

PART 2A OF FORM ADV: FIRM BROCHURE

VIP CAPITAL MANAGEMENT, L.P.

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This brochure (the "Brochure") provides information about the qualifications and business practices of VIP Capital Management, L.P. (VIP). If you have any questions about the content of this brochure, please contact us at the above phone number or email Lauren Frank at lfrank@vinprs.com. 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 securities authority.

ITEM 2

MATERIAL CHANGES

There are no changes to this Brochure which VIP Capital Management, L.P. (“VIP”) considers material, however this Brochure does contain general updates of a non-material nature. We therefore encourage reading it in its entirety. If any material changes are made to this Brochure, this section will be revised to include a summary of such changes.

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ITEM 4: ADVISORY BUSINESS

A. General Description of the Advisory Firm

VIP is a Delaware limited partnership created in 2007 specifically for the purpose of providing advisory services for Value Insight Partners, L.P. (the "Fund"), a privately offered fund of hedge funds which began operations on January 1, 2008. The members of VIP are currently or were formerly senior executives and directors of public and private companies with a broad range of expertise in financial services, public and private investing, communications, real estate development and hotel management.

The managing member of VIP is Reiss Capital Management ("RCM"), which, at the time of this filing has a 43.95% interest. No other limited partner holds an interest of more than 10% in the Company. Reiss Capital Management is managed by Richard Reiss, Jr.

B. Description of Advisory Services

VIP allocates the Fund's assets among a select group of investment managers for investment in their private funds. At this time, VIP only provides advisory services to the Fund and has no intention of expanding its client base or types of services offered.

C. Availability of Customized Services for Individual Clients

VIP's investment decisions and advice with respect to the Fund are subject to the Fund's investment objectives and guidelines, as set forth in its offering documents.

D. Wrap Fee Programs

VIP does not participate in or offer wrap fee programs.

E. Assets Under Management

At the time of this filing VIP has approximately \$201MM in assets under management for the Fund. Such assets are valued in accordance with standards generally accepted in the United States of America.

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees and Compensation

For its advisory services to the Fund, VIP receives a quarterly management fee calculated at a rate of 1% per annum (0.25% per quarter) of the net assets of the Fund (the "Management Fee"). VIP may, in its sole discretion, reduce, waive and/or calculate differently the Management Fee with respect to individual limited partners of the Fund.

For purposes of determining the Management Fee, special situation investments, as defined in the Fund's private placement memorandum, and special investments of the underlying portfolio of private investment funds, will be valued at cost, or the value of the special investment as of the date such special investment was declared.

At the end of each fiscal year, there will be a reallocation ("Performance Allocation") to the Fund general partner, VIP GP LLC, an entity related to VIP by common ownership (the "General Partner"), from the capital account of each underlying limited partner of the Fund equal to 10% of Class A and 7% of Class B investor net profits, subject to a loss carry forward provision and a hurdle rate. The General Partner may, in its sole discretion, waive or reduce the Performance Allocation with respect to any of the underlying investors of the Fund.

The Management Fee will be prorated for any capital contribution or withdrawal by an investor that is effective other than as of the first day of a quarter. In the event that the Fund is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Performance Allocation allocable at such time to the General Partner, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments.

B. Payment of Fees

The management fees are paid quarterly in advance, based on each investors capital balance as of the beginning of that quarter. Appropriate fee amounts are deducted from each underlying investor account on a monthly basis. VIP deducts such fees directly from the cash accounts of the Fund.

The Management Fee is generally paid on a quarterly basis, whereas the Performance Allocation, if any, is reallocated at year end directly to the account of the General Partner.

C. Additional Fees and Expenses

While VIP is responsible for, and will pay, all ordinary office overhead expenses of the Fund, including rent, supplies, secretarial expenses, charges for furniture and fixtures and compensation of investment and administrative personnel, the Fund is responsible for all direct expenses, which include legal, audit, accounting and other professional services. In addition to the Fund's direct expenses, the Fund will indirectly bear its pro rata share of the expenses of each underlying investment portfolio fund's investment expenses similar to those listed above, as well as the underlying fund's management fees and performance fees or allocations.

D. Prepayment of Fees

Quarterly management fees paid by the Fund to VIP are paid in advance, with any allowances or differences made up in the following quarter.

E. Additional Compensation and Conflicts of Interest

Given the nature of its operations, VIP does not receive compensation outside of the fees mentioned above, and does not believe that it has any conflicts of interest.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The General Partner accepts performance-based compensation from the Fund, VIP's only client. As a result, VIP does not face certain conflicts of interest that may arise when an investment adviser accepts performance-based compensation from some clients, but not from other clients.

ITEM 7: TYPES OF CLIENTS

VIP solely provides advice to the Fund. At this time, there is no intention by VIP to advise any other clients.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that VIP offers to clients, and investment strategies pursued and investments made by VIP on behalf of its clients, should not be understood to limit in any way VIP's investment activities. VIP may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that VIP considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies VIP pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The investment objective of VIP is to seek long term growth of capital with reduced volatility for the Fund. To achieve this objective, VIP allocates the Fund's assets among a select group of investment managers ("Managers") for investment in their private funds. VIP generally selects Managers that are (1) smaller and less well known, and who are fully committed to the business of investing, (2) who have a significant percentage of their own capital invested in their respective strategy and (3) whose investment approach is consistent with a long-term value creation strategy that has the potential to produce attractive risk-adjusted returns for their respective investors.

VIP performs due diligence on prospective Managers and their private funds before they are selected for the Fund. In selecting Managers, VIP may consider such factors, among others, as the quality and longevity of the Manager's investment record, the Manager's investment philosophy, the structure of the prospective private fund's portfolio and the types of securities or other instruments held, the educational and business backgrounds of the principals of the Manager, the fee structures, research resources and number of clients. VIP closely monitors the Managers' performance and continuously evaluates this performance against its stated goal, as well as objective indices of investment performance. Based on this evaluation, VIP may from

time to time withdraw some or all of the capital allocated to a Manager and allocate it to other Managers or new Managers.

The managers employ a long/short equity strategy, which involves investing primarily in equity securities and taking long positions in certain securities and short positions in others. Long investing involves purchasing securities at prices which, in the opinion of the Manager, are less than the fair or intrinsic value of the issuer's assets or earning power and frequently involves purchasing securities of issuers that may be largely ignored or disfavored by the market. Short selling seeks to hedge the market risk of the long positions, while also allowing a Manager to capture profits from overvalued securities expected to decline. A Manager may consider a wide range of factors in determining whether a security is overvalued, and may sell a security short because an issuer has negative cash flows, the security has a high market value relative to the value of the assets or expected earnings of the issuer, the issuer is operating at a deficit, or other factors deemed relevant by the Manager. In essence, long/short equity strategies attempt to reduce the volatility of long-only investing while preserving most of its potential. Long/short equity strategies are directional in nature in that the relative amount of long and short positions are not necessarily equal, thereby resulting in some net exposure to the overall market. Market exposure may be adjusted over time by varying the levels of buying and short selling, allowing the Manager to seek to profit from anticipated trends in general market prices. Managers employing a long/short equity strategy often feature a research-oriented approach or an expertise in a particular industry or market sector, which aids their ability to make directional investments.

The Managers also employ any number of securities selection methodologies, including the use of fundamental or technical analysis as well as other analytical and statistical approaches. Each Manager invests according to its individual philosophy and strategy, independent of the other Managers; however, many of the Managers seek to achieve similar investment objectives. VIP believes that by investing with various Managers who have different strengths and objectives, the risk-adjusted return on the Fund's capital can be enhanced.

Additionally, the Managers invest across a broad spectrum of companies, industries and sectors. Many of the Managers employ leverage to some degree as part of their overall investment strategy, as well as engage in the short sale of securities; however, VIP does not anticipate that the Managers will rely significantly on the use of leverage to generate performance. VIP selects Managers that are compensated based on fixed percentages of assets under management, as well as performance or incentive-based fees. It will not select any Manager or collection of Managers that might result in the payment by the Partnership of unreasonably high fees relative to the market and will endeavor to attain an overall fee structure that is reasonable relative to the strengths and skills of the Managers selected. Finally, certain of the Managers may make investments in a limited number of illiquid securities that the Managers will not be able to readily sell in response to withdrawal requests or changing market conditions. Because of such investments, the Fund may potentially face delays in withdrawing capital attributable to such investments.

VIP will attempt to diversify its exposure to Managers, and, as a result, typically will hold interests in no fewer than fifteen Portfolio Funds as any one time. While the Fund may be

invested in more or less private funds at any time, VIP anticipates that the Fund will be a concentrated portfolio consisting of approximately twenty private funds.

While VIP may invest up to 5% of the Fund's net assets (determined at the time of investment) in individual securities selected by VIP, in its sole discretion, on an opportunistic basis, which it believes to be consistent with the Fund's investment objective, it has no intention of doing so at this time. Such securities may be offered to VIP by Managers from time to time, that are (or that may become) subject to legal or other restrictions on transfer, or with respect to which VIP, in its discretion, otherwise may determine no liquid market or other reasonably accurate source of valuation exists (any such investment, a "Special Situation Investment"). Only Fund investors who have elected to take part in such investments will participate in Special Situation Investments. Investments or assets not initially classified as Special Situation Investments may, for various reasons, be deemed to be Special Situation Investments by VIP. VIP may cause the Fund to hold such Special Situation Investments along with any corresponding hedge positions. VIP will only consider and acquire Special Situation Investments that have been introduced to the Fund by a Manager.

B. Material Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by VIP. These risk factors include only those risks VIP believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by VIP.

An investment in the Fund may be deemed to be speculative and is not intended as a complete investment program. Such an investment is suitable only for sophisticated persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment in the Fund and who meet the conditions set forth in the Fund's Confidential Private Offering Memorandum and Subscription Agreement. An investor in the Fund could lose some or all of its investment. There can be no assurances that the Fund will achieve its investment objective or that the strategies employed by the Managers of the Portfolio Funds in the past to achieve attractive returns will continue to be successful or that the return on the Fund's investments will be similar to that achieved by the Fund or such Managers in the past. Prospective investors should carefully evaluate the following risks before making an investment in the Fund. To the extent that a risk relates to Managers, such risk should also be considered to apply equally to direct investments made by the Fund pursuant to advice from the VIP.

Dependence on Mr. Richard Reiss, Jr.

All decisions with respect to the Partnership's assets and the general management of the Partnership are made by the General Partner or the Adviser (except to the extent delegated to a Manager). Limited Partners generally have no right or power to take part in the management of the Partnership. The success of the Partnership depends largely upon the abilities of the General Partner, the Adviser and Mr. Reiss, the portfolio manager of the Partnership. If for any reason the Partnership were to lose the services of Mr. Reiss, the remaining members of the General Partner and the Adviser would determine whether the Partnership should be liquidated.

Although no assurance can be given that a suitable replacement could be found for Mr. Reiss in the event of his death, disability or withdrawal from the General Partner, it is anticipated that one or more of the Founding Partners would be able to serve in such capacity.

Multiple Fees

By investing in the Partnership, which in turn invests in Portfolio Funds, an investor, in effect, may incur multiple fees and performance allocations, including the Management Fee paid to the Adviser, the Performance Allocation paid to the General Partner, if applicable, and the management fees paid to Managers of Portfolio Funds, and, if applicable, the incentive fees or allocations paid to the Managers or general partners of the Portfolio Funds. Managers may be paid a fee or receive an allocation based on appreciation during the specific measuring period without taking into account losses occurring in prior measuring periods, although the Adviser anticipates that most, if not all, Managers who charge such fees will take into account prior losses. Such performance fee arrangements may create an incentive for Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

The Partnership may be required to pay a performance fee or allocation to the Managers or the general partners of Portfolio Funds that make a profit in a particular fiscal year even though the Partnership may in the aggregate incur a net loss for such fiscal year.

Market Risk

The profitability of a significant portion of the Partnership's investment program depends to a great extent on correct assessments of the future course of price movements of securities and other investments. There can be no assurance that Managers of the Portfolio Funds will be able to predict accurately these price movements. The securities markets have in recent years been characterized by great volatility and unpredictability.

Legal and Regulatory Environment for Private Investment Funds and their Managers.

The legal, tax and regulatory environment worldwide for private investment funds (such as the Partnership) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Partnership to pursue its investment program and the value of investments held by the Partnership. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Partnership to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Partnership and the Limited Partners' investments therein. In addition, the Investment Manager may, in its sole discretion, cause the Partnership to be subject to certain laws and regulations if it believes that an investment or business activity is in the Partnership's interest, even if such laws and regulations may have a detrimental effect on one or more Limited Partners.

Current Market Conditions in European Countries

Certain European countries, including Greece, Ireland, Italy, Portugal and Spain, are currently experiencing varying degrees of financial distress. Risks from the debt crisis in Europe could result in a disruption of the financial markets, which could have a detrimental impact on global economic conditions. Recently, contagion fears have expanded to Spain and Italy, and credit spreads widened further in European peripheral countries and European banks. There remains considerable uncertainty as to future developments in the European debt crisis and the impact on global financial markets. A significant deterioration of the European debt crisis could result in material reductions in the value of sovereign debt and other asset classes, disruptions in capital markets, widening of credit spreads, loss of investor confidence in the financial services industry, a slowdown in global economic activity, and other adverse developments that could negatively impact the performance of a Portfolio Fund.

Business and Regulatory Risks of Hedge Funds

The financial services industry generally, and the activities of hedge funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Partnership's and the Portfolio Funds' exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the General Partner, the Adviser and the Managers, including, without limitation, responding to examinations and investigations, implementing new policies and procedures and complying with recordkeeping and reporting obligations. Such burdens may divert the General Partner's, the Adviser's and the Managers' time, attention and resources from portfolio management activities.

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted in July 2010. The Dodd-Frank Act has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Under the Dodd-Frank Act, the SEC has mandated (and will mandate) new recordkeeping and reporting requirements for investment advisers, which add costs to the legal, operational and compliance obligations of the Adviser and the Partnership and increase the amount of time that the Adviser spends on non-investment-related activities. The Dodd-Frank Act affects a broad range of market participants with whom the Partnership interacts or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker dealers, and may change the way in which the Adviser conducts business with its counterparties. It may take years to understand the impact of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile and make it difficult for the Adviser to execute the investment strategy of the Partnership.

It is unclear what steps Managers may take in response to new rules and regulations. The Partnership, the General Partner, the Adviser, or any Portfolio Fund or Manager may in the future be subject to regulatory review or discipline. In addition, it is likely that changes in legislation, rules and regulations applicable to the General Partner, the Adviser, the Managers, the Portfolio Funds and/or their underlying investments will have consequences for each of them, some of which may be materially adverse.

Funds of funds and hedge funds may involve complex tax structures; therefore, there may be delays in distributing important tax information. Funds of funds and hedge funds generally are not subject to the same regulatory requirements as SEC registered funds or mutual funds and are required to provide significantly less periodic pricing or valuation information to investors.

This Memorandum cannot address or anticipate every possible current or future regulation that may affect the Partnership, the General Partner, the Adviser, the Portfolio Funds, the Managers or their respective businesses. Such regulations may have a significant impact on the Partnership and the Portfolio Funds, including, without limitation, restricting the types of investments the Portfolio Funds may make, preventing the Portfolio Funds from exercising their voting rights with regard to certain financial instruments, requiring the Partnership or the Portfolio Funds to disclose the identity of their investors or otherwise. The General Partner may, in its sole discretion, cause the Partnership to be subject to such regulations if it believes that an investment or business activity is in the Partnership's interest, even if such regulations may have a detrimental effect on one or more investors. Prospective investors are encouraged to consult their own advisors regarding an investment in the Partnership.

Volatility of the Partnership's Investments

Smaller capitalized, less seasoned Portfolio Funds may be subject to higher volatility and instability as a result of unforeseen economic events than larger, more mature investment pools due to a variety of factors, which may include a reliance on inexperienced management or a large concentration of investments in a particular industry.

Manager Conflicts

Because the Partnership invests in Portfolio Funds managed by Managers who make their trading decisions independently, it is theoretically possible that one or more of such Managers may, at any time, take positions that may be opposite of positions taken by other Managers. It is also possible that the Managers of Portfolio Funds may on occasion be competing with each other for similar positions at the same time. Further, a particular Manager may take positions for its other clients that may be opposite to positions taken for the Partnership.

The Managers of the Portfolio Funds will have exclusive responsibility for making trading decisions on behalf of their respective Portfolio Funds. These Managers may also manage other accounts (including other partnerships and accounts in which such Managers may have an interest) which together with accounts already being managed could increase the level of competition for the same trades a Portfolio Fund might otherwise make, including the priorities of order entry. This could make it difficult or impossible to take or liquidate a position in a particular security or futures contract at a price indicated by a Manager's strategy.

Lack of Publicly Available Information Regarding Portfolio Funds

The interests in Portfolio Funds to be purchased and sold by the Partnership will not be offered pursuant to registration statements under the 1933 Act. In addition, the Portfolio Funds in which the Partnership will invest will not be subject to the periodic information and reporting provisions of the Securities Exchange Act of 1934 (the "1934 Act"), nor will those Portfolio

Funds be registered as investment companies under the 1940 Act. Accordingly, only a relatively small amount of publicly available information about Portfolio Funds will be available to the Adviser in managing and assessing the Partnership's investments. The Adviser believes, however, that it will be able to obtain sufficient information about Portfolio Funds from the Managers and the Portfolio Funds themselves to manage the Partnership's investments effectively.

Activities of Managers

Although the Adviser will seek to select only Portfolio Funds managed by Managers with the highest level of integrity, the Adviser will have no control over the day-to-day operations of any of the selected Portfolio Funds and their respective Managers. As a result, there can be no assurance that every Manager will conform its conduct to these standards. The Partnership will therefore be subject to the risk that a Manager could fraudulently inflate a Portfolio Fund's value or engage in other misconduct.

Limits on Information

The Adviser selects Portfolio Funds and their respective Managers based upon the factors described above in "Investment Objective and Method of Operation." The Adviser will request detailed information from each Manager regarding the Manager's historical performance and investment strategy. However, the Adviser may not always be provided with detailed information regarding all the investments made by the Managers because certain of this information may be considered proprietary information by Managers.

Valuation of the Partnership's Investments

Valuation of the Partnership's investments may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of the Partnership could be adversely affected. Independent pricing information may not at times be available regarding certain of the Portfolio Funds or other assets of the Partnership. Valuation determinations will be made in good faith in accordance with the Partnership Agreement.

The Partnership likely will have all or a portion of its assets invested in Portfolio Funds that may, by their very nature, be difficult to value accurately. To the extent that the value assigned by the Partnership to any such Portfolio Fund differs from the actual value, the value of a Limited Partner's capital account may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Limited Partner who withdraws all or part of its capital account while the Partnership holds such investments will be paid an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by the Partnership. Similarly, there is a risk that such Limited Partner might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Partnership. In addition, there is risk that an investment in the Partnership by a new Limited Partner (or an additional investment by an existing Limited Partner) could dilute the value of such investments for the other Limited Partners if the designated value of such investments is higher than the value actual by the Partnership. Further, there is risk that a new Limited Partner (or an existing Limited Partner that makes an additional investment) could pay more than it might otherwise if

the actual value of such investments is lower than the value designated by the Partnership. The Partnership does not intend to adjust the capital account values retroactively.

None of the General Partner, the Adviser, or the Partnership shall have any liability in the event that any price or valuation, used in good faith in connection with the above procedures, proves to be an incorrect or an inaccurate estimate or determination of the price or value of any part of the property of the Partnership.

The assets of the Partnership will be invested in Portfolio Funds that are not regularly traded on an exchange and the accuracy and determination of the net asset value of the assets of the Partnership will be affected by the frequency of the valuations provided by those funds or Managers. Portfolio Funds may report on a weekly, bi-weekly, monthly or quarterly basis or less frequently and these valuations may be subject to adjustment and finalization and there is often a delay in obtaining the final published values in respect of such investments.

As a result of these and other factors, valuations taken into account in calculating the net asset value of the Partnership (and the basis of which, *inter alia*, subscription and withdrawal prices and fees are calculated), may be substantially out of date and/or inaccurate. This may result in subscription and withdrawal prices not fully or accurately reflecting the value of the interests held by the Partnership in the Portfolio Funds.

Monthly Contributions and Admissions of Limited Partners

The Partnership permits additional contributions by existing Limited Partners and the admission of new Limited Partners to occur monthly. Portfolio Funds in which the Partnership invests, however, may not permit additional capital contributions or the admission of new limited partners on the same basis. As a result, the Partnership may be delayed in investing a Limited Partner's contributions to the Partnership's capital in Portfolio Funds. This delay may in turn dilute the interests of other Limited Partners in the Partnership. The Adviser will use its best efforts to minimize any such dilution due to the timing of investment opportunities.

Federal and State Law Restrictions on Investments

In view of the requirements of Federal and state laws, including Federal securities and commodities laws, applicable to both the Partnership and the Portfolio Funds in which it will invest, the Partnership may need to limit, for other than investment reasons, the amount of its assets that is invested in a particular Portfolio Fund.

Illiquidity

An investment in the Partnership must be considered an illiquid investment and involves a high degree of risk. There is no public market for Interests in the Partnership, and it is not expected that a public market will develop. An investment in the Partnership provides limited liquidity since there are substantial restrictions on the ability of a Limited Partner to withdraw capital or to transfer its Interest in the Partnership. A Limited Partner may not withdraw any portion of its capital account that is allocated to a Special Investment Account, unless otherwise determined by the General Partner. A Limited Partner will retain its interest in any Special Investment Account

until the realization or deemed realization of the Special Investment relating to such Special Investment Account.

Further, distributions of proceeds upon a Partner's withdrawal may be limited, in the General Partner's sole discretion, because of restrictions imposed upon withdrawals by a Manager pursuant to the terms of the Portfolio Fund in which, or the investment advisory agreements pursuant to which, the Partnership's assets are invested, or where, in the view of the General Partner, the disposal of part or all of the Partnership's assets to meet withdrawal requests would be prejudicial to the Limited Partners. (See "Withdrawals; Retirement; Distributions – Suspensions of Withdrawal.")

Concentration of Partnership Portfolio

The Partnership may invest a relatively high percentage of its assets in a limited number of Portfolio Funds. Consequently, the aggregate return of the Partnership may be materially affected by the performance of a single Portfolio Fund. In addition, the potential concentration of Portfolio Funds relating to specific economic sectors and related industries, may expose the Partnership (through its investment in the Portfolio Funds) to greater risk of loss with respect to its portfolio securities as a result of its concentration in such sectors and related industries.

Duplicative Transaction Costs

Investment decisions of Managers are generally made independently of each other. As a result, at any particular time, one Manager may be purchasing securities of an issuer whose securities are being sold by another Manager. Consequently, the Partnership could indirectly incur transaction costs without accomplishing any net investment result.

Gates, Suspensions and Redemption Fees

Under the terms of the governing documents of the Portfolio Funds, the ability of the Partnership to withdraw any amount invested therein may be subject to certain restrictions and conditions, including restrictions on withdrawals for an initial period, restrictions on the amount of withdrawals and the frequency with which withdrawals can be made and investment minimums which must be maintained. Additionally, the Portfolio Funds typically reserve the right to reduce ("gate") or suspend withdrawals and to satisfy withdrawals by making distributions in-kind, under certain circumstances.

The ability of Limited Partners to withdraw all or any portion from their capital accounts may be adversely affected to varying degrees by such restrictions depending on, among other things, the length of any restricted periods imposed by the Portfolio Funds, the amount and timing of a requested withdrawal by a Limited Partner in relation to the time remaining of any restricted periods imposed by related Portfolio Funds, the aggregate amount of withdrawal requests, the next regularly scheduled withdrawal dates of such Portfolio Funds, the imposition of "gates" or suspensions, the decision by a Portfolio Fund to satisfy withdrawals in kind and the satisfaction of other conditions. As described above, in such cases (among others), the Adviser may determine that an investment should be held in a Special Investment Account. A Portfolio Fund

also may charge withdrawal fees which would diminish the proceeds otherwise payable to the Partnership. See "Withdrawals; Retirement; Distributions – Suspensions of Withdrawal."

Changes in Applicable Law

The Partnership must comply with various legal requirements, including requirements imposed by the Federal securities laws, commodities laws, tax laws and pension laws. Should any of those laws change over the term of the Partnership, the legal requirements to which the Partnership and the Limited Partners may be subject could differ materially from current requirements.

Reserve for Contingent Liabilities

Under certain circumstances, the General Partner may find it necessary upon withdrawal by a Limited Partner to set up a reserve for contingent liabilities and withhold a certain portion of the Limited Partner's capital account. This could happen, for example, if the Partnership or one of the Portfolio Funds were involved in litigation or subject to an audit by the Internal Revenue Service (the "Service").

Risk of Litigation

Portfolio Funds in which the Partnership invests may accumulate substantial positions in the securities of a specific company. Sometimes the Manager of such Portfolio Funds will engage in a proxy fight, become involved in litigation or attempt to gain control of a company. Under such circumstances, the Partnership could be named as a defendant in a lawsuit or regulatory action.

Misuse of Confidential Information and Other Violations

In the past, there have been a number of widely reported instances of participants involved in corporate takeovers and in risk arbitrage having violated the securities laws through the misuse of confidential information or otherwise. Such violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized and for penalties. If any of the Portfolio Funds' Managers were found to have engaged in such violations in the past, the performance record of that Manager could be rendered misleading. Furthermore, if a Portfolio Fund had engaged in the past or engages in the future in such violations, the Partnership could be exposed to losses. The Partnership does not intend to invest in any Portfolio Funds that in the past have engaged to any significant extent in "market timing" of mutual fund shares.

New Managers

The Partnership may invest in Portfolio Funds that are managed by investment managers that have managed Portfolio Funds for a relatively short period of time ("New Managers"). The previous experience of New Managers is typically in trading proprietary accounts of financial institutions or managing unhedged accounts of institutional money managers or other investment firms. Because New Managers may not have direct experience managing Portfolio Funds, and there is generally less information available on which to base an opinion of such New Managers'

investment and management expertise, investments with New Managers may be subject to greater risk and uncertainty than investments with more experienced Portfolio Managers.

As Portfolio Funds that are managed by New Managers generally will be in an early stage of formation or operation, this can pose a number of operational and other issues. For example, in its early stages the New Manager may lack adequate business acumen to operate its business or have little capital available to cover expenses and, accordingly, may have difficulty attracting qualified personnel. New Managers may face competition from other investment funds, which may be more established, have a larger number of qualified management and technical personnel and benefit from a larger capital base.

Dependence on Key Personnel of the Managers

The Partnership may invest in Portfolio Funds whose Managers' investment operations are highly dependent on the services of one or a limited number of key personnel. Although the Partnership will attempt to avoid situations in which a Manager is dependent on a sole individual, if a Manager's key personnel becomes unavailable, that Portfolio Fund, and therefore the Partnership, might sustain losses.

Possible Adverse Tax Consequences

While the Partnership is advised in tax matters by counsel and accountants, the positions of the Partnership, as well as the positions taken by the Portfolio Funds, as to the tax consequences of the investment strategies may not be accepted by the Service. The Partnership's own partnership information returns cannot be prepared until all Schedules K-1 from all Portfolio Funds are received. This may delay the filing of a Partner's tax return and the Partner may be required to request an extension. Generally, the Partnership will not make distributions to Limited Partners to enable them to pay taxes on income that is allocated to them.

Potential Conflicts of Interest

Various conflicts of interest may arise in connection with the operations of the Partnership and the sale of the Interests. Conflicts of interest involving the Partnership include, but are not limited to, the following:

The Partnership will depend on the General Partner, the Adviser and Mr. Reiss for conducting the business of the Partnership. While Mr. Reiss intends to devote that portion of his business time as is reasonably necessary to conduct the affairs of the Partnership, he will be involved in other business activities, including managing the investments and operations of RCM, which engages in investment activities similar to that of the Partnership. In that capacity, Mr. Reiss intends to offer any investment opportunity that is appropriate for both the Partnership and RCM to the Partnership first.

RCM contributed to the Partnership certain of its interests in Portfolio Funds, as determined in the sole discretion of Mr. Reiss. RCM continues to hold interests in the same and other Portfolio Funds. RCM and Mr. Reiss may have faced a conflict of interest in determining which interests in Portfolio Funds were contributed to the Partnership. The valuation provided by the respective

Portfolio Fund to RCM was used to determine the value of RCM's contribution to the Partnership in exchange for Interests.

In the future, the General Partner, Adviser or their respective affiliates may act as general partner or adviser for others, may manage funds or capital for others, may act as commodity pool operator of other pools, may have, make and maintain investments in their own name or through other entities, and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. It may not always be possible or consistent with the investment objectives of the various persons described above and of the Partnership for the same investment positions to be taken or liquidated at the same time or at the same price.

None of the Managers of the Portfolio Funds are known to have any potential conflicts of interest with respect to the Partnership in particular, but in general may have potential conflicts of interests similar to those described above with respect to the funds they operate. Neither the Managers of the Portfolio Funds nor their respective principals have a beneficial interest in the Partnership.

Reporting Delays

For the Partnership to provide audited annual or tax reports to Limited Partners, it must receive information on a timely basis from the Portfolio Funds. A delay by a Portfolio Fund in providing such information could delay the Fund's ability to provide reports to the Limited Partners.

Lack of Regulatory Oversight

While the Partnership may be considered similar to an investment company, it is not registered as such under the 1940 Act, in reliance upon an exemption available to privately offered investment companies. Accordingly, the provisions of the 1940 Act (which, among other things, require investment companies to have independent directors and require that certain protections be in place in connection with the custody of registered investment company assets) do not apply to the Partnership or the Portfolio Funds.

The Partnership intends to invest in one or more Portfolio Funds that may trade commodity interests as part of their investment strategy and therefore the Partnership will be deemed to be a commodity pool under the U.S. Commodity Exchange Act, the operator of which must register as a commodity pool operator ("CPO") with the U.S. Commodity Futures Trading Commission ("CFTC") or qualify for an exemption from such registration. The Adviser is exempt from registration with the CFTC as a CPO with respect to the Partnership because the Adviser has claimed the relief provided to fund of fund operators pursuant to CFTC no action letter 12-38. Therefore, unlike a registered CPO, the Adviser is not required to provide prospective Limited Partners with a CFTC compliant disclosure document, nor is it required to provide Limited Partners with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPO's. The Partnership does, however, intend to provide Limited Partners with annual audited financial statements.

Pursuant to an exemption from the CFTC in connection with pools whose participants are limited to qualified eligible persons, an offering memorandum for this pool is not required to be, and has

not been, filed with the CFTC. The CFTC does not pass upon the merits of participating in a pool or upon the adequacy or accuracy of an offering memorandum. Consequently, the CFTC has not reviewed or approved this offering or any offering memorandum for this pool.

Identity of Beneficial Ownership and Withholding on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, non-U.S. Portfolio Funds generally will be required to register with the Service by June 30, 2014 (or such later date applicable to certain entities located in jurisdictions with Model 1 intergovernmental agreements with the United States), and agree to identify certain of their direct and indirect U.S. account holders (including debtholders and equityholders). Investors should consult their own tax advisors regarding the possible implications of these rules on their investment in the Partnership.

Certain Investment Strategies Employed by Managers of Portfolio Funds

Many of the Portfolio Funds in which the Partnership will invest will use certain investment strategies that may subject the Partnership's investments to certain risks. Certain, but not all, of these strategies and the risks that they entail are summarized below. The Partnership in any event is not designed to correlate to the broad equity market, and should not be viewed as a substitute for equity investments.

General Investment Risks

All securities investing and trading activities are subject to the risk of loss of capital. The value of the Partnership's assets will fluctuate based on the fluctuations in the value of the Portfolio Funds and the Partnership's other assets. The Portfolio Funds may invest in markets that are subject to fluctuations and the market value of any particular investment may be subject to substantial variation. Additionally, the Portfolio Funds may engage in investment activities, such as leverage or derivative transactions that may cause the value of a Portfolio Fund to appreciate or depreciate at a greater rate than if such investment activities were not used.

Leverage

Portfolio Funds in which the Partnership invests may borrow funds for the purpose of purchasing securities. A particular Portfolio Fund may not be subject to any limitations on the amount of its borrowings, and the amount of borrowings that the Portfolio Fund may have outstanding at any time may be large in comparison to its capital.

Borrowing money to purchase securities may provide a Portfolio Fund with the opportunity for greater capital appreciation, but, at the same time, will increase the Portfolio Fund's, and indirectly the Partnership's, exposure to capital risk and higher current expenses. Moreover, if the Portfolio Fund's assets are not sufficient to pay the principal of, and interest on, the Portfolio Fund's debt when due, the Partnership could sustain a total loss of its investment in the Portfolio Fund. The Adviser does not anticipate that the Portfolio Funds will rely significantly on the use of leverage to generate performance.

Use of Financing Arrangements by Portfolio Funds

A number of Portfolio Funds depend upon the availability of credit to finance their investment strategies. The prime brokers, banks and dealers that may provide financing to Portfolio Funds can apply essentially discretionary margin or other valuation policies. Changes by financing providers to these policies, or the imposition of other credit limitations or restrictions, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices or termination or cross defaults of transactions with the same or other dealers. These adverse effects may be compounded in the event that such limitations or restrictions are imposed suddenly and/or by multiple dealers or counterparties around the same time.

Lending Portfolio Securities

Portfolio Funds may lend their portfolio securities to brokers, dealers and financial institutions. In general, these loans will be secured by collateral (consisting of cash, government securities or irrevocable letters of credit) maintained in an amount equal to at least 100% of the market value, determined daily, of the loaned securities. Portfolio Funds would be entitled to payments equal to the interest and dividends on the loaned security and could receive a premium for lending the securities. Lending portfolio securities would result in income to the Portfolio Fund, but could also involve certain risks in the event of the delay in the return of the securities loaned or the default or insolvency of the borrower.

Equity and Equity Related Instruments

Portfolio Funds may invest long and short in equities and equity-related instruments in their investment programs. Equity securities, options and other equity-related instruments may be subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss. "Equity securities" may include common stocks, preferred stocks, interests in real estate investment trusts, convertible debt obligations, convertible preferred stocks, equity interests in trusts, partnerships, joint ventures or limited liability companies and similar enterprises, warrants and stock purchase rights. Equity securities fluctuate in value and such fluctuations can be pronounced. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments that a Portfolio Fund holds may decline over short or extended periods. The stock markets tend to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline.

Lack of Liquidity in Markets

Despite the heavy volume of trading in securities, the markets for some securities have limited liquidity and depth. This lack of depth could be a disadvantage to the Portfolio Funds, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Suspensions of Trading

Each securities exchange typically has the right to suspend or limit trading in securities which it lists. Such a suspension would render it impossible for a Manager of a Portfolio Fund to liquidate positions and, accordingly, could expose that Portfolio Fund to losses.

Concentration of Portfolio Funds' Underlying Portfolio

Market conditions may create opportunities for, or certain Portfolio Fund's objectives may result in Managers creating, concentrated investment portfolios. Because most Portfolio Funds have the ability to concentrate their investments by investing an unlimited amount of their assets in a limited number of issuers, sectors, markets, industries, strategies, countries or geographic regions, the overall adverse impact on the Portfolio Fund, and correspondingly on the Partnership, of adverse movements in the value of the securities of a single issuer, sector, market, industry, strategy, country or geographic region will be considerably greater than if the Portfolio Fund were not permitted to concentrate its investments to such an extent. By concentrating in a specific issuer, sector, market, industry, strategy, country or geographic region, a Portfolio Fund will be subject to the risks of that issuer, sector, market, industry, strategy, country or geographic region, such as rapid obsolescence of technology, sensitivity to regulatory changes, minimal barriers to entry and sensitivity to overall market swings, and may be more susceptible to risks associated with a single economic, political or regulatory circumstance or event than a more diversified portfolio might be.

Short Selling

A Manager employing a long/short equity strategy typically will sell securities of an issuer short in the expectation of "covering" the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Manager may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short-selling activities are also subject to restrictions imposed by the Federal securities laws and the various national and regional securities exchanges, which restrictions could limit the investment activities of Portfolio Funds. However, where the Partnership invests through a Portfolio Fund, its exposure is limited to its investment in that Portfolio Fund.

Debt Securities

The Portfolio Funds may invest in debt securities, including bonds, notes and debentures and mortgage-backed and asset-backed securities. Debt securities are subject to the issuer's or guarantor's credit risk and are subject to price volatility due to various factors including interest rate sensitivity, creditworthiness of the issuer, and general market liquidity.

Portfolio Funds may invest in both investment grade and non-investment grade debt securities. Non-investment grade securities (often called "junk bonds" or "high yield bonds") are speculative with respect to the issuer's ability to pay interest and repay principal. In addition, the market for non-investment grade debt securities may be thinner and less liquid than for investment grade securities.

The Portfolio Funds may also invest in debt of both domestic and international government agencies and instrumentalities and quasi-governmental entities. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Portfolio Funds may have limited legal recourse in the event of default. Governmental actions could have a significant effect on the value of a Portfolio Fund's investments.

Investments in Fixed-Income Securities

The Portfolio Funds may invest in bonds or other fixed-income securities of U.S. and non-U.S. issuers. Fixed-income securities pay fixed, variable or floating rates of interest. The value of fixed-income securities in which the Portfolio Funds invest will change in response to fluctuations in interest rates (i.e., interest rate risk). In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, 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).

Highly Volatile Markets

The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts in which the Portfolio Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and 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. Managers also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

High Yield Securities

The Managers of the Portfolio Funds may invest in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or are non-rated securities of comparable quality). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay

interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Credit Default Swaps (CDS)

Portfolio Funds may invest in CDS. A CDS can be used to implement a Manager's view that a particular credit, or group of credits, will experience credit improvement or credit deterioration. In the case of expected credit improvement, the Portfolio Funds may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Portfolio Funds to make payment upon the occurrence of a credit event creates leveraged exposure to the credit risk of the reference entity. In the case of expected credit deterioration, the Portfolio Funds may buy credit default protection; in such instance, the Portfolio Funds will pay a premium.

Total Rate of Return Swaps (TRR)

Portfolio Funds may engage in TRR swaps. TRR swaps are another form of derivative that the Portfolio Funds may utilize to achieve their investment objectives. A TRR swap allows the total return receiver to receive all income and other distributions with respect to a specified notional amount of an asset as well as the change in market value of such asset (whether a security, index, interest rate, form of debt, currency or other asset) from the total return payer in return for paying a floating or fixed interest-rate on the specified notional amount. The total return payer is synthetically short and the total return receiver is synthetically long. This may create a highly leveraged exposure to the underlying asset.

Interest Rate Swaps (IR)

The Portfolio Funds may also enter into IR swaps. In the event that the Portfolio Funds enter into an IR swap and is paying a fixed amount, the Portfolio Funds will be exposed to the risks of a decrease in the variable interest rate and of consequently paying more than it is receiving. Alternatively, in the event that a Portfolio Fund is paying a floating amount, the Portfolio Fund will be exposed to the risks of an increase in the variable interest rate and of consequently paying more than it is receiving.

Derivative Instruments in General

The Portfolio Funds may use various derivative instruments, including options, futures, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

- Tracking Risk — When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Portfolio Fund from achieving the intended hedging effect or expose the Portfolio Fund to the risk of loss.
- Liquidity Risk — Derivative instruments, especially when traded in large amounts by a small number of counterparties, may not be liquid in all circumstances, so that in volatile markets a Portfolio Fund may not be able to close out a position without incurring a loss.
- Leverage Risk — Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by a Portfolio Fund and could cause a Portfolio Fund's net asset value to be subject to wider fluctuations than would be the case if the Portfolio Fund did not use the leverage feature in derivative instruments.
- Hedging Risk — When a derivative is used as a hedge against an opposite position that the Portfolio Fund also holds, any loss generated by the derivative should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains.
- Investment Risk — When a Portfolio Fund uses derivatives as an investment vehicle to gain market exposure, rather than for hedging purposes, any loss on the derivative investment will not be offset by gains on another hedged investment. The Portfolio Fund will therefore be directly exposed to the risks of that derivative. Gains or losses from derivative investments may be substantially greater than the derivative's original cost.
- Availability Risk — Derivatives may not be available to a Portfolio Fund upon acceptable terms. As a result, the Portfolio Funds may be unable to use derivatives for hedging or other purposes.
- Credit Risk — When a Portfolio Fund uses derivatives, it is subject to the risk that the other party to the agreement will not be able to perform.

Options Trading

In seeking to enhance performance or hedge assets, a Portfolio Fund may purchase and sell call and put options on both securities and stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index.

Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an

option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price.

The effectiveness of purchasing or selling stock index options as a hedging technique will depend upon the extent to which price movements in assets that are hedged correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock. Successful use of options on stock indexes will depend upon the ability of a Manager to predict correctly movements in the direction of the stock market generally. This ability requires skills and techniques different from those used in predicting changes in the price of individual stocks.

Swaps

Investments in swaps involve the exchange by a Portfolio Fund with another party of all or a portion of their respective interests or commitments. Use of swaps subjects a Portfolio Fund to risk of default by the counterparty. If there is a default by the counterparty to such a transaction, the Portfolio Fund will have contractual remedies pursuant to the agreement related to the transaction. There are currently a large number of banks and investment banking firms acting both as principals and agents and utilizing standardized swap documentation. As a result, swap markets are generally relatively liquid in comparison with the markets for other similar instruments that are traded in the interbank market. However, in times of market turmoil spreads can widen substantially and these markets can become very illiquid with the result that positions may not be able to be offset or closed out at a reasonable price, if at all.

A Portfolio Fund may also enter into currency, interest rate, total return or other swaps that may be surrogates for other instruments such as currency forwards and interest rate options. The value of such instruments generally depends upon price movements in the underlying assets as well as counterparty risk.

Counterparty and Custodial Risk

To the extent that a Portfolio Fund invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the Portfolio Fund will be subject to credit risk with regard to parties with which the Portfolio Fund trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited by Portfolio Funds with custodians or brokers will be clearly identified as being assets of such Portfolio Funds, and hence such Portfolio Funds should not be exposed to credit risk with regard

to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing a Portfolio Fund's rights to its assets in the case of an insolvency of any such party.

Central Clearing

In order to mitigate counterparty risk and systemic risk in general, various regulatory and legislative initiatives are underway to require certain over-the-counter derivatives to be cleared through a clearinghouse. In the United States, clearing requirements were part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012 affecting certain interest rate and credit default swaps. It is expected that the CFTC and the SEC will introduce clearing requirements for other derivatives in the future. While such clearing requirements may be beneficial for a Portfolio Fund in many respects (for instance, they may reduce the counterparty risk to the dealers to which a Portfolio Fund would be exposed under non-cleared derivatives), a Portfolio Fund could be exposed to new risks such as the risk that the majority of such derivatives may be required to be standardized and/or cleared through a clearinghouse, as a result of which a Portfolio Fund may not be able to hedge its risks or express an investment view as well as it would using customizable derivatives available in the over-the-counter markets. Also, each clearinghouse only covers a limited range of products and a Portfolio Fund may have to spread its derivative portfolio across multiple clearinghouses, which in turn reduces the benefits of netting that derivatives users rely on to mitigate counterparty risk.

Another risk is that a Portfolio Fund will likely be subject to more onerous and more frequent (daily or even intraday) margin calls from both the clearinghouse and the dealer through which a Portfolio Fund will access the clearinghouse, which may force a Portfolio Fund to use temporary credit facilities of the dealer to meet margin calls related to cleared trades and increase the costs of cleared trades to a Portfolio Fund. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require a Portfolio Fund to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to a Portfolio Fund. In addition, clearinghouses may not allow a Portfolio Fund to portfolio-margin its positions, which may cause an increase in the costs to a Portfolio Fund. Further, clearinghouses are encouraged to model risks and implement margin requirements in typical market environments. Many of the risk models, however, are subject to change at any time and, therefore, a Portfolio Fund may be subject to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on a Portfolio Fund.

Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse or any counterparty a Portfolio Fund utilizes as a clearing agent or broker, subjecting a Portfolio Fund to the risk that the assets of the clearing entity are insufficient to satisfy all of the clearing entity's payment obligations, leading to a payment default. The failure of a clearinghouse could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on member firms during a financial crisis, which could lead member firms to default and thus worsen the crisis. Because these potential clearinghouses are still in the approval stage and are still being analyzed for bankruptcy risk, it is difficult to speculate what the actual risks would be to a Portfolio Fund related to the default of a clearinghouse. There is no one international standard for

clearinghouses; existing clearinghouses both domestically and internationally have different waterfalls that apply upon the insolvency of a clearinghouse or a clearinghouse member and it is possible that a Portfolio Fund could be in a worse position if a clearinghouse were to fail than a traditional derivative counterparty. Also, a clearinghouse will likely require that a Portfolio Fund relinquish control of its transactions if the clearinghouse were to become insolvent, and, therefore, a Portfolio Fund would not be able to terminate and close out of a defaulting clearinghouse's positions, but would become subject to regulators' control over those positions. In such a circumstance, a Portfolio Fund may not be able to take actions that it deems appropriate to lessen the impact of such clearinghouse default.

Applicable regulations may also require a Portfolio Fund to make public information regarding its swaps volume, position size and/or trades, which could detrimentally impact a Portfolio Fund's ability to achieve its investment objectives.

Small- and Mid-Capitalization Stocks

Portfolio Funds may invest in securities of companies with smaller capitalizations. Investments in small capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These companies often have sales and earnings growth rates which exceed those of large companies. Such growth rates may in turn be reflected in more rapid share price appreciation. However, smaller companies often have limited product lines, markets or financial resources, and they may be dependent upon small management teams. These securities may also have limited marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.

Non-U.S. Securities

The Portfolio Funds may invest in securities of companies domiciled or operating in one or more non-U.S. countries. Investing in these securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including instability of some non-U.S. governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of non-U.S. tax laws (*e.g.*, the imposition of withholding taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds) or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than from investment in U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and non-U.S. brokerage commissions that may be higher than in the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in non-U.S. countries could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Currency Risks

The investments of Portfolio Funds that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. A Manager may try to hedge these risks by investing in non-U.S. currencies, non-U.S. currency futures contracts and options thereon, forward foreign currency exchange contracts or similar instruments, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

Risk Arbitrage Transactions

Portfolio Funds may purchase securities at prices slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities, in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by the Portfolio Fund may decline sharply and result in losses to the Portfolio Fund if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. In certain transactions, the Portfolio Fund may not be "hedged" against market fluctuations. This can result in losses, even if the proposed transaction is consummated.

Securities of Bankrupt or Special Situation Companies

Portfolio Funds may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial business risks that can result in substantial or total losses.

Some of the Portfolio Funds may also make purchases of securities which the Portfolio Fund believes to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons or where other companies in the same or related industry have been the subject of acquisition attempts. If the Portfolio Fund purchases securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur, the Portfolio Fund may sell the securities at a material loss.

Futures and Commodity Interests

The Portfolio Funds may invest in financial futures and commodities interests. Trading in commodities, commodity futures contracts and options thereon are highly specialized activities which, while they may increase the total return on a fund's portfolio, may entail greater

than ordinary investment risks. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Moreover, commodity futures positions are marked to the market each day and variation margin payments must be paid to or by a trader. Commodity futures trading may also be illiquid, and certain commodity exchanges do not permit trading in particular commodities at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits – which conditions have in the past sometimes lasted for several days with respect to certain contracts – a Manager could be prevented from promptly liquidating unfavorable positions and the Partnership could thus be subjected to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that an investor may indirectly hold or control in particular commodities.

Other Risks

Each strategy employed by the Managers of the Portfolio Funds typically will involve a different set of complex risks, many of which are not described in this Memorandum.

Recent Market Events

In the last few years, substantial and dramatic declines in the market value of asset-backed securities, especially securities backed by subprime mortgages, have been concomitant with significant market events. Increasing credit and valuation problems in the subprime mortgage market have generated extreme volatility and illiquidity in the markets for securities directly or indirectly exposed to subprime mortgage loans. This volatility and illiquidity has extended to the global credit and equity markets generally, and, in particular, to the high-yield bond and loan markets, exacerbated by, among other things, growing uncertainty regarding the extent of the problems in the mortgage industry and the degree of exposure of financial institutions and others, decreased risk tolerance by investors and significantly tightened availability of credit. The duration and ultimate effect of current market conditions cannot be predicted, nor is it known whether or the degree to which such conditions may worsen; however, the uncertainty or further deterioration could result in future declines in the market values of potential investments or declines in the market values of subsequently purchased investments. Such declines could lead to diminished investment opportunities for the Partnership or the Portfolio Funds in which the Partnership will invest, prevent the Partnership or the Portfolio Funds in which the Partnership will invest from successfully executing their investment strategies or require the Portfolio or the Portfolio Funds in which the Partnership will invest to dispose of investments at a loss while such adverse market conditions prevail.

ITEM 9: DISCIPLINARY INFORMATION

Neither VIP nor its management have had any legal or disciplinary events.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This item is not applicable.

ITEM 11: CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

As an investment adviser, VIP stands in a position of trust and confidence with respect to its client. Accordingly, it has a fiduciary duty to place the interests of the Fund before the interests of the Firm and its employees. In order to assist the Firm and its employees in meeting its obligations as a fiduciary, VIP has adopted a Code of Ethics (the "*Code*"). The Code incorporates the following general principles which all employees are expected to uphold:

- Placing, at all times, the interests of the Fund first.
- Conducting all personal securities transactions in a manner consistent with the Code and avoid any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility.
- Not taking any inappropriate advantage of the employee's positions at the Firm.
- Keeping information concerning the identity of securities and financial circumstances of the Fund and its investors confidential.
- Maintaining independence in the investment decision-making process at all times.
- Complying with all federal and state securities laws.

For purposes of the Code, the Firm's employees include all supervised persons, including directors, officers and partners, as well as any person who provides advice on behalf of the Firm and is subject to the Firm's supervision and control.

All employees at VIP must acknowledge the terms of the Code annually in writing, or as amended. Any potential investors in the Fund may request to review a copy of the Code by contacting David Reilly, Chief Financial Officer/Chief Compliance Officer at 212-277-5617 or by email at dreilly@vinprs.com.

VIP also carefully monitors employee's service on the board of directors of an outside company, as well as other outside activities generally, as such activities could lead to the potential for conflicts of interest and insider trading problems, and may otherwise interfere with an employee's duties to the Firm. Accordingly, employees must disclose all private and public company boards of directors on which they serve to the Chief Compliance Officer and obtain, in writing, approval from the Chief Compliance Officer before joining any new boards.

In addition, all employees must follow the firm's trading policy. The Firm maintains a "restricted securities" list which consists of all securities on which the Firm has signed confidentiality agreements, or for which the Firm or its employees have received, or could receive, due to positions on boards or other outside activities, insider information. All trading related to these restricted securities must be approved by the Chief Compliance Officer prior to executing the trades. All employees must submit an initial holdings list upon being hired by the Firm, and monthly brokerage statements thereafter. It should be noted that neither the Firm, nor the Fund, do any direct trading of securities, nor do they anticipate such activities. As such, VIP's restricted securities list is somewhat limited. This, however, should not be interpreted as a lack of concern regarding unapproved trading of restricted securities, or any trading which is in violation of federal and state securities laws. Such violations of this Code are considered significant, regardless of size, and will be dealt with in the strictest of manners.

Finally, conflicts of interest may arise when an employee accepts or gives a gift, favor, entertainment, special accommodation, or other items of value. In order to address such conflicts, the firm has placed restrictions on receiving such gifts and entertainment, including restrictions on receiving gifts in excess of a de minimis amount, accepting extravagant or excessive entertainment and giving or receiving cash gifts to or from an investor, or prospective investor in the Fund, or an entity with which VIP does business. Each employee must report to the Compliance Officer any gifts or entertainment received in connection with the employee's employment that the employee reasonably believes exceeds the de minimis value. Such gifts may be required to be returned, or repaid by the employee, at the discretion of the Chief Compliance Officer.

ITEM 12: BROKERAGE PRACTICES

VIP currently only invests in privately offered securities and does not use broker-dealers to effect its transactions.

ITEM 13: REVIEW OF ACCOUNTS

The Fund and its underlying portfolio of private funds are monitored on an ongoing basis to determine whether positions taken with underlying private funds are meeting the stated objectives of the Fund, and that the Managers are acting in a manner consistent with their stated investment strategies. These reviews consist of discussions directly with the Managers on a monthly/quarterly basis, as well as comparing market conditions with the results of each private fund. A diversion of a particular Manager from his/her stated investment strategy is reviewed with particular scrutiny to ensure that the position continues to fit into the profile for the Fund as a well diversified portfolio of private funds.

Investors in the Fund receive quarterly statements, prepared and distributed by an independent third party administrator. On an annual basis, the Fund is audited by its accounting firm, and the resulting financial statements are distributed to the investors of the Fund when available.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

VIP neither receives compensation for providing investment advice or other advisory services outside of the Fund, nor pays any third party any compensation whatsoever, directly or indirectly, for client referrals.

ITEM 15: CUSTODY

As an adviser to the Fund, VIP is deemed to have custody of the Fund's assets pursuant to Rule 206(4)-2 of the Investment Advisers Act. Under an exception to this rule for certain private, uncertificated, non-readily-transferable securities, VIP meets its custody obligations by providing audited financial statements to each investor within 180 days of year end, and unaudited investor statements on a quarterly basis.

Due to the nature of the operations of the Fund, the maintenance of positions in private funds, and the record keeping of such investments, constitutes custody of such positions. VIP maintains hard and soft (electronic) copies of all subscription documents, as well as documentation for each additional capital contribution made to the underlying private funds. In addition, at least quarterly, the Fund receives an investor statement from each of the underlying private funds, which summarizes the Fund's individual account activity for the quarter and the value of that account as of the end of that quarter. On an annual basis, an audited financial statement is received from each of the private funds, lending assurance as to the market value of the Fund's position in the private fund.

ITEM 16: INVESTMENT DISCRETION

VIP provides investment advisory services on a fully discretionary basis to the Fund, the substance and scope of which is governed by Article III of the Fund's Amended and Restated Limited Partnership Agreement dated December 18, 2007, as amended from time to time.

VIP has full authority to invest in private funds in amounts and at times as it deems appropriate. While it does have authority to invest directly in over-the-counter securities, such as equities, debt instruments and derivative instruments, it has no intention of doing so.

From time to time VIP may find an investment opportunity that falls outside of the stated objectives of the Fund, but are considered to be compelling ideas. Such investments are offered to current investors of the Fund for investment, and require capital contributions that are separate and distinct from capital contributions to the Fund. These investments are treated as separate entities for book purposes.

ITEM 17: VOTING CLIENT SECURITIES

Given the nature of VIP's operations, this item is not applicable.

ITEM 18: FINANCIAL DATA

This item is not applicable.