry in a position to achieve success. Companies showing strong attributes will be considered for investment. Depending on the market environment, the Partnership's portfolio may be hedged at times using derivative securities.

### Investment Approach of the Investment Manager

**Idea Generation** – The Investment Manager uses many factors to determine which investments should be considered for further research. In a broad equity market, it is of paramount importance to be able to screen for ideas in a disciplined and efficient manner. A thorough filtering process allows the Investment Manager to focus on what is relevant. In essence, the Investment Manager's process is predicated on having a high success rate on a small set of investments rather than attempting to form an opinion on a large universe. Accordingly, idea generation is critical and relies on the following sources: company meetings, conferences, experienced peers, survey work, qualitative screens, periodicals, extensive network of contacts, the Partnership's investors and Wall Street reports.

**Fundamental Research** – Once an idea has been generated, rigorous analysis will be performed to uncover the facts that will lead to an investment decision. Facts and insights are ascertained through the following:

Company Management – The Investment Manager meets with company management to better understand its strategy and to judge the ability and integrity of the people running the business.

The Investment Manager interacts with management on company visits, conference calls and industry conferences. Frequent contact with management helps an astute investor notice changes and trends that drive business dynamics.

Financial Statement Analysis — Historical analysis of a company's income statements and cash flow statements reveals the levels of and trends in corporate profitability. Depending on the Partnership and industry, different variables will be of greater or lesser significance. For companies with high growth rates in revenues and earnings, which the Investment Manager believes usually provides superior investment returns, margin trends and predictability of earnings are critical. With more mature companies, cash flow analysis and asset valuation become more important. By analyzing a company's cost structure and margin trends, a better understanding of a company's market position is obtained. The balance sheet is analyzed to uncover a company's current financial position. Levels of cash, debt, and book value are also reviewed. Trends in balance sheet accounts such as cash, inventories and accounts receivable are also scrutinized for deterioration and/or improvement.

Industry Analysis – The success or failure of most companies has a direct correlation to the industry in which they operate. Detailed understanding of industry and secular change is an important part of the Investment Manager's investment process. Some of these insights may be gained through company management. However, the Investment Manager also uses more unbiased methods to complete the industry mosaic. Outside industry consultants and Wall Street industry analysts are a good source of facts and can provide an understanding of secular trends. The Investment Manager monitors industries that supply and buy products from the industry being researched. In many instances, the Investment Manager may uncover clues to the future health of an industry by noticing inflection points in its complementary industries.

Competitors — Competitors are analyzed and contacted in order to substantiate previous facts that were gathered. Competitors will provide insight into the target company's strengths and weaknesses. They will also help highlight different strategies and potential risks to the target company.

Suppliers and Customers – Suppliers and customers are analyzed and contacted for further affirmation of the target company's business trends. Constant monitoring of both will lead to insights about the Partnership under analysis before such information about the Partnership becomes widely known.

**Qualitative Research** – Once all the facts have been gathered, the Investment Manager will evaluate a investment by its risk and reward over a specific time frame. The risk to reward profile is generally determined through an edge in information or insight. Informational edge is fact-based and is generated during the fundamental research process. An edge of insight is more qualitative and comes in many forms. Some examples include:

- a product cycle being bigger or longer than others realize;
- a company having a competitive advantage not well understood by the market;
- an industry or company going through a cyclical downswing that eventually recovers because that industry has a necessary function in the U.S. economy; or
- a company having a profitability profile that is likely to be permanently altered due to structural changes in its business.

The edge of information and insight are then placed within a valuation framework to determine the potential gain and risk. Various valuation techniques are used; however, the Partnership's primary valuation techniques are cash-based methods, as the Investment Manager believes that strong cash generation leads to increased partnership value and strong stock performance.

**Risk Management** – While the Partnership will generally be a long investor with a portfolio, at times the Investment Manager may find it prudent to use various techniques to reduce risk by hedging individual positions and/or portfolio characteristics. This may be accomplished using long and short positions in derivative securities.

**Secular Trends.** Trend analysis starts with a review of basic data which is obtained through a variety of sources. These include government statistics, Federal Reserve bulletins, various periodicals, trade journals, and newspapers. Information is also gathered from the hundreds of companies that are contacted each year. The Investment Manager has direct access to Wall Street analysts, industry experts and economists, and it will utilize a network of contacts from a variety of investment organizations.

**Hedging.** Depending on market conditions, the Partnership's portfolio may at times be hedged through use of derivative instruments.

**Portfolio Composition.** The Investment Manager will apply no arbitrary criteria with respect to the size, sector or class of the investment in which it will invest. To the extent that significant mispricing between fundamental values and market prices may from time to time be greater in small to medium sized companies (i.e., in "secondary stocks"), or in troubled or "distressed" companies, the Partnership's portfolio may at times be invested primarily in the securities of such companies. At other times the Partnership's portfolio may be concentrated in "large capitalization" stocks (i.e., securities of large companies with significant institutional sponsorship).

Although the Partnership's portfolio will consist primarily of 1 to 20 common stocks (including common stocks of foreign companies), it may also contain futures, warrants to acquire common stocks, commodities, debt securities, or preferred securities of domestic and foreign companies that are convertible into common stocks. The Partnership may also invest its capital in "restricted securities" (i.e., securities which must be registered under Federal or state securities laws before they may be resold) and other "special situations" investments (including currency situations and various "derivatives"). There will be no arbitrary or ideal "mix" of such investments, as the Investment Manager will endeavor to allocate the Partnership's capital among those opportunities believed to offer the most attractive risk adjusted potential returns, while always being responsive to changing market conditions.

As the Partnership's objective is to achieve a high absolute return rather than a relative return, the Partnership may also invest in treasury securities and other cash equivalents when opportunities for "equity returns" appear to be limited.

The Investment Manager is authorized to invest in any situation if it believes that the profit opportunity is commensurate with the apparent risk presented by the investment, and from time to time the Investment Manager may make investments involving greater risk than the risks perceived with respect to its primary investment thrust.

**Portfolio Turnover.** As the Partnership is an opportunistic investor, its portfolio turnover may be significant and its transaction costs (i.e., brokerage commissions) as a percentage of its capital can be correspondingly significant.

**Leverage.** The Partnership may use leverage in its investment program, as deemed appropriate by the Investment Manager and subject to applicable regulations. While the amount of leverage will vary, it will generally be limited to 150% long exposure measured at the time of investment.

## **BROKERAGE PRACTICES**

Portfolio transactions for the Partnership and for other accounts and entities which the Investment Manager or its principals may advise or invest for, generally will be allocated to brokers on the basis of best execution and in consideration of such brokers' provision of, or payment of the costs of, certain services and products that are of benefit to the Partnership, the General Partner, the Investment Manager, and such other accounts and entities. These products and services may take the form of research, special execution capabilities, clearance, settlement, reputation, net price, on-line pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, on-line access to computerized data regarding clients' accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, information technology services, recommendations, general reports, supplies, financial strength and stability, efficiency of execution and error resolution, telephone lines, news and quotation equipment, the availability of stocks to borrow for short trades, referral of prospective investors in the Partnership, or other accounts and entities which the Investment Manager or its principals may advise or invest for custody, recordkeeping and similar products and services.

## **PURCHASE OF "NEW ISSUES"**

From time to time the Partnership may purchase securities which constitute a "new issue" under FINRA Rule 5130 (the "Rule"). The Rule prohibits an FINRA Partner from selling any "new issue" (defined as any initial public offering of an equity security) to an account in which "Restricted Persons" have in the aggregate beneficial interests in excess of 10 percent. Essentially, a "Restricted Person" includes (i) a broker-dealer and its personnel, and (ii) certain persons associated with banks, savings and loan institutions, insurance companies, investment companies, investment advisors, and collective investment accounts such as hedge funds, investment Partnerships, investment corporations and other collective investment vehicles that are engaged primarily in the purchase and sale of securities.

The Partnership has implemented a "carve-out arrangement" under the Rule pursuant to which Partners who are Restricted Persons under the Rule will not be allocated more than 10 percent of the profits or losses attributable to the Partnership's participation in "new issues."

## **MANAGEMENT OF THE PARTNERSHIP**

### **General**

The general partner of the Partnership is World Trade Securities LLC, a Delaware company (the "General Partner"). The General Partner will have exclusive control over day-to-day operations of the Partnership even if additional General Partners are admitted to the Partnership in the future. Nicholas Mugalli is the principal of the General Partner. The principal office of the Partnership and the Management is 520 East 90th Street, Suite 4E New York, NY 10128, United States.

World Trade Securities LLC is also the Fund's General Partner, will serve as the Investment Manager of Partnership and provides discretionary investment advisory and portfolio management services to the Partnership (the "Investment Manager"). The Investment Manager is NOT registered with the Securities and Exchange Commission (SEC). However, the Investment Manager intends to engage registered investment advisors to comply with recent changes to the U.S. Securities Regulations.

## **Principal's Background and Experience**

**Nicholas Mugalli, President (CEO)** is the Fund's General Partner and Investment Manager. Mr. Mugalli is the Founder and Chief Executive Officer of World Trade Securities, a global alternative investment firm. He began trading from his high school classroom and three years later he founded World Trade Securities. Believing that the integration of exceptional talent, advanced quantitative analytics and leading-edge technology would generate consistent, strong long-term performance. Today; Mr. Mugalli believes in the firm's ability to be a leading market maker, and one of the most successful alternative investing firms in the world, investing on behalf of capital partners that include preeminent public, private and non-profit institutions.

## **Other Activities**

Pursuant to the Partnership Agreement, the principals of the General Partner will devote as much time to the business of the Partnership as they, in their sole discretion, deem advisable. In addition, the General Partner has the right, without the consent of the Partners, to admit additional General Partners at the commencement of any calendar quarter or any other times as the General Partner determines. The Partners do not have any right to participate in the management of the Partnership and have limited voting rights.

## **Potential Conflict of Interest**

The General Partner and the Investment Manager and their principal(s) may be affiliated with or render services to other investment entities or accounts including entities and/or accounts with investment goals and strategies similar to those of the Partnership. The principal(s) of the General Partner may also be or become related to other service provider who will provide services to the Partnership in which fees and/or commissions will be paid to the principal(s) of the General Partner, these service providers may include broker-dealers, prime brokerage services, and fund administrative services.

## **THE GENERAL PARTNER**

World Trade Securities LLC has been appointed as the Partnership's General Partner (the "General Partner"). The General Partner provides administrative services to the Partnership. The General Partner will be responsible for, among other things: (i) maintaining the register of Partners of the Partnership and generally performing all actions related to the transfer and withdrawal of Partners in the Partnership; (ii) reviewing and, subject to approval by the General Partner, accepting or rejecting subscriptions and accepting payment therefore; (iii) computing and disseminating the net asset value of the Partnership and the value of each Partner's capital account in accordance with the Partnership's Limited Liability Agreement; (iv) keeping the accounts of the Partnership and such financial books and records as are required by law or otherwise for the proper conduct of the financial affairs of the Partnership, and assisting with or procuring the preparation of annual financial statements of the Partnership and furnishing such statements, as well as monthly net asset value reports, to Partners; (v) communicating with Partners; and (vi) performing all other accounting and clerical services necessary in connection with the administration of the Partnership.

The General Partner and its directors, officers, employees, agents, servants, delegates and affiliates will not be liable to the Partnership for any acts or omissions in connection with the services rendered in the absence of gross negligence, willful default or fraud on the part of the General Partner or its directors, officers, employees, agents, servants, delegates or affiliates. In addition, the Partnership has agreed to indemnify the General Partner and its directors, officers, employees, agents, servants, delegates and affiliates from and against any and all liabilities and expenses arising out of the General Partner's actions, other than liabilities and expenses arising out of the gross negligence, willful default or fraud on the part of the General Partner or its directors, officers, employees, agents, servants, delegates or affiliates.

In connection with the determination of the net asset value of the Partnership, the General Partner may consult with and is entitled to rely upon the advice of the Partnership's custodians, brokers, the General Partner or the Investment Manager. In no event and under no circumstances shall the General Partner, the Investment Manager or the General Partner incur any individual liability or responsibility for any determination made or other action taken or omitted by them in good faith. To the extent that the General Partner relies on information supplied by the Investment Manager or any brokers or other financial intermediaries engaged by the Partnership, the General Partner's liability for the accuracy of its calculations is limited to the accuracy of its computations. The General Partner is not liable for the accuracy of the underlying data provided to it.

## AUDITORS

The Partnership will retain services from a reputable accounting and advisory firm experienced in fund accounting, as its independent auditors.

## VALUATION OF THE PARTNERSHIP'S ASSETS

The profits and losses of the Partnership shall be calculated on each Partnership valuation date (generally the last business day of each month) by the General Partner (in consultation with the Investment Manager and the Partnership's accountants). The profits and losses of the Partnership shall be determined in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), including provisions for accruals and reserves in respect of any amounts constituting Partnership liabilities.

The calculation of the profits and losses of the Partnership will take into account the total assets of the Partnership, including all cash and cash equivalents (valued at cost), accrued interest and dividends, and the market value of all securities and all other assets of the Partnership and all liabilities of the Partnership including, but not limited to, accrued legal, accounting, and auditing fees, solicitation fees, research-related expenses, operating fees and organizational expenses, and any extraordinary expenses, determined in accordance with U.S. GAAP applied under the accrual basis of accounting by the General Partner in its sole discretion.

In connection with such valuation, portfolio securities shall be valued as follows:

1. Listed portfolio securities are valued at the last reported sales price on the date of determination on the principal exchange on which such securities are traded or, if not available, at the mean between the exchange listed "bid" and "asked" price;
2. Over-the-counter securities are valued at the last reported sales price on the date of determination if available through the facilities of a recognized interdealer quotation system (such as securities in the Nasdaq Stock Market List), or if the last reported sales price is not available, over-the-counter securities are valued at the mean between the closing "bid" and "asked" prices on the date of determination;
  - a. Any security in the form of an exchange listed option will be valued at the mean between the closing "bid" and "asked" prices;
  - b. Forward currency exchange contracts will be valued at the current cost of covering or offsetting such contracts; and
3. All other securities shall be assigned the value that the Investment Manager, in good faith, determines to reflect the fair value thereof

The Investment Manager may use methods of valuing securities other than those set forth herein if it believes the alternate method is preferable in determining the fair value of such securities. To the extent that the General Partner relies on information supplied by the Investment Manager or any brokers or other financial intermediaries engaged by the Partnership in connection with making any of the aforementioned calculations, the General Partner's liability for the accuracy of such calculations is limited to the accuracy of its computations. The General Partner is not liable for the accuracy of the underlying data provided to it.

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

Prospective investors should understand that these and other special situations involving uncertainties as to the valuation of portfolio positions could have an impact on the Partnership's net assets if the Investment Manager's judgments regarding the appropriate valuation should prove to be incorrect.

All values assigned to securities by the Investment Manager shall be final, binding and conclusive on all of the Partners.

## **TAXATION**

### **Introduction**

The following is a summary (the “Summary”) of certain material U.S. federal income tax consequences of the Partnership and its Partners which should be considered by a prospective Limited Partner. The Summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations promulgated thereunder (“Regulations”), published rulings and procedures of the Internal Revenue Service (“IRS”) and other interpretations and judicial decisions bearing upon existing laws, all as in effect on the date of this Memorandum, any of which could be changed at any time, possibly with retroactive effect. Unless otherwise noted herein, this Summary does not discuss the impact of various proposals to amend the Code, including proposals which may challenge the allocation of partnership profits offered to investment managers or their affiliates. The enactment of any such proposals, or others, could alter materially certain of the tax consequences of an investment in the Partnership as discussed herein. This Summary does not purport to be a complete analysis of all potential tax effects relating to an investment in the Partnership, and does not address all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the federal income tax laws, such as insurance companies. This Summary is limited to a discussion of Limited Partners that hold their Interests as capital assets. A complete discussion of all tax aspects of an investment in the Partnership is beyond the scope of this Summary, and all prospective Limited Partners are urged to consult their own individual tax advisors on such matters. The Partnership has not sought, nor does it intend to seek, a ruling from the IRS or from any other U.S. federal, state or local agency regarding any matter discussed herein, nor has it obtained an opinion of counsel with respect to any tax issues, nor will any such opinion be sought in the future. No assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to those set forth below. Moreover, the effect of any applicable U.S. state or local tax laws is not discussed.

EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT WITH AND RELY SOLELY UPON THE ADVICE AND JUDGMENT OF ITS OWN INDEPENDENT TAX ADVISORS, ATTORNEYS, AND/OR CERTIFIED PUBLIC ACCOUNTANTS AS TO THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP. THIS SUMMARY IS FOR BASIC INFORMATIONAL PURPOSES ONLY AND THE PARTNERSHIP AND ITS ADVISORS, EMPLOYEES, AGENTS, REPRESENTATIVES, AFFILIATES, ATTORNEYS AND/OR CERTIFIED PUBLIC ACCOUNTANTS MAKE NO REPRESENTATIONS OR WARRANTIES

WITH RESPECT TO THIS SUMMARY OR THE TAX CONSEQUENCES OF INVESTMENT IN THE PARTNERSHIP. THIS SUMMARY DOES NOT ENLARGE THE DUTIES AND RESPONSIBILITIES OF THE PARTNERSHIP AND DOES NOT DIMINISH THE RESPONSIBILITY OF EACH LIMITED PARTNER TO DETERMINE THE TAX CONSEQUENCES OF INVESTMENT IN THE PARTNERSHIP AND TO SEEK INDEPENDENT TAX ADVICE CONCERNING SUCH TAX CONSEQUENCES.

In addition to the particular matters set forth in this section, any U.S. person, within the meaning of the Code, that is exempt from the payment of U.S. federal income tax (a “U.S. Tax-Exempt Organization”) should review carefully those sections of the Memorandum regarding liquidity and other financial matters to ascertain whether the investment objectives of the Partnership are consistent with its overall investment plans. Each U.S. Tax-Exempt Organization that is a prospective Limited Partner is urged to consult its own counsel regarding the acquisition of Interests.

### **Tax treatment of partnership operations**

Classification of the Partnership. The Partnership, which has been formed as a limited partnership under Delaware law, will be classified as a partnership (other than a publicly traded partnership) for U.S. federal income tax purposes and not as an association taxable as a corporation. As discussed in greater detail below, a partnership generally is not itself subject to U.S. federal income taxation. However if it were determined that the Partnership should be taxable as a corporation for U.S. federal income tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, classification as a publicly traded partnership, a material change in facts, or otherwise), the taxable income of the Partnership would be subject to U.S. corporate income tax when recognized by the Partnership, distributions of such income, other than certain withdrawals of Interests, would be treated as dividend income when received by the Partners to the extent of the current or accumulated earnings and profits of the Partnership, and Partners would not be entitled to report profits or losses realized by the Partnership.

The taxation of partnerships under the Code is extremely complex, involving, among other things, significant issues affecting the character and timing of realization of income, gain, loss, deductions and credits. As a partnership, the Partnership is not itself generally subject to federal income tax. Rather, each Partner in computing its U.S. federal income tax liability, will include its allocable share (as determined under the Partnership Agreement) of the Partnership's items of income, gain, loss, deduction and expense for the taxable year of the Partnership ending with or within the taxable year of the Partner. The U.S. federal income tax treatment of each Partner depends upon such Partner's allocable share of Partnership items, regardless of whether such Partner has received, or will receive, a distribution from the Partnership. If the IRS successfully challenges any of the Partnership's allocations of income, gain, loss, deduction or expense as lacking "substantial economic effect," the redetermination of such allocations to a particular Partner may be less favorable than the allocations set forth in the Partnership Agreement.

A Partner that withdraws its Interest during the year may be allocated its share of income, gain, loss, deduction and expense realized by the Partnership during the portion of the year preceding the redemption at the General Partners' discretion. It is possible that a Partner's U.S. federal income tax liability with respect to its allocable share of the Partnership's earnings in a particular taxable year could exceed the cash distributions made by the Partnership to the Partner for that year.

The Partnership may engage in investment practices that defer taxable losses or accelerate taxable income, causing Partners to be taxed on amounts in excess of the overall economic income from an investment in the Interests, or producing items of income and loss where the loss is unavailable to offset the corresponding income for federal income tax purposes.

**Tax Basis in Interests.** A Partner's aggregate adjusted tax basis in its Interest is equal to the Partner's aggregate capital contributions to the Partnership, generally adjusted as follows: (i) increased by the Partner's allocable share of the Partnership's items of income and gain and the Partnership's nonrecourse borrowings (if any); and (ii) decreased by the Partner's allocable share of the Partnership's items of loss, deduction and expense, the amount of any distribution by the Partnership to the Partner and any reduction in the Partner's allocable share of the Partnership's nonrecourse borrowings (if any).

The Code generally provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death), provided that a partnership election has been made pursuant to Section 754 of the Code. Under the Partnership Agreement, The General Partner, the Partnership's Partnership Representative (as provided in Section 6223 of the Code), or any other party designated for such purpose under the Partnership Agreement may cause the Partnership to make such an election. Any such election, once made, cannot be revoked without the consent of the IRS. As a result of the complexity and added expense of the tax accounting required to implement such an election, it's not anticipated that such an election will be made.

**Mandatory Basis Adjustments.** Under certain circumstances, the Partnership generally may be required to adjust its tax bases in Partnership property as a result of certain transfers (including as a result of death) by Partners of their Interests involving a "substantial built-in loss" (i.e., where a partnership's adjusted basis in property exceeds the property's fair market value by more than \$250,000 or where a transferee partner would be allocated a loss of more than \$250,000 if the Partnership's assets were then sold at fair market value), or as a result of certain distributions to a Partner that result in a "substantial basis reduction" (i.e., where the sum of a distributee partner's loss recognized as a result of the distribution, plus the excess of the basis of the property in the hands of the distributee over the adjusted basis of such property to the partnership, exceeds \$250,000). For this reason, the Partnership will require any Partner who (i) receives a distribution from the Partnership in connection with a complete withdrawal, (ii) acquires its Interest as a transferee (including a transferee in case of death) or (iii) in the reasonable determination of the Partnership is required to provide such information for bona fide U.S. federal income tax reporting purposes, to provide the Partnership with information regarding its adjusted tax basis in its Interest.

**Limitations on the Use of Partnership Losses.** A Partner generally is allowed to deduct its allocable share of Partnership losses (if any), deductions, expenses and credits only to the extent of such Partner's adjusted tax basis in its Interest at the end of the taxable year in which the losses, deductions, expenses or credits are incurred. In addition, a Partner that is

subject to the “at-risk” limitations (generally, non-corporate taxpayers and certain closely-held corporations) can deduct losses only to the extent of such Partner’s “at-risk” amount with respect to the Partnership at the end of the taxable year in which the losses occur. A Partner’s at-risk amount generally is equal to the Partner’s aggregate capital contributions to the Partnership and may be increased by certain contributions of money or property by the Partner and may be decreased by certain distributions of money or property to the Partner. To the extent that a Partner’s allocable share of Partnership losses is not allowed because the Partner has an insufficient amount at-risk in the Partnership, such disallowed losses generally may be carried over by the Partner to subsequent taxable years and may be allowed to the extent of the Partner’s at-risk amount, if any, in subsequent years.

In addition, a Partner generally may deduct only its allocable share of the Partnership’s net capital loss for any year (if any) to the extent of such Partner’s net capital gain from sources other than the Partnership for that year (subject to an exception for individual Partners, who may be able to deduct up to an additional \$3,000 of such loss). Individual Partners may carry forward unused capital losses indefinitely. In the case of a corporate Partner, unused capital losses generally may be carried back three years (subject to certain limitations) and carried forward five years (also subject to certain limitations). Accordingly, the Partnership could suffer significant capital losses, and a Partner still could be required to pay taxes on its allocable share of the Partnership’s interest income and other ordinary income in a taxable year.

**Application of Rules for Income and Losses from Passive Activities.** The Code restricts the ability of individuals, personal service corporations and certain closely held corporations to deduct losses from a “passive activity” against certain income that is not derived from a passive activity. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from securities investment and trading activity generally will not constitute income or loss from a “passive activity” for purposes of the passive activity loss rules. Therefore, subject to the limitations described herein, a taxpayer generally can deduct from its taxable income its allocable share of such investment losses and deductions. However, passive losses from other sources generally cannot be deducted against a taxpayer’s allocable share of income or gain. For example, income or loss attributable to the Partnership’s investments in partnerships engaged in a trade or business may constitute passive activity income or loss.

**Investment Interest Limitation.** Individuals and other non-corporate Partners may be allowed to deduct their allocable share of investment interest expenses paid or accrued on indebtedness (“Investment Interest”) only to the extent of each such Partner’s net investment income for the taxable year, taking into consideration other Investment Interest expense of the Partner paid or accrued outside of the Partnership. A Partner’s net investment income generally is the excess, if any, of the Partner’s investment income from all sources (which includes gross income from property held for investment and certain gains attributable to the disposition of property held for investment) minus investment expenses from all sources (which are deductions allowed that are directly connected with the production of investment income). Investment income excludes qualified dividend income (i.e., dividend income eligible to be taxed at long-term capital gains rates) and net capital gain attributable to the disposition of property held for investment (and thus would not include any Partnership gains on the sale of its investments), unless the Partner elects to pay tax on such qualified dividend income or gain at ordinary income rates.

To the extent that a Partner’s allocable share of Partnership Investment Interest is not allowed as a deduction because the Partner has insufficient net investment income, such disallowed Investment Interest may be carried over by the Partner to subsequent taxable years and will be allowed if and to the extent of the Partner’s net investment income in subsequent years. If a Partner borrows to finance the purchase of the Interest, any interest paid or accrued on the borrowing also will be Investment Interest that is subject to these limitations. Since the amount of a Partner’s allocable share of Partnership Investment Interest subject to this limitation will depend upon the Partner’s aggregate Investment Interest and net investment income from all sources for any taxable year, the extent, if any, to which Partnership Investment Interest will be disallowed under this rule will depend upon each Partner’s particular circumstances each year.

For each taxable year, the Code limits a taxpayer’s deduction of the portion of any interest expense on indebtedness incurred to purchase or carry a security having a market discount that exceeds the amount of interest (including original issue discount) includible in the taxpayer’s gross income for such taxable year with respect to such security (“Net Interest Expense”). In any taxable year in which a taxpayer has Net Interest Expense with respect to a particular security, such Net Interest Expense is not deductible except to the extent that it exceeds the amount of market discount that accrued on the security during the portion of the taxable year during which the taxpayer held the security. Net Interest Expense that

cannot be deducted in a particular taxable year under the rule described above can be carried forward and deducted in the year in which the taxpayer disposes of the security. However, the deduction in the year of the disposition may be limited if the security is disposed of in a nonrecognition transaction. Alternatively, at the taxpayer's election, such Net Interest Expense can be carried forward and deducted in a year prior to the disposition of the security, if any, in which the taxpayer has net interest income from the security.

The above limitation will apply to a Partner's share of the Partnership's Net Interest Expense attributable to a security held by the Partnership with market discount. In such a case, a Partner will be denied a current deduction for all or part of that portion of its distributive share of the Partnership's Net Interest Expense, and such amount will be carried forward to future years, in each case as described above. Although no guidance has been issued regarding the manner in which an election to deduct previously disallowed Net Interest Expense in a year prior to the year in which a security is disposed of should be made, it appears that such an election would be made by the Partnership rather than by the Partner. This limitation also will apply to the portion of interest paid by a Partner in connection with money borrowed to finance its investment in the Partnership to the extent such interest is allocable to securities held by the Partnership with market discount.

**Other Limitations on Deductions.** As detailed below, to the extent that the Partnership's activities do not constitute a trade or business, any Partner that is an individual, estate or trust will not be able to deduct so-called "miscellaneous itemized deductions," which include the Management Fee and certain other expenses of the Partnership, for taxable years beginning after December 31, 2017 and before January 1, 2026. Prior to the Tax Cuts and Jobs Act of 2017 ("Tax Act"), an individual U.S. Partner would have been able to deduct such Partner's share only to the extent such share, together with such Partner's other "miscellaneous itemized deductions," exceeded 2% of such Limited Partner's adjusted gross income, as well as being subject to other limitations. See "Taxation – Tax Treatment of Partnership Investments" below.

**Tax Elections; Returns; Tax Audits.** The Partnership will file with the IRS an annual partnership information return, which reports the results of the Partnership's operations. The General Partner, designated as the Partnership Representative, has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. The General Partner decides how to report partnership items on the Partnership's tax returns, and all Partners are required under the Code to treat these items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. In certain cases, the Partnership may be required to file a statement with the IRS disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. The Partnership will provide information on IRS Schedules K-1 to the Partners each year. However, the Partnership anticipates that it may be unable to provide such information regarding a taxable year to the Partners before the applicable filing due date of the Partners for the taxable year (whether March 15 or April 15 of the next succeeding taxable year) and Partners therefore may need to apply for an extension of time to file their U.S. federal income tax returns.

Given the uncertainty and complexity of the tax laws, there can be no assurance that the IRS will not challenge the Partnership's allocations of tax items or that any such challenge will not be successful. In the event the IRS audits the income tax returns of the Partnership, the tax treatment of the Partnership's income and deductions generally will be determined at the Partnership level in a single proceeding rather than by individual audits of the Partners, and any tax adjustments resulting from IRS audits of the

Partnership generally will be collected at the partnership level. The General Partner will act as the "Partnership Representative," within the meaning of Code Section 6223, for U.S. federal income tax purposes and will act in a similar manner with respect to all state tax matters affecting the Partnership, provided that The General Partner may at any time designate a different Partnership Representative as well as an individual to act on behalf of the Partnership Representative in proceedings with the IRS. The Partnership representative will have the power to manage and control, on the Partnership's behalf, any administrative proceeding at the Partnership level with the IRS and state agencies relating to the determination of any item of Partnership income, gain, loss, deduction, or credit adjustments with respect to any prior taxable year of the Partnership (a "reviewed year"), and the ability to make the "Push-Out Election" described below.

In general, unless the Partnership elects to implement a "Push-Out Election", described below, the Partnership will need to satisfy the cost of a tax adjustment from its own balance sheet or with contributions from its partners. As a result, the cost of the tax adjustment will, in the first instance, be borne by the individuals and entities that are Partners of the

Partnership when the IRS makes the tax adjustment, which may be different persons (or the same persons with different ownership percentages) than the Partners for the year being audited. Tax adjustments will be imposed on the Partnership based on the highest tax rate for individuals or corporations in effect for the year being audited.

The elective Push-Out Election, referred to above, provides that as an alternative to the approach described in the prior paragraph, the Partnership will be permitted to send amended Form K-1s or other notice to the individuals or entities that were Partners of the Partnership in the year for which the Partnership was audited (as opposed to the Partners in the year in which the audit is performed, or the “adjustment year”). Each Partner with respect to the audit year would then be required to pay any additional tax, interest and penalties in the adjustment year, rather than by amending tax returns for the audit year, and such Partners may be required to pay additional amounts based upon the effect an adjustment in an earlier year would have had in any subsequent year (up to the time of the adjustment year). Under this approach the calculation of interest on any underpayments would be higher than would otherwise be the case.

The rules allow an-opt out for partnerships with one hundred (100) or fewer partners, however the opt-out election is not available for any partnership in which any partner or member is a trust or another partnership.

### **Distributions from the partnership**

Subject to the possible application of the FATCA (defined below) rules described below to Limited Partners that are not U.S. persons (see “Taxation – U.S. Withholding Taxes”), cash non-liquidating distributions by the Partnership to a Partner with respect to such Partner’s Interest, generally will not be taxable to the Partner to the extent that such distribution does not exceed the Partner’s aggregate adjusted tax basis in its Interest. Instead, such distributions will reduce, but not below zero, the aggregate adjusted tax basis in the Interest held by such Partner immediately before the distribution, with any excess (subject to the rules applicable to “unrealized receivables” described below in “Taxation – Tax Consequences to a Withdrawing Partner”) being taxable as though it were a gain from a sale or exchange of the Interest.

Distributions of Property. Subject to the possible application of the FATCA rules to Limited Partners that are not U.S. persons, a Partner’s receipt of a distribution of property from the Partnership generally will not be taxable. However, under certain circumstances, a distribution consisting of marketable securities may be treated as a distribution of cash rather than property and therefore would be subject to the rules summarized above in respect of cash distributions.

### **Tax consequences to a withdrawing partner**

A Partner receiving one or more cash liquidating distributions from the Partnership in connection with a complete withdrawal from the Partnership generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Partner and such Partner’s adjusted tax basis in its Interest. See “Taxation – Tax Basis in Interests.” Such gain or loss generally will be long-term capital gain or loss if the Partner held the Interest for more than one year. However, a withdrawing Partner will recognize ordinary income to the extent such Partner’s allocable share of the Partnership’s “unrealized receivables” exceeds the Partner’s basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Partnership will be treated as an unrealized receivable, with respect to which a withdrawing Partner would recognize ordinary income.

All or a portion of the gain realized by a non-U.S. Partner on redemption or transfer of its Interest in the Partnership will be treated as income effectively connected with the conduct of a U.S. trade or business (“effectively connected income” or “ECI”) to the extent such gain is attributable to assets of the Partnership that generate ECI, if any, determined as if the Partnership sold all of its assets at fair market value as of the date of such disposition, and the Partnership or transferee generally would be required to deduct and withhold 10% from the amount realized on such withdrawal or transfer. Any amount withheld would be creditable against the non-U.S. partner’s U.S. federal income tax liability. As discussed below, the Partnership does not expect that its investments will produce ECI.

### **Tax treatment of partnership investments**

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

Partnership will determine annually for U.S. federal income tax purposes whether it is (a) a trader in securities, or (b) an investor in securities. This determination will be made separately each year based primarily upon the level of the Partnership's securities activities during the particular year and, accordingly, may change from one year to the next.

As noted above, if the Partnership is characterized as a trader, each Partner of the Partnership who is an individual may be permitted to deduct his share of the expenses of the Partnership (other than interest expense) as a business expense (subject to general limitations in the Code). Alternatively, if the Partnership is characterized as an investor, the expenses of the Partnership (other than interest expense) should constitute "miscellaneous itemized deductions," and as such, would generally not be deductible by an individual during taxable years beginning after December 31, 2017, and before January 1, 2026. The Partnership will be required to make the determination as to whether it is a trader or an investor, which determination will affect the deductibility by Partners of expenses incurred by the Partnership.

Generally, the gains and losses realized by a trader or an investor on the sale of securities are capital gains and losses. Thus, the Partnership expects that the gains and losses from securities transactions executed by the Partnership typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term depending, in general, upon the length of time the Partnership maintains a particular investment position and, in some cases, upon the nature of the transaction.

Notwithstanding the foregoing, various provisions of the Code may alter the characterization of gains as short-term or long-term (and, if long-term, the applicable capital gains tax rate), and in certain circumstances as ordinary income and also the timing of the realization of certain gains or losses. Moreover, the straddle rules may require the capitalization of certain related expenses of the Partnership.

An individual Partner's allocable share of the Partnership's long-term capital gains – net gain on capital assets held more than one year and, certain dividends qualifying under the Code generally, is subject to tax at a current maximum rate of 20%. An individual Partner's allocable share of the Partnership's short-term capital gains – net gain on capital assets held for one year or less – together with any allocations of tax items resulting in ordinary income are currently subject to tax at a maximum rate of 37%, regardless of whether a Partner has received or will receive a distribution from the Partnership.

A 3.8% Medicare contribution tax will generally apply to all or a portion of the "net investment income" with such tax generally applying to the lesser of such "net investment income" or the excess of such person's adjusted gross income (with certain adjustments) over the applicable threshold amount (\$250,000 for joint filers, \$125,000 for married individuals filing separately, and \$200,000 for all other filers). Generally, net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in the Partnership will be included in a Partner's "net investment income" subject to this Medicare contribution tax.

Possible "Mark-to-Market" Election. To the extent that the Partnership is engaged directly in a trade or business as a trader in "securities," it may elect under Section 475 of the Code to "mark-to-market" the securities held in connection with such trade or business. Under such election, securities held at the end of each taxable year generally will be treated as if they were sold for their fair market value on the last day of such taxable year, and gains or losses recognized thereon will (with certain exceptions) be treated as ordinary income or loss.

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

### **Non-U.S. investments**

Pursuant to various anti-deferral provisions of the Code (principally the "controlled foreign corporation" and "passive foreign investment company" provisions), investments (if any) in certain foreign entities treated as corporations for federal income tax purposes, among other things, may cause a Partner to (i) recognize taxable income prior to the Partnership's receipt of distributable proceeds, (ii) pay an interest charge on receipts that are deemed as having been deferred, (iii) recognize ordinary income that, but for the anti-deferral provisions, would have been treated as long-term or short-term

capital gain, or (iv) become subject to other disadvantageous tax and/or reporting regimes.

The non-U.S. money market funds in which the Partnership invests will be considered passive foreign investment companies (“PFICs”) with respect to U.S. Partners. Unless the Partnership elects alternative treatment as described below, certain distributions and gains recognized in respect of an equity investment in a PFIC are generally taxed as though such income had been recognized ratably as ordinary income over the period of the investment (with an interest charge on the tax due on the income deemed recognized in earlier periods). The Partnership may avoid this interest charge regime by electing to treat the PFIC as a “qualified electing fund,” in which case the U.S. Partners will be required to currently recognize their pro rata shares of the PFIC’s income and net capital gains, regardless of actual distributions from the PFIC. The qualified electing fund election is only available with respect to PFICs that are willing to provide the Partnership with required reporting information. The Partnership may also avoid both the PFIC interest charge and the qualified electing fund regimes for certain investments in “marketable” PFIC stock by electing to include in its income each year, as ordinary income, an amount representing the Partnership’s unrealized appreciation with respect to such stock (a “mark-to-market” election).

Under the so-called “check the box” regulations, “eligible entities” that are not “per se corporations” can elect to be disregarded (if they have only a single owner) or treated as partnerships or corporations for U.S. federal income tax purposes (if they have more than one owner). To avoid subjecting Partners to tax on their allocable share of controlled foreign corporation income or to the increased tax rates and interest charges of the passive foreign investment company regime, the Partnership in certain cases may be able to cause a foreign investment vehicle to elect to be treated as a partnership for U.S. federal income tax purposes. The Partnership may then include its allocable share of the income, gains, losses and deductions realized by each such entity, whether or not the Partnership has received or will receive any cash distributions from the entity.

#### **Backup withholding**

The Partnership may be required to withhold, for U.S. federal income tax purposes, a portion of the distributions and withdrawal proceeds payable to Partners that fail to provide the Partnership with their correct taxpayer identification number or to make required certifications, or who have been notified by the IRS that they are subject to backup withholding. Certain Partners are exempt from backup withholding.

#### **Foreign taxes**

It is possible that certain dividends and interest directly or indirectly received by the Partnership from sources within foreign countries will be subject to withholding taxes imposed by such countries. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. The Partnership also may organize subsidiaries in foreign countries with respect to certain of its investments. It is impossible to predict in advance the rate of foreign tax the Partnership will pay since the amount of the Partnership’s assets to be invested in various countries is not known.

The Partners will be informed by the Partnership as to their proportionate share of the foreign taxes paid by the Partnership which they will be required to include in their income. The Partners may be entitled to claim either a credit (subject to limitations) or, if they itemize their deductions, a deduction (subject to limitations) for their share of such foreign taxes in computing their federal income taxes. A Partner that is tax-exempt ordinarily will not benefit from such credit or deduction.

Since the availability of a credit or deduction depends on the particular circumstances of each Partner, Limited Partners are advised to consult their own tax advisers with respect to the availability of any such credits or deductions.

PROSPECTIVE INVESTORS SHOULD CONSULT LEGAL AND TAX ADVISORS IN THE COUNTRY OF THEIR CITIZENSHIP, RESIDENCE AND DOMICILE TO DETERMINE THE POSSIBLE TAX OR OTHER CONSEQUENCES OF PURCHASING, HOLDING AND REDEEMING INTERESTS UNDER THE LAWS OF THEIR RESPECTIVE JURISDICTIONS.

#### **Non-U.S. investors**

Limited Partners that are not U.S. persons will be subject to United States federal income tax on certain U.S. source income of the Partnership, and the extent of such income tax will depend upon whether or not (and the extent to which)

the Partnership is engaged or deemed to be engaged in a U.S. trade or business during a taxable year to which such income, gain or loss of the Partnership is treated as effectively connected with such a

#### **U.S. trade or business.**

To the extent that the Partnership is not deemed to be engaged in a U.S. trade or business, a non-U.S. Partner will not be subject to any U.S. federal income tax on its capital gains, whether from sources within or outside the United States to the extent that securities in which the Partnership invests are not classified as United States real property interests within the meaning of Section 897 of the Code. The Partnership does not intend to invest in any securities that would be classified as United States real property interests. A Limited Partner that is not a U.S. person will, however, be subject to a U.S. withholding tax at a 30% rate (or lower treaty rate) applicable to dividends and certain interest income considered to be from sources within the United States. To maximize the availability of the exemption from such withholding for “portfolio interest,” or to claim the benefits of a tax treaty between the United States and the country in which a Non-U.S. Partner resides, a Non-U.S. Partner may provide the Partnership with a statement regarding the Non-U.S. Partner’s country of residence on IRS Form W-8BEN or its equivalent.

An investment in the Partnership should not cause a non-U.S. Partner to receive income that is “effectively connected” with a U.S. trade or business so long as (i) the Partnership is not considered a dealer in stock, securities or commodities and does not regularly offer to enter into, assume or otherwise terminate positions in derivatives with customers, (ii) the U.S. business activities of the Partnership consist solely of trading stock, securities, commodities and derivatives for its own account (and in the case of commodities, is limited to trading in commodities of a kind customarily dealt in on an organized exchange in transactions of a kind customarily consummated at such place) and (iii) any entity treated as a partnership for U.S. federal income tax purposes in which the Partnership invests is also not deemed to be engaged in a U.S. trade or business. With respect to condition (iii), the Partnership has no control over whether the entities treated as partnerships for U.S. federal income tax purposes in which the Partnership invests are engaged or deemed to be engaged in a U.S. trade or business. The Partnership, however, intends to use reasonable efforts to reduce or eliminate the extent to which it allocates investment assets to entities treated as partnerships for U.S. federal income tax purposes that are engaged or deemed to be engaged in a U.S. trade or business.

In the event that the Partnership were found to be engaged in a U.S. trade or business during any taxable year, a Limited Partner that is not a U.S. person would be required to file a U.S. federal income tax return for such year and pay tax at full U.S. rates on the portion of its income that is treated as effectively connected with such U.S. trade or business, and an additional 30% branch profits tax would be imposed with respect to a Non-U.S. Partner that is a business entity. In addition, in such an event, the Partnership would be required to withhold such taxes from the income or gain allocable to Non-U.S. Partners under Section 1446 of the Code.

Except to the extent that withholding may be required in accordance with the FATCA rules outlined below, a Non-U.S. Partner generally will not be subject to U.S. federal income taxation on Partnership distributions or on gains recognized on the sale, exchange or withdrawal of Interests held as a capital asset, provided that such Non-U.S. Partner’s nexus with the United States is solely as a result of an investment in the Partnership, and the gain is not effectively connected with the conduct of a U.S. trade or business. However, in the case of a Non-U.S. Partner (i) that has an office or fixed place of business in the United States or is otherwise carrying on a U.S. trade or business, (ii) who is an individual present in the United States for 183 days or more (determined on a calendar year basis unless the nonresident alien individual has previously established a different taxable year) or has a “tax home” in the United States for U.S. federal income tax purposes, or (iii) in certain cases who is a former citizen of the United States, rules different from those described above will apply, and such Non-U.S. Partner may be subject to U.S. federal income taxation or withholding tax on Partnership distributions or on gains recognized on the sale, exchange or withdrawal of the Interests, subject to applicable treaty provisions, if any.

Each prospective investor who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult his or her tax adviser with respect to the possible application of this rule. Gain realized by a Non-U.S. Partner determined to be engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax at regular U.S. rates upon the sale, exchange or withdrawal of Interests if such gain is effectively connected with its U.S. trade or business.

In the case of Interests held in the United States by a custodian or nominee of a Non-U.S. Partner, U.S. backup withholding taxes may apply to dividends and distributions made to such Partners from such Interests unless the non-U.S. Partner properly certifies its status as a Non-U.S. person or otherwise establishes an exemption from U.S. backup withholding.

### **U.S. withholding taxes**

In general, under Sections 871 and 881 of the Code, certain U.S. sourced so-called “fixed or determinable annual or periodical” income of a non U.S. person that is not effectively connected with a U.S. trade or business, which includes dividends and certain income received by the Partnership from sources within the United States, may be subject to withholding tax at a flat rate of 30% (or a lower rate under an applicable income tax treaty). The Partnership will advise each non U.S. Partner as to its allocable share of withholding taxes paid by the Partnership, if any.

Under legislation known as the Foreign Account Tax Compliance Act of 2010 or FATCA, a 30% U.S. withholding tax may apply to any U.S.-source “withholdable payments” made to a non-U.S. entity unless the non-U.S. entity enters into an agreement with either the IRS or a governmental authority in its own country, as applicable, to collect and provide substantial information regarding the entity’s owners, including “specified United States persons” and “United States owned foreign entities,” or otherwise demonstrates compliance with or exemption from FATCA. A Non-U.S. entity investing in the Partnership will need to provide the Partnership with a Form W-8BEN-E (or other applicable Form W-8) certifying its FATCA status and exemption from FATCA withholding, if applicable. The term “withholdable payment” includes any payment of interest (even if the interest is otherwise exempt from the withholding taxes described above) or dividends, in each case with respect to any U.S. investment. The withholding tax regime went into effect on July 1, 2014 with respect to U.S.-source income. The withholding tax that was scheduled to begin in 2019 with respect to U.S.-source investment sale proceeds would be eliminated by recently proposed regulations (having immediate effect). Non-U.S. investors should consult their own tax advisers regarding the impact of FATCA on their investment in the Partnership.

### **U.S. Tax-Exempt Organizations**

The term “U.S. Tax-Exempt Organization” means a U.S. entity within the meaning of the Code that is exempt from payment of U.S. federal income tax. Generally, a U.S. Tax-Exempt Organization is exempt from federal income tax on its passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership in which it is a partner. This type of income is exempt even if it is realized from securities trading activity that constitutes a trade or business. In addition, certain real estate rents and real property gains also are exempt in certain circumstances.

Subject to certain exceptions, Code Section 4940 generally imposes an excise tax of 2% on the “net investment income” (i.e., gross investment and capital gain income, net of allowable deductions) of tax-exempt private foundations. The rate of excise tax for any taxable year may be reduced to 1% if the private foundation meets certain distribution requirements for the taxable year and was not liable for private foundation excise taxes for the previous five years.

The exemption from federal income taxation applicable to most U.S. Tax- Exempt Organizations does not apply to the unrelated business taxable income (“UBTI”) of an U.S. Tax-Exempt Organization. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived (either directly or through partnerships) from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the organization’s exempt purpose or function. With respect to investments by the Partnership in partnerships engaged in a trade or business, the income (or loss) attributable to the Partnership from these investments likely will constitute UBTI. A tax-exempt entity’s UBTI must be separately computed for each unrelated trade or business. As a result, losses from one trade or business generally may not be used to offset income from another trade or business in determining the total amount of UBTI a tax-exempt entity is required to recognize. UBTI also includes income and gains derived by an exempt organization (directly or through a partnership) from debt-financed property. The Partnership may generate UBTI if it incurs “acquisition indebtedness” with respect to its investments. A U.S. Tax-Exempt Organization also may generate UBTI if it incurs indebtedness to finance its investment in the Partnership. An exempt organization is required to make estimated tax payments with respect to its UBTI.

The Partnership may incur “acquisition indebtedness” directly or indirectly with respect to certain of its transactions, such as the purchase of securities on margin. Based upon a published ruling issued by the IRS which generally holds that

income and gain with respect to short sales of publicly traded stock does not constitute income from debt financed property for purposes of computing UBTI, the Partnership will treat short sales of securities as not involving “acquisition indebtedness” and therefore not resulting in UBTI.

The calculation of the Partnership’s “unrelated debt-financed income” is complex and depends in large part on the amount of leverage, if any, used by the Partnership from time to time. Accordingly, the Partnership cannot predict the percentage of its income and gains that may be treated as UBTI for a U.S. Tax-Exempt Organization that is a Partner. A U.S. Tax- Exempt Organization’s share of the income or gains of the Partnership that is treated as UBTI may be offset only by losses treated as attributable to an unrelated trade or business (e.g., losses from securities for which there is acquisition indebtedness). To the extent that the Partnership generates UBTI, the applicable federal tax rate for such a Partner that is a U.S. Tax-Exempt Organization generally would be either the corporate or trust tax rate, depending upon the nature of the particular exempt organization.

The Partnership will be required to report to a Partner that is a U.S. Tax- Exempt Organization information as to the portion, if any, of Partnership income and gains that will be treated as UBTI in each taxable year. The calculation of such an amount with respect to transactions entered into by the Partnership is highly complex, and there is no assurance that the Partnership’s calculation of UBTI will be accepted by the IRS.

In general, the possibility that a U.S. Tax-Exempt Organization may realize UBTI from its investment in the Partnership should not affect its tax- exempt status. However, there are special considerations that should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Partnership. For example, under Code Section 664(c), a charitable remainder trust may be subject to an excise tax of 100% of any UBTI accruing to it. Charitable remainder trusts should consult their own tax advisors concerning the tax consequences of such an investment on their beneficiaries. An otherwise exempt title-holding company will not be exempt from tax if it has certain types of UBTI.

Section 4968 of the Code, enacted as part of the Tax Act, imposes an annual excise tax equal to 1.4% of the net investment income of an “applicable educational institution.” Any income earned with respect to an Interest held by a tax-exempt Limited Partner that is an applicable educational institution may be subject to this excise tax.

Qualified Retirement Plans. Employee benefit plans subject to the provisions of ERISA, Individual Retirement Accounts and Keogh Plans should consult their counsel as to the implications of such an investment under ERISA. See “ERISA and Other Regulatory Considerations.”

**U.S. TAX-EXEMPT ORGANIZATIONS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.**

#### **Excise tax on certain reportable transactions**

A U.S. Tax-Exempt Organization (including a state or local government or its political subdivision) may be subject to an excise tax equal to the greater of (i) one hundred percent (100%) of the net income or (ii) seventy five percent (75%) of the proceeds, attributable to certain “reportable transactions,” including “listed transactions,” in which it participates. However, under Treasury guidance, these rules should not apply to a U.S. Tax-Exempt Organization’s Interest if such Partner’s tax-exempt status does not facilitate the Partnership’s participation, if any, in such transactions, unless otherwise provided in future guidance. Tax-exempt investors should discuss with their own advisors the applicability of these rules to their investment in the Partnership. See “Taxation — Tax Shelter Reporting Requirements.”

#### **Tax shelter reporting requirements**

The Regulations require that the Partnership complete and file Form 8886 with its tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the IRS, for any taxable year in which the Partnership participates in a “reportable transaction,” within the meaning of the Regulations. Additionally, each Partner treated as participating in a reportable transaction of the Partnership is required to file Form 8886 with its tax return (or, in certain cases, within 60 days of the return’s due date). In certain situations, there also may be a requirement that a list be maintained of persons participating in such reportable transactions, which list could be made available to the IRS at its request. Moreover, if a U.S. person recognizes a loss upon a disposition of Interests, such loss could constitute a “reportable transaction” for such investor, and such investor would be required to file Form 8886. Generally, U.S. Tax-Exempt Organizations file Form 8886-T

to make disclosures regarding prohibited tax shelter transactions. Special rules apply to the timing of the filing of Forms 8886-T by U.S. Tax-Exempt Organizations. Significant penalties are imposed upon taxpayers who fail to make the required disclosures. Investors who are U.S. persons are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the penalties referenced above.

If the IRS designates a transaction as a reportable transaction after the filing of a taxpayer's tax return for the year in which the Partnership or a Partner participated in the transaction, the Partnership and/or such Partner may have to file Form 8886 with respect to that transaction within 90 days after the IRS makes the designation. The Partnership and any such Partner, respectively, also must submit a copy of the completed form with the IRS's Office of Tax Shelter Analysis. The Partnership will make commercially reasonable efforts to notify Partners that it believes (based on information available to the Partnership) may be required to report a transaction of the Partnership and to provide such Partners with any available information needed to complete and submit Form 8886 with respect to the Partnership's transactions.

AS NOTED PREVIOUSLY THE ABOVE SUMMARY IS NOT INTENDED TO BE COMPREHENSIVE AND REFLECTS A SMALL PORTION OF APPLICABLE TAX LAW AS IN EFFECT ON THE DATE OF THIS MEMORANDUM, WHICH LAW IS SUBJECT TO CHANGE. PROSPECTIVE INVESTORS IN THE PARTNERSHIP ARE STRONGLY URGED TO CONSULT THEIR OWN INDIVIDUAL TAX ADVISORS PRIOR TO DECIDING WHETHER TO INVEST IN THE PARTNERSHIP. ADDITIONALLY, PROSPECTIVE INVESTORS SHOULD CONSULT THEIR RESPECTIVE TAX ADVISORS WITH RESPECT TO THE APPLICATION OF ANY APPLICABLE STATE, LOCAL OR FOREIGN TAX PROVISIONS.

#### **NOTICE PURSUANT TO IRS CIRCULAR 230**

THE DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN BY THE FUND, ITS COUNSEL OR THE PLACEMENT AGENT TO BE USED, AND CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MIGHT BE IMPOSED UNDER U.S. TAX LAWS. THIS DISCUSSION IS PROVIDED TO SUPPORT AN OFFERING OF PARTNERSHIP IN THE FUND, AND ACCORDINGLY IS WRITTEN IN SUPPORT OF THE MARKETING OF THE PARTNERSHIP IN THE FUND. 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 FUND.

#### **CERTAIN CONSIDERATIONS APPLICABLE TO ERISA, GOVERNMENTAL AND OTHER PLAN INVESTORS**

##### **ERISA**

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

In General. Persons who are fiduciaries with respect to an employee benefit plan or trust within the meaning of and subject to the provisions of ERISA, an individual retirement account or a Keogh plan subject solely to the provisions of the Code and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets" of such plans, accounts and arrangements (each, a "Plan"), should consider, among other things, the matters described below before determining whether to invest in the Partnership.

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to a Plan subject to ERISA (an "ERISA Plan"), including prudence, diversification, prohibited transaction and other standards. In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor ("DOL") regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, the risk and return factors of the potential investment, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan's funding objectives, and the limitation on the rights of investors to redeem all or any part of their Interests or to transfer their Interests. Before investing the assets

of an ERISA Plan in the Partnership, a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Partnership may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

Plan Asset Regulations. The DOL has published a regulation (the “DOL Regulation”) describing when the underlying assets of an entity, in which certain benefit plan investors (“Benefit Plan Investors”) invest, constitute “plan assets” for purposes of ERISA. The DOL Regulation’s definition of Benefit Plan Investor was subsequently amended by the passage of the Pension Protection Act of 2006 which added ERISA Section 3(42) to provide that the term Benefit Plan Investor, for purposes of the DOL Regulation, means an employee benefit plan subject to Title I of ERISA or Section 4975 of the Code, and any entity whose underlying assets include plan assets by reason of a plan’s investment in such entity. Accordingly, Benefit Plan Investors include only employee benefit plans as defined in Section 3(3) of ERISA if they are subject to Part 4 of Title I of ERISA (e.g., Part 4 excludes for example, governmental employee benefit plans as defined in Section 3(32) of ERISA and employee benefit plans maintained outside of the United States primarily for the benefit of individuals substantially all of whom are non-resident aliens as specified in Section 4(b)(4) of ERISA, and therefore, such plans would not be considered Benefit Plan Investors), plans described in Section 4975(e)(1) of the Code, and any entity the underlying assets of which include plan assets by reason of investment by Benefit Plan Investors in such entity. The effect of the DOL Regulation, as modified by Section 3(42) of ERISA, is to treat certain entities as pooled funds for the collective investment of plan assets. The DOL Regulation provides that, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan’s assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity.

However, when an ERISA Plan acquires an “equity interest” in an entity that is neither: (a) a “publicly offered security;” nor (b) a security issued by an investment fund registered under the 1940 Act, then the ERISA Plan’s assets include both the equity interest and an interest in each of the underlying assets of the entity, unless it is established that:

- (i) the entity is an “operating company”; or
- (ii) the equity participation in the entity by Benefit Plan Investors is not “significant.” Equity participation in an entity by Benefit Plan Investors is considered “significant” if 25% or more of the value of any class of equity interests in the entity is held by such Benefit Plan Investors.

Limitation on Investments by Benefit Plan Investors. It is the current intent of the Investment Manager to monitor the investments in the Partnership to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed the 25% limitation of the net asset value of any class of Interests in the Partnership so that, in each case, equity participation by Benefit Plan Investors in the Partnership will not be considered “significant” under the DOL Regulation and, as a result, the underlying assets of the Partnership will not be deemed “plan assets” for purposes of the DOL Regulation. For purposes of determining whether the equity investment in the Partnership by Benefit Plan Investors is significant (i.e., equals or exceeds this 25% limitation), the Interests in the Partnership held by the Investment Manager and its affiliates who are not otherwise Benefit Plan Investors are disregarded for purposes of determining the total value of the applicable class (i.e., not counted in the denominator). If the assets of the Partnership were regarded as “plan assets” of a Benefit Plan Investor, the Investment Manager would be a “fiduciary” (as defined in ERISA and the Code) with respect to such Benefit Plan Investor and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. Moreover, the Partnership would be subject to various other requirements of ERISA and the Code. In particular, the Partnership would be subject to rules restricting transactions with “parties in interest” and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the Partnership obtained appropriate exemptions from the DOL allowing the Partnership to conduct its operations as described herein. The General Partner reserves the right to redeem all or a part of the Interests held by any Limited Partner, subject to the aforesaid, including, without limitation, to ensure compliance with the above percentage limitation. The Investment Manager reserves the right, however, to waive the 25% limitation and thereafter to comply with ERISA.

Representations by Plans. An ERISA Plan proposing to invest in the Partnership will be required to represent that it is, and

any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Partnership's investment objective, policies and strategies, that the decision to invest plan assets in the Partnership was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA.

WHETHER OR NOT THE UNDERLYING ASSETS OF THE PARTNERSHIP ARE DEEMED PLAN ASSETS UNDER THE DOL REGULATION, AN INVESTMENT IN THE PARTNERSHIP BY AN ERISA PLAN IS SUBJECT TO ERISA. ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE PARTNERSHIP.

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

The foregoing discussion is general in nature and is not intended to be all-inclusive. Each Plan fiduciary should consult with its legal advisor concerning the considerations discussed above before making an investment in the Partnership. As indicated above, Similar Laws governing the investment and management of the assets of governmental or non-U.S. plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and the Code (as discussed above). Accordingly, fiduciaries of such governmental or non-U.S. plans, in consultation with their advisers, should consider the impact of their respective laws and regulations on an investment in the Partnership and the considerations discussed above, if applicable.

## SECURITIES LAWS

On June 22, 2015, the SEC repealed the private adviser registration exemption which previously exempted advisers with fewer than 15 clients who did not hold themselves out to the public as advisers. The SEC replaced the private adviser registration exemption with a new exemption (Under new Rule 203(m) of the Advisers Act) from registration for advisers solely to private funds<sup>1</sup> with less than \$150 million under management (an "Exempt Reporting Adviser"). In the event the General Manager loses its status as an Exempt Reporting Adviser and is required to be registered with the SEC, the General Manager will be subject to a variety of additional regulatory filing, record-keeping, and governance rules

**Securities Act of 1933.** The Interests in the Partnership will not be registered under the Securities Act or any other securities law. The Interests will be offered without registration in reliance upon the exemption contained in Section 4(a)(2) of the Securities Act or regulations of the Securities and Exchange Commission for transactions not involving a public offering. Each prospective investor must be an accredited investor (as defined in Regulation D promulgated under the Securities Act) and will be required to represent, among other customary private placement representations, that it is acquiring Interests in the Partnership for investment purposes only and not with a view to resale or distribution. Further, each investor must be prepared to bear the economic risk of the investment for an indefinite period, because Interests in the Partnership can be resold only pursuant to an offering registered under the Securities Act or an exclusion from such registration requirement. It is extremely unlikely that Interests in the Partnership will ever be registered under the Securities Act.

**Securities Exchange Act of 1934.** In connection with any acquisition or beneficial ownership by the Partnership of more than five percent (5%) of any class of the equity securities of a company registered under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Partnership may be required to make certain filings with the Securities and Exchange Commission. Generally, these filings require disclosure of the identity and background of the purchaser, the source and amount of funds used to acquire the securities, the purpose of the transaction, the purchaser's interest in the securities, and any contracts, arrangements or undertakings regarding the securities. In certain circumstances, the Partnership may be required to aggregate its investment position in a given Operating Company with the beneficial ownership of that company's securities by or on behalf of the General Partner and its affiliates, which could require the

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<sup>1</sup> A private fund is defined as any issuer that would be an investment company but for Sections 3(c)1 or 3(c)7 of the Advisers Act

Partnership, together with such other parties, to make certain disclosure filings or otherwise restrict the Partnership's activities with respect to such Operating Company securities. In addition, if the Partnership becomes the beneficial owner of more than ten percent (10%) of any class of the equity securities of a company registered under the Exchange Act or places a director on the board of directors of such a company, the Partnership may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act. The Partnership intends to manage its investments so as to avoid the short-swing profit liability provisions of Section 16 of the Exchange Act.

**Investment Company Act of 1940.** The Partnership will not be registered as an "investment company" under the Investment Company Act in reliance upon Section 3(c)(7) thereof. Accordingly, Partners will not receive the protections afforded by the Investment Company Act to investors in a registered investment company. Section 3(c)(7) excludes from the definition of investment company any issuer whose outstanding securities are owned exclusively by "qualified purchasers," provided that the issuer is not making, and does not propose to make, a public offering of such securities. Qualified purchaser generally means (i) a natural person (or a company owned by two or more family members or foundations, charitable organizations or trusts established by or for the benefit of such persons) who owns at least \$5 million in investments (as defined in the Rule 2a51-1 promulgated under the Investment Company Act) or (ii) any person or entity acting for its own account or for the accounts of other qualified purchasers who in the aggregate owns or invests on a discretionary basis not less than \$25 million in investments (as defined in Rule 2a51-1 promulgated under the Investment Company Act). The Partnership Agreement and the subscription agreements by which the Partners will invest in the Partnership will contain certain representations, undertakings and restrictions on transfer designed to assure that the conditions of Section 3(c)(7) will be met.

In connection with any subscription for, or proposed transfer of, Interests in the Partnership, the General Partner is authorized to ask for and obtain such information from the prospective investor or the proposed transferor and transferee, as applicable, in order that it may be able to determine whether the proposed subscription or transfer, as applicable, would allow the Partnership to retain its exclusion from registration as an investment company. In addition, a company may be deemed to be an investment company if it owns "investment securities" with a value exceeding 40% of its total assets (excluding government securities and cash items) or if more than 45% of its total assets consists of, or more than 45% of its income/loss is derived from, securities of companies it does not control. Any Company is not required to register as an investment company under the Investment Company Act because it is primarily engaged in the businesses of its controlled Operating Companies rather than the business of investing and reinvesting in investment securities. Any Company currently intends to continue to conduct its investment and other activities, including its investment activities through the Partnership, so as not to be deemed an investment company under the Investment Company Act. As a result, the aggregate amount of investments in Operating Companies that Any Company or the Partnership does not control will be limited to the extent set forth above. Any Company, however, does not believe that such limitations will impede the ability of the Partnership to pursue its investment strategy.

**Investment Advisers Act of 1940.** Having its principal place of business in the state of New York, the General Partner is currently licensed and registered as an investment adviser in New York and regulated by the State's Department of Commerce and Consumer Affairs. New York law imposes a variety of regulations on the General Partner including standards relating to minimum net worth, examination, bonding, and record keeping. In regard to registration with the Securities and Exchange Commission ("SEC"), the General Partner is likely to remain exempt from registration at the federal level until such time as the General Partner advises private funds with more than \$150 million in assets under management pursuant to new rules adopted by the SEC as outlined above.

**Non-U.S. Securities Laws.** The Interests in the Partnership have not been registered or qualified for public distribution under the securities laws of any jurisdiction. The Interests will be offered without registration and without the filing of a prospectus in reliance upon exemptions available under applicable law. Each prospective investor resident outside the United States must be, and will be required to represent that it is, entitled to acquire Interests in the Partnership in reliance upon an exemption from the registration or prospectus requirements of applicable securities laws of its jurisdiction of residence. Further, each investor must be prepared to bear the economic risk of the investment for an indefinite period, because Interests in the Partnership can be resold only pursuant to an offering registered under the securities laws of such jurisdiction or an exclusion from such registration requirement. It is extremely unlikely that Interests in the Partnership will ever be registered under the securities laws of any jurisdiction. In connection with any

acquisition or beneficial ownership by the Partnership of more than a specified percentage of any class of the equity securities of a company that is subject to public reporting obligations under applicable securities laws, the Partnership may be required to make certain filings with relevant securities authorities. Generally, these filings require disclosure of the identity and background of the purchaser, the source and amount of funds used to acquire the securities, the purpose of the transaction, the purchaser's interest in the securities and any contracts, arrangements or undertakings regarding the securities. In certain circumstances, the Partnership may be required to aggregate its investment position in a given Operating Company with the beneficial ownership of that company's securities by or on behalf of the General Partner and its affiliates, which could require the Partnership, together with such other parties, to make certain disclosure filings or otherwise restrict the Partnership's activities with respect to such Operating Company securities.

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The foregoing summary is not intended as a substitute for professional tax advice, nor does it purport to be a complete discussion of all tax consequences that could apply to this investment. The foregoing summary also does not discuss any of the U.S. federal income or estate tax considerations relevant to foreign persons. Each Partner must consult its own tax advisor as to the tax consequences of this investment.

## **REPORTS TO PARTNERS**

The Partnership will furnish to each Partners: (i) annual financial reports of the Partnership; (ii) annual descriptive investment information for each investment; (iii) annual tax information for the completion of income tax returns; (iv) a statement from the Partnership's auditors detailing the Partners capital account; and (v) from time to time unaudited periodic reports at the discretion of the General Partner, but no less often than quarterly.

## **SUBSCRIPTION PROCEDURE FOR PARTNERSHIP**

### **Subscription procedures**

Subscriptions for Interests will be accepted as of the first Business Day of each month and/or such other times as the General Partner may from time to time determine. The General Partner or the Administrator in their discretion reserves the right to reject subscriptions for any reason. The Partnership may return, without interest, any funds paid in connection with a subscription that has been rejected to the account from which such funds have been paid.

The General Partners are seeking subscriptions in the minimum amount of \$50,000, provided that the General Partner may waive this requirement in its sole discretion. Before acceptance, subscriptions must be paid in immediately available funds by wire transfer or otherwise and cleared by the Partnership's account, as set forth in the subscription documents for the Partnership.

### **Investor eligibility requirements**

The Partnership is not registered under the 1940 Act, in reliance on Section 3(c)(7) of the 1940 Act, which exempts from registration issuers whose securities are not publicly offered and are beneficially owned exclusively by persons who, at the time of purchase, "qualified purchasers". This term generally includes individuals and family companies with more than \$5,000,000 of qualifying investments and other entities with more than \$25,000,000 of qualifying investments.

Each investor will be required to certify that it or the beneficial owner of any Interest subscribed for is (a) an "accredited investor," as such term is defined in Rule 501 of Regulation D under the Securities Act, and (b) either "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act and the rules thereunder or "knowledgeable employees" as defined in Rule 3c-5 of the 1940 Act. More detailed information concerning the applicable suitability criteria is set forth in the Partnership's subscription materials.

## **ANTI-MONEY LAUNDERING CONSIDERATIONS**

Procedures aimed at the prevention of money laundering will require an applicant for Interests to verify their identity and/or source of funds to the Administrator. Depending on the circumstances of each application, verification may not be required where the applicant makes the payment from an account held in the applicant's name at a recognized financial institution, or the application is made through a recognized intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized by the United States as having equivalent anti-money laundering regulations and the financial institution or intermediary confirms to the Administrator that it has conducted appropriate customer due diligence.

By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with evidence of his address such as a utility bill or bank statement. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name) and of the memorandum and articles of association (or equivalent), and of the names and residential and business addresses of all directors and beneficial owners. Certain beneficial owners may be required to produce documentation necessary to verify their identity.

The details given above are by way of example only and the Administrator will request such information and documentation as it considers necessary to verify the identity and/or source of funds of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto in which case any funds received may be returned, without interest, to the account from which they were originally debited. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to process a withdrawal request until proper information has been provided. Investors should note specifically that where withdrawal proceeds are requested to be remitted to an account which is not in the name of the investor, the Administrator reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the withdrawal proceeds will be paid. The withdrawal proceeds will not be paid to a third party account if the investor and/or owner of the account fails to provide such information.

Each applicant for an Interest acknowledges that the Administrator will be held harmless against any loss arising as a result of a failure to process its application for an Interest if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

Each applicant for an Interest will be required to make such representations as may be required by the General Partner in connection with anti-money laundering programs, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity subject to the sanctions programs administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), including that it is not named on, and is not directly or indirectly affiliated with any country, territory, individual or entity named on, any list published by OFAC of countries, territories, individuals, or entities that are subject to the sanctions programs. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene U.S. federal or state, or international, laws and regulations, including anti-money laundering laws and regulations and laws regulations designed to prevent and detect terrorist financing.

Each applicant will also be required to represent that it is not a resident in, and its funds do not derive from, a country identified by the Financial Action Task Force as high risk or non-cooperative.

## **WITHDRAWALS**

Subject to the withdrawal privilege described below, all earnings of the Partnership will ordinarily be retained for investment.

Upon ninety days' prior notice, a Limited Partner is permitted to make withdrawals as of the first Business Day of each calendar month and/or such other days as the General Partner may from time to time determine. The General Partner may, in its sole discretion, waive such notice requirements. Withdrawal requests, once given, may not be revoked by the relevant Limited Partner.

If as a result of any partial withdrawal a Limited Partner's Capital Account balance would be less than \$250,000, the General Partner may, in its sole discretion, refuse such partial withdrawal or require such Limited Partner to withdraw all of its Interest.

### **Settlement of withdrawals**

Payment of withdrawal proceeds will generally be made solely in cash, as soon as practicable after the relevant withdrawal date and normally within seven Business Days. The General Partner, in its sole discretion, may effect withdrawal payments by transferring to the Limited Partner certain securities or other assets of the Partnership.

The General Partner may refuse to accept a withdrawal request if it is not accompanied by such additional information as the General Partner or the Administrator may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for money laundering verification purposes. In addition, where withdrawal proceeds are requested to be remitted to an account which is not in the name of the investor, the Administrator reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the withdrawal proceeds will be paid. The withdrawal proceeds will not be paid to a third party account if the investor and/or owner of the account fails to provide such information.

The General Partner may withhold for the benefit of the Partnership from any distribution to a withdrawing Limited Partner an amount representing the actual or estimated costs incurred by the Partnership with respect to such withdrawal.

The General Partner reserves the right, in its sole discretion, to compel the withdrawal of any Interest, in part or in its entirety, at any time and for any reason. Settlements are made in the same manner as voluntary withdrawals.

### **Suspension of withdrawals**

The General Partner may suspend the Limited Partners' withdrawal privileges and the valuation of the Partnership's net assets upon the occurrence of, among other things: (i) closure or suspension of dealing on a relevant stock exchange, (ii) the inability of the General Partner to ascertain properly the value of any or all of the assets or realize any material part of the assets of the Partnership, or (iii) the inability of the Custodian, the Administrator or any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. A General Partner will notify the Limited Partners as soon as is practicable of any decision to suspend dealings and the exceptional circumstances which led to the decision to do so.

Certain Limited Partners may receive information regarding the Partnership's portfolio that is not generally available to other Limited Partners and as a result may be able to take actions (i.e., withdraw) which in the absence of such information, other Limited Partners do not take.

Each General Partner is permitted to make cash withdrawals from its Capital Account at any time without notice to the Limited Partners.

This Memorandum does not purport to be and should not be construed as a complete description of the Partnership Agreement, a copy of which will be provided to each prospective investor upon request. Any potential investor in the Partnership is required to review the Partnership Agreement carefully, in addition to consulting appropriate legal and tax advisors.

## RISK FACTORS

AN INVESTMENT IN THE PARTNERSHIP IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR PERSONS WHO ARE ABLE TO ASSUME THE RISK OF LOSING THEIR ENTIRE INVESTMENT. PROSPECTIVE PURCHASERS OF PARTNERSHIP SHOULD CAREFULLY READ THE ENTIRE MEMORANDUM. BECAUSE THE INVESTMENT PROGRAM INVOLVES SUBSTANTIAL RISKS, AN INVESTMENT IN THE PARTNERSHIP SHOULD BE MADE ONLY AFTER CONSULTING WITH INDEPENDENT QUALIFIED SOURCES OF INVESTMENT AND TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS, AMONG OTHERS, BEFORE SUBSCRIBING FOR PARTNERSHIP.

Prospective investors should carefully consider the risks involved in an investment in the Partnership, including but not limited to those discussed below. Many of these risks are discussed more fully elsewhere in this Memorandum. Prospective investors should consult their own legal, tax, and financial advisers as to all these risks and an investment in the Partnership generally.

**Past performance not indicative.** The Partnership has no or limited operating history upon which prospective investors can evaluate its likely performance. The Partnership's future performance will depend on many factors including, but not limited to, the performance of the Investment Manager and its ability to identify suitable potential investments, the financial performance of the Partnership's investments, the ability of the Investment Manager to effectively implement the investment strategy, conditions in the financial markets and general economic conditions. An investment in the Partnership is therefore subject to all of the risks and uncertainties associated with any new business, including the risk that the Partnership will not achieve its investment objective and that the value of an investment in the Partnership could decline substantially, which may have a material adverse effect on the Partnership's business, financial condition, results of operations or the value of the Interests. There can be no assurance that the Partnership will achieve its investment objective.

### General

**Reliance on the Investment Manager.** The success of the Partnership depends on the ability of the Investment Manager to develop and implement investment strategies to achieve the Partnership's investment objectives. The Partnership's investment performance could be materially adversely affected if the principal of the General Partner ceases to be involved in the active management of the Partnership's portfolio. The Investment Manager has wide latitude in making investment decisions and investors have no right or power to take part in such decisions.

**Operating Deficits.** The expenses of operating the Partnership could exceed its income. This would require that the difference be paid out of the Partnership's capital, reducing the Partnership's investments and potential for profitability.

**Limited Operating History.** The Partnership, World Trade Securities LP, has no operating and investing history upon which

potential investors may evaluate past performance. The past investment performance of the Investment Manager and its principal and affiliates is not indicative of the future investment results of the Partnership. There can be no assurance that the Partnership will achieve its investment objectives.

### **Business and regulatory risks of private investment funds.**

Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership and the Investment Manager. The regulatory environment for private funds and fund managers is evolving, and changes in the regulation of private funds, fund managers and their trading activities may adversely affect the ultimate realization value of investments held by the Partnership, the ability of the Partnership to obtain the leverage it might otherwise obtain or to pursue its trading strategies, and may adversely affect the ability of the Partnership to pursue certain investment strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Investors should understand that the business of the Partnership's and the Investment Manager is dynamic and is expected to change over time. Therefore, the Partnership and the Investment Manager may be subject to new or additional regulatory constraints in the future. The SEC, other regulators and self-regulatory organizations and exchanges are 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 action. The effect of any future regulatory change on the Partnership could be substantial and adverse.

There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry. Such scrutiny may increase the exposure of the Partnership, the General Partners, the Investment Manager and their respective affiliates to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight and scrutiny can also impose administrative burdens on the Investment Manager and disrupt its business including, without limitation, responding to investigations and examinations and implementing new policies and procedures. Certain regulatory inquiries or actions, even in the absence of wrongdoing, can lead to adverse impacts on the Partnership, including serious reputational harm, or affect its ability to carry out its investment strategy.

**Cybersecurity and operational risk.** Intentional cybersecurity breaches include: unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws).

A cybersecurity breach could result in the loss or theft of

customer data or funds, the inability to access electronic systems (“denial of services”), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the Partnership, the Investment Manager, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. In addition, such incidents could affect issuers in which the Partnership invests, and thereby cause the Partnership’s investments to lose value.

The Partnership depends on the Investment Manager to develop, implement and operate the appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of the Partnership’s operations. The Partnership’s operations are dynamic and complex. As a result, certain operational risks are intrinsic to the Partnership’s operations and business, especially given the volume, diversity and complexity of transactions that the Partnership is expected to enter into daily. The Partnership’s business is highly dependent on its ability to process, on a daily basis, transactions across numerous and diverse markets. Consequently, the Partnership relies heavily on its financial, accounting and other data processing systems to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Partnership’s activities. The ability of its systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of the Partnership to properly manage its portfolio. In addition, certain portions of the Partnership’s and the Investment Manager’s operations interface will be dependent upon systems operated by third parties, including prime brokers, the Administrator, market counterparties and their sub-custodians and other service providers, and the Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. Failure of such systems could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in the Partnership’s operations may cause the Partnership to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

**Restrictions on withdrawals and transfers.** There are restrictions on withdrawals from the Partnership and on transfers of Interests. The prior written consent of the General Partner is required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Partnership may involve a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment. In addition, there is no active secondary market for the Interests, and it is not expected that such a market will develop. There can be no assurance that the liquidity of the investments of the Partnership will always be sufficient to meet withdrawal requests as, and when, made. Any lack of liquidity may affect the liquidity of the Interests and the value of the Partnership’s investments.

## Investment Risks

All securities investing and trading activities risk the loss of capital. While the Investment Manager will attempt to moderate these risks, there can be no assurance that the Partnership’s investment activities will be successful or that Partners will not suffer losses. An investment in the Partnership is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments. An investment in the Partnership should not be made by any person who (i) cannot afford a total loss of principal, or (ii) has not (either alone or in conjunction with a financial advisor) carefully read or does not understand, this Memorandum, including (but not limited to) the portions concerning the risks and the income tax consequences of an investment in the Partnership. The following discussion describes some of the more significant risks associated with the Partnership’s proposed activities.

**Overall Investment Risk.** All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by the Partnership and the investment techniques and strategies to be employed by the Investment Manager may increase this risk. While the Investment Manager will devote its best efforts to the management of the Partnership’s portfolio, there can be no assurance that the Partnership will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations that could adversely affect the Partnership’s portfolio and performance.

**Transactions in Securities.** There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects of the securities in which the Partnership invests. The Partnership may lose its entire investment or may be required to accept cash or securities with a value less than the Partnership’s original investment. Under such circumstances, the returns generated from the Partnership’s investments may not compensate the Partners adequately for the risks assumed.

**Concentration of Investments.** The Partnership is not limited with respect to the amount of capital which may be committed to any one investment. Accordingly, the Partnership may from time to time hold a few (or even one), relatively large (in relation to its capital) securities positions, with the result that a loss in any one position could have a more material adverse impact on the Partnership’s capital than would a loss position in a more diversified portfolio.

**Leverage.** Leverage is the use of borrowed funds for investment. To the extent the Partnership purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the Partnership’s use of leverage would result in a lower rate of return than if the Partnership were not leveraged. If the amount of borrowings which the Partnership may have outstanding at any one time is large in relation to its capital, fluctuations in the

market value of the Partnership's portfolio will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the value of the Partnership's assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to the Partnership, the value of the Partnership's assets will generally decline faster than would otherwise be the case. This is the speculative factor known as "leverage."

The amount of any borrowing may also be limited by regulations imposed by the Federal Reserve Board or by the availability and cost of credit. If, due to market fluctuations or other reasons, the value of the Partnership's assets should fall below required regulatory levels, the Partnership will be required to reduce its debt by selling securities in its long portfolio.

**Short Selling.** Short selling involves the sale of a security that the Partnership does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price.

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Partnership's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. Additionally, there can be no assurance that securities necessary to cover a short position will be available for purchase.

If the Partnership "shorts" securities of companies which are not deteriorating to the extent the Investment Manager believes them to be, or if the market advances or continues to advance generally, the Partnership is likely to experience losses from its short sales that can increase rapidly and without effective limit. Moreover, short selling is limited to securities which can be borrowed, and it may be necessary to cover short positions at an undesirable time and at high prices because stocks which were shorted can no longer be borrowed.

**Illiquid Securities.** A portion of the Partnership's assets, up to 10% or more, may from time to time be invested in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under Federal or state securities laws. Due to the absence of any trading market for these investments, the Partnership may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Partnership. Further, companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

**Hedging Transactions.** The Investment Manager is not required to attempt to hedge portfolio positions in the Partnership and,

for various reasons, may determine not to do so. Furthermore, the Investment Manager may not anticipate a particular risk so as to hedge against it. The Partnership may utilize financial instruments, both for investment purposes and for risk management purposes in order to seek to: (i) protect against possible changes in the market value of the Partnership's investment portfolios resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the Partnership's unrealized gains in the value of the Partnership's investment portfolios, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Partnership's portfolios, (v) hedge the interest rate or currency exchange rate on any of the Partnership's liabilities or assets, (vi) protect against any increase in the price of any securities the Partnership anticipates purchasing at a later day or (vii) for any other reason that the Investment Manager deems appropriate.

The success of any hedging strategy that the Partnership may employ will be subject to the Investment Manager's ability to correctly access the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Partnership's hedging strategy will also be subject to the Investment Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Partnership may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Partnership than if it had not engaged in any such hedging transactions. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Partnership from achieving its intended hedge or expose the Partnership to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Partnership's portfolio holdings.

**Foreign Securities.** The Partnership reserves the right to invest a portion of its assets in securities of companies domiciled or operating in one or more non-U.S. countries, although at present the Partnership intends to invest primarily in U.S. markets. Investing in non-U.S. securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including instability of some governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of local tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversions between various currencies and brokerage commissions that may be higher than in the United States. Non-U.S. securities

markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Such investments could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

In addition, the Partnership's investments that are denominated in currencies other than the U.S. dollar are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Partnership may seek to hedge these risks by investing in currencies, but there can be no assurance that such strategies will be effective.

**Currency and Exchange Rate Risks.** The Partnership's assets may be invested in securities of companies denominated in currencies other than the U.S. dollar. Accordingly, a portion of the income received directly or indirectly (through the companies in which the Partnership will invest or by their sale) by the Partnership may be denominated in non-U.S. currencies. The Partnership nevertheless will compute and distribute its income in U.S. dollars. Since the Partnership may invest in securities denominated or quoted in currencies other than the U.S. dollar, changes in currency exchange rates may affect the value of the Partnership's portfolio and the unrealized appreciation or depreciation of investments. Further, the Partnership may incur costs in connection with conversions between various currencies. The Partnership may enter into futures or forward contracts on currencies in U.S. and non-U.S. markets for hedging purposes. There is no certainty that instruments suitable for hedging currency shifts will be available at the time when the Partnership wishes to use them.

**Trading Limitations.** For all securities listed on public exchanges, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could subject the Partnership to a loss.

**Small Companies.** The Partnership may invest a substantial portion of its assets in small and/or less well-established companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger corporations. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Partnership may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

**Loans of Portfolio Securities.** The Partnership may from time to time lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in cash or securities

believed by the Investment Manager to be equivalent to securities rated investment grade by any nationally recognized rating organization which, while the loan is outstanding, will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities, including any accrued interest or dividend receivable. Any cash collateral received by the Partnership will be invested in short-term securities. The Partnership will retain all rights of beneficial ownership as to the loaned portfolio securities, including voting rights and rights to interest or other distributions, and will have the right to regain record ownership of loaned securities to exercise such beneficial rights. Such loans will be terminable at any time. The Partnership may pay finders', administrative and custodial fees to persons unaffiliated with the Partnership in connection with the arranging of such loans.

**Fixed-Income Investments.** The value of the fixed-income securities in which the Partnership may invest will generally change as the general levels of interest rates fluctuate. Generally, when interest rates decline, the value of the Partnership's long fixed-income portfolio can be expected to rise while that of its short fixed-income portfolio can be expected to decline. Conversely, when interest rates rise, the value of a long fixed-income portfolio can be expected to decline while that of a short fixed-income portfolio can be expected to rise.

**Purchases of Securities and other Obligations of Financially Distressed Companies.** The Partnership may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy, or other reorganization and liquidation proceedings. Acquired investments may include senior or subordinated debt securities, bank loans, promissory notes and other evidence of indebtedness, as well as payables to trade creditors. Although such purchases may result in significant returns to the Partnership, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the Partnership reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Partnership invests, the Partnership may lose its entire investment or may be required to accept cash or securities with a value less than the Partnership's original investment. Under such circumstances, the returns generated from the Partnership's investments may not compensate the Partners adequately for the risks assumed.

**Portfolio Turnover.** The Partnership's annual portfolio turnover rate may vary, depending on market conditions, and at times the Partnership will engage in substantial short-term trading. Accordingly, the Partnership's annual portfolio turnover rate may range from 10% to 200% or more. (An annual portfolio turnover

rate of 100% would occur, for example, if all of the investments in the Partnership's portfolio were replaced in a period of one year). The Partnership has not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Investment Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

**Newly Created Securities; Initial Public Offerings.** The Partnership may invest in securities sold pursuant to initial public offerings (so-called "new issues") or securities created as a result of spin-offs, split-offs, recapitalizations or other significant corporate events. The risk of loss associated with new issues is greater than that in connection with general securities trading. While the Investment Manager believes that new issues offer significant potential for gain, the prices of newly issued securities may not increase as expected, and in fact may decline to a significant extent. Securities created as a result of spin-offs, split-offs, recapitalizations or other corporate events have no public market prior to their initial offering or creation and there is no assurance that (i) an active public market in such securities will develop or continue after commencement of trading or (ii) that the initial public offering price or initial trading level of such securities will be indicative of the market price for such securities on a "fully-distributed" basis.

**Index-Based Trading.** Trading in index-based unit investment trusts and exchange-traded funds generally involves risks similar to other securities trading. Additionally, these instruments may not move in tandem with the indices upon which they are based.

**Failure of Brokers and Other Depositories.** There is the possibility that the institutions, including brokerage firms and banks, with which the Partnership will do business, or with whom securities may be entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of the Partnership. The Partnership may maintain a substantial portion of its assets in clearing accounts pursuant to clearing agreements with foreign clearing firms (including banks and brokers) and foreign affiliates of United States broker-dealers. Foreign clearing firms are generally not subject to United States laws and regulations and foreign markets may be subject to less regulation and supervision than in the United States. Transaction costs of investing in non-U.S. securities in foreign markets may be higher than in the United States and clearance procedures may be less efficient.

#### **Partnership Risks**

**Transferability and Withdrawal Restrictions.** Interests are subject to restrictions with respect to redemption, withdrawal, assignment and transfer under the Partnership Agreement. Partners may redeem their Interests in the Partnership on an annual basis following the Initial Lock-Up Period, but their rights of redemption may be suspended or delayed in certain circumstances as described herein. Partners will not have the right to liquidate their investment in the Partnership in the event of an emergency or for any other reason. The General Partner has the sole discretion to permit a withdrawal at a time other

than at the end of a calendar year following the applicable lock-up period. An investment in the Partnership therefore provides limited liquidity.

**Limited Rights of Partners.** Partners, other than the General Partner, cannot exercise any management or control functions with respect to the Partnership's operations, although they have limited rights and duties as set forth in the Partnership Agreement.

**Reserves May Affect Withdrawals.** The General Partner may find it necessary, from time to time, to establish a reserve for contingent liabilities. Such reserves would be an asset of the Partnership but would diminish the amount of capital available to Company redemptions and withdrawals.

**Illiquidity of Interests.** The Interests may be acquired for investment purposes only and not with a view to their resale or other distribution. The Interests will not be registered under the Securities Act in reliance on an exemption under Section 4(a)(2) of the Securities Act and

**Regulation D promulgated thereunder.** The Partnership Agreement substantially restricts the transferability or assignability of the Interests or redemption from the Partnership. The General Partner's consent is a condition to any transfer or assignment, and such consent is within its sole discretion. If, as a result of some change in circumstances, arising from an event not presently contemplated, a Partner wishes to transfer all or part of its Interest, and even if all conditions to such a transfer are met, such Partner may find no transferee for its Interest due to market conditions or the general illiquidity of the Interests.

**Limitations on the Obligations of the Principals of the General Partner.** The principals of the General Partner will devote only such time to Company matters as they, in their sole discretion, deem appropriate. The General Partner will have the sole right to conduct the operations of the Partnership in such manner, as it deems proper. The other Partners will have no such authority and will be dependent upon the judgment and skill of the General Partner.

**Risks Associated With the Carried Interest.** The General Partner is an associate of the Investment Manager. The Carried Interest could encourage the Investment Manager to make investments on behalf of the Partnership that are riskier or more speculative than it would be if the General Partner were receiving only a flat fee. Further, the General Partner will receive the Carried Interest as to unrealized gains that may never be realized and will not return a Carried Interest allocated for a period in which there is a profit, even if in a subsequent period the Partnership does not earn a profit or suffers a loss. As a result, the Carried Interest may be greater than it would be if it were based solely on realized gains.

**Effect of Substantial Withdrawals.** Substantial withdrawals by Partners within a short period of time could require the Partnership to liquidate positions more rapidly than would otherwise be desirable, possibly reducing the value of the

Partnership's assets and/or disrupting the Investment Manager's investment strategy. Reducing the size of the Partnership could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Partnership's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

**Potential Mandatory Withdrawal.** The General Partner may, in its sole discretion at any time on written notice, require a Partner to withdraw all or a portion of its Interest(s). Such mandatory redemption could result in adverse tax and/or economic consequences to such Partners.

#### **Other Risks**

**Tax Risks.** For a discussion of income tax risks associated with an investment in the Partnership, see the discussion below under "Certain Federal Income Tax Considerations."

**Tax Exempt Investors; Limitations on Investments.** Certain prospective Partners may be subject to Federal and state laws, rules and regulations which may regulate their participation in the Partnership, or their engaging directly, or indirectly through an investment in the Partnership, in investment strategies of the types which the Partnership may utilize from time to time. While the Partnership believes its investment program is generally appropriate for tax-exempt organizations for which an investment in the Partnership would otherwise be suitable, each type of exempt organization may be subject to different laws, rules and regulations, and prospective Partners should consult with their own advisers as to the advisability and tax consequences of an investment in the Partnership. In particular, exempt organizations should consider the applicability to them of the provisions relating to "unrelated business taxable income." Investments in the Partnership by entities subject to ERISA, and other tax-exempt entities require special consideration.

#### **Regulatory Matters.**

**Investment Company Regulation.** Section 3(c)(1) of the Act excludes from regulation issuers (i) whose outstanding securities are beneficially owned by not more than one hundred (100) persons, and (ii) who are not making and do not presently propose to make a public offering of their securities. The General Partner believes that, by virtue of section 3(c)(1) of the Act the Partnership should not be deemed to be an "investment company" and, accordingly, should not be required to register as such under the Act.

Should private investment company exclusions cease to be available to the Partnership, the Partnership and the General Partner could be subject to legal action by the SEC and others, possibly resulting in financial losses to the Partnership and the termination of the Partnership's business.

**Private Offering Exemption.** The Partnership intends to offer Interests on a continuing basis without registration under any securities laws in reliance on an exemption for "transactions by an issuer not involving any public offering." While the General

Partner believes reliance on such exemption is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other companies, the scope of disclosure provided, failures to make notice filings, or changes in applicable laws, regulations, or interpretations will not cause the Partnership to fail to qualify for such exemption under Federal or one or more states' laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely affecting the Partnership's performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the General Partner's ability to conduct the Partnership's business.

**Compliance with ERISA.** If the assets of the Partnership were to become "plan assets" subject to ERISA and Section 4975 of the Code, certain investments made or to be made by the Partnership in the normal course of its operations might result in non-exempt prohibited transactions and might have to be rescinded (see "Certain ERISA Considerations"). If at any time the General Partner determines that assets of the Partnership may be deemed to be "plan assets" subject to ERISA and Section 4975 of the Code, the General Partner may take certain actions it may determine to be necessary or appropriate, including requiring one or more investors to redeem or otherwise dispose of all or part of their Interests in the Partnership or terminating and liquidating the Partnership.

**Other.** The Partnership and the General Partner will be subject to various other securities and similar laws and regulations that could limit some aspects of the Partnership's operations or subject the Partnership or the General Partner to the risk of sanctions for noncompliance.

THE FOREGOING LISTS OF RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS MUST READ THE ENTIRE MEMORANDUM, THE OPERATING AGREEMENT AND THE SUBSCRIPTION DOCUMENTS BEFORE DETERMINING WHETHER TO INVEST IN THE PARTNERSHIP. ALL POTENTIAL INVESTORS MUST OBTAIN PROFESSIONAL GUIDANCE FROM THEIR TAX AND LEGAL ADVISERS IN EVALUATING ALL OF THE TAX IMPLICATIONS AND RISKS INVOLVED IN INVESTING IN THE PARTNERSHIP.

**IRS Circular 230 Notice.** To ensure compliance with requirements imposed by the IRS, we are required to inform you that any U.S. federal tax advice contained in this document is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter that is contained in this document.

#### **ADDITIONAL INFORMATION**

Each offeree and/or his or its advisor(s) will be offered an opportunity, prior to the consummation of a sale of an Interest to such offeree, to ask questions of, and receive answers from, the General Partner concerning the terms

and conditions of this offering and to obtain any additional information, to the extent the General Partner possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth herein

## NOTICES

### NOTICES FOR U.S. INVESTORS

#### JURISDICTIONAL NOTICES

The National Securities Markets Improvement Act (“NSMIA”) amended Section 18 of the Securities Act of 1933 to exempt from state regulation any offer or sale of covered securities exempt from registration pursuant to Commission rules or Regulations issued under Section 4(2) and 4(6) of the Securities Act of 1933. The Partnership claims qualification pursuant to Section 18(b)(4)(d) and/or Section 18(b)(3) of the Federal Securities Act of 1933, as amended (the “Act”) and, as such, these securities are considered to be “covered securities” pursuant to the Act.

#### NASAA UNIFORM LEGEND

In making an investment decision, investors must rely on their own examination of the person or entity creating the securities and the terms of this offering, including the merits and risks involved. These securities have not been recommended by federal or state securities commissions or regulatory authorities. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the securities act, and the applicable state securities laws pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

#### BLUE SKY NOTICES

It is anticipated that the securities described herein may be offered for sale in several states. The securities blue sky laws of some of those states require that certain conditions and restrictions relating to the offering be disclosed. A description of the relevant conditions and restrictions required by the states in which the Partnership may offer its securities for sale is set forth below, or attached.

#### STATE NOTICE REQUIREMENTS

##### NOTICE REQUIREMENTS IN STATES WHERE INTERESTS MAY BE SOLD ARE AS FOLLOWS:

1. For Alabama residents: these securities are offered pursuant to a claim of exemption under the Alabama securities act. A registration statement relating to these securities has not been filed with the Alabama securities commission. The commission does not recommend or endorse the purchase of any securities, nor does it pass upon the accuracy or completeness of any private placement memorandum. Any representation to the contrary is a criminal offense. The purchase price of the interest acquired by a non-accredited investor residing in the state of Alabama may not exceed 20% of the purchaser’s net worth.
2. For Alaska residents: the securities offered have not been registered with the administrator of securities of the state of Alaska under provisions of 3 AAC 08.500-3 AAC 08,506. The investor is advised that the administrator will make only a cursory review of the registration statement and has not reviewed this document since the document is not required to be filed with the administrator. The fact of registration does not mean that the administrator has passed in any way upon the merits, recommended, or approved the securities. Any representation to the contrary is a violation of a. S. 45.55.170. The investor must rely on the investor’s own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved, in making an investment decision on these securities.
3. For Arizona residents: the securities offered have not been registered under the securities act of Arizona, as amended, and are offered in reliance upon an exemption from registration pursuant to A.R.S. section 44-1844(1). The securities cannot be resold unless registered under the act or pursuant to an exemption from registration.
4. For Arkansas residents: these securities are offered pursuant to a claim of exemption under section 14(b)(14) of the Arkansas securities act and section 4(2) of the securities act of 1933. A registration statement relating to these securities has not been filed with the Arkansas securities department or with the Securities and Exchange Commission. Neither the department nor the commission has passed upon the value of these securities, made any recommendations as to their purchase, approved or disapproved the offering, or passed upon the adequacy or accuracy of this memorandum. Any representation to the contrary is unlawful. The purchase price of the interest acquired by an unaccredited investor residing in the state of Arkansas may not exceed 20% of the purchaser’s net worth.
5. For California residents: these securities have not been registered under the securities act of 1933, as amended, or the California corporations code, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.
6. For Colorado residents: these securities have not been registered under the securities act of 1933, as amended, or the Colorado securities act of 1981, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.
7. For Connecticut residents: these securities have not been registered under section 36-485 of the Connecticut uniform securities act and therefore cannot be resold unless they are registered under such act or unless an exemption from registration is available. Connecticut has adopted the accredited investor exemption. A single form must be filed within 15 days after the first sale in the state.
8. For Delaware residents: these securities have not been registered under the Delaware securities act and are offered pursuant to a claim of exemption under section 7309(b)(9) of the Delaware securities act and rule 9(b)(9)(11) thereunder. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered under the act or an exemption

is available.

9. For District of Columbia residents: these securities have not been registered under the District of Columbia securities act since such act does not require registration of securities issues. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

10. For Florida residents: these securities have not been registered under the securities act of 1933, as amended, or the Florida securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or exemption from registration is available.

The securities referred to herein will be sold to, and acquired by, the holder in a transaction exempt under section 517.061 of the Florida securities act. The Interests have not been registered under said act in the state of Florida. In addition, all Florida residents shall have the privilege of voiding the purchase within three (3) days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer, or an escrow agent or within three (3) days after the availability of that privilege is communicated to said purchaser, whichever occurs later.

11. For Georgia residents: these securities have not been registered under securities act of 1933, as amended, or section 10-5-5 of the Georgia securities act of 1973 and are being sold in reliance upon exemptions therefrom. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. The investment is suitable if it does not exceed 20% of the investor's net worth.

12. For Hawaii residents: these securities have not been registered under the securities act of 1933, as amended, or the Hawaii uniform securities act (modified), by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

13. For Idaho residents: these securities have not been registered under the Idaho securities act (the "act") and may be transferred or resold by residents of Idaho only if registered pursuant to the provisions of the act or if an exemption from registration is available. The investment is suitable if it does not exceed 10% of the investor's net worth.

14. For Illinois residents: these securities have not been approved or disapproved by the secretary of state of Illinois or the state of Illinois, nor has the secretary of state of Illinois or the state of Illinois passed upon the accuracy or adequacy of this memorandum. Any representation to the contrary is a criminal offense.

15. For Indiana residents: these securities have not been registered under section 3 of the Indiana blue sky law and are offered pursuant to an exemption pursuant to section 23-2-1-2(b)(10) thereof and may be transferred or resold only if subsequently registered or if an exemption from registration is available. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. Indiana requires investor suitably standards of a net worth (exclusive of home, furnishings, and automobiles) of three times the investment but not less than \$75,000 or a net worth

(exclusive of home, furnishings, and automobiles) of twice the investment but not less than \$30,000 and gross income of \$30,000.

16. For Iowa residents: these securities have not been registered under the Iowa uniform securities act (the "act") and are offered pursuant to a claim of exemption under section 502.203(9) of the act requiring sales to accredited investors only. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

17. For Kansas residents: these securities have not been registered under the securities act of 1933, as amended, or the Kansas securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

18. For Kentucky residents: these securities have not been registered under the securities act of 1933, as amended, or the securities act of Kentucky, by reason of specific exemptions thereunder relating to an exemption for accredited investors. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

19. For Louisiana residents: these securities have not been registered under the securities act of 1933, as amended, or the Louisiana securities law, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. The investment is suitable if it does not exceed 25% of the investor's net worth.

20. For Maine residents: these securities are being sold pursuant to an exemption from registration with the bank superintendent of the state of Maine under section 10502(2)(r) of title 32 of the Maine revised statutes. These securities may be deemed restricted securities and as such the holder may not be able to resell the securities unless pursuant to registration under state or federal securities laws or unless an exemption under such laws exists.

21. For Maryland residents: these securities have not been registered under the securities act of 1933, as amended, or the Maryland securities act, by reason of specific exemptions thereunder relating to an exemption for accredited investors. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

22. For Massachusetts residents: these securities have not been registered under the securities act of 1933, as amended, or the Massachusetts uniform securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

23. For Michigan residents: these securities have not been registered under section 451.701 of the Michigan uniform securities act (the "act") and may be transferred or resold by residents of Michigan only if registered pursuant to the provisions of the act or if

an exemption from registration is available. The investment is suitable if it does not exceed 10% of the investor's net worth.

24. For Minnesota residents: the securities represented by this memorandum have not been registered under chapter 80a of the Minnesota securities laws and may not be sold, transferred, or not otherwise disposed of except pursuant to registration or an exemption therefrom.

25. For Mississippi residents: the securities, if offered, must be offered pursuant to a certificate of registration issued by the secretary of state of Mississippi pursuant to rule 477, which provides a limited registration procedure for certain offerings. The secretary of state does not recommend or endorse the purchase of any securities, nor does the secretary of state pass upon the truth, merits, or completeness of any offering memorandum filed with the secretary of state, any representation to the contrary is a criminal offense.

26. For Missouri residents: these securities have not been registered under the securities act of 1933, as amended, or the Missouri uniform securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

27. For Montana residents: these securities have not been registered under the securities act of 1933, as amended, or the securities act of Montana, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

28. For Nebraska residents: these securities have not been registered under the securities act of 1933, as amended, or the securities act of Nebraska, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

29. For Nevada residents: these securities have not been registered under the securities act of 1933, as amended, or the Nevada securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

30. For New Hampshire residents: these securities have not been registered under the securities act of 1933, as amended, or the New Hampshire uniform securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. The investment is suitable if it does not exceed 10% of the investor's net worth.

31. For New Jersey residents: the attorney general of the state of New Jersey has not passed on or endorsed the merits of this offering. Nor has this document reflecting the within offering been filed with the bureau of securities or the department of law and public safety of the state of New Jersey. Any representation to the contrary is unlawful.

32. For New Mexico residents: these securities have not been approved or disapproved by the securities bureau of the New Mexico department of regulation and licensing, nor has the securities bureau passed upon the accuracy or adequacy of this memorandum, any representation to the contrary is a criminal offense.

33. For New York residents: these securities have not been registered under the securities act of 1933, as amended, or the New York fraudulent practices ("martin") act, by reason of specific exemptions thereunder relating to the limited availability, or otherwise disposed of to any person or entity unless subsequently registered under the securities act of 1933, as amended, or the New York fraudulent practices ("martin") act, if such registration is required. This private offering memorandum has not been filed with or reviewed by the attorney general prior to its issuance and use. The attorney general of the state of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful. Purchase of these securities involves a high degree of risk. This private offering memorandum does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading; it contains a fair summary of the material terms of documents purported to be summarized herein.

34. For North Carolina residents: these securities have not been approved or disapproved by the Securities and Exchange Commission nor has the Securities and Exchange Commission or any state securities commission passed on the accuracy or adequacy of this memorandum. Any representation to the contrary is a criminal offense. In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including merits and risks involved. The securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense. The securities are subject to restrictions or transferability and resale and may not be transferred or sold except as permitted under the securities act of 1933, as amended, and the applicable statute securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. All purchasers must be purchasing for investment.

35. For North Dakota residents: these securities have not been approved or disapproved by the securities commissioner of the state of North Dakota nor has the commissioner passed upon the accuracy or adequacy of this memorandum. Any representation to the contrary is a criminal offense.

36. For Ohio residents: these securities have not been registered under the securities act of 1933, as amended, or the Ohio securities act, by reason of specific exemptions thereunder relating limitations in who may purchase those securities offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

37. For Oklahoma residents: the securities represented by this certificate have not been registered under the securities act of 1933, as amended, or the Oklahoma securities act. The securities have been acquired for investment and may not be sold or transferred for value in the absence of an effective registration of them under the securities act of 1933, as amended, and/or the Oklahoma securities act, or an opinion of counsel satisfactory to the issuer that such registration is not required under such act or acts.

38. For Oregon residents: the securities offered have not been

registered with the corporation commissioner of the state of Oregon under provisions of 815 divisions 36. This document is not required to be filed with the commissioner. The investor must rely on the investor's own examination of the Partnership creating the securities and the terms of the offering, including the merits and risks involved in making an investment decision on these securities.

39. For Pennsylvania residents: the Interests offered hereby have not been registered under section 201 of the Pennsylvania securities act of 1972 (the "act") and may be resold by residents of Pennsylvania only if registered pursuant to the provisions of that act or if an exemption from registration is available. Each person who accepts an offer to purchase securities exempted from registration by section 203(d),(f),(p), or (r), directly from an issuer or affiliate of an issuer, shall have the right to withdraw his acceptance without incurring any liability to the seller, underwriter (if any), or any other person within two business days from the date of receipt by the issuer of his written binding contract of purchase or, in the case of a transaction in which there is no written binding contract of purchase, within two business days after he/she makes the initial payment for the securities being offered. Neither the Pennsylvania securities commission nor any other agency has passed on or endorsed the merits of this offering, and any representation to the contrary is unlawful.

40. For Rhode Island residents: these securities have not been registered under the securities act of 1933, as amended, or the blue sky law of Rhode Island, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

41. For South Carolina residents: in making an investment decision, investors must rely on their own examinations of the person or entity creating the securities and terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the securities act of 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

42. For South Dakota residents: these securities have not been registered under chapter 47-31 of the South Dakota securities laws and may not be sold, transferred, or otherwise disposed of for value except pursuant to registration, exemption therefrom, or operation of law. Each South Dakota resident purchasing one or more Interests must warrant that he has either (1) minimum net worth (exclusive of home, furnishings and automobiles) of \$30,000 and a minimum annual gross income of \$30,000 or (2) a minimum net worth (exclusive of home, furnishings and automobiles) of \$75,000. Additionally, each investor who is not an accredited investor or who is an accredited investor solely by reason of his net worth, income or amount of investment, shall not make an investment in the program in excess of 20% of his net worth (exclusive of home, furnishings and automobiles).

43. For Tennessee residents: these securities have not been registered under the securities act of 1933, as amended, or the Tennessee securities act of 1980, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an

exemption from registration is available.

44. For Texas residents: these securities have not been registered under the securities act of 1933, as amended, or the Texas securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. The investment is suitable if it does not exceed 10% of the investor's net worth.

45. For Utah residents: these securities have not been registered under the securities act of 1933, as amended, or the Utah uniform securities act, by reason of specific exemptions thereunder relating to the limited liability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

46. For Vermont residents: these securities have not been registered under the securities act of 1933, as amended, or the Vermont securities act, by reason of specific exemptions hereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

47. For Virginia residents: these securities have not been registered under the securities act of 1933, as amended, or the Virginia securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

48. For Washington residents: this offering has not been reviewed or approved by the Washington securities administrator, and the securities offered have not been registered under the securities act (the "act") of Washington chapter 21.20 RCW and may be transferred or resold by residents of Washington only if registered pursuant to the provisions of the act or if an exemption from registration is available. The investor must rely on the investor's own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved, in making an investment decision on these securities.

49. For West Virginia residents: these securities have not been registered under the securities act of 1933, as amended, or the west Virginia uniform securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

50. For Wisconsin residents: these securities have not been registered under the securities act of 1933, as amended, or the Wisconsin uniform securities law, by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

51. For Wyoming residents: these securities have not been registered under the securities act of 1933, as amended, or the Wyoming uniform securities act, by reason of specific exemptions thereunder relating to the limited availability of the offering. These

securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. Wyoming requires investor suitability standards of \$250,000 net worth (exclusive of home, furnishings, and automobiles), and an investment that does not exceed 20% of the investor's net worth.

**ATTACHEMENTS**

Subscription Agreement

Partnership Agreement (available upon request)

## SUBSCRIPTION AGREEMENT