

INVESTMENT ADVISER BROCHURE

TORO INVESTMENT PARTNERS, LP

**Toro Investment Partners, LP
One Maritime Plaza, Suite 1545
San Francisco, California 94111**

March 25, 2014

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Toro Investment Partners, LP; a Delaware limited partnership (“Toro Investment Partners”). If you have any questions about the contents of this Brochure, please contact us at (415) 733-9749. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Toro Investment Partners is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information with which you determine to hire or retain an adviser.

Additional information regarding Toro Investment Partners is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

This Brochure has been revised since the version dated April 1, 2013 to: (a) update the amount of client assets managed by Toro Investment Partners; (b) update the description of the business practices of Toro Investment Partners and its affiliates; and (c) update certain risk factor and conflict of interest disclosures relating to Toro Investment Partner's investment strategies.

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ADVISORY BUSINESS

Toro Investment Partners is a private investment management firm, including several other organizations affiliated with Toro Investment Partners (collectively, “**Toro**”), that manages approximately \$87.9 million in private fund regulatory assets. Toro commenced operations in July 2011. Toro Investment Partners is a registered investment adviser that provides investment advisory services to private investment funds.

Toro Investment Partners serves as the investment manager, on a discretionary basis, of Toro Global Investments Offshore, Ltd. (“**Toro Global Investments Offshore Fund**”) pursuant to the Investment Management Agreement (as defined below) and as the general partner of each of Toro Global Investments, LP, a Delaware limited partnership (“**Toro Global Investments U.S. Fund**”), Toro Global Investments Offshore Intermediate Fund LP, a Cayman Islands exempted limited partnership (“**Toro Global Investments Offshore Intermediate Fund**”) and Toro Global Investments Master Fund LP, a Cayman Islands exempted limited partnership (“**Toro Global Investments Master Fund**” and, together with Toro Global Investments Offshore Fund, Toro Global Investments U.S. Fund, Toro Global Investments Offshore Intermediate Fund and any parallel and alternative investment vehicles, collectively, “**Toro Global Investments**”, and Toro Global Investments together with any future private investment fund managed by Toro Investment Partners, collectively, the “**Private Investment Funds**”). Toro Investment Partners may also in the future act as the investment manager, on a discretionary or non-discretionary basis, to one or more other clients (collectively, the “**Advisory Accounts**”). In its capacity as the general partner of each of Toro Global Investments U.S. Fund, Toro Global Investments Offshore Intermediate Fund and Toro Global Investments Master Fund (together, the “**Toro Global Investments Partnerships**”), Toro Investment Partners has the authority to manage the business and affairs of the Toro Global Investments Partnerships. In its capacity as investment manager of Toro Global Investments Offshore Fund, Toro Investment Partners has the authority to manage the business and affairs of Toro Global Investments Offshore Fund, subject to the supervision of its board of directors (the “**Offshore Fund Board of Directors**”).

Toro Global Investments and any other Private Investment Funds are private funds that invest or trade in a wide variety of securities and other instruments through public and private market transactions. Toro Investment Partners’ investment advisory services to Toro Global Investments consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. From time to time, where such investments consist of public and private portfolio companies (such portfolio companies, “**Toro Portfolio Companies**”), the senior principals or other personnel of Toro Investment Partners or its affiliates may serve on such Toro Portfolio Companies’ respective boards of directors or otherwise act to influence control over management of Toro Portfolio Companies held by Toro Global Investments.

From time to time, Toro Investment Partners may also provide discretionary and non-discretionary advice to one or more Advisory Accounts generally with respect to the same categories of investments and issuers in which the Private Investment Funds invest.

Toro Investment Partners' advisory services for Private Investment Funds are further detailed in the applicable private placement memoranda and any supplements thereto (each, a "**Private Placement Memorandum**"), and the limited partnership agreement of Toro Global Investments U.S. Fund (the "**Limited Partnership Agreement**"), and its services with respect to any Advisory Account will be set forth in the applicable advisory contract, and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in Private Investment Funds generally participate in the overall investment program for the applicable fund but may elect to participate, or not, in certain Special Investments (defined below), and may not participate in other Special Investments depending on the date of the investment.

As of December 31, 2013, Toro Investment Partners managed \$87.9 million in client regulatory assets on a discretionary basis. Toro Investment Partners, LLC, a Delaware limited liability company, acts as the general partner of Toro Investment Partners. Toro Investment Partners, LLC is controlled by Mr. Taek-Geun Kwon.

FEES AND COMPENSATION

In general, Toro Investment Partners receives a Management Fee and an Incentive Allocation (each as defined below) in connection with advisory services. In addition, Toro expects that it and certain of its personnel will receive closing fees, investment banking fees, advisory fees, consulting fees, origination fees, directors fees, monitoring fees, commitment fees, break-up fees and similar fees from certain Toro Portfolio Companies, as well as compensation for services provided as bona fide employees of Toro Portfolio Companies. To the extent such fees relate to any investment by Toro Global Investments, such fees may be paid to Toro or its affiliates and shall reduce dollar-for-dollar any Management Fees payable thereafter. Investors in Toro Global Investments also bear certain fund expenses.

Classes

Upon acceptance of an investor's subscription to Toro Global Investments U.S. Fund, one or more capital accounts (each, a "**U.S. Fund Capital Account**") will be established on the books and records of Toro Global Investments U.S. Fund with respect to such investor. With respect to each limited partner of Toro Global Investments U.S. Fund, Toro Global Investments U.S. Fund will designate each such limited partner's U.S. Fund Capital Account as either a "Class A", a "Class B" or a "Class C" Capital Account (each, a "**Class A U.S. Fund Capital Account**", a "**Class B U.S. Fund Capital Account**" or a "**Class C U.S. Fund Capital Account**", respectively), based on such limited partner's election in its subscription agreement for interests in Toro Global Investments U.S. Fund as accepted by Toro Investment Partners.

Upon acceptance of an investor's subscription to Toro Global Investments Offshore Fund, the investor will be issued Class A participating shares, par value \$0.01 (the "**Class A Shares**"), Class B participating shares, par value \$0.01 (the "**Class B Shares**") and Class C participating shares, par value \$0.01 (the "**Class C Shares**" and, together with the Class A Shares and the Class B Shares, the "**Shares**"), or a combination thereof, in Toro Global Investments Offshore Fund, based on such investor's election in its subscription agreement for shares, as accepted by Toro Global Investments Offshore Fund. Upon any such issuance, one or

more capital accounts will be established on the books of Toro Global Investments Offshore Intermediate Fund (each, an “**Offshore Intermediate Fund Capital Account**” and, together with the U.S. Fund Capital Accounts, each a “**Capital Account**”) with respect to such investor, which will be designated as either a “**Class A Offshore Intermediate Fund Capital Account**”, a “**Class B Offshore Intermediate Fund Capital Account**”, or a “**Class C Offshore Intermediate Fund Capital Account**” (each, a “**Class A Offshore Intermediate Fund Capital Account**”, a “**Class B Offshore Intermediate Fund Capital Account**” or a “**Class C Offshore Intermediate Fund Capital Account**”, respectively, and each, an “**Offshore Intermediate Fund Capital Account**”), based on such investor’s election in its subscription agreement for shares issued by Toro Global Investments Offshore Fund as accepted by Toro Global Investments Offshore Fund.

Management Fees

Toro Global Investments U.S. Fund and Toro Global Investments Offshore Intermediate Fund each pay Toro Investment Partners a quarterly management fee (the “**Management Fee**”), paid in advance as of the first business day of each calendar quarter, equal to the sum of (x) 0.5% (*i.e.*, 2.0% on an annualized basis) of the beginning balance of each Class A U.S. Fund Capital Account and each Class A Offshore Intermediate Fund Capital Account, respectively, plus (y) 0.4375% (*i.e.*, 1.75% on an annualized basis) of the beginning balance of each Class B U.S. Fund Capital Account and each Class B Offshore Intermediate Fund Capital Account, respectively, plus (z) 0.375% (*i.e.*, 1.5% on an annualized basis) of the beginning balance of each Class C U.S. Fund Capital Account and each Class C Offshore Intermediate Fund Capital Account, respectively, in each case including such Capital Account’s *pro rata* share of the fair value of any Special Investments in which such Capital Account participates.

If an investor requests to withdraw completely from any of its U.S. Fund Capital Accounts at a time when such Capital Account has been allocated an interest in any Special Investments, or requests to redeem all of its Class A Shares, Class B Shares or Class C Shares, at a time when such investor also holds Class S participating shares issued with respect to any Special Investment in which such Class A Shares’, Class B Shares’ or Class C Shares’ corresponding Offshore Intermediate Fund Capital Account has been allocated an interest (“**Class S Shares**”), Toro Investment Partners (and, in the case of Toro Global Investments Offshore Fund, together with the Offshore Fund Board of Directors may determine to reserve or hold back such portion of the proceeds with respect to such withdrawal or redemption that is required, in its reasonable discretion, to pay the Management Fees expected to be earned over the life of such Special Investments (the “**Management Fee Reserve**”). The Management Fee Reserve may be invested by Toro Investment Partners for the benefit of such U.S. Fund Capital Account, and each applicable Offshore Intermediate Fund Capital Account, in U.S. Treasury bills, bank accounts, money market funds or any other investment deemed appropriate by Toro Investment Partners. Upon the realization or deemed realization of the applicable Special Investments, any remaining Management Fee Reserve shall be paid to such investor, together with the amount of profits or other appreciation earned (if any) earned on the Management Fee Reserve, within 45 days after the end of the quarterly period in which such realization or deemed realization occurs.

In the event the Management Fee Reserve is insufficient to pay the Management Fees with respect to a Capital Account's interests in applicable Special Investments, Toro Investment Partners may elect to send an annual notice to the investor calling for the payment of the Management Fees with respect to such Capital Account's interests in Special Investments. The Management Fees will be due within 15 days after receiving such notice.

Incentive Allocation

At the end of each fiscal year of Toro Global Investments (or other period with respect to which an Incentive Allocation (as defined below) is calculated), an amount equal to (x) 20.0% in the case of any Class A U.S. Fund Capital Account and any Class A Offshore Intermediate Fund Capital Account, (y) 17.5% in the case of any Class B U.S. Fund Capital Account and any Class B Offshore Intermediate Fund Capital Account and (z) 15% in the case of any Class C U.S. Fund Capital Account and any Class C Offshore Intermediate Fund Capital Account, of the excess of the aggregate net profits (determined after all applicable expenses and liabilities are taken into account and not including gains or losses with respect to any Special Investments) (the "**Net Profits**") credited to such Capital Account of each investor for such fiscal year over the Management Fee will be reallocated to Toro Investment Partners' Capital Accounts (the "**Incentive Allocation**"), in each case subject to certain adjustments for interim-year withdrawals or redemptions, as applicable, or dissolution, but only to the extent that there is no unrecovered balance remaining in such Capital Account's corresponding Loss Recovery Account (as defined below).

Calculation of the Incentive Allocation will include an allocation of net profits from investments previously designated as Special Investments but realized or deemed realized during the period of determination, as determined after taking into account applicable expenses and liabilities allocated to such investments by Toro Investment Partners.

A separate memorandum account will be established with respect to each Capital Account corresponding to each investor (a "**Loss Recovery Account**"), the opening balance of which will be zero. At the end of each fiscal year or other period with respect to which an Incentive Allocation is calculated, after calculating any Incentive Allocation for such period, the balance in each Loss Recovery Account will be charged with an amount equal to any aggregate net losses (determined after all applicable expenses and liabilities are taken into account and not including gains or losses with respect to any Special Investments) in which such Capital Account participates for such period and credited, but not above zero, by an amount equal to any aggregate Net Profits allocated to such Capital Account for such period. In the event that an investor with an unrecovered balance in the Loss Recovery Account attributable to any of its Capital Accounts withdraws any portion of such Capital Account or redeems any portion of its Shares, then, in each case, the unrecovered balance in the Loss Recovery Account corresponding thereto will be reduced in proportion to the amount of such withdrawal or redemption. Additional capital contributions or subscriptions will not affect the balance of any Loss Recovery Account.

In the event that an investor makes a partial or complete withdrawal from a Capital Account or makes a partial or complete redemption of Shares on any date of withdrawal (each, a "**Withdrawal Date**") or a date of redemption (each, a "**Redemption Date**"), as applicable, other

than at the end of a fiscal year, the Incentive Allocation for such year will be determined through the Withdrawal Date or Redemption Date, as applicable, on that portion of the Net Profits over that portion of any unrecovered balance in the Loss Recovery Account attributable to the withdrawn or redeemed amount. To the extent that an Incentive Allocation is made in connection with a partial withdrawal or redemption by an investor occurring other than at fiscal year end, in computing any subsequent Incentive Allocation with respect to such Capital Account for such fiscal year, the amount of Net Profits on which any previous Incentive Allocation was made during such period shall be deducted from the Net Profits determined in connection with such subsequent Incentive Allocation.

Any incentive allocation or other incentive-based compensation will be charged in accordance with Section 205 of the Advisers Act and Rule 205-3 thereunder.

It is expected that any future Private Investment Funds will have a similar management fee and incentive allocation structure.

Other Information

Toro Investment Partners may exempt certain investors in Private Investment Funds from payment of all or a portion of management fees and/or incentive allocation, including Toro Investment Partners and any other person designated by Toro Investment Partners and may agree to different compensation terms with respect to clients that establish Advisory Accounts. Any such exemption from fees and/or incentive allocation or other different compensation terms may be made by a direct exemption, a rebate by Toro Investment Partners and/or its affiliates, or through other Private Investment Funds which co-invest with Toro Global Investments.

Principals, Partners or employees of Toro may receive a portion of the management fee, incentive allocation or other compensation received by Toro Investment Partners or its affiliates.

In addition to the management fee and incentive allocation payable to Toro Investment Partners, Toro Global Investments bears certain expenses. As set forth in the applicable Partnership Agreement, Toro Global Investments bears all of its own expenses, including legal, accounting, investment banking, travel, consulting, research, brokerage, finder's fees, custody, borrowing, administration, reporting, offering, organizational, transfer, registration, insurance, investor committee, interest, taxes, extraordinary expense and other similar fees and expenses, but not Toro Investment Partners' expenses in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses). Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices." Advisory Accounts may also bear certain expenses, as agreed between Toro Investment Partners and the relevant advisory clients.

Toro Investment Partners and/or its affiliates generally have discretion over whether to charge transaction fees to a Toro Portfolio Company and, if so, the fee rate or amount. The receipt of transaction fees may give rise to conflicts of interest between the Private Investment Funds, on the one hand, and Toro Investment Partners and/or its affiliates on the other hand.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” Toro Investment Partners receives an incentive allocation on certain realized and unrealized net profits in Toro Global Investments. Toro Investment Partners does not advise Private Investment Funds or Advisory Accounts not subject to an incentive allocation, although it may waive such incentive allocation with respect to certain affiliated partners as described under “Fees and Compensation.”

Conflicts Related to Services to Private Investment Funds and Advisory Accounts. Toro Investment Partners may provide non-discretionary investment advisory services where Toro Investment Partners advises Advisory Accounts with respect to purchasing, selling, holding, valuing or exercising rights with respect to particular investments, but does not have discretion to execute purchases or sales on behalf of the Advisory Accounts without the specific instruction of the client. Toro Investment Partners may advise with respect to the same or similar securities in Private Investment Funds and discretionary Advisory Accounts, on the one hand, and non-discretionary Advisory Accounts, on the other. There may be timing differences related to the transmission of advice to non-discretionary Advisory Account clients with respect to the consideration and determination of whether to act on the advice. As a result, Toro Investment Partners may execute trades in investments for Private Investment Funds and discretionary Advisory Accounts in advance of Toro Investment Partners communicating with non-discretionary Advisory Account clients about those investments. As a result, particularly with large orders or whether the investments are thinly-traded, non-discretionary Advisory Accounts may receive prices that are less favorable than prices obtained for Private Investment Funds and discretionary Advisory Accounts.

TYPES OF CLIENTS

Toro Investment Partners provides investment advice to Toro Global Investments, and may in the future provide such services to Advisory Accounts. Private Investment Funds, including Toro Global Investments, may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in Private Investment Funds and any investors establishing Advisory Accounts may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals, partners or employees of Toro Investment Partners and its affiliates.

Toro Global Investments generally has a minimum investment amount for third-party investors of (x) \$1,000,000 in the case of an investor who is an individual including an individual who is investing through a grantor trust or an individual retirement account; and (y) \$2,000,000 in the case of an investor that is an entity, and Toro Global Investments interests and shares are offered and sold solely to qualified purchasers (or qualified knowledgeable Toro personnel). Such minimum investment amount may be waived by Toro Investment Partners, but, in the case of Toro Global Investments Offshore Fund, generally will not be less than \$100,000 (or other amounts as specified by Cayman Islands law). Any Advisory Accounts generally are expected

to require a minimum investment in an amount to be determined between Toro Investment Partners and the applicable advisory client.

From time to time, Toro Investment Partners may consider an investment opportunity on behalf of Toro Global Investments that Toro Investment Partners intends to designate as a special investment upon the Toro Global Investments' acquisition of the investment, and that is available to Toro Global Investments in an amount greater than the amount that Toro Investment Partners believes Toro Global Investments should or is permitted to acquire (such excess, "**Excess Investment Capacity**"). In such cases, Toro Investment Partners may cause one or more special purpose vehicles or other entities to be formed for the purpose of investing in such Excess Investment Capacity (each such vehicle or entity, a "**Co-Investment SPV**"). Subject to any applicable legal, regulatory or other restrictions specific to the proposed investment, Toro Investment Partners currently intends to offer each limited partner or each shareholder, as applicable, that is a limited partner or shareholder of Toro Global Investments at that time, an opportunity to invest in each such Co-Investment SPV, *pro rata* in proportion to the then-current respective aggregate capital account balances and aggregate share net asset values of, respectively, each such limited partner or shareholder electing to so invest. To the extent any such electing limited partner or shareholder elects to invest less than the full *pro rata* amount of investment opportunity that is so allocated to them, Toro Investment Partners, in its discretion, may allocate such remaining investment capacity to one or more other investors who may or may not be limited partners or shareholders. The terms of any such Co-Investment SPV will be determined by Toro Investment Partners at the time such Co-Investment SPV is established, prior to accepting contributions or commitments, although Toro Investment Partners anticipates that the Co-Investment SPVs will be subject to a management fee equal to at least 1% per annum and an incentive allocation or carried interest equal to at least 20% of net realized profits. Toro Investment Partners reserves the right to vary its policy with respect to the allocation of such investment opportunities, including by establishing minimum eligibility thresholds relating to participating investors' aggregate investment net asset values.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The investment objective of Toro Global Investments is to seek attractive long-term capital appreciation for investors by employing a focused, opportunistic, and fundamental investment approach with a long-term view to exploit the complexity and volatility that Toro believes is inherent in sectors that are undergoing transitions. Toro Global Investments will initially focus on technology, media and telecommunications ("**TMT**") sectors with an emphasis on new media in the USA and Asia. Toro Global Investments intends to assemble a portfolio of both public and private market investments consisting mostly of equity securities.

Toro intends to invest the majority of its capital under management in publically traded securities using proprietary research which Toro will use to generate investment ideas based on an event-driven strategy which will exploit temporal price-value dislocations in companies that Toro believes can be effectively analyzed using a fundamental approach. Toro intends to invest

the balance of its capital under management in private equity with an orientation towards value and structural downside protection.

Toro has broad and flexible investment authority. Accordingly, the positions of Toro Global Investments may at any time include a wide variety of domestic and foreign, publicly traded and privately placed securities and financial instruments. Derivative instruments or securities may be used for hedging or investment purposes.

As part of its investment program, Toro Global Investments may acquire or hold securities or other assets that Toro Investment Partners believes either lack a readily assessable value or are illiquid or otherwise should be held until the resolution of a special event or circumstance and may designate any such investment as a special investment (each such investment so designated, together with any corresponding hedge positions, a “**Special Investment**”). Toro Investment Partners may designate any investment as a Special Investment upon causing Toro Global Investments to acquire or commit to acquire the investment. Toro Investment Partners may also designate any investment as a Special Investment after Toro Global Investments acquires or commits to acquire the investment, in connection with taking certain actions as a result of which Toro Investment Partners believes, as determined in its discretion, that the investment would not likely have a readily assessable value, or is likely to be illiquid or otherwise should be held until the resolution of a special event or circumstance (*e.g.*, in the case of certain take-private and other similar transactions with respect to such investment). Toro Investment Partners may also designate any investment as a Special Investment after Toro Global Investments acquires or commits to acquire the investment where Toro Investment Partners determines that the investment or the issuer thereof has suffered or is suffering a condition as a result of which such investment or issuer is in financial distress, or has suffered some other impairment, as a result of which Toro Investment Partners believes, as determined in its discretion, that the investment does not have a readily assessable value, or is illiquid or otherwise should be held until the resolution of a special event or circumstance.

Board of Advisers

Since Toro Global Investments’ headquarters are in San Francisco, California, Toro Investment Partners’ organizational strategy involves establishing formal advisor relationships with trusted and experienced local advisers in the United States and various other countries. Information relating to the identity and affiliations of such advisers appears in the Private Placement Memorandum of the Toro Global Investments U.S. Fund and the Toro Global Investments Offshore Fund.

Risks of Investment

All investments involve the risk of the loss of capital. No guarantee or representation is made that any Private Investment Fund or Advisory Account will achieve its investment objective. Accordingly, an investment in Toro Global Investments involves considerations and risk factors that prospective Investors should consider before subscribing. The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all of the risks involved in an investment in a Private Investment Fund or

Advisory Account. An investment in a Private Investment Fund or Advisory Account should only be made after consultation with independent qualified sources of investment and tax advice.

The past results of the other funds operated and managed by Toro are not necessarily indicative of the future performance of any Private Investment Fund or Advisory Account. No assurance can be made that profits will be achieved or that substantial losses will not be incurred. No Private Investment Fund or Advisory Account is a complete investment program, and any Private Investment Fund or Advisory Account should represent only a portion of an investor's portfolio management strategy.

The following describes certain risks applicable to an investment in Toro Global Investments. It is expected that future Private Investment Funds and Advisory Accounts would present similar risks.

General Risks

Competition; Inadequate Return. Toro Global Investments competes with numerous other private investment funds as well as other investors, many of which may have resources substantially greater than those of Toro Global Investments. No assurance can be given that the returns on the investments of Toro Global Investments will be commensurate with the risk of investment in Toro Global Investments. There can be no assurance that returns of similar funds in future periods will reflect previous historical levels. This may be due in part to changes in market conditions affecting such funds' investments and strategies, as well as the proliferation of investment funds pursuing similar strategies (thereby making it difficult for one fund to outperform others).

Concentration in Management Strategies and Certain Investment Categories. Other than the limitations set forth herein, Toro Investment Partners is not required to take a diversified investment approach with Toro Global Investments, and accordingly significant portions of the assets of Toro Global Investments may be concentrated in a small number of strategies, issuers or industries.

Credit Facilities. Toro Global Investments may also utilize credit facilities to fund withdrawals or subscriptions receivable, for portfolio management purposes or for the implementation of certain investments. Should such credit facilities be utilized, Toro Global Investments would be subject to greater risk than if it did not utilize such credit facilities. Moreover, Toro Global Investments would incur additional interest and other expenses with respect to such facilities. Any such credit facility provider that permits Toro Global Investments to borrow for liquidity purposes and accepts assets of Toro Global Investments as collateral for such credit facility (i) may be permitted to register such interests in the name of the credit facility provider or its nominee rather than in the name of Toro Global Investments (subject to limited exceptions), and (ii) may be permitted (subject to the same limitations applying to any investment held in the name of Toro Global Investments) to require the sale or liquidation of assets of the Toro Global Investments held by it as collateral, after default by Toro Global Investments pursuant to the agreement with such credit facility provider. In such instances, the credit facility provider may take any such action without notice to Toro Global Investments or Toro

Investment Partners. If any such credit facility provider were to require Toro Global Investments to sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of Toro Global Investments and have adverse tax and economic effects on Toro Global Investments.

Tiered Fee Structure. On occasion, Toro Global Investments may co-invest in particular transactions by investing in one or more collective investment schemes, or through managed accounts or other investment arrangements, including those managed or administered by investment managers or advisers not affiliated with Toro Investment Partners (“**Third-Party Co-Investment Vehicles**”). Fees, allocations and other compensation payable or allocable to the managers or advisers of any such Third-Party Co-Investment Vehicles, to the extent not managed or advised by an affiliate of Toro Investment Partners, in addition to any other expenses borne by such Third-Party Co-Investment Vehicles, will be borne by Toro Global Investments and will not offset any fees or allocations to Toro Investment Partners. In such cases, Toro Investment Partners could be subject to multiple management and incentive fees or allocations, among other expenses, relating to the investments made through such Third-Party Co-Investment Vehicles. It is also possible that an incentive fee or allocation may be payable or allocable to the manager or adviser of any such Third-Party Co-Investment Vehicle based on such vehicle’s investment performance in a given period, even though the overall investment performance of Toro Global Investments or certain investors may be negative for that period.

Turnover. Toro Global Investments may invest on the basis of certain short-term market considerations. The turnover rate within Toro Global Investments may be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

Reliability of Valuations. To the extent that Toro Global Investments invests in instruments that are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, such instruments generally will be assigned value based on dealer quotes or independent appraisals, or such other factors as Toro Investment Partners may reasonably determine, and are subject to the valuation discretion of such dealers, appraisers and/or Toro Investment Partners. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.

To the extent that Toro Investment Partners trades or invests in securities or other instruments for which market quotations are not readily available, the valuation of such securities and instruments will be determined by Toro Investment Partners, whose determination will be final and conclusive as to all parties. The actual value of the security or other instrument, however, may prove significantly different, which may adversely affect the net asset value of Toro Global Investments. The valuation of certain illiquid assets is inherently subjective and subject to increased risk that the information utilized to value the asset or to create the price models may be inaccurate or subject to other error. Inaccurate valuations may, among other things, prevent Toro Global Investments from effectively managing its investment portfolios and risks, may affect the diversification and risk management of the net asset values at which subscriptions are

processed and at which Interests and Shares are withdrawn and redeemed, and may affect the determination of Management Fees and the Incentive Allocation.

Additional Government or Market Regulation. Market disruptions and the dramatic increase in the capital allocated to alternative asset management during recent years have led to increased governmental as well as self-regulatory organization scrutiny of the hedge fund industry in general. In addition, certain legislation proposing greater regulation of the industry is periodically considered by Congress, as well as the governing bodies of various jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to Toro Global Investments, Toro Investment Partners, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of Toro Global Investments, as well as require increased transparency as to the identity of the investors.

Investment Risks

General Investment Risks. All investments risk the loss of capital. Toro Investment Partners believes that the investment program of Toro Global Investments and research techniques moderate this risk through a careful selection of securities and other financial instruments. No guarantee or representation is made that the investment program of Toro Global Investments will be successful. The investment program of Toro Global Investments may use such investment techniques as margin transactions, short sales, leverage and the use of synthetic instruments, such as swaps, options on securities, forward contracts and other derivative instruments, which practices can, in certain circumstances, magnify the adverse impact that any losses may have on Toro Global Investments.

Effect of General Economic and Market Conditions on the Activities of Toro Global Investments; Uncertain Environment. The success of the activities of Toro Global Investments will be affected by general economic and market conditions such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in law (including laws relating to taxation of the investments of Toro Global Investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of financial instruments' prices and the liquidity of the investments of Toro Global Investments. Volatility or illiquidity could impair the profitability of Toro Global Investments or result in losses. Toro Global Investments may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

The current global economic and political climate continues to be one of uncertainty. A inability of potential investment opportunities climate of uncertainty may reduce the availability and increase the difficulty of modeling market conditions, reducing the accuracy of the financial projections of Toro Investment Partners. Furthermore, such uncertainty may have an adverse effect upon the companies in which Toro Global Investments makes investments. Unpredictable or unstable market conditions may also make it more

difficult for Toro Global Investments to exit and realize value from its investments. The d also create additional regulatory burdens current political environment coulapplicable to Toro Investment Partners or Toro Global Investments.

It is important to understand that Toro Global Investments could incur material losses even if it reacts quickly to difficult market conditions, and Toro Global Investments may suffer material adverse effects from broad and rapid changes in market conditions.

Investing in TMT Companies. Investing in securities and other instruments of TMT companies involves substantial risks. These risks include: the fact that certain companies in the portfolios of Toro Global Investments may have limited operating histories; rapidly changing technologies and products which may quickly become obsolete; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; scarcity of management, engineering and marketing personnel with appropriate technological training; the possibility of lawsuits related to technological patents; changing investor sentiments and preferences with regard to technology sector investments (which are generally perceived as risky) with their resultant effect on the price of underlying securities; and volatility in the U.S. stock markets affecting the prices of technology company securities, which may cause the performance of Toro Global Investments to experience substantial volatility.

This sector is also regulated by the U.S. Federal Communications Commission (the “FCC”) and other regulatory bodies. Although recent FCC rulings have created attractive investment opportunities and fueled merger and acquisition activity within the media industry, there can be no assurance that future FCC regulations, or regulations established by other regulatory bodies, will continue to be favorable to the media industry. Many of the companies in which Toro Global Investments invests will be subject to regulation by the FCC and, in some cases, to other government regulation in the United States and elsewhere. The products or services of such companies are dependent upon obtaining regulatory clearances and approvals in various jurisdictions. The process of obtaining these approvals can be lengthy, expensive and uncertain, and there can be no assurance that these approvals will be obtained. Failure to obtain these approvals could have a significant adverse effect on a company’s performance.

Growth Stage Companies. While investments in growth stage companies offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risk which can result in substantial losses. In the past, the stock market has experienced volatility which has particularly affected the securities of technology companies. As a result, the performance of Toro Global Investments may experience substantial volatility over the near- to medium-term.

Non-U.S. Investments. Toro Global Investments may invest in securities of non-U.S. companies, in countries other than the United States and in securities of non-U.S. government entities. Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks as well as a range of other potential risks that could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In

addition, less information may be available regarding non-U.S. issuers, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Further, non-U.S. securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside the United States are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States, and there is greater difficulty in taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the performance of Toro Global Investments.

Investments in Emerging Markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the securities of Toro Global Investments with non-U.S. brokers and securities depositories.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries.

Toro Global Investment may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

Non-U.S. Legal Risk. Many of the laws that govern private and foreign investment, securities transactions, creditors' rights and other contractual relationships in non-U.S. countries, particularly in developing countries, are new and largely untested. As a result, Toro Global Investments may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

Investment and Repatriation Restrictions. Some countries have laws and regulations that currently preclude direct foreign investment in the securities of their companies. However, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in these countries is permitted by certain countries through investment funds which have been specifically authorized. Toro Global Investments may invest in these investment funds. If Toro Global Investments invests in such investment funds, the investors will bear not only the expenses of Toro Global Investments, but also will indirectly bear similar expenses of the underlying investment funds.

In addition to the foregoing investment restrictions, prior governmental approval for foreign investments may be required under certain circumstances in some countries, and the extent of non-U.S. investment in U.S. companies may be subject to limitation in other countries. Non-U.S. ownership limitations also may be imposed by the charters of individual companies in countries to prevent, among other concerns, violation of foreign investment limitations. Some attractive equity securities may not be available to Toro Global Investments because U.S. investors hold the maximum amount permitted under current laws or because of minimum eligibility requirements (such as net worth) for investing in certain types of securities in some countries.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. Toro Global Investments could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on securities held by Toro Global Investments or gains from the disposition of such securities.

Risks Related to Investing in Asian Market Securities. The following discussion sets forth some of the risks associated with investing in the securities of Asian markets:

General Economic and Market Conditions. The economies of individual Asian markets may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of Asian markets generally are heavily dependent upon international trade and, accordingly,

have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation. Economies of certain of these countries may also be based on, or significantly influenced by, agriculture, and may therefore be more susceptible to adverse changes in weather or natural disasters affecting agricultural production.

Securities Markets. Securities markets in Asian market countries may have substantially less volume of trading and are generally more volatile than securities markets in the United States. In certain periods, there may be little or no liquidity in such markets. There is often less government regulation of stock exchanges, brokers and listed companies in Asian countries than in the United States. Consequently, certain protections, rights and remedies available to investors in the United States may not be available to Toro Global Investments. Commissions for trading on Asian markets stock exchanges are generally higher than commissions for trading on U.S. exchanges. In addition, settlement of trades in some Asian markets is much slower and more subject to failure than in U.S. markets. Furthermore, some investments of Toro Global Investments may not be listed on any stock market.

Asian Debt Securities. Toro Global Investments may invest in the debt securities of Asian issuers, which may be unrated or low-rated, and whether or not rated, the debt securities may have speculative characteristics. The issuers of such securities may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payments of interest and principal. Such securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, a major economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such securities. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Economic and Political Considerations Related to Investing in Asia. Asian economies and capital markets are generally more volatile than the U.S. economy and capital markets. Reasons for this volatility include the relatively shallow level of trading in these markets, the relatively large impact of overseas funds moving in and out of these markets, the relatively poor level of information disclosure by companies in the region, the relative lack of stringency of regulations covering the corporate governance of listed companies and the relatively under-developed nature of regulations covering the trading of securities in many countries in the region. Each country in the Asian region has its own rules and regulations governing capital markets and securities trading. Furthermore, such rules are subject to changes which may have unforeseen and potentially negative consequences for the value of securities held within the portfolio of Toro Global Investments. Relations

between many of the countries within the Asian region display a significant degree of tension, which has the potential to escalate to the point of armed conflict. This could have a negative impact on the performance of capital markets within the countries concerned, and across the region in general.

Tax and Other Legal Factors Related to Investing in Asia. In the past, the tax systems of some Asian countries have been marked by rapid change, which has sometimes occurred without warning and has been applied with retroactive effect. In these countries, a large national budget deficit often gives rise to an acute government need for tax revenues, while the condition of the economy has reduced the ability of potential taxpayers to meet their tax obligations. In some cases, there is widespread non-compliance with tax laws, insufficient personnel to deal with the problem and inconsistent enforcement of the laws by inexperienced tax inspectors. Taxation of interest, dividends and capital gains received by non-residents varies among Asian markets and, in some cases, tax rates are high compared to some non-Asian countries. In addition, Asian markets typically have less well-defined tax laws and procedures.

Similarly, as a general matter, the legal systems of some Asian countries are undergoing rapid and radical changes, with the introduction of laws dealing with fields such as property, corporations, banking, securities, trade regulation and bankruptcy. In some cases, the legal framework remains in a state of flux and legal uncertainty continues to exist in many areas, in part, because significant legislative gaps remain and regulations necessary to implement legislation have not been adopted and, in part, because recently-adopted laws have not yet been interpreted or their interpretation is unsettled. There is also uncertainty about whether changes in the political environment may result in changes, including changes with retroactive effect, in the law. As a general matter, for a foreign investor like Toro Global Investments, there is also uncertainty about the ability to protect and enforce contractual rights and judgments in courts outside of the United States. There is little experience with commercial dispute resolution in some Asian countries, and the panoply of procedural and remedial protections that exists in countries with long-established civil legal systems may not be available in the developing judiciaries of these countries. These uncertainties to which Toro Global Investments is exposed in connection with its investments translate into risks to be considered by any prospective investor in Toro Global Investments.

Other Factors Related to Investing in Asia. Generally accepted international accounting standards are not necessarily followed by Asian issuers and other companies, and financial reporting standards and practices, and the quality and reliability of official data and statistics, in some Asian countries generally fall short of those followed in the United States and in countries in western Europe. Therefore, less information, and less reliable information, generally will be available with respect to some Asian countries and investments than is the case with respect to similar securities of issuers from, for example, the United States. Local rating services may exist in some Asian countries where Toro Global Investments may invest, but their ratings may not be reliable because of these deficiencies in accounting and reporting practices.

Illiquid Investments; Special Investments. Toro Global Investments may make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. Illiquidity increases risk and volatility and may make it impossible to close out positions against which the market is moving or to realize such positions' value at the time of sale, and may cause substantial delays in the payment of withdrawal proceeds, whether at the Master Fund level or at Toro Global Investments level. Toro Investment Partners may designate certain of the illiquid investments of Toro Global Investments as Special Investments; which Toro Global Investments generally will account for separately until liquidated or marked to market, which may be for a period of several years.

Need for Follow-On Investments. Following its initial investment in the securities of a company that Toro Investment Partners has designated as a Special Investment, Toro Global Investments may decide to make additional investments in such securities or otherwise increase its exposure to the securities of such company. Any decision by Toro Global Investments not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for Toro Global Investments to increase its participation in a successful company or the dilution of ownership of Toro Global Investments in a company if a third party invests in such company.

Uncertain Exit Strategies. Due to the illiquid nature of some of the positions which Toro Global Investments is expected to acquire, Toro Investment Partners is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political or other factors.

Inside Information; Inability to Vote Certain Positions. From time to time Toro Investment Partners or its affiliates may be in possession of material, non-public information concerning the issuer of securities in which Toro Investment Partners has invested, or in which it intends to invest. The possession of such information may limit the ability of Toro Global Investments to buy or sell such securities or other instruments. Accordingly, Toro Global Investments may be required to refrain from buying or selling such securities or other instruments at times when Toro Investment Partners might otherwise wish Toro Global Investments to buy or sell such securities or other instruments even if such information was obtained in the context of investment activities of other funds or accounts managed or advised by Toro. In addition, as a result of voting agreements or other arrangements relating to certain issuers, securities or instruments in which Toro Global Investments is invested, Toro Investment Partners or its affiliates may also be subject to restrictions on their ability to vote or take other actions with respect to such issuers or securities. In such situations, Toro Investment Partners may not be able to vote or take other actions with respect to such issuers or securities in the manner that it otherwise would believe to be in the best interests of Toro Global Investments.

Leverage. As described above under “Investment Program—Leverage,” while Toro Investment Partners expects that the leverage utilized in the investment program of Toro Global Investments will be modest, there are no fixed limits on the amount of leverage that the Toro Global Investments may use. To the extent that Toro Investment Partners determines to incorporate leverage in the investment program of Toro Global Investments, Toro Global Investments may borrow money and employ other forms of leverage when Toro Investment Partners deems appropriate in seeking to enhance the returns of Toro Global Investments, or in order to finance the payment of withdrawal proceeds to withdrawing or redeeming investors.

The use of leverage may enable Toro Global Investments to achieve a higher rate of return than would be otherwise possible. Accordingly, Toro Global Investments may employ a modest amount of leverage in order to obtain investment returns. Leverage may take the form of derivative instruments that are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps, futures and forwards.

Any use of leverage will magnify the volatility of changes in the value of the investments of Toro Global Investments that would have been the case absent such leverage. The cumulative effect of the use of leverage by Toro Global Investments in a market that moves adversely to their investments could result in losses to Toro Global Investments that would be greater than if Toro Global Investments were not leveraged.

Highly Volatile Markets. The prices of securities and derivative instruments, including futures and options prices, may be highly volatile. Price movements of securities, forward contracts, futures contracts and other derivative contracts in which Toro Global Investments may invest are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Toro Global Investments also is subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses.

Derivatives. Toro Global Investments may invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities or other investments on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity. Derivatives may have leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which Toro Global Investments may

effect derivative transactions are OTC or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes Toro Global Investments to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty (See “—Counterparty Risk,” below).

Options. Toro Global Investments may buy or sell (write) both call options and put options (either exchange-traded, over-the-counter or issued in private transactions), and when it writes options it may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns securities of the class and amount of those as to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The options transactions of Toro Global Investments may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which Toro Global Investments has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions Toro Global Investments may enter into.

When Toro Global Investments buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, would result in a total loss of the investment of Toro Global Investments in the option (including commissions). When Toro Global Investments sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. Theoretically, the risk is unlimited unless the option is “covered.”

Credit Default Swap Agreements. The “buyer” in a credit default contract (a “**credit default swap agreement**” or “**CDS**”) is obligated to pay the “seller” a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the “par value” (full notional value) of the reference obligation. The contingent payment may be a cash settlement or physical delivery of the reference obligation in return for payment of the face amount of the obligation. Toro Global Investments may be either the buyer or seller in the transaction. If Toro Global Investments is a buyer and no credit event occurs, Toro Global Investments may lose its investment (or premium) and have no recovery. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, Toro Global Investments receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations.

Credit default swaps involve greater risks than if Toro Global Investments had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should no credit event occur. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to Toro Global Investments.

Given the recent sharp increases in volume of credit derivatives trading in the market, settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely affect the ability of Toro Global Investments to otherwise productively deploy any capital that is committed with respect to such contracts.

Counterparty Risk. Some of the markets in which Toro Global Investments may effect transactions are OTC or “interdealer” markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such “over-the-counter” transactions. This exposes Toro Global Investments to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing Toro Global Investments to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Toro Global Investments has concentrated its transactions with a single or small group of counterparties. Toro Investment Partners is not restricted from dealing with any particular counterparty or from concentrating any or all of the transactions of Toro Global Investments with one counterparty. Moreover, Toro Investment Partners has no formal credit function which evaluates the creditworthiness of the counterparties of Toro Global Investments. The ability of Toro Global Investments to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by Toro Global Investments.

In addition, the counterparties with which Toro Global Investments effects transactions may, from time to time, cease making markets or quoting prices in certain of the instruments. In such instances, Toro Global Investments may be unable to enter into a desired transaction in currencies, or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts and swaps on currencies do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts or swaps, Toro Global Investments may be required, and must be able, to perform its obligations under the contract.

Derivative Clearinghouses and Exchanges; Required Central Clearing for Derivatives. Currently, OTC derivatives (including, without limitation, CDSs and other swaps, forward contracts, certain options and other instruments) are typically settled on an individual basis by the counterparties to the derivative instrument. As a result, each party to an OTC derivative is subject to the risk that the other party will default on its obligations under the terms of the derivative instrument (See “—Counterparty Risk,” above). In the case of CDSs, a number of market participants have announced their intention to establish CDS clearinghouses and exchanges, which may have the effect of minimizing the risk of counterparty default with respect to CDSs traded on or cleared through such clearinghouses or exchanges. Other market participants may also propose other clearinghouses or exchanges for other types of derivatives instruments in the future. However, there can be no assurance that any such clearinghouses or exchanges will in fact be established, or that they will provide clearing facilities or a market of sufficient size or scope to benefit Toro Global Investments. In particular, in the case of CDSs, any such clearinghouses or exchanges are expected to be limited to CDSs with standardized terms, which are yet to be formulated; the same may also be true of any other clearinghouses or exchanges proposed in the future with respect to other types of derivatives instruments. There can be no assurance that Toro Investment Partners would deem any such standardized terms to be suitable for implementing the investment program of Toro Global Investments in all cases or in any particular case. Accordingly, Toro Global Investments may not trade or clear some or all of its derivative instruments on or through any such clearinghouse or exchange even if one were to become available. In such cases, Toro Global Investments would remain subject to counterparty risk with respect to such instruments.

In addition, it is possible that derivatives that currently are entered into on an OTC basis may be required in the future to be cleared through a central clearinghouse, subject to certain limited exceptions. Other similar measures may also be proposed in other jurisdictions. Should any such requirements be imposed, it is expected that any such requirements would lead to the standardization of the terms of any derivative instruments cleared in such manner. Any such standardized terms are yet to be formulated and, thus, it is not possible to assess the degree to which any such standardized terms might permit Toro Investment Partners to implement, or prevent Toro Investment Partners from implementing, the investment program of Toro Global Investments. Accordingly, to the extent that Toro Investment Partners relies on the use of OTC derivatives incorporating specific terms in seeking to implement certain aspects of the investment program of Toro Global Investments, and to the extent that such terms become unavailable as a result of any such standardization of terms, there can be no assurance that Toro Investment Partners would be able to utilize alternate methods to seek to implement such aspects of the investment program of Toro Global Investments. In such cases, if Toro Investment Partners were unable to utilize such alternate methods, the impact on Toro Global Investments could be substantial and adverse.

Futures. Investments in commodities, futures and options contracts involve risks including, without limitation, leverage (*e.g.*, margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. The futures positions of Toro Global Investments may be illiquid

because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Toro Global Investments from promptly liquidating unfavorable positions and subject it to substantial losses.

Failure of Futures Commission Merchants. Under the Commodity Exchange Act, as amended, futures commission merchants are required to maintain customers’ assets in a segregated account. To the extent that Toro Global Investments engages in futures and options contract trading and the futures commission merchants with whom Toro Global Investments maintains accounts fail to so segregate the assets of Toro Global Investments, Toro Global Investments will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. In certain circumstances, Toro Global Investments might be able to recover, even with respect to property specifically traceable to Toro Global Investments, only a *pro rata* share of all property available for distribution to a bankrupt futures commission merchant’s customers.

Forward Trading. Toro Global Investments may engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by Toro Global Investments due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to Toro Global Investments.

Short Selling. Toro Global Investments may engage in short selling as part of its investment strategies. A short sale by Toro Global Investments involves the sale of a security that Toro Global Investments does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, Toro Global Investments must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. Toro Global Investments realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases, respectively, between the date of the short sale and the date on which Toro Global Investments covers its short position (*i.e.*, purchases the security to replace the borrowed security). A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Currency Exchange Exposure. Toro Global Investments may make investments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. Toro Global Investments, however, values its investments in U.S. dollars. Toro Global Investments may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that investments suitable for hedging currency or market shifts will be available at the time when Toro Global Investments wishes to use them, or that hedging techniques employed by Toro Global Investments will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

To the extent unhedged, the value of the positions of Toro Global Investments in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which Toro Global Investments makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the investments of Toro Global Investments in their local markets and may result in a loss to Toro Global Investments. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the non-U.S. dollar investments of Toro Global Investments.

Control Person Liability. Toro Global Investments may have controlling interests in certain portfolio companies. The exercise of control over a company may impose additional risks of liability for, among other things, environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, Toro Global Investments might suffer a significant loss.

Fixed Income Securities. Toro Global Investments may invest in fixed income securities of U.S. and non-U.S. issuers, as well as derivatives thereon. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which Toro Global Investments invests may change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Low Quality Credit. There is no minimum credit standard that is a prerequisite to the investment of Toro Global Investments in any security. Toro Global Investments may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems or that are involved in bankruptcy or reorganization proceedings. Although these securities may offer the potential for high returns, they also

may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the U.S. Bankruptcy Court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic price movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (*e.g.*, due to failure to obtain requisite approvals), will be delayed (*e.g.*, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to Toro Global Investments of the security in respect to which such distribution was made.

Risks Associated with Bankruptcy Cases. Toro Global Investments may invest in companies either currently in, or that may enter into, Chapter 11 bankruptcy or insolvency proceedings. Many of the events within bankruptcy or insolvency proceedings are adversarial and are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy courts would decide favorably toward, or consistent with the interests of, Toro Global Investments. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor.

As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional, and administrative costs to a company and/or Toro Global Investments, and is subject to unpredictable and lengthy delays. In addition, during the process a company's competitive position may erode, key management may depart, and the company may not be able to invest adequately. In some cases, a company may not be able to reorganize and may be required to liquidate assets. Decisions by Toro Global Investments to invest in the debt of such companies may not be protective of the economic interests of Toro Global Investments, as the debt of companies in the process of financial reorganization generally will not pay current interest, may not accrue interest during reorganization, and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

There exists a significant risk that the influence of Toro Global Investments with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, a class. In addition, certain administrative costs and claims (*e.g.*, claims for taxes) that have priority by law over the claims of certain creditors may be quite high.

With respect to companies domiciled outside the United States, bankruptcy law and process may differ substantially from that in the United States, resulting in greater

uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

Reliance on Corporate Management and Financial Reporting. In some cases, Toro Investment Partners will rely on the financial information made available by the companies in which Toro Global Investments invests. Toro Investment Partners generally will not have the ability to independently verify such financial information, and generally will be dependent upon the integrity of both the management of these borrowers and issuers and the financial reporting process in general. Material losses can occur as a result of corporate mismanagement, fraud and accounting irregularities.

Other Hedging Strategies. Toro Global Investments, directly or indirectly, may opt to use a variety of financial instruments such as derivatives, options, swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the investment portfolio of Toro Global Investments resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the unrealized gains of Toro Global Investments in the value of the investment portfolio of Toro Global Investments, (iii) facilitate the sale of any such investments, (iv) establish a position as a temporary substitute for other securities, (v) enhance or preserve returns, spreads or gains on any investment in the portfolio of Toro Global Investments, (vi) hedge the interest rate or currency exchange rate on any of liabilities or assets of Toro Global Investments, (vii) protect against any increase in the price of any securities Toro Global Investments anticipates purchasing at a later date or (viii) for any other reason that the Toro Investment Partners deems appropriate.

Toro Investment Partners is not required to attempt to hedge portfolio positions in Toro Global Investments and, for various reasons, may not do so. While Toro Global Investments may enter into hedging transactions in seeking to reduce risk, such transactions may result in a poorer overall performance for Toro Global Investments than if it had not engaged in any such hedging transaction. For a variety of reasons, Toro Investment Partners may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent Toro Global Investments from achieving the intended hedge or expose Toro Global Investments to risk of loss. The success of the hedging strategy of Toro Global Investments is subject to the ability of Toro Investment Partners to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the hedging strategy of Toro Global Investments is also subject to the ability of Toro Investment Partners to recalculate continually, readjust and execute hedges in an efficient and timely manner. Moreover, it should be noted that the portfolio always will be exposed to certain risks that cannot be hedged, such as certain credit risk (relating both to particular securities and counterparties with respect to which CDS protection is unavailable), “liquidity” risk and “widening” risk.

Other Trading Strategies. Toro Global Investments may employ investment strategies for which no “risk factors” are disclosed herein. Such strategies should not be considered to be less risky than the strategies disclosed herein, and should be viewed as speculative volatile. There can be no assurance that Toro Global Investments will achieve its investment objectives or avoid total losses.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in Toro Global Investments or any other Private Investment Fund or Advisory Account. Prospective investors should read the entire applicable Private Placement Memorandum and consult with their own legal, tax and financial advisers before deciding to invest in Toro Global Investments or any such Private Investment Fund or Advisory Account.

Conflicts of Interest

Toro Investment Partners and its partners, officers, directors, stockholders, members, employees, affiliates and agents may be subject to potential or actual conflicts of interest with Private Investment Funds or Advisory Accounts. The following describes certain such conflicts with respect to Toro Global Investments. It is expected that future Private Investment Funds and Advisory Accounts would be subject to similar conflicts of interest.

Other Activities. Toro may in the future provide advice to other investment funds, partnerships or accounts (together, “**Other Accounts**”), including vehicles and accounts that follow investment programs substantially similar to that of Toro Global Investments. Toro and its principals and employees may also carry on investment activities for their own accounts and for family members and friends who do not invest in Toro Global Investments, and may give advice and recommend securities to other accounts or investment funds which may differ from advice given to, or securities recommended or bought for, Toro Global Investments, even though their investment objectives may be the same or similar.

Toro Investment Partners and its members, officers and employees will devote so much of their time to the activities of Toro Global Investments as they deem necessary and appropriate. By the terms of the respective Limited Partnership Agreement of Toro Global Investments U.S. Fund and Toro Global Investments Master Fund, and by the terms of the Investment Management Agreement, Toro Investment Partners and its respective affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with Toro Global Investments and/or may involve substantial time and resources of Toro Investment Partners. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of Toro Investment Partners and its respective officers and employees will not be devoted exclusively to the business of Toro Global Investments but will be allocated between the business of Toro Global Investments and the management of the monies of other advisees of affiliates of Toro Investment Partners.

Allocation of Investments. When it is determined that it would be appropriate for the Toro Global Investments, and one or more Other Accounts to participate in an investment, the Toro Investment Partners will generally allocate such investment among all of the participating

investment accounts, including Toro Global Investments, so that each such investment account is directly or indirectly allocated investments in proportion to its respective net asset value as of the beginning of the month. For initiation of new, or additions to existing, positions, allocations among the participating investment accounts are generally made pro rata based on net asset value as of the beginning of the month. Positions are generally unwound based on the pro rata allocation at which they were initiated. Non-pro rata allocations (or no allocation at all) may be made because of the following reasons: (i) in the case of a hedging transaction, to reflect the pro rata allocation at which the hedged position was initiated; (ii) the risk tolerance of an account is greater than that of the other accounts; (iii) available cash and liquidity requirements may differ among the accounts; (iv) pro rata allocations would result in odd-lots or a de minimis allocation to one or more accounts; or (v) tax, legal or regulatory considerations make it disadvantageous, impracticable, or impose legal and/or regulatory burdens, in allocating an investment to a particular account. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis that Toro Investment Partners or its affiliates consider equitable.

Control of Toro Portfolio Companies. Toro Investment Partners may cause Private Investment Funds and/or Advisory Accounts, either alone or together with other members of an investing group, to acquire a “control” position in the securities of a Toro Portfolio Company, and may secure the appointment of persons selected by Toro Investment Partners or other members of the group to the company’s management team or board of directors. In so doing, Toro Investment Partners may acquire fiduciary duties to the company and to its other shareholders. These fiduciary duties may compel Toro Investment Partners to take actions that, while in the best interests of the company and/or its shareholders, may not be in the best interests of investors in such Private Investment Funds or Advisory Accounts. Accordingly, Toro Investment Partners may have a conflict of interest between the fiduciary duties (if any) that it owes to such companies and their shareholders, on the one hand, and those that it owes to the investors in such Private Investment Funds or Advisory Accounts, on the other.

As a result of the Private Investment Funds’ controlling interests in Toro Portfolio Companies, Toro Investment Partners and/or its affiliates typically have the right to appoint board members to such Toro Portfolio Companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, Toro Portfolio Company board members approve compensation and/or other amounts payable to Toro Investment Partners and/or its affiliates. Toro Investment Partners and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in Toro Portfolio Companies or other investment vehicles advised by Toro Investment Partners and/or its affiliates. Additionally, Toro Investment Partners, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions or other service providers, some of which may invest (or may be affiliated with an Investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Toro Investment Partners and/or its affiliates, and/or the Private Investment Funds or other investment vehicles they advise. In addition, Toro Portfolio Companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by Toro Investment Partners and/or its affiliates that may regularly provide services to one or more Toro Portfolio Companies), and

such fees will not offset the Management Fee as described herein. Any of these situations subjects Toro Investment Partners and/or its affiliates to potential conflicts of interest.

Differing Compensation Arrangements. Toro Investment Partners could be subject to a conflict of interest because varying compensation arrangements among Toro Global Investments and Other Accounts could incentivize Toro Investment Partners to manage Toro Global Investments and such Other Accounts differently. Depending on the compensation rates in Toro Global Investments and the Other Accounts relative to each other, these and other differences could make Toro Global Investments less profitable on a marginal basis to Toro investment Partners than certain Other Accounts, or vice-versa. In particular, the Co-Investment SPVs are expected to be subject to a generally lower management fee than that to which investors are subject through their investments in Toro Global Investments.

Investments by Senior Management and Key Employees in Toro Global Investments and Other Accounts. Subject to applicable regulatory restrictions, senior management and key employees of Toro Investment Partners may choose to personally invest, directly and/or indirectly, in Toro Global Investments. The senior management and key employees are not required to keep any minimum investment in Toro Global Investments and may invest in Other Accounts. It is expected that, if such investments are made, the size and nature of these investments will change over time. Investments by the senior management and key employees in Toro Global Investments and/or Other Accounts could incentivize the senior management and key employees to increase or decrease the risk profile of Toro Global Investments.

“Soft Dollar” Payments. Toro Investment Partners does not use “Soft Dollar” payments and may consider it in the future. The brokers, dealers and other counterparties utilized by Private Investment Funds and discretionary Advisory Accounts will be selected by Toro Investment Partners. In selecting brokers, dealers and counterparties that operate outside of the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Toro Investment Partners may, subject to its overall duty to seek “best execution” of transactions of such Private Investment Funds and discretionary Advisory Accounts, pay higher commissions than those charged by brokers that do not provide such services or benefits.

Cross Trades with Toro Clients or Affiliates. Toro Investment Partners may cause Private Investment Funds and discretionary Advisory Accounts to purchase securities from or sell securities and investments to other clients or vehicles managed by Toro when Toro Investment Partners believes such transactions are appropriate and in the best interests of such Private Investment Funds and discretionary Advisory Accounts. In the event Toro Investment Partners wishes to reduce the investment of one or more such funds in an instrument and increase the investment of other funds in such instrument, it may effect such transactions by directing the transfer of the instrument between funds. Any incremental costs and expenses associated with any such investment generally will be borne by Private Investment Funds and discretionary Advisory Accounts on a pro rata basis. In addition, Toro Investment Partners may recommend that Private Investment Funds and discretionary Advisory Accounts purchase or sell an investment that is being sold or purchased, respectively, at the same time by Toro or another client.

Differing Locations in the Capital Structure. Toro may cause its clients, including Private Investment Funds and discretionary Advisory Accounts, to purchase different classes of debt and/or equity of the same borrower or issuer, including one or more Toro Portfolio Companies. These and other investments may be deemed to create conflicts of interest, particularly because Toro may take certain actions for some clients with respect to one class of debt or equity that may be adverse to other clients who hold other classes of debt or equity of the same borrower or issuer. In connection with the investments of such Private Investment Funds and discretionary Advisory Accounts in the debt or equity of one or more Toro Portfolio Companies, such investments may also be deemed to create conflicts of interest with respect to the need of such Private Investment Funds and discretionary Advisory Accounts for attractive investment opportunities, on the one hand, and the Toro Portfolio Companies' need for attractive debt and equity financing terms, on the other hand. In all such cases, Toro will seek to act in a manner it believes in good faith to be equitable to all clients under the circumstances.

Valuation. Toro Investment Partners expects the Private Investment Funds and Advisory Accounts to hold securities and financial instruments that may not have readily available market quotes. In such instances Toro Investment Partners generally will value such securities and financial instruments in good faith at fair value based on various factors, including external pricing sources (if any), recent trading activity (if any) or other information aimed at a relative value assessment process that incorporates, among other factors in Toro Investment Partners' discretion, current market conditions, position size, trends and prices. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities and financial instruments. Additionally, such valuations will directly correlate to the compensation paid or allocated by Toro Global Investments to Toro Investment Partners and may, therefore, create conflicts of interest.

Incentive Allocation. The Incentive Allocation may create an incentive for Toro Investment Partners to invest Toro Global Investments assets in investments that are riskier or more speculative than would be the case if Toro Investment Partners was compensated based on a flat percentage of capital. In addition, the Incentive Allocation is determined on a basis that includes value attributable to unrealized appreciation (except with respect to Special Investments). Any securities traded directly by Toro Global Investments for which market quotations are not available may be valued by or at the direction of Toro Investment Partners at such value as it may reasonably determine and may not be independently valued or verified by a third party. Accordingly, the Incentive Allocation may also create an incentive for Toro Investment Partners to place the highest reasonable value on the investments of Toro Global Investments.

DISCIPLINARY INFORMATION

Toro Investment Partners and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Toro Investment Partners and its management persons do not have any other financial industry activities or affiliations.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Toro Investment Partners has adopted the Toro Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of Toro principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Toro personnel to report their personal securities transactions, prohibits or requires pre-clearance for Toro personnel from directly or indirectly acquiring beneficial ownership or disposing of securities, with limited exceptions, without first obtaining approval from the Toro Chief Compliance Officer. A copy of the Code will be provided to any investor or prospective investor upon request to Toro’s Chief Compliance Officer at (415) 733-9749. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Toro Investment Partners and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Toro Investment Partners and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Toro Investment Partners.

Accordingly, should Toro Investment Partners or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Toro Investment Partners would be prohibited from communicating such information to clients, and Toro Investment Partners will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Toro personnel serving as directors of public companies and may restrict trading on behalf of clients, including Toro Global Investments, any other Private Investment Funds and any Advisory Accounts.

Principals and employees of Toro Investment Partners and its affiliates may directly or indirectly own an interest in Private Investment Funds, including Toro Global Investments or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as Toro Global Investments.

Co-invest opportunities may also be presented to certain affiliates of Toro Investment Partners, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular Toro Portfolio Company. Additionally, Toro Global Investments may invest together with any other Private Investment Funds and Advisory Accounts advised by an affiliated adviser of Toro Investment Partners in the manner set forth in the applicable Private Placement Memorandum and the applicable Partnership Agreement or other advisory contract. The general method of allocation of investment opportunities among such funds and accounts is described above under “Methods of Analysis, Investment Strategies and Risk of Loss — Conflicts of Interest — Allocation of Investments”. In the case of co-invests, Toro Investment Partners may grant certain third-party

investors the opportunity to evaluate specified amounts of prospective co-investments in the Toro Portfolio Companies or otherwise to have priority in co-investment opportunities.

Certain other permitted activities of Toro Investment Partners and its members, officers and employees are also described under “Methods of Analysis, Investment Strategies and Risk of Loss — Conflicts of Interest — Other Activities”.

BROKERAGE PRACTICES

As described above, Toro has full discretionary authority to manage the Toro Global Investment Funds, and is expected to have full discretionary authority to manage any future Private Investment Funds and discretionary Advisory Accounts, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction and commissions or markups and markdowns paid. Toro’s authority is limited by its own internal policies and procedures, as well as by any investment guidelines applicable to Toro Global Investments (or any such other Private Investment Fund or discretionary Advisory Account). The following describes Toro’s brokerage practices with respect to Toro Global Investments. It is expected that Toro would apply similar practices with respect to any future Private Investment Funds or discretionary Advisory Accounts.

The brokers utilized by Toro Global Investments will be selected by Toro Investment Partners. Toro Investment Partners does not need to solicit competitive bids, and does not have an obligation to seek the lowest available commission or other transaction cost. In selecting brokers, dealers and counterparties for Toro Global Investments, Toro Investment Partners may consider such factors as price, execution capabilities, reputation, infrastructure, reliability, financial resources, quality of research products or services and other value-added services. In the normal course of business, Toro Investment Partners may enter into “dealing commission arrangements” whereby the relevant broker, dealer or counterparty agrees to set aside a proportion of the commission earned on transactions to use to discharge the cost of certain additional services relating to the execution of transactions on behalf of the customers of Toro Investment Partners and the provision of management research provided to them. Toro Investment Partners intends to operate, to the extent applicable, within the safe harbor created by Section 28(e) of the Exchange Act. In doing so, Toro Investment Partners may cause Toro Global Investments pay higher commissions than those charged by brokers that do not provide such services or benefits. To the extent that Toro Investment Partners selects brokers to effect transactions with or for Toro Global Investments, Toro Investment Partners, subject to their overall duty to seek “best execution” of Toro Investment Partners’ transactions, will have authority to and may consider the full range and quality of the services and products provided by various brokers, including factors such as the ability of the brokers to execute transactions efficiently, the responsiveness to Toro Investment Partners’ instructions, its facilities, reliability and financial responsibility, and the value of any research or other services or products they provide. As long as the services or other products provided by a particular broker (whether directly or through a third party) qualify as “brokerage and research services” within the meaning of Section 28(e) of the Exchange Act and regulations thereunder, and Toro Investment Partners determines in good faith that the amount of commission charged by such broker is reasonable in relation to the value of such brokerage and research services, Toro Investment Partners may

utilize the services of that broker to execute transactions for Toro Global Investments on an agency or riskless principal basis even if (i) Toro Global Investments would incur higher transaction costs than it would have incurred had another broker been used and (ii) Toro Global Investments does not necessarily benefit from the research services or products provided by that broker.

Toro Global Investments' transactions can be expected to generate brokerage commissions (or dealer markups and markdowns) and other compensation, all of which Toro Global Investments, not Toro Investment Partners, will be obligated to pay. Toro Investment Partners has complete discretion in deciding what brokers and dealers Toro Global Investments will use and in negotiating the rates of compensation Toro Global Investments will pay. In addition to using brokers as "agents" and paying commissions, Toro Global Investments may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

To the extent that securities are purchased in non-U.S. markets, a broker would typically be permitted to use the services of its sub-custodians located in the country in which the securities are purchased. Such sub-custodians would typically maintain custody of the securities until such time as they are sold, at which point uninvested proceeds would be transferred back to Toro Global Investments' accounts at the broker.

Orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds and/or discretionary Advisory Accounts are completed independently, Toro Investment Partners may also purchase or sell the same securities or instruments for several Private Investment Funds and/or discretionary Advisory Accounts simultaneously. From time to time, Toro Investment Partners may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate seeking best execution and/or seeking to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund or discretionary Advisory Account is favored over any other Private Investment Fund or discretionary Advisory Account. When an aggregated order is filled in its entirety, each participating Private Investment Fund or discretionary Advisory Account generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund or discretionary Advisory Account participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds or discretionary Advisory Account.

Each such participating Private Investment Fund or discretionary Advisory Account generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds and discretionary Advisory Accounts over time.

REVIEW OF ACCOUNTS

Toro Investment Partners closely monitors companies in which the Private Investment Funds and any Advisory Account invest, and the Toro Chief Compliance Officer periodically checks to confirm that each Private Investment Fund and any Advisory Account is maintained in accordance with its stated objectives.

Toro Global Investments will provide to its investors (i) monthly periodic reports regarding Toro Global Investments' performance, (ii) annual GAAP audited financial statements and (iii) for limited partners in Toro Global Investments U.S. Fund, annual tax information necessary for each such limited partner's tax return. It is expected that any future Private Investment Funds will provide similar reporting to their investors. Reporting with respect to any Advisory Accounts will be agreed to between Toro Investment Partners and the relevant advisory client.

CLIENT REFERRALS AND OTHER COMPENSATION

Toro Investment Partners and/or its affiliates may provide certain business or consulting services to companies in Toro Global Investments' portfolio and may receive compensation from these companies in connection with such services. In addition, Toro expects that it and certain of its personnel will receive closing fees, investment banking fees, advisory fees, consulting fees, origination fees, directors fees, monitoring fees, commitment fees, break-up fees and similar fees from certain Toro portfolio companies, as well as compensation for services provided as bona fide employees of Toro portfolio companies. No portion of any such compensation will be paid or allocated to Toro Global Investments, nor will any such compensation result in any adjustment to the Management Fee or the Incentive Allocation except to the extent related to any investment by Toro Global Investments, and to the extent otherwise payable to Toro or its personnel, which will instead be paid to Toro and shall reduce dollar-for-dollar any Management Fees payable thereafter.

From time to time, Toro Investment Partners may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in Toro Global Investments or other Private Investment Fund. Any fees and expenses payable to any such placement agents will be borne by Toro Investment Partners indirectly through an offset against the management fee.

CUSTODY

Toro Investment Partners currently maintains custody of Toro Global Investments' assets held in Toro Global Investments' name with the following qualified custodian: Merrill Lynch Professional Clearing Corp.

INVESTMENT DISCRETION

Toro Investment Partners has discretionary authority to manage investments on behalf of Toro Global Investments, and is expected to have such authority with respect to any other Private Investment Fund or discretionary Advisory Account. As a general policy, Toro Investment Partners does not allow clients to place limitations on this authority. Pursuant to the terms of a

Private Investment Fund, however, Toro Investment Partners may enter into “side letter” arrangements with certain investors whereby the terms applicable to such investor’s investment in such Private Investment Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons, Toro Investment Partners assumes this discretionary authority pursuant to the terms of the applicable Partnership Agreement or other advisory contract and powers of attorney executed by investors. For additional information about risks related to Toro Investment Partners’ discretionary authority, please see “Performance-Based Fees and Side-by-Side Management”.

VOTING CLIENT SECURITIES

Toro Investment Partners has adopted the Toro Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for Toro Global Investments’ (and any other Private Investment Fund’s and/or discretionary Advisory Account’s) portfolio investments. Toro Investment Partners does not vote proxies. If you would like a copy of Toro Investment Partners’ complete Proxy Policy or information regarding how Toro Investment Partners voted proxies for particular portfolio companies, please contact the Toro Chief Compliance Officer at (415) 733-9749, and it will be provided to you at no charge.

FINANCIAL INFORMATION

Toro Investment Partners does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.

**SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF TORO INVESTMENT
PARTNERS**

Taek-Geun Kwon

Principal Office: One Maritime Plaza, Suite 1545, San Francisco, California 94111

This Brochure Supplement provides information about Taek-Geun Kwon that supplements the Toro Investment Partners brochure. You should have received a copy of that brochure. Please contact us at (415) 733-9749 if you did not receive Toro's brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Taek-Geun Kwon, born in 1974, currently serves as founder and Chief Executive Officer of Toro Investment Partners, and directs its investment activities. Mr. Kwon received his undergraduate degree from Cornell University. Kwon was most recently a managing director of TPG Capital, where he oversaw investments in media and entertainment in the U.S. as well as all sectors in South Korea for TPG's middle market fund, TPG Growth. Mr. Kwon also served as the firm's industry advisor and operating partner for new media investment activities across TPG Capital's various private equity funds. Before joining TPG Capital in late 2005, Kwon spent a decade in executive roles at leading TMT companies. After graduating from Cornell University with a B.S. in Mechanical Engineering in 1996, Mr. Kwon worked at Winmill, a technology consultancy to the financial services industry, before joining Commerce Bid, an online enterprise software company that was sold to Commerce One (a large-cap NASDAQ-listed company at the time) in 1999, as the first non-founding executive. He then co-founded TPG Capital-backed online travel agency Hotwire, which was sold to Expedia/Interactive Corp. in 2003, and then served as an Executive Vice President at Interactive Corp. until 2005, when he left to lead the turnaround and recapitalization of Friendster as CEO.

Disciplinary Information

There are no legal or disciplinary events to disclose with respect to Mr. Kwon.

Other Business Activities

Mr. Kwon is not engaged in any investment-related business activities outside of his roles with Toro and its affiliated investment advisers.

Additional Compensation

Mr. Kwon does not receive for providing advisory services from Toro Investment Partners.

Supervision

As Toro's founder and Chief Executive Officer, Mr. Kwon is responsible for implementing and overseeing the investment strategy of Toro's clients. Mr. Kwon is not subject to the direct supervision of any other individual. Mr. Kwon is required to comply with the Code of Ethics and compliance policies as administered by the CCO.